

**2022 USDA EXPLANATORY NOTES – AGRICULTURAL MARKETING SERVICE**

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***AGENCY-WIDE*****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.

**Marketing Services:****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.

f. Farmers Market and Local Food Promotion Program: The Budget includes funding for Farmers Market and Local Food Promotion grants. AMS awards grants through the Farmers Market Promotion Program (FMPP) to fund projects that develop, coordinate and expand direct producer-to-consumer markets to help increase access to and availability of locally and regionally produced agricultural products by developing, coordinating, expanding, and providing outreach, training, and technical assistance to domestic farmers markets, roadside stands, community-supported agriculture programs, agritourism activities, online sales or other direct producer-to-consumer (including direct producer-to-retail, direct producer-to-restaurant and direct producer-to-institutional marketing) market opportunities. Grants through the Local Food Promotion Program (LFPP) fund projects that develop, coordinate and expand local and regional food business

enterprises that engage as intermediaries in indirect producer to consumer marketing to help increase access to and availability of locally and regionally produced agricultural products. These grants can be used for the planning stages of establishing or expanding a local and regional food business enterprise or to improve or expand a food business that supports locally and regionally produced agricultural products and food system infrastructure by performing feasibility studies, market research, training and technical assistance for the business enterprise and/or for producers working with the business enterprise. Eligible entities may apply if they support local and regional food business enterprises that process, distribute, aggregate, or store locally or regionally produced food products. These funds supplement the funds provided by the Farm Bill for this purpose.

#### 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. AMS' Transportation and Market Development Program also awards and manages AMS marketing grants.

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 FY 2017 through annual appropriations.

c. Dairy Business Innovation Initiative grants were authorized by the 2018 Farm Bill and funded in FYs 2020 and 2021 through General Provisions, with the funds available until expended. 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. Building upon the success of the Dairy Business Innovation Initiative, the 2022 Budget proposes a similar program within the Marketing Services account specifically targeted to minority-serving institutions using cooperative agreements.

#### 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.

AMS is establishing a new Dealer Statutory Trust to Protect Livestock Sellers, based on the amendment to the Packers and Stockyards Act, Section 318, that was included in the Consolidated Appropriations Act for FY 2021.

This provision benefits unpaid cash sellers of livestock by requiring livestock dealers to hold all livestock purchased, and if resold, to hold the proceeds in trust until full payment has been received by the sellers. Livestock sellers who do not receive timely payment from a dealer may file claims on the dealer statutory trust.

6. Hemp Production Program: The 2018 Farm Bill directed USDA to establish a national regulatory framework for hemp production in the United States. USDA established the U.S. Domestic Hemp Production Program through an interim final rule, effective October 31, 2019. The rule outlined 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 program includes provisions for maintaining information on the land where hemp is produced, testing the levels of delta-9 tetrahydrocannabinol, disposing of plants not meeting necessary requirements, licensing requirements, and ensuring compliance with the requirements of the new part. USDA published a final rule on January 19, 2021, that provides regulations for the production of hemp in the United States, effective on March 22, 2021. The final rule builds on the interim final rule that established the U.S. Domestic Hemp Production Program. The final rule incorporates modifications based on public comments and lessons learned during the 2020 growing season.

7. 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 funded through appropriations. 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.

8. 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.

9. 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.

10. Mandatory Programs: Programs authorized by the 2018 Farm Bill and funded through a transfer from CCC to provide marketing support or through Supplemental appropriations.

a. Local Agricultural Market Program (LAMP) – Farm Bill (\$31 million) and other funding (2021 Supplemental included \$62 million for AMS LAMP grants). The Budget also includes funding for Local and Regional grants in Marketing Services (\$7.4 million): AMS administers Farmers Market and Local Foods Promotion Grants and Regional Partnership Grants, as authorized and funded 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. Beginning in 2020, the Marketing Services budget includes additional annual funding for Farmers Market and Local Food grants. The December Consolidated Appropriations Act, 2021, Division N, provided another \$62 million for the AMS part of the LAMP program, which remains available until expended.

b. Milk Donation Program – Farm Bill funding (\$5 million): 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. Dairy Donation Program – Supplemental funding (\$400 million): The December Consolidated Appropriations Act, 2021, Division N, directed the United States Department of Agriculture (USDA) to establish a new program to pay for milk by reimbursing processors for dairy products donated to non-profit entities (food banks, feeding programs, etc.). Under the framework of the program, the dairy processor and non-profit entities develop a plan for donation and distribution. USDA reimburses the processor for the donated product. This legislation allows USDA to adjust the existing Milk Donation Program payments to match the level of payment provided by this new program. This bill provided \$400 million, available until expended.

d. Meat and Poultry Grants – Supplemental funding (\$60 million): During 2021, AMS is developing a grant program authorized and funded by the Consolidated Appropriations Act, 2021, Division N. The Act directed that USDA make grants up to \$200,000 to meat and poultry slaughter and processing facilities to assist the facilities with costs incurred in making improvements and planning in order to obtain Federal inspection or operate as a State-inspected facility in compliance with Federal inspection acts. The program is funded at \$60,000,000 for the period of FY 2021 through 2023.

e. CARES Act - AMS received \$45 million in funding for FY 2020-21 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), to support on-going operation of AMS fee-funded inspection and grading services that facilitate marketing of agriculture products.

## Payments to States and Possessions:

11. 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.

12. Mandatory Programs: These grant programs are authorized by the 2018 Farm Bill and funded through a transfer from CCC to provide marketing support through State agencies or through general provisions.

a. 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 at \$85 million. 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. The December Consolidated Appropriations Act, 2021, Division N, provided an additional \$100 million for Specialty Crop Block Grants, available until expended.

b. The Micro-Grants for Food Security Program (MGFSP), authorized in the 2018 Farm Bill, were funded by General Provisions in the FY 2020 and 2021 Budgets (\$5 million), each of which made the funds available for two fiscal years. The grants assist agricultural agencies or departments in eligible states and territories to increase the quantity and quality of locally grown food, in food insecure communities through small-scale gardening, herding, and livestock operations by competitively distributing subawards to eligible entities. Eligible applicants are agricultural agencies, commissions, or departments in Alaska, American Samoa, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the Federated States of Micronesia, Guam, Hawaii, the Republic of the Marshall Islands, the Republic of Palau, and the United States Virgin Islands.

## Non-Federal Funding:

## 13. 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 reimburse AMS for the cost of implementing and overseeing its program.

#### 14. 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.

#### 15. 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.

#### Section 32:

#### 16. 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.

### **Geographic Dispersion of Offices**

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.

**OIG AND GAO REPORTS**

***Table AMS-1. Completed OIG Reports***

<b>ID</b>	<b>Date</b>	<b>Title</b>	<b>Result</b>
01601-0002-23	10/6/2020	AMS Controls Over the Specialty Crop Block Grant Program	OIG cited four recommendations – AMS and OIG reached management agreement on all four
01601-0001-24	3/19/2020	AMS Oversight of the Farmers Market and Local Food Promotion Program	OIG cited three recommendations – AMS and OIG reached management agreement on all three

***Table AMS-2. In-Progress OIG Reports***

<b>ID</b>	<b>Title</b>
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

***Table AMS-3. Completed GAO Reports***

<b>ID</b>	<b>Date</b>	<b>Title</b>	<b>Result</b>
N/A			

***Table AMS-4. In-Progress GAO Reports***

<b>ID</b>	<b>Title</b>
GAO-19-695R	Dairy Cooperatives: Potential Implications of Consolidation and Investments in Dairy Processing for Farmers

**AVAILABLE FUNDS AND FTEs****Table AMS-5. Available Funds and FTEs (thousands of dollars, FTEs)**

Available Funds and Full Time Equivalents (FTE)

(Dollars in Thousands)

Item	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
Account 1: Marketing Services								
Marketing Services, Discretionary Appropriations	\$159,095	603	\$186,936	615	\$188,358	719	\$213,157	724
Farm Bill Initiatives, Mandatory Appropriations:								
Local Agriculture Market Program	30,978	9	30,978	7	30,978	-	30,978	-
Organic Production & Market Data Initiatives	3,500	-	-	-	-	-	-	-
Milk Donation Program	9,000	-	5,000	-	5,000	-	5,000	-
Supplemental Funding (Div. N) COVID Relief, Mandatory:								
Local Agriculture Market Program	-	-	-	-	61,957	-	-	-
Dairy Donation Program	-	-	-	-	400,000	-	-	-
Meat and Poultry Grants	-	-	-	-	60,000	-	-	-
Supplemental Appropriations, CARES Act, Discretionary	-	-	45,000	-	-	-	-	-
General Provisions, Dairy Business Initiatives, Discretionary	-	-	20,000	5	22,000	-	-	-
Subtotal Account 1: Marketing Services	<b>202,573</b>	<b>612</b>	<b>287,914</b>	<b>627</b>	<b>768,293</b>	<b>719</b>	<b>249,135</b>	<b>724</b>
Account 2: Payments to States and Possessions								
Federal-State Marketing Improvement Program, Discretionary	\$1,235	1	\$1,235	-	\$1,235	-	\$1,235	-
Farm Bill Initiatives, Mandatory Appropriations:								
Specialty Crop Block Grants	85,000	9	85,000	9	85,000	10	85,000	10
Modernization Technology Upgrade for National Organic Program	5,000	-	-	-	-	-	-	-
Supplemental Funding (Div. N) COVID Relief, Mandatory:								
Specialty Crop Block Grants-COVID	-	-	-	-	100,000	-	-	-
General Provisions, Micro-grants for Food Security, Discretionary	-	-	5,000	-	5,000	-	-	-
Subtotal Account 2: Payments to States and Possessions	<b>91,235</b>	<b>10</b>	<b>91,235</b>	<b>9</b>	<b>191,235</b>	<b>10</b>	<b>86,235</b>	<b>10</b>
Farm Bill Initiatives, Mandatory, Trust Account:								
Sheep Production and Marketing Grant Program	2,000	1	-	-	-	-	-	-
Wool Research, Development, and Promotion Program	2,259	-	2,390	-	2,250	-	2,250	-
Subtotal : Farm Bill	<b>4,259</b>	<b>1</b>	<b>2,390</b>	<b>-</b>	<b>2,250</b>	<b>-</b>	<b>2,250</b>	<b>-</b>
Sequestration - Farm Bill Authority	-5,270	-	-7,270	-	-7,024	-	-7,024	-
Transfers In - Congressional Relations	90	-	90	-	-	-	-	-
Transfers In - Hemp Production Program	1,200	2	-	-	-	-	-	-
Transfers Out	-900	-	-918	-	-	-	-	-
Adjusted Appropriation	<b>293,187</b>	<b>625</b>	<b>373,440</b>	<b>636</b>	<b>954,754</b>	<b>729</b>	<b>330,596</b>	<b>734</b>
Balance Available, SOY	4,937	-	55,408	-	106,184	-	-	-
Total Available	<b>298,124</b>	<b>625</b>	<b>428,848</b>	<b>636</b>	<b>1,060,938</b>	<b>729</b>	<b>330,596</b>	<b>734</b>
Lapsing Balances	-2,765	-	-2,241	-	-	-	-	-
Balance Available, EOY	-55,408	-	-106,184	-	-	-	-	-
Subtotal Obligations, AMS	<b>239,951</b>	<b>625</b>	<b>320,423</b>	<b>636</b>	<b>1,060,938</b>	<b>729</b>	<b>330,596</b>	<b>734</b>
Account 3: Permanent Appropriations, Mandatory								
Funds for Strengthening Markets, Income, and Supply (Sec. 32)	10,624,198	124	15,123,425	119	22,696,566	154	21,679,260	154
Sequestration	-74,338	-	-72,275	-	-71,136	-	-72,789	-
Transfers Out	-9,427,049	-	-13,899,792	-	-21,485,331	-	-20,402,260	-
Total, Other Funding	1,122,811	124	1,151,358	119	1,140,099	154	1,204,211	154
Balance Available, SOY	312,599	-	500,084	-	427,395	-	-	-
Recoveries of Prior Year Obligations	1,305	-	105,294	-	-6,118	-	-	-
Total Available	1,436,715	124	1,756,736	119	1,561,376	154	1,204,211	154
Bal. Available, EOY	-500,084	-	-427,395	-	-	-	-	-
Obligations	936,631	124	1,329,341	119	1,561,376	154	1,204,211	154
Subtotal Obligations, AMS	<b>1,176,582</b>	<b>749</b>	<b>1,649,764</b>	<b>755</b>	<b>2,622,314</b>	<b>883</b>	<b>1,534,807</b>	<b>888</b>
Obligations Under Other USDA Appropriations:								
International Food Procurement Reimbursement	8,839	42	10,422	47	10,433	47	10,433	47
FNS for Commodity Procurement Services (Sec. 32)	4,174	32	4,882	36	4,891	32	4,891	32
Total, Other USDA	<b>13,013</b>	<b>74</b>	<b>15,304</b>	<b>83</b>	<b>15,324</b>	<b>79</b>	<b>15,324</b>	<b>79</b>
Total, Agriculture Appropriations	<b>1,189,595</b>	<b>823</b>	<b>1,665,068</b>	<b>838</b>	<b>2,637,638</b>	<b>962</b>	<b>1,550,131</b>	<b>967</b>
Non-Federal Funds:								
Perishable Agricultural Commodities Act Fund, Mandatory	10,128	56	10,745	57	10,935	69	11,099	69
Grain Inspection and Weighing Services	50,717	351	47,246	318	55,000	421	55,000	421
Fees for Grading of Cotton and Tobacco	52,654	355	70,035	355	61,227	441	61,786	441
Grading of Farm Products for Producers, Processors, and Municipal, State and Federal Agencies	174,375	1,268	180,034	1,247	167,244	1,376	170,075	1,376
Research and Promotion Boards	5,430	27	5,330	27	5,864	29	5,737	29
Total, Non-Federal	<b>293,304</b>	<b>2,057</b>	<b>313,391</b>	<b>2,004</b>	<b>300,270</b>	<b>2,336</b>	<b>303,697</b>	<b>2,336</b>
Total, AMS	<b>1,482,899</b>	<b>2,880</b>	<b>1,978,459</b>	<b>2,842</b>	<b>2,937,908</b>	<b>3,298</b>	<b>1,853,828</b>	<b>3,303</b>
Schedule A Staff Years		<b>334</b>		<b>325</b>		<b>404</b>		<b>404</b>
<b>Total FTE</b>		<b>3,214</b>		<b>3,167</b>		<b>3,702</b>		<b>3,707</b>

**PERMANENT POSITIONS BY GRADE AND FTEs****Table AMS-6. Permanent Positions by Grade and FTEs**

Item	2019 Actual			2020 Actual			2021 Enacted			2022 Budget		
	Hdqts	Field	Total	Hdqts	Field	Total	Hdqts	Field	Total	Hdqts	Field	Total
ES	1	-	1	1	-	1	1	-	1	1	-	1
SES	10	1	11	10	1	11	14	1	15	14	1	15
GS-15	50	11	61	55	13	68	51	15	66	51	15	66
GS-14	82	63	145	84	74	158	97	59	156	97	59	156
GS-13	140	173	313	141	182	323	161	158	319	161	158	319
GS-12	78	302	380	73	311	384	102	308	410	102	308	410
GS-11	33	262	295	46	274	320	50	266	316	50	266	316
GS-10	2	27	29	2	27	29	4	20	24	4	20	24
GS-9	46	554	600	38	552	590	53	622	675	58	622	680
GS-8	8	323	331	3	326	329	6	320	326	6	320	326
GS-7	17	231	248	8	328	336	26	351	377	26	351	377
GS-6	4	85	89	1	76	77	4	54	58	4	54	58
GS-5	4	120	124	4	117	121	6	147	153	6	147	153
GS-4	-	15	15	-	17	17	1	29	30	1	29	30
GS-3	-	-	-	-	-	-	-	8	8	-	8	8
GS-2	-	-	-	-	-	-	-	-	-	-	-	-
GS-1	-	-	-	-	-	-	-	-	-	-	-	-
Other Graded	-	-	-	-	5	5	-	2	2	-	2	2
Ungraded	-	2	2	-	2	2	-	6	6	-	6	6
Total Permanent	475	2,169	2,644	466	2,305	2,771	576	2,366	2,942	581	2,366	2,947
Unfilled, EOY	6	125	131	17	73	90	-	-	-	-	-	-
Total Perm. FT EOY	481	2,294	2,775	483	2,378	2,861	576	2,366	2,942	581	2,366	2,947
Total Temporary Positions	4	1,727	1,731	2	1,612	1,614	4	1,727	1,731	4	1,727	1,731
FTE	585	2,629	3,214	585	2,582	3,167	714	2,988	3,702	719	2,988	3,707

## VEHICLE FLEET

### Motor Vehicle Fleet

The estimated number of 414 passenger motor vehicles available for 2022 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 one passenger motor vehicle to the fleet in 2022. This vehicle is required to effectively carry out mission essential functions in Dairy, Livestock and Poultry, and Specialty Crops Program and are expected to improve service.

#### *Replacement of passenger motor vehicles*

AMS doesn't plan to replace any of the 414 passenger motor vehicles in operation in 2022.

***Table AES-7. Size, Composition, and Annual Costs of Motor Vehicle Fleet***

Fiscal Year	Sedans	Lt. Trucks, SUVs, and Vans (4x2)	Lt. Trucks, SUVs, and Vans (4x4)	Medium Duty Vehicles	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
	and Station Wagons							
2019	268	125	4	7	-	-	404	\$2,359
Change	-14	+27	-2	-3	-	-	+8	-197
2020	254	152	2	4	-	-	412	2,162
Change	+4	-3	-	-	-	-	+1	+37
2021	258	149	2	4	-	-	413	2,199
Change	+1	-	-	-	-	-	+1	+40
2022	259	149	2	4	-	-	414	2,239

Note: Number of vehicles by type include vehicles owned by the agency and leased from commercial sources or GSA. Annual Operating Costs 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
2019	406	7	5	0	5	404
2020	404	4	0	12	12	412
2021	412	11	0	12	12	413
2022	413	2	0	3	3	414

**SHARED FUNDING PROJECTS****Table AMS-8. Shared Funding Projects (dollars in thousands)**

Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
<b>Working Capital Fund:</b>				
Administrative Services:				
Material Management Service Center.....	229	274	329	158
Mail and Reproduction Services.....	822	901	1,040	647
Integrated Procurement Systems.....	292	324	296	317
Procurement Operations Division.....	2	-	1	1
Human Resources Enterprise System Management.....	77	87	93	93
Subtotal.....	1,422	1,586	1,759	1,216
Communications:				
Creative Media and Broadcast Center.....	119	155	47	181
Executive Secretariat:				
Office of the Executive Secretariat.....	-	-	273	272
Financial Management:				
National Finance Center.....	1,134	1,045	1,058	1,073
Financial Management Support Services.....	-	-	-	-
Financial Shared Services.....	5,512	4,701	4,987	4,950
Internal Control Support Services.....	65	99	98	97
Subtotal.....	6,711	5,845	6,143	6,120
Information Technology:				
Client Experience Center.....	3,235	11,396	15,138	15,301
Department Administration Information Technology Office .....	-	79	77	108
Digital Infrastructure Services Center.....	3,702	3,470	4,702	4,951
Enterprise Network Services.....	829	1,716	1,565	1,686
Subtotal.....	7,766	16,661	21,482	22,046
Correspondence Management Services.....	536	540	414	416
Total, Working Capital Fund.....	16,554	24,787	30,118	30,251
<b>Department-Wide Shared Cost Programs:</b>				
Advisory Committee Liaison Services.....	45	40	45	43
Agency Partnership Outreach.....	262	280	261	-
Honor Awards.....	-	-	-	-
Human Resources Self-Service Dashboard.....	20	22	-	-
Intertribal Technical Assistance Network.....	-	-	-	-
Medical Services.....	35	26	164	164
Office of Customer Experience.....	89	209	348	330
Personnel and Document Security.....	45	48	59	-
Physical Security.....	-	213	157	-
Security Detail.....	147	169	167	158
Security Operations.....	358	213	236	-
TARGET Center.....	42	41	43	-
TARGET Center NCR Interpreting Services.....	-	-	40	-

USDA Enterprise Data Analytics Services.....	-	295	182	-
Total, Department Shared Cost Programs.....	1,044	1,556	1,702	695
<b>E-Gov:</b>				
Budget Formulation and Execution Line of Business.....	2	2	6	6
Disaster Assistance Improvement Plan.....	-	-	-	-
Enterprise Human Resources Integration.....	53	-	-	-
E-Rulemaking.....	127	148	111	136
E-Training.....	-	-	-	-
Financial Management Line of Business.....	5	5	7	7
Geospatial Line of Business.....	-	-	-	-
Benefits.gov.....	-	8	8	8
Grants.gov.....	53	46	31	32
Human Resources Line of Business.....	8	8	11	11
Integrated Acquisition Environment.....	42	28	31	31
Total, E-Gov.....	290	245	204	230
Agency Total.....	17,887	26,588	32,024	31,176

## AMS Information Technology Investments (\$ thousands)

## All Funding Sources

Item No.	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
<b>Major Investments</b>					
MRP-AMS-Conformance Management					
11	Internal Labor	N/A	1,873	1,216	946
	External Labor (Contractors)	N/A	17,457	15,034	6,679
25.2	Outside Services (Consulting)	N/A	37	280	100
<b>Total Investment Cost, Conformance Management</b>		<b>15,458</b>	<b>24,005</b>	<b>21,118</b>	<b>14,722</b>
MRP-AMS-Web-Based Supply Chain Management (WBSCM)					
11	Internal Labor	N/A	525	536	547
	External Labor (Contractors)	N/A	14,535	14,966	17,664
25.2	Outside Services (Consulting)	N/A	20,752	20,235	23,520
<b>Total Investment Cost, WBSCM</b>		<b>36,190</b>	<b>38,812</b>	<b>38,737</b>	<b>44,732</b>
AMS Non-Major Investment Totals		8,754	18,445	14,796	13,092
AMS Standard Investment Totals		14,871	9,027	20,660	20,793
25.3	AMS WCF Transfers	7,894	16,660	18,560	22,058
<b>AMS Total</b>		<b>83,167</b>	<b>84,817</b>	<b>93,969</b>	<b>101,621</b>

***ACCOUNT 1: MARKETING SERVICES***

**APPROPRIATIONS LANGUAGE**

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

1. For necessary expenses of the Agricultural Marketing Service, [\$188,358,000]
2. \$213,157,000 of which \$6,000,000 shall be available for the purposes of section 12306 of
3. Public Law 113–79: Provided, that this appropriation shall be available pursuant to law (7
4. U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of
5. altering any one building during the fiscal year shall not exceed 10 percent of the current
6. replacement value of the building.
  
7. Fees may be collected for the cost of standardization activities, as established by
8. regulation pursuant to law (31 U.S.C. 9701), except for the cost of activities relating to
9. the development or maintenance of grain standards under the United States Grain
10. Standards Act, 7 U.S.C. 71 et seq.

**Change Description**

The change (line 1 and 2) delete 2021 appropriation amount and replaces it with 2021 request

**LEAD-OFF TABULAR STATEMENT****Table AMS-9. Lead-Off Tabular Statement (In dollars)**

<i>Marketing Services</i>	
<b>Item</b>	<b>Amount</b>
2021 Enacted	\$188,358,000
Change in Appropriation	+ 24,799,000
Budget Estimate, 2022	213,157,000
Change Due to Proposed Legislation	-100,000
Net 2022 Request	75,700,000

**PROJECT STATEMENT****Table AMS-10. Project Statement; Appropriation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Dec.	Chg Key	FTE	2022		
	Actual	FTE	Actual	FTE	Enacted	FTE				Budget	FTE	
Discretionary Appropriations:												
Marketing Services.....	\$159,095	603	\$186,936	615	\$188,358	719	+24,799	1	+5	\$213,157	724	
U.S. Warehouse Act Supplement (non-add).....	-	-	(4,454)	-	-	-	-	-	-	-	-	
Acer Access and Development Prog (non-add).....	(4,000)	(2)	(6,000)	(2)	(6,000)	-	-	-	-	(6,000)	-	
Total Marketing Services.....	159,095	603	186,936	615	188,358	719	24,799	1	5	213,157	724	
General Provision												
Dairy Business Initiative.....	-	-	20,000	5	22,000	-	-22,000	-	-	-	-	
<b>Subtotal Disc Appropriations.....</b>	<b>159,095</b>	<b>603</b>	<b>206,936</b>	<b>620</b>	<b>210,358</b>	<b>719</b>	<b>2,799</b>	<b>1</b>	<b>5</b>	<b>213,157</b>	<b>724</b>	
Mandatory Appropriations:												
Organic Production & Market Data.....	3,500	-	-	-	-	-	-	-	-	-	-	
Local Agriculture Market Programs.....	30,978	9	30,978	7	30,978	-	-	-	-	30,978	-	
Milk Donation Program (no year).....	9,000	-	5,000	-	5,000	-	-	-	-	5,000	-	
<b>Subtotal Man Appropriations.....</b>	<b>43,478</b>	<b>9</b>	<b>35,978</b>	<b>7</b>	<b>35,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,978</b>	<b>-</b>	
Supplemental Appropriations:												
CARES Act.....	-	-	45,000	-	-	-	-	-	-	-	-	
Local Agriculture Market Programs.....	-	-	-	-	61,957	-	-61,957	-	-	-	-	
Dairy Donation Program.....	-	-	-	-	400,000	-	-400,000	-	-	-	-	
Meat and Poultry Grants.....	-	-	-	-	60,000	-	-60,000	-	-	-	-	
<b>Subtotal Suppl Appropriations.....</b>	<b>-</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>521,957</b>	<b>-</b>	<b>-521,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Total Adjusted Approp.....	202,573	612	287,914	627	768,293	719	-519,158	-	5	249,135	724	
Sequestration.....	-	-	-2,123	-	-2,051	-	-	-	-	-2,051	-	
<b>Total Appropriations.....</b>	<b>202,573</b>	<b>612</b>	<b>285,791</b>	<b>627</b>	<b>766,242</b>	<b>719</b>	<b>-519,158</b>	<b>1</b>	<b>5</b>	<b>247,084</b>	<b>724</b>	
Transfers In*:												
Congressional Relations.....	90	-	90	-	-	-	-	-	-	-	-	
<b>Total Transfers In.....</b>	<b>90</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Transfers Out*:												
Working Capital Fund.....	-900	-	-918	-	-	-	-	-	-	-	-	
<b>Total Transfers Out.....</b>	<b>-900</b>	<b>-</b>	<b>-918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Recoveries, Other.....												
Bal. Available, SOY.....	1,506	-	41,408	-	80,643	-	-31,000	-	-	49,643	-	
<b>Total Available.....</b>	<b>203,269</b>	<b>612</b>	<b>326,371</b>	<b>627</b>	<b>846,885</b>	<b>719</b>	<b>-550,158</b>	<b>-</b>	<b>5</b>	<b>296,727</b>	<b>-</b>	
Lapsing Balances.....	-2,688	-	-1,980	-	-	719	-	-	-	-	-	
Bal. Available, EOY.....	-41,408	-	-80,643	-	-49,643	1,438	-	-	-	-49,643	-	
<b>Total Obligations.....</b>	<b>159,173</b>	<b>612</b>	<b>243,748</b>	<b>627</b>	<b>797,242</b>	<b>719</b>	<b>-550,158</b>	<b>-</b>	<b>5</b>	<b>247,084</b>	<b>724</b>	

**Table AMS-11. Project Statement;Obligation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Dec.	2022		
	Actual	FTE	Actual	FTE	Enacted	FTE		FTE	Budget	FTE
Discretionary Obligations:										
<b>Marketing Services</b>										
Subtotal, Marketing Services.....	\$155,597	603	\$184,128	615	\$188,358	719	+24,799	+5	\$213,157	724
U.S. Warehouse Act Supplement (non-add).....	-	-	(4,454)	-	-	-	-	-	-	-
Acer Access and Development Prog (non-add)....	(4,000)	(2)	(5,921)	(2)	(6,000)	-	-	-	(6,000)	-
Total Marketing Services.....	155,597	603	184,128	615	188,358	719	+24,799	+5	213,157	724
<b>General Provision</b>										
Dairy Business Initiative.....	-	-	19,998	5	22,000	-	-22,000	-	-	-
<b>Subtotal Disc Obligations.....</b>	<b>155,597</b>	<b>603</b>	<b>204,126</b>	<b>620</b>	<b>210,358</b>	<b>719</b>	<b>2,799</b>	<b>5</b>	<b>213,157</b>	<b>724</b>
Mandatory Obligations:										
Organic Production & Market Data.....	1,102	-	-	-	-	-	-	-	-	-
Local Agriculture Market Programs-FB.....	2,474	9	25,516	7	29,212	-	-	-	29,212	-
Milk Donation Program (no year).....	-	-	106	-	4,715	-	-	-	4,715	-
Regional Partnership Program.....	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Man Obligations.....</b>	<b>3,576</b>	<b>9</b>	<b>25,622</b>	<b>7</b>	<b>33,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,927</b>	<b>-</b>
Supplemental Obligations:										
CARES Act.....	-	-	14,000	-	31,000	-	-31,000	-	-	-
Local Agriculture Market Programs.....	-	-	-	-	61,957	-	-61,957	-	-	-
Dairy Donation Program.....	-	-	-	-	400,000	-	-400,000	-	-	-
Meat and Poultry Grants.....	-	-	-	-	60,000	-	-60,000	-	-	-
Subtotal Mand Oblig.....	-	-	-	-	552,957	-	-552,957	-	-	-
<b>Total Obligations.....</b>	<b>159,173</b>	<b>612</b>	<b>243,748</b>	<b>627</b>	<b>797,242</b>	<b>719</b>	<b>-550,158</b>	<b>5</b>	<b>247,084</b>	<b>724</b>
Add back:.....										
Lapsing Balances.....	2,688	-	1,980	-	-	-	-	-	-	-
Rescinded Balances.....										
Balances Available, EOY:	41,408	-	80,643	-	49,643	-	-	-	49,643	-
<b>Total Available.....</b>	<b>203,269</b>	<b>612</b>	<b>326,371</b>	<b>627</b>	<b>846,885</b>	<b>719</b>	<b>-550,158</b>	<b>5</b>	<b>296,727</b>	<b>724</b>
Less:										
Rescission.....	-	-	-	-	-	-	-	-	-	-
Total Transfers In.....	-90	-	-90	-	-	-	-	-	-	-
Total Transfers Out.....	900	-	918	-	-	-	-	-	-	-
Sequestration.....	-	-	2,123	-	2,051	-	-	-	2,051	-
Recoveries, Other.....	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-1,506	-	-41,408	-	-80,643	-	31,000	-	-49,643	-
<b>Total Appropriations.....</b>	<b>202,573</b>	<b>612</b>	<b>287,914</b>	<b>627</b>	<b>768,293</b>	<b>719</b>	<b>-519,158</b>	<b>5</b>	<b>249,135</b>	<b>724</b>

**Table AMS-12. Funding Detail**

Allocations	Marketing Services (Dollars in Thousands)										Change from 2021 Estimate	
	2019 Actual		2020 Actual		2021 Enacted		2022 Budget Request		Chg Key	B.A.	SY	
	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY				
<b>MARKETING SERVICES</b>												
Market News	\$33,659	178	\$33,659	182	\$33,968	202	\$34,629	202	1a	\$661	-	
Shell Egg Surveillance	2,568	11	2,568	10	2,587	11	2,623	11	1a	36	-	
Standardization	5,018	25	5,118	26	5,168	28	5,263	28	1a	95	-	
Federal Seed	2,325	13	2,325	13	2,346	15	2,395	15	1a	49	-	
Country of Origin Labeling	4,744	12	4,744	10	4,782	15	4,831	15	1a	49	-	
Business Innovation Centers	1,500	1	-	- *	-	- *	22,000	-	1b	22,000	-	
Pesticide Data Program	15,073	13	15,073	11	15,194	16	15,246	16	1a	52	-	
National Organics Standards	14,094	37	16,094	47	18,594	51	18,761	51	1a	167	-	
Transportation and Market Development	10,175	29	9,175	32	9,238	35	9,359	35	1a	121	-	
Hemp Production	-	-	16,496	13	16,662	13	16,704	13	1a	42	-	
Nat'l Bioengineered Food Disclosure	2,000	3	2,000	4	2,010	4	2,023	4	1a	13	-	
Farmers Market and Local Food Program	-	-	5,400	-	7,400	-	7,400	-	-	-	-	
GSA Rent & Security	1,277	-	1,268	-	3,988	-	4,420	-	1c	432	-	
Acer Access and Development Program	4,000	2	6,000	2	6,000	2	6,000	2	-	-	-	
Packers and Stockyards	23,281	123	23,281	121	23,138	148	23,625	153	1a	487	5	
Grain Regulatory	20,201	93	20,201	84	18,361	109	18,727	109	1a	366	-	
U.S. Warehouse Activities	10,606	57	14,960	57	10,348	67	10,567	67	1a	219	-	
International Food Procurement	8,574	6	8,574	3	8,574	3	8,584	3	1a	10	-	
<b>Total Marketing Services</b>	<b>159,095</b>	<b>603</b>	<b>186,936</b>	<b>615</b>	<b>188,358</b>	<b>719</b>	<b>213,157</b>	<b>724</b>		<b>24,799</b>	<b>5</b>	

\* FY2020 & 2021 Dairy Business Innovation funded through General Provisions

## JUSTIFICATIONS OF INCREASES/DECREASES

### 1. Marketing Services, an increase of \$24,799,000

- a. An increase of \$2,367,000, consisting of \$1,611,000 for pay inflation and \$756,000 for FERS contributions.

The pay and FERS increase will support a 2.7% cost of living pay increase for civilian employees, and a 1.1% increase to cover the expenses for the mandated increase of USDA's contribution to FERS. A large portion of AMS' budget is in support of personnel compensation and benefits. Funding for these various personnel compensation and benefits categories is critically needed to support and maintain staffing levels to carry out program activities and would enable AMS to meet agency objectives to facilitate marketing of agricultural commodities and ensure fair trading practices.

- b. An increase of \$22,000,000 for Business Innovation Centers.

These grants were funded in 2020 and 2021 through General Provisions. The previously provided funding has successfully enabled innovation in the dairy sector. While the same institutions behind the current Centers are welcome to apply for the requested funding, the purpose of this proposed program is to move into sectors beyond dairy. These funds will support a range of agricultural and food business centers in cooperation with land-grant and minority serving institutions. Business Innovation Centers will specifically support projects to reduce risk and develop higher value outlets, promote business development that diversifies farmer income through processing and marketing innovation, and encourage the consumption of locally and regionally produced foods. An expanded purpose of the grants will be a specific direction to address barriers preventing or limiting small, minority owned, socially disadvantaged producers, processors, or distributors from market access and opportunities. By providing additional local and regional opportunities, the Centers will also support enhanced access and fair competition.

- c. An increase of \$432,000 for appropriated GSA rent and DHS security expenses.

This increase represents improved accounting of these costs.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE****Table AMS-11. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)****Marketing Service-Discretionary**

State/Territory/Country	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
Alabama.....	\$169	1	\$135	1	\$203	1	\$203	1
Alaska.....	6	-	-	-	10	-	10	-
Arizona.....	1,150	9	1,046	8	1,050	6	1,055	6
Arkansas.....	211	2	667	1	254	2	254	2
California.....	4,177	6	5,362	7	4,271	10	5,271	10
Colorado.....	5,723	41	6,233	39	6,609	54	6,609	54
Connecticut.....	35	-	394	-	15	-	50	-
Delaware.....	13	-	-	-	10	-	15	-
Florida.....	1,774	3	1,701	3	1,993	2	1,993	2
Georgia.....	6,078	46	6,254	48	6,350	51	6,350	51
Hawaii.....	10	-	-	-	10	-	10	-
Idaho.....	337	3	411	4	386	5	386	5
Illinois.....	453	3	487	4	437	3	437	3
Indiana.....	48	-	-	-	41	-	41	-
Iowa.....	5,453	42	5,006	38	6,711	51	6,711	51
Kansas.....	89	1	96	1	132	2	132	2
Kentucky.....	215	2	683	2	214	2	714	2
Louisiana.....	467	4	606	3	702	5	702	5
Maine.....	490	-	-	-	10	-	10	-
Maryland.....	312	1	687	1	305	1	305	1
Massachusetts.....	545	4	557	4	478	4	478	4
Michigan.....	1,746	2	2,489	3	1,800	4	1,800	4
Minnesota.....	272	2	241	2	254	2	254	2
Mississippi.....	30	-	-	1	30	1	30	1
Missouri.....	20,394	105	19,933	99	20,794	98	20,794	98
Montana.....	110	1	99	1	102	2	102	2
Nebraska.....	148	1	137	1	153	1	153	1
Nevada.....	18	-	-	-	10	-	10	-
New Hampshire.....	23	-	428	-	430	-	430	-
New Jersey.....	476	-	-	-	500	-	500	-
New Mexico.....	288	2	216	2	285	3	285	3
New York.....	2,952	3	4,706	4	4,949	3	4,713	3
North Carolina.....	1,990	12	1,974	12	1,993	12	1,993	12
North Dakota.....	75	1	71	1	183	1	183	1
Ohio.....	1,992	2	2,188	2	2,300	7	2,300	7
Oklahoma.....	479	4	417	4	447	4	447	4
Oregon.....	281	2	770	2	837	6	837	6
Pennsylvania.....	664	6	815	7	871	7	871	7
Rhode Island.....	-	-	491	-	498	-	500	-
South Carolina.....	262	2	248	2	244	2	244	2
South Dakota.....	217	2	344	1	336	2	336	2
Tennessee.....	3,207	16	3,354	17	3,593	19	3,593	19
Texas.....	2,329	9	2,240	10	2,389	9	2,389	9
Utah.....	26	-	-	-	30	-	30	-
Vermont.....	1,366	-	-	-	1,474	-	1,000	-
Virginia.....	1,812	11	1,814	9	2,196	11	2,196	11
Washington.....	2,119	4	2,103	3	2,556	4	2,556	4
West Virginia.....	409	-	499	-	510	1	510	1
Wisconsin.....	2,148	14	2,118	13	1,627	13	1,627	13
Wyoming.....	86	1	63	1	81	1	81	1
U.S. TERRITORIES:								
District of Columbia.....	81,926	232	106,046	253	106,695	307	130,657	312
Obligations.....	155,597	603	184,128	615	188,358	719	213,157	724
Lapsing Balances	2,688	-	1,980	-	-	-	-	-
<b>Total, Available</b>	<b>158,285</b>	<b>-</b>	<b>186,108</b>	<b>-</b>	<b>188,358</b>	<b>-</b>	<b>213,157</b>	<b>-</b>

**Table AMS-14. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)****Local Agriculture Market Program-Mandatory**

*These Farm Bill-funded grants are funded annually and awarded based on submitted proposals. Amounts by State are not yet determined. The funding is available until expended.*

*(Dollars in Thousands)*

State/Territory/Country	2019		2020		2021 Enacted	2022 Budget	2022 FTE
	Actual	FTE	Actual	FTE			
Alabama.....	-	-	\$259	-	-	-	-
Alaska.....	-	-	208	-	-	-	-
Arizona.....	-	-	345	-	-	-	-
Arkansas.....	-	-	-	-	-	-	-
California.....	-	-	2,440	-	-	-	-
Colorado.....	-	-	709	-	-	-	-
Connecticut.....	-	-	593	-	-	-	-
Delaware.....	-	-	245	-	-	-	-
Florida.....	-	-	397	-	-	-	-
Georgia.....	-	-	615	-	-	-	-
Hawaii.....	-	-	475	-	-	-	-
Idaho.....	-	-	383	-	-	-	-
Illinois.....	-	-	340	-	-	-	-
Iowa.....	-	-	241	-	-	-	-
Kansas.....	-	-	155	-	-	-	-
Kentucky.....	-	-	982	-	-	-	-
Maine.....	-	-	748	-	-	-	-
Massachusetts.....	-	-	1,408	-	-	-	-
Michigan.....	-	-	363	-	-	-	-
Minnesota.....	-	-	1,249	-	-	-	-
Mississippi.....	-	-	453	-	-	-	-
Missouri.....	-	-	732	-	-	-	-
Nebraska.....	-	-	347	-	-	-	-
New Hampshire.....	-	-	89	-	-	-	-
New Mexico.....	-	-	498	-	-	-	-
New York.....	-	-	1,878	-	-	-	-
North Carolina.....	-	-	882	-	-	-	-
North Dakota.....	-	-	118	-	-	-	-
Ohio.....	-	-	572	-	-	-	-
Oklahoma.....	-	-	250	-	-	-	-
Oregon.....	-	-	499	-	-	-	-
Pennsylvania.....	-	-	693	-	-	-	-
Rhode Island.....	-	-	199	-	-	-	-
South Carolina.....	-	-	108	-	-	-	-
South Dakota.....	-	-	-	-	-	-	-
Tennessee.....	-	-	-	-	-	-	-
Texas.....	-	-	806	-	-	-	-
Utah.....	-	-	-	-	-	-	-
Vermont.....	-	-	168	-	-	-	-
Virginia.....	-	-	326	-	-	-	-
Washington.....	-	-	723	-	-	-	-
West Virginia.....	-	-	677	-	-	-	-
Wisconsin.....	-	-	90	-	-	-	-
U.S. TERRITORIES:							
District of Columbia.....	2,474	9	2,773	7	-	-	-
Puerto Rico.....	-	-	483	-	-	-	-
Distribution Unknown.....	-	-	-	-	61,350	-	30,978
Obligations.....	2,474	9	25,516	7	61,350	-	30,978
Sequestration	0	-	1,828	-	1,766	-	1,766
Balance Available, SOY	0	-	28,504	-	32,138	-	0
Balance Available, EOY	28,504	-	32,138	-	-	-	-
<b>Total, Available</b>	<b>30,978</b>	<b>-</b>	<b>30,978</b>	<b>-</b>	<b>30,978</b>	<b>-</b>	<b>30,978</b>

## Milk Donation Program-Mandatory

State/Territory/Country	2019		2020		2021 Enacted	2022	2022	
	Actual	FTE	Actual	FTE			Budget	FTE
Wisconsin.....	-	-	\$106	-	\$160	0	\$160	-
Distribution Unknown.....	-	-	-	-	4,555	-	4,555	-
Obligations.....	-	-	106	-	4,715	-	4,715	-
Sequestration	-	-	295	-	285	-	285	-
Balance Available, SOY	-	-	9,000	-	13,599	-	13,599	-
Balance Available, EOY	9,000	-	13,599	-	13,599	-	13,599	-
<b>Total, Available</b>	<b>9,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>

The amounts shown reflect Administrative expenses. Distribution of payments by state is not yet determined.

## Dairy Business Initiatives-Discretionary

State/Territory/Country	2019		2020		2021 Enacted	2022	2022	
	Actual	FTE	Actual	FTE			Budget	FTE
Tennessee.....	-	-	\$6,133	-	\$6,800	-	-	-
Vermont.....	-	-	6,133	-	6,800	-	-	-
Wisconsin.....	-	-	6,133	-	6,800	-	-	-
U.S. TERRITORIES:								
District of Columbia.....	-	-	1,598	5	1,600	-	-	-
Obligations.....	-	-	19,998	5	22,000	-	-	-
Balance Available, EOY	-	-	2	-	2	-	-	-
<b>Total, Available</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Organic Production and Market Data-Mandatory

State/Territory/Country	2019		2020		2021 Enacted	2022	2022	
	Actual	FTE	Actual	FTE			Budget	FTE
U.S. TERRITORIES:								
District of Columbia.....	\$1,105	-	\$28	-	-	-	-	-
Obligations.....	1,105	-	28	-	-	-	-	-
Balance Available, SOY	1,815	-	4,203	-	4,175	-	4,175	-
Balance Available, EOY	4,203	-	4,175	-	4,175	-	4,175	-
<b>Total, Available</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CLASSIFICATION BY OBJECTS****Table AMS-15 Classification by Objects (thousands of dollars)**

Item No.	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Personnel Compensation:					
	Washington D.C.	\$35,422	\$38,900	\$39,289	\$43,406
	Personnel Compensation, Field	28,318	22,268	22,491	21,173
11	Total personnel compensation	63,740	61,168	61,780	64,579
12	Personal benefits	21,514	22,328	22,328	22,328
13.0	Benefits for former personnel	475	536	536	536
	Total, personnel comp. and benefits	85,729	84,032	84,644	87,443
Other Objects:					
21.0	Travel and transportation of persons	2,917	2,255	2,255	2,255
22.0	Transportation of things	10	17	17	17
23.1	Rental payments to GSA	4,405	4,654	4,654	5,086
23.2	Rental payments to others	2,332	1,328	1,328	1,328
23.3	Communications, utilities, and misc. charges	2,268	1,894	1,894	1,894
24.0	Printing and reproduction	305	232	232	232
25	Other contractual services	-	-	-	-
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	26,574	46,437	46,437	50,437
25.3	Other goods and services from Federal sources	23,576	27,229	30,847	30,847
25.4	Operation and maintenance of facilities	-	-	-	-
25.5	Research and development contracts	-	-	-	-
25.7	Operation and maintenance of equipment	-	1,245	1,245	1,245
26.0	Supplies and materials	970	1,032	1,032	1,032
31.0	Equipment	1,546	3,421	3,421	2,989
33.0	Investments and loans	-	-	-	-
41.0	Grants, subsidies, and contributions	4,964	10,337	10,337	28,337
42.0	Insurance Claims and Indemnities	1	13	13	13
43.0	Interest and Dividends	-	2	2	2
	Total, Other Objects	69,868	100,096	103,714	125,714
99.9	Total, new obligations	155,597	184,128	188,358	213,157
	DHS Building Security Payments (included in 25.3)....	\$730	\$791	\$800	\$800
Position Data:					
	Average Salary (dollars), ES Position	\$104,000	\$108,000	\$109,620	\$111,264
	Average Salary (dollars), GS Position	\$27,900	\$33,187	\$37,668	\$38,233
	Average Grade, GS Position	9.8	9.9	10.2	10.0



## **STATUS OF PROGRAMS**

### **Marketing Services**

#### **Market News**

##### *Current Activities*

The Market News Service (Market News) provides current, unbiased information on supply, demand, prices, movement, location, quality, condition, and other market data on agricultural products in specific markets and marketing areas – both domestic and international. This information is supplied to buyers and sellers, producers and handlers, transportation and logistics companies, insurance and lending institutions, and others in the marketing chain, including consumers. The information reported by Market News provides a high level of market transparency that contributes to the orderly marketing of agricultural commodities and helps to promote fair trade for all market participants. The market information also supports government policy makers and is widely used for value determinations, such as in courts and mediation.

All market information is reported to the Agricultural Marketing Service (AMS) on a voluntary basis except for mandatory price reporting for specified livestock, meat, and dairy product information. The agricultural sector constantly evolves and so does the form and content of the Market News reports, as well as the ways in which that information is made available to the public. AMS Market News issues hundreds of reports daily for nearly 1,000 commodities resulting in over 54 million e-views by the public annually.

##### *Selected Examples of Recent Progress*

*Response to COVID-19 Pandemic:* AMS Market News reporters continued to provide market coverage of an amazingly broad range of products and thousands of markets without loss of data or reporting delays. Reporters captured real time price information, demand, volume and other critical factors necessary to supply the industry with market information to support our food system infrastructure and help ensure the efficient movement of commodities from producers to retail outlets and consumers. To accomplish their mission, nearly all market reporters moved to teleworking environments and quickly adopted innovative solutions to reporting certain physical markets remotely. In addition to calls and emails to collect market information, reporters also used video chat to communicate with contacts at markets and online video streaming to report livestock auction markets remotely, to ensure consistent and up to date market information remained available. This uninterrupted market reporting was crucial to keeping the industries we serve informed of current market conditions throughout the pandemic.

*Redesign of Market News into Digital Data Service:* Market News continues to implement advanced technical capabilities and additional market types through the Market Analysis and Reporting Service (MARS) system. In FY 2020, AMS continued to add more market types and reports to those available to the public through MARS and its public facing website, My Market News. Through My Market News, users can now access over 675 unique market reports disseminated from over 45 Market News offices across the country. Currently, users can access dairy, cotton quality, egg inventory, auction livestock, video auctions, direct hay, auction hay, direct livestock, tobacco, rice, and grain market information. By the end of March 2021, market information for feedstuffs, retail, national feeder cattle summary, bioenergy, international imports, and exports, and the Specialty Crops commodities of truck rates, trends, terminals,

shipping point, and movement will transition to My Market News. We expect all Market News data to be moved to the new system within the next year.

Additionally, through the MARS Application Programming Interface (API), customers can now access data from over 640 unique market reports improved speed and flexibility for all commodities processed through the system. The API allows users to automatically download data in custom formats. After a one-time setup by the user, the API will continue to deliver the requested information in the established format without further action. In addition to the new commodities available on My Market News, additional updates will be instituted that allow users to better identify corrected data sets by report and through the MARS API. There will also be a web-based API released that allows users to automatically pull report files.

*Customer Outreach and Training:* AMS Market News routinely responds to requests for information from individuals, industry groups, and associations. In FY 2020, during the pandemic, AMS conducted its outreach efforts in a virtual environment, including participating in over 50 industry meetings and responding to over 500 requests, to highlight the various information products that Market News offers, and to educate the data users on how to use those products and services. Market News utilized platforms such as Zoom to educate users on various new features such as the API tools currently available. These outreach efforts help the program to better understand industry needs regarding market reporting. To support the reauthorization of Livestock Mandatory Reporting (LMR), AMS provided 6 highly successful briefings for Congressional staff, participated in 9 public meetings and over 20 outreach events to better understand concerns about reporting tools and discuss topics relating to LMR. Compared to FY 2019, AMS Market News saw a slight decline in outreach and training as many industry meetings and conferences were cancelled due to the pandemic.

*Local and Regional Market Customer Focus:* In FY 2020, Market News renewed nine 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. The AMS Market News local and regional webpage allows users to easily view commodity prices at over 125 farmers markets and 7 farmers auctions, farm-to-school prices for 13 States, local organic commodity prices on a national level, and 14 reports highlighting direct-to-consumer sales.

*Market Information Organization of the Americas (MIOA):* AMS continues to serve in its leadership role as the Chair of the MIOA, a network of market information organizations from 33 countries in North, Central and South America, and the Caribbean. MIOA is celebrating 20 years of existence in 2020 and was originally an initiative of AMS Market News. AMS chaired the most recent monthly virtual meeting of Executive Committee (EC) of MIOA and plans to host the virtual Regular Meeting in November 2020.

At a recent meeting, the EC endorsed the development of a Hemispheric Database/Dashboard. To manage the effort, the EC established a Project Development Team led by AMS. MIOA is continuing its ongoing series of monthly Technical Presentations, allowing for the introduction of emerging technologies and new ideas.

In partnership with FAS and IICA, AMS and MIOA have organized and led several key meetings and training events throughout the Hemisphere. AMS created a new virtual training program for market information specialists and data analysts called the MIOA Toolbox. The Toolbox was the basis for the advanced training exercise recently completed with the Ministry of Agriculture of Peru. There was an average of nearly 100 participants for each of the five modules.

AMS and MIOA are directly supporting an effort in the Caribbean to build a profile of each of the market information systems in the region – their services offered and their greatest needs. This effort parallels the Caribbean Community’s (CARICOM’s) efforts to ‘enhance market intelligence in the CARICOM nations. The profile will be provided to CARICOM and to each of the nations, as they seek to strengthen their capabilities in the area of market information.

*Livestock Mandatory Reporting (LMR):* AMS’ LMR program was initiated on April 2, 2001, and most recently reauthorized by the Agricultural Reauthorizations Act of 2015 (P.L. 114-54, Title I) (2015 Act). The purpose of LMR is to make information on pricing, contracting for purchase, and supply and demand conditions readily understood and available to encourage competition in the marketplace for livestock and livestock products.

Legislation requires livestock processing plants that annually slaughter (on average) a minimum of 125,000 cattle, 100,000 swine, 200,000 sows and boars, or 35,000 lambs to report market information to AMS to ensure the availability of information for market participants. Importers who annually import an average of at least 1,000 metric tons of lamb meat products are also required to report.

Of the total U.S. livestock markets, LMR provides information covering the following percentages of these commodity markets:

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

LMR reports daily and weekly prices paid by packers to producers for cattle, hogs, and sheep; daily and weekly forward contracts; and formula marketing arrangement transactions. In addition, LMR reports daily and weekly meat sales information for boxed beef, wholesale pork, boxed lamb, and imported lamb. The published information is used by the livestock and meat industry to determine current and future marketing and production decisions and as reference prices for the calculation of formula and contract prices. Analysts and policy makers also depend on this information to assess market conditions and the performance of the livestock and meat sectors.

Congress reviews the LMR Act every 5 years, and it was up for reauthorization by September 30, 2020. However, that deadline was extended to December 11, 2020, with the passage of the Continuing Resolution. To inform the reauthorization, AMS hosted a series of stakeholder meetings in 2016-2017 to identify LMR improvements and regulatory recommendations, with a subsequent Report to Congress. There is 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. In FY 2020, AMS hosted a stakeholder meeting in Kansas City, MO, on December 12, 2019, to present the findings of a

study AMS had commissioned in FY 2019 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. This meeting and resulting feedback from industry will provide direction to AMS on ways to publish more robust information for negotiated slaughter cattle markets ahead of the reauthorization.

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. The training is designed to clarify the grading system, bolster pricing confidence, and reinforce trust in the transparent cattle delivery system. In FY 2020, AMS conducted a live cattle and beef carcass evaluation training and grading correlation at one of the new Centers, focused on livestock evaluation and contract specifications for the Chicago Mercantile Exchange (CME) live cattle contract delivery and acceptance process. In addition, in November and December 2020, AMS has scheduled a series of four virtual webinars for cattle producers and other industry professionals to broaden the understanding of how live cattle and carcasses are evaluated for quality and yield, how these factors play into CME specifications for live deliveries and carcass deliveries, and the relationship between cattle production practices, the grading and acceptance process, and producer prices.

For the lamb industry, AMS expanded the estimated lamb cutout report to include additional cuts to better reflect the value of lamb based on current fabrication practices. AMS participated in the American Sheep Industry Association’s annual meeting to update stakeholders on the expanded lamb cutout calculations. For the swine and pork industry, AMS issued new reporting guidance to packers to report pork carcasses (whether whole or ultimately fabricated into smaller pieces) starting March 1, 2020, under the LMR program. AMS is currently reviewing the submitted carcass data to determine how to include this data in the comprehensive pork cutout calculations while ensuring the confidentiality requirements set forth in the LMR statute are still met.

As a result of several legacy IT systems being retired, AMS introduced several changes to its reporting systems in February 2020. LMR reports changed to a more user-friendly and accessible PDF format, and in addition to the LMR Web Service, LMR information is also accessible through a new API that allows users to pull on-demand information. The LMR API offers access to all LMR, Dairy Mandatory, and Federal Milk Marking Order data. Historical reports were transitioned to the My Market News platform, giving customers an improved search feature to access all Market News reports and data in one easy-to-use search tool.

*Dairy Product Mandatory Reporting:* The purpose of the dairy mandatory program is to provide accurate and timely market information for the dairy sector. Widely available market information is needed to ensure markets operate competitively and fairly. AMS collects this data to be used as the price discovery mechanism to establish minimum prices for the Federal milk order system, accounting for 72 percent of the U.S. milk supply.

Mandatory dairy product reporting provides sales information on:

- 11 percent of butter production;

- 33 percent of cheddar cheese production;
- 61 percent of nonfat dry milk production; and
- 34 percent of dry whey production.

The information in these reports is also used by the dairy industry, impacting current and future production levels. Prices reported through the program often are used as reference prices for trade settlement, formula pricing, and contract pricing. Market participants and policy makers depend on this information to assess the health of the dairy industry.

*Market Reporting Improvements:* AMS adds, modifies, or eliminates reports to support both consumers' needs and market environment changes on an on-going basis. Most of the new reports generated or products added are at the specific request of data users or customers of Market News. Specific examples of new and enhanced agricultural market reports are listed below.

#### Cotton and Tobacco:

- Non-MARS reports published on My Market News:
  - Daily Spot Cotton Quotations.
  - 22 individual files.
  - Weekly Cotton Market Review.
- In the process of adding cotton price data files in Excel and CSV formats to My Market News.
- In the process of moving the Cotton Quality Weekly Web Data files to MARS.
- Historical quality report data was moved to Production.

#### Dairy

- The monthly average report, named, AveragesYTD was modified to accommodate different reporting periods for weekly domestic U.S. prices and biweekly international prices.
- Starting in March 2020, to document and illustrate market effects from COVID factors, Dairy Market News created reports to visualize representative data to showcase price changes from base periods early in the calendar year.
- DMN utilized maximum telework to ensure the continuation of operations during COVID restrictions. All reporting criteria goals were met in FY 20 with no interruption of service to industry.
- DMN staff utilize APIs for pulling data from My Market News (MMN) and other databases for data analysis, table creation for reporting enhancements. Key staff are trained to assist users on APIs.
- DMN staff were speakers at key industry presentations to discuss pandemic markets.

#### Specialty Crops:

- On January 3, 2021, Specialty Crops Market News will transition to ACE as the primary data source for the specialty crops imports into the United States resulting in the following:
- Most reporting will occur daily instead of weekly.
- Data will be generated from ACE by HTS codes.
- Additional data on organic products.
- Data revisions will be greatly reduced.
- Commerce data will no longer be used.
- Elimination of manually keyed data for certain preliminary import data.

#### New & Expanded Reports:

- Tomatoes (Alabama round and plum type, Florida West District plum and grape type, eastern Tennessee/Virginia eastern shore cherry and grape types).
- Expand organic reporting for Mexico avocados and asparagus.
- California fruits and vegetables (organic green and red cabbage, Brussels sprouts).
- Oklahoma pecan Free on Board (FOB)
- Added organic FOBs:
- Mexico crossings through Nogales table grapes, soft squash and hard squash, mini watermelons, seedless watermelons and cucumbers;
- Mexico crossings through Otay Mesa fruits and vegetables, plum tomatoes, grape tomatoes; and
- Central and South District Brussels sprouts.
- New monthly nut report containing import volumes of all tree nuts.

#### Contacts Added:

- 13 Florida tomato and watermelon FOB contacts.
- 8 apple juice concentrate contacts.
- Multiple recipients added to daily apple FOB distribution email, berry FOB report, table grape supplement, and grape cold storage report.
- 8 Mexico asparagus, avocado, and strawberry FOB contacts.
- 6 California strawberry and grape contacts.
- 4 Georgia vegetable and 3 fruit FOB contacts.
- 9 Oklahoma pecan FOB contacts.
- 1 central and southern California cabbage and Brussels sprouts FOB contact.
- 1 central Florida strawberry contact.
- 3 central and south Florida vegetable contacts.
- 3 contacts for Mexico crossings through Nogales

### Technology Highlights:

- Transitioned collection of northern border movement data source from Cognos to ACE ITDS.
- Began testing in MARS for terminals, retail, shipping point, and truck rates.
- Migrated from Market News Communication System (MNCS) to the MARS uploader for report dissemination.
- Added hemp reporting to the retail market type as well as tracking import volumes.
- Worked with the Office of the Chief Economist to provide critical price data to support the Coronavirus Food Assistance Program.
- Prepared special reports for various products, markets and origins related to the impact of COVID-19 for policymakers in both government and the private sector.
- Partnered with the Market News Support Branch (MNSB) Oracle team to resolve server upgrade issues:
  - Major problems with data transferring to the portal;
  - Missing daily movement data; and
  - Persistent outages requiring near-daily manual transfer and publishing of files.
- Conducted testing and began issuing weekly trends report through MARS.
- Revised header statement for all FOB reports.
- Improved collection of crossing data on fruits, vegetables and flowers for Texas, Calexico, San Luis and Otay Mesa.
- MARS testing on sending shipment wires and sending reports.
- Partnered with Arizona Department of Agriculture to create current call lists of western Arizona vegetables and melons.

### Livestock, Poultry and Grain (LPGMN):

- Applied updated yields for all Livestock Mandatory Reporting (LMR) commodities to stay relevant with industry meat production practices.
- Introduced a new LMR application programming interface (API), offering access to all LMR reports. This API mirrors the functionality offered on My Market News.
- Transitioned all LPGMN market reports disseminated through the legacy market reporting systems to MARS. All reports are now published through MARS and available through the My Market News file repository, allowing customers to search for all reports in one easy-to-use tool. During this transition, all LMR reports changed to a more user-friendly and accessible PDF format. Additionally, all LMR and a limited set of LPGMN voluntary report identification numbers and URLs changed.
- Phased out delayed releases of LMR reports in lieu of real time release to LMR API, Web Service, and Datamart of all reports.
- Expanded the estimated lamb cutout report to include additional cuts – Frenched racks, 1x1 short loins, and boneless legs. This enhanced report will better reflect the value of lamb based on current fabrication practices.
- Began reporting coverage at the Shipshewana Hay Auction in Shipshewana, IN, and the Amarillo West Stockyards in Amarillo, TX.

- Issued new reporting guidance to reporting swine packers to begin reporting pork carcasses (whether whole or ultimately fabricated into smaller pieces) starting March 1, 2020, under the LMR program.
- Published a new National Quarterly Sod Report, the first report of its kind, capturing sod market information.

## 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, which constitute a small proportion of all shell eggs, are most often used in animal feed, while other types of restricted eggs are destroyed. The SES Program conducts official visits four times a year to shell egg handlers with 3,000 or more chickens or who pack product ultimately destined for consumers. The Program also conducts annual visits to hatcheries and follow-up visits when violations are found. SES activities are conducted either by Federal personnel or State Department of Agriculture employees under a cooperative agreement.

### Selected Examples of Recent Progress

During FY 2020, AMS suspended on-site visits for SES inspections from mid-March through September 30<sup>th</sup> due to the COVID-19 pandemic. During the suspension period, AMS conducted desk reviews and phone calls in efforts to ensure compliance with SES requirements. For the year, AMS completed 2,176 SES inspections, on-site and desk reviews, and accomplished an industry compliance rate of 97 percent.

<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 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
FY 2020	488	1954	256	222

*Note: Inspections above include both routine follow-up and other visits.*

**Desk Review of Recordkeeping Protocols:** When the COVID-19 pandemic limited the Agency’s ability to make on-site visits and in-person reviews of the SES program, AMS opted to conduct desk audits of recordkeeping and document protocols. The audits found deficiencies in the accuracy of recording SES inspection data and flaws in the disposition of records. As a result, AMS updated its record retention protocols to strengthen monitoring and oversight of SES reports and related documentation. Specifically, AMS transferred responsibility for retaining, reviewing, and monitoring of these records from regional management to the office of the National Egg Supervisor so that the documents can be reviewed routinely by the National Compliance Officer.

## 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 2020, AMS specialists reviewed commodity standards to ensure that they continue to accurately describe current products, including 21 for cotton products; 31 for fruit and vegetable products; 12 for egg, meat, and poultry products; and 13 for tobacco. These reviews resulted in the following standard revisions:

*Institutional Meat Purchase Specifications (IMPS):* AMS completed its review and updates to the IMPS and issued a Notice to the Trade seeking final comments on the proposed changes. AMS collaborated with the North American Meat Institute (NAMI), government and meat industry officials in Canada, and other stakeholders to revise and update the IMPS that consist of several hundred descriptions of beef, lamb, veal, and pork products. The IMPS are consistent with the Canadian nomenclature for meat cuts and labeling 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 including the Uniform Retail Meat Identity Standards.

*Instrument Application of Grade Standards:* AMS sought comments on instrument enhanced grading procedures to strengthen uniform application of beef grade standards. As a result, AMS revised its procedure to state specific quantitative requirements for establishments that want to use plant employees to apply USDA grade standards for beef using approved instrument technology. This update along with other revisions that provide clarity and flexibility in the testing requirements for employees, are expected to entice more interest in using plant employees to apply grade standards using camera instruments.

Additionally, AMS entered into agreement with Purdue University and the Agricultural Research Service to conduct in-plant trials with an egg producer partner and equipment manufacturer on the use of egg grading technology in the application of official USDA grades (i.e., Grade AA, Grade A eggs). They collaborated with these partners to analyze historical grade data and strategize on the methodology and scientific basis for carrying out the trials. 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.

In FY 2020, AMS specialists reviewed commodity standards to ensure that they continue to accurately describe current products. These reviews resulted in the following standard revisions:

*Specialty Crops Standards:* AMS maintains 313 grade standards for fresh and processed fruits, vegetables, nuts, and miscellaneous products. In FY 2020, AMS amended the U.S. Standards for Grades of Apples to remove smooth net-like russeting as a grade-determining factor for Fuji apples in the U.S. Extra Fancy, U.S. Fancy, and U.S. No. 1 grades, and removed obsolete references to the location where color standards may be examined and purchased; and, revised

the U.S. Standards for Grades of Topped Carrots, Bunched Carrots, and Carrots with Short Trimmed Tops to add more U.S. No. 1 grades to accommodate carrots of colors other than orange, orange red, and orange scarlet, and to remove the Unclassified section of each standard and renumbered other sections. The amended standards facilitate the domestic and international marketing of Fuji apples and carrots grown in America. AMS also revised 7 CFR Subchapter C Parts 51 and 52 to make nomenclature changes to subpart headings in the Agricultural Marketing Service's regulations to bring the language into conformance with the Office of the Federal Register (OFR) requirements.

*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 2020, AMS revised/developed CIDs for: Bagels, Fresh or Frozen; English Muffins, Fresh or Frozen; Cranberry Juice Products (Juice, Blends, Drinks, and Cocktails), Shelf Stable; Crackers; Chicken Chunks, White, Cooked, Canned or in Flexible Pouches; Soup, Noodle, Ramen, Instant; Honey; Food Packets, Survival; and Milk, Evaporated, Shelf Stable. AMS also cancelled the CID for Cranberry Juice Cocktail (Single Strength and Concentrate).

*Dairy:* In FY 2020, AMS Dairy staff assisted in the revision of CIDs for Milk, Evaporated, Shelf Stable and Milk, Dry, Nonfat (Spray Process); and Milk, Dry, Nonfat, Instant.

In FY 2020, AMS Dairy assisted the Commodity Procurement Program in developing and new Commercial Requirements Documents (CRDs) for Swiss Cheese and Natural Pepper Jack Cheese and with CRD revisions for Packaged Butter and Yogurt Products.

*Cotton Standards:* AMS produced cotton grade standards boxes for the current crop year, consisting of approximately 1,625 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 & Tobacco Program representatives in June 2020 in Memphis, TN as agreed upon by industry segments in response to COVID-19 restrictions. In addition, over 71,000 pounds of instrument calibration cotton standards were distributed to the domestic and international cotton industries.

#### International Standardization Activities

These activities are authorized by the following statutes:

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 2020, 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 2020, 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 Dairy Standards:* In 2020, 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 administrator for the ISO Technical Committee (TC) 34/Subcommittee (SC) 6 Meat, Poultry, Fish, Eggs and their products. AMS participated in virtual plenary sessions where a number of standards were reviewed, and various topics discussed. Topics covered included standards and product descriptions for fermented meats, establishing working groups to advance the work of SC6, and selecting representatives to chair each working group. AMS was chosen to serve as co-chair of the Meat Nomenclature Working Group, and in this role, AMS will work to harmonize ISO meat nomenclature with U.S. nomenclature in the IMPS and U.S. Trade Descriptions for Poultry. As Administrator of ISO TC34, SC6, AMS submitted over a dozen votes and many comments on behalf of the U.S. on matters concerning approval of ISO standards and advancing global standards development.

*UNECE Specialized Section on Standardization of Meat:* AMS representatives attended and participated in virtual sessions of the United Nations Specialized Section on the Standardization of Meat. These sessions were organized by Geneva, Switzerland based UN representatives and covered topics such as marbling in pork; aligning UNECE product codes with Harmonized Tariff Codes; challenges to global standards development during the COVID-19 pandemic; and harmonizing meat nomenclature between ISO and UN standards. AMS serves as Vice-Chair of the Specialized Section and was re-elected to serve another one-year term in that position.

*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 2020, AMS 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 2020, AMS provided continued leadership in identifying methods of analysis for chemical parameters for all the CCSCH standards being developed, and continued creating a group standard format to jointly standardize products based, in part, on the plant from which the product was derived. We also coordinated and developed U.S. comments on six CCSCH standards in development (dried and/or dehydrated oregano, ginger, cloves, basil, saffron, and a group standard for dried fruits and seeds).

*Codex Committee on Processed Fruits and Vegetables (CCPFV):* In FY 2020, AMS continued to chair this Committee and provide the U.S. delegate to represent U.S. interests to the CCPFV. To

facilitate international standards development, during FY 2020, SCI led the first fully online Session of the CCPFV. Twenty-seven countries, one member-organization, and three observer organizations participated in this 7-month standards development process. The Committee recommended adoption of five new standards that cover 10 products. Codex is reviewing the work led by AMS' CCPFV Chair since it provides a model for effective progress on standards when global circumstances preclude travel and physical meetings. AMS undertook successful outreach to international countries to secure support for the U.S. position that the CCPFV should be adjourned sine-die.

*Codex Committee on Fresh Fruits and Vegetables (CCFFV).* In FY 2020, AMS led the United States delegation at the 21<sup>st</sup> Session of the CCFFV. The Committee completed standards for kiwifruit, garlic, tropical yams, and ware potatoes, all of which were officially adopted by the by the 43<sup>rd</sup> Session of the Codex Alimentarius Commission.

UNECE. In FY 2020 AMS participated in the work of the UNECE Specialized Section on Standardization of Fresh Fruits and Vegetables (SSSFFV), which adopted revised standards for table grapes, carrots, persimmon, cabbage, and sweet peppers. AMS also participated in the UNECE Specialized Section on Standardization of Dry and Dried Produce (SSSDDP), which adopted for one-year trial draft new UNECE standards for pecan kernels and inshell pecans, dried persimmon, and apricot kernels; extended the trial period for revised standard for prunes by one year; and, adopted explanatory posters for dried apricots, figs, raisins, cashew kernels, and walnut kernels.

*Plant Variety:* The Plant Variety Protection (PVP) Act provides legal and intellectual property rights protection to developers of new varieties of plants that are sexually propagated, asexually reproduced or tuber propagated. This voluntary program is funded through application fees for certificates of protection. Currently, more than 150 species of plants are protected under the PVP Act and more than 8,300 certificates of protection are in force. In FY 2020, the Plant Variety Protection Office (PVPO) received 445 applications of new seed, vegetative, and tuber propagated agricultural and ornamental plant varieties, conducted examinations on 500 applications to determine if plants were a new variety, and issued 599 certificates of protection. In FY 2020, in addition to carrying out its mission, PVPO published the revised PVP Regulations on January 6, 2020 to implement the 2018 Farm Bill amendment of the PVP Act. The amendment extends plant variety protection to asexually reproduced varieties of plants. PVPO started to offer plant variety protection for seed-propagated hemp, based on another Farm Bill change. AMS, through its PVPO, is a member of the International Union for the Protection of New Varieties of Plants (UPOV), headquartered in Geneva, Switzerland. AMS participates in all annual administrative and technical meetings hosted by UPOV to provide input and feedback on the procedures and requirements of the union. AMS hosted the UPOV Biochemical and Molecular Techniques (BMT) meeting on September 21-25, 2020 by videoconference. PVPO also implemented the 5th release to update its electronic application system, ePVP, to allow bulk upload for applications and system integration with the UPOV electronic application system, PRISMA.

*Seed:* AMS serves as the U.S. National Designated Authority for Organization for Economic Cooperation and Development (OECD) Seed Schemes. Currently, there are 61 participating

countries that certify seed for varietal purity for international trade. AMS participated in an OECD Seed Schemes Technical Working Group (TWG) meeting in Milan, Italy in January 2020, as well as the annual and TWG meetings held virtually due to the pandemic in June 2020. AMS is actively involved in several Ad Hoc Working Groups (AHWG) focused on specific rules and standards, including the Strategic Plan AHWG which is concerned with the overall direction and operation of the Schemes. AMS chairs the AHWG on Acceptance and Control of new seed production methods.

*Dairy:* Is an active participant in committees and working groups that facilitate the development of international standards for dairy products and develop guidelines for domestic production and international trade of dairy products. Participation in these groups benefits the U.S. dairy industry by expanding and maintaining markets for U.S. dairy products.

*Codex Committee on Milk and Milk Products (CCMMP) and International Dairy Federation (IDF) activities:* AMS serves as the U.S. Delegate to the CCMMP and actively monitors global dairy standards developments to facilitate trade for U.S. dairy products. AMS also works through the IDF, a Codex recognized observer organization, to impact international dairy standards development.

*Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS):* AMS contributed to the draft systems equivalency document to be discussed at the next CCFICS session. CCFICS works to develop principles and guidelines for food import and export inspection and certification systems to harmonize methods and procedures that protect the health of consumers, ensure fair trading practices and facilitate international trade in food and agriculture.

*American National Standards Institute (ANSI) and International Organization for Standardization (ISO) activities:* AMS was accredited by the ANSI as the administrator of the first U.S. Technical Advisory Group (TAG) for the ISO Technical Committee 34, Subcommittee 5 (TC34/SC5) for Milk and Milk Products. The TAG has consistently provided the U.S. position to ISO supporting U.S. dairy interests in the development of new and existing international guidelines and standards used in the production and trade of milk and milk products. The TAG is comprised of approximately 50 members from all sectors of the U.S. dairy industry and has met twice virtually and once in person prior to COVID-19. The TAG provided the U.S. position on over 40 ISO standards at various stages of development. Moreover, the TAG has nominated eight U.S. experts to work directly on developing new and/or revised standards. In April 2020, 11 TAG members made up the U.S. delegation attending the ISO-IDF Analytical Week virtual meeting allowing the United States to more actively participate in the international efforts. The U.S. TAG also worked with other U.S. TAGs covering “food” and “microbiology” of foods to develop international standards aimed at the evaluation of all food products, including dairy. The TAG commented on documents circulated by other international organizations, including the Food and Agricultural Organization, World Health Organization, Codex and AOAC International to further elevate the U.S. position at the global level.

*U.S. Sanitary Phytosanitary (SPS) eCert Working Group:* AMS actively participates in an interagency e-Cert working group as part of an ongoing effort among agencies to share progress, insights, synergies, opportunities and challenges related to transitioning export certification from paper to electronic certificates. Interest in moving toward electronic certification has increased due to the COVID-19 pandemic.

*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 and achieved full market access to the Honduras and Guatemala. Together, these markets are projected to generate tens of millions of dollars for U.S. egg producers. AMS worked to maintain Mexico as a key destination point for U.S. produced eggs by negotiating and gaining acceptance of new certification statements and protocols brought on by new import requirements of Mexico. Exports of U.S. eggs to Mexico generated over \$20 million dollars for domestic egg producers and marketers in FY 2020.

*Harmonization Efforts for Beef Trade in North America:* In an effort to help major trading partners understand the U.S. beef grading system, AMS has worked with the Mexican government over the past year, as they developed and published a proposed standard and grading program. AMS also conducted a technical correlation with counterparts in Canada's beef grading agency. Both activities support the Agency's efforts to facilitate trade among key partners through standardizing and harmonizing technical requirements.

*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 to start of FY 2020.

*Asia Pacific Economic Cooperation (APEC):* An AMS representative actively participated in a multiagency working group led by the United States Trade Representative and FAS to inform APEC member economies of the benefit of harmonized export certification requirements for agricultural and food products. A primary goal of the working group is to ensure uniform, simplified export certificate requirements for APEC member economies.

### *USDA Export Verification Programs Open New Market*

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 28 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 Export Verification 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. Some recent activity includes:

- In FY 2020, AMS re-opened the door to the EU for U.S. growers and exporters of seeds for sprouts for the first time since 2012 with the introduction of a new Seeds for Sprouts Export Certification Program. The new audit service allows U.S. producers and exporters to demonstrate and document compliance with EU regulations for seeds used to produce sprouts by verifying that the exporter's food safety management system complies with EU requirements. An estimated 150 sprouting businesses in the EU are now accessible to U.S. growers and exporters.
- In FY 2020, AMS issued 14,223 certificates under the Pre-Export Check Program on 625 million pounds of U.S. almonds destined for the European Union that were valued at an estimated \$1.5 billion. Under this program, U.S. almonds are checked for aflatoxin in the United States and AMS issues a pre-export health certificate before export.

AMS implemented a Microbiological Testing Program as a part of the Export Verification (EV) Program for Ready-To-Eat (RTE) products destined for Canada. Canada requires that closed-faced sandwiches be produced under a Hazard Analysis and Critical Control Point (HACCP) plan. Under the EV program, the sandwiches will be produced in establishments that are under the Food Safety Inspection Service's (FSIS) voluntary reimbursable inspection service and AMS will conduct a microbiological testing program, on behalf of FSIS, to verify the adequacy of establishment's food safety system in producing RTE products. Only establishments participating in this program can export closed-faced sandwiches to Canada.

## **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.

The Federal Seed program also protects the intellectual property rights of plant breeders of new varieties of seeds by enforcing 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, complaints 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

In FY 2020, regulatory activities for the program are highlighted in the following table:

AMS Seed Regulatory Activity Summary							
FY	Complaints Received	Investigations Completed	Quality Tests Completed	Variety Field Tests Completed	Settlements		
					Warnings	Penalties	Penalty Assessments
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
2020	184	276	1180	323	129	106	\$92,925

*Development of more efficient tests to support the grass seed industry:* AMS has worked with State cooperators to field test over 500 tall fescue samples collected from across the nation after the seed industry realized in 2018 that the nation’s supply of the Kentucky 31 variety of tall fescue was actively being misrepresented in the market. This variety is one of the most popular grass seeds in the United States. The American Seed Trade Organization and several State cooperators asked AMS for assistance. In addition to our regulatory monitoring activities, AMS is playing a key role in assisting the industry in resolving this issue by developing a new testing method that will reduce the amount of time needed to verify varietal purity. Currently, field tests take up to 8 months to complete. The testing delay allows for entire contaminated seed lots to be sold and often planted before results can be obtained. The new Kentucky 31 Protein Test can determine varietal purity within one month and is less expensive than field tests.

*Outreach Activities:* Due to the Coronavirus pandemic, AMS was unable to conduct workshops or give presentations to stakeholders at usual venues. To ensure State cooperators and industry scientists received the necessary training to conduct regulatory, inspection, and service testing activities throughout their States, AMS conducted more than 30 conference calls, webinars, and virtual audits that reached more than 800 stakeholders throughout the nation.

## 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 regulation is administered by the Food Disclosure and Labeling Division (FDLD) within the AMS Fair Trade Practices Program. FDLD enforces COOL through 1) in-store retail reviews that ensure covered commodities are properly labeled, 2) supplier traceback audits that ensure label accuracy, 3) remote retail reviews to ensure online retailers properly covered commodities, and 4) responses to consumer complaints.

### Selected Examples of Recent Progress

*Increased Automation:* In order to streamline its work, FDLD began work on an automated system that will allow it to assign, receive, and process its retail review and supplier traceback audit processes. The system will also generate dashboards, reports, and other data that will enable FDLD leadership to make strategic decisions and track progress towards objectives in its annual operating plan.

*Training:* During FY 2020, AMS continued its partnership with State agencies to conduct retail reviews and trained 346 employees from 46 State agencies and Federal employees.

*Outreach:* During FY 2020, FDLD staff continued efforts to inform food retailers and suppliers of their responsibilities and options to comply with COOL requirements. FDLD staff participated in regional, national and international educational seminars and outreach events to present on COOL or answer questions about the law, including at the Grocery Manufacturers of America's food labeling workshop. In addition, the FDLD responded to 143 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 cooperative agreements with 46 States to the reviews across the U.S. The retail review assignments distributed in FY 2020 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 more than five years.

Overall retailer compliance with COOL remains around 95 percent. The following table details the number of cooperative agreements, reviewers trained, and retail reviews conducted by fiscal year.

<b>FY</b>	<b>State Co-op Agreements</b>	<b>Reviewers Trained</b>	<b>Initial Reviews</b>	<b>Follow-up Reviews</b>
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
2020	46	346	3,343	270

<b>FY</b>	<b>Product Audits</b>	<b>Total Suppliers in Supply Chain</b>	<b>Non-Compliant Findings</b>
2016	75	176	17
2017	106	251	13
2018	75	195	12
2019	70	167	7
2020	58	135	4

## **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 relies on PDP data to update dietary risk assessments under FQPA and to ensure that pesticide residues in foods remain below the approved 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 implement USDA's Integrated Pest Management objectives, and to support foreign trade and exports. Additionally, AMS provides monthly updates of presumptive tolerance violation data to EPA, FDA, USDA's Foreign Agricultural Service (FAS), USDA's Office of Pest Management Policy (OPMP), and AMS' National Organic Program.

*Sampling:* During FY 2020, AMS conducted over 2.5 million individual tests on more than 9,300 food samples through cooperative agreements with 10 states. AMS achieved its monthly goals in collecting samples prior to the beginning of the COVID-19 pandemic, and then, due to

COVID-19, many state sampling operations were suspended. As sampling operations resumed, AMS implemented plans and guidance for making up missed samples and ended the fiscal year having collected 92.3% of the expected samples, with 9 of 10 states having restarted PDP sampling despite the ongoing pandemic. PDP commodity sampling has returned to full operation as of October 2020.

*Commodities:* AMS tests pesticide residues primarily in fresh and processed fruit and vegetable commodities. In FY 2020, AMS collected updated data for the following 19 food commodities: apple juice, bananas, broccoli, cantaloupe, carrots, cauliflower, collard greens, eggplant, garbanzo beans (dried), hot peppers, kiwi, mustard greens, oats, orange juice, radishes, sweet bell peppers, tangerines, tomato paste, and winter squash. Three crop rotations have been implemented in October 2020, to begin sampling blueberries, green beans and summer squash. The total number of commodities surveyed by AMS 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.

#### Selected Examples of Recent Progress

*Outreach Activities:* In FY 2020, PDP conducted outreach to stakeholders, cooperating State agencies, and Federal data users.

*Stakeholder Outreach:* AMS contacted grower groups and other stakeholders to inform them of crops entering the PDP sampling rotation and has responded to follow-up inquiries. AMS provided presentations to a variety of stakeholders, including a visiting Taiwanese delegation, the federal Interagency Risk Assessment Consortium, CropLife America's exposure workgroup, and the Association of American Pesticide Control Officials Laboratory Directors, among others.

*State Outreach:* AMS held monthly teleconferences with the PDP-participating States and worked with the States to help resolve concerns related to COVID-19 disruptions. Although the FY 2020 Federal-State Partners Annual Meeting was postponed to FY 2021 due to COVID-19, AMS hosted selected sessions virtually.

*Training:* AMS implemented the first ever PDP Sampler Training Program beginning in November 2019. The training is a multi-media electronic resource and describes all areas of the PDP sampling operations. This program will be invaluable in consistently training new samplers and providing continuing education for established samplers across the U.S.

*Data and 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 PDP data readily available to public](#). AMS's efforts in making all data available to the public electronically were recognized as a highlight of USDA's 2020 *Technology Transfer Report*. Behind the scenes, AMS implemented a new laboratory remote data entry tool for the states and decommissioned the legacy system, thereby addressing IT modernization concerns. The Program also developed an IT strategic assessment to identify future improvements in data handling.

Additionally, PDP Annual Summary reports have been posted to the AMS website and published in hard copy. AMS responded to more than 60 data and informational requests from government and private organizations and citizens typically within 3 or less days, exemplifying AMS's commitment to outstanding customer service.

## National Organic Program

### *Current Activities*

The organic agriculture sector continued to grow over the past year. The number of certified organic operations worldwide grew to 44,896 in 2019, a 4.4 percent increase over 2018. The net increase in U.S. certified operations was 763 for a total of 28,257. The net number of non-U.S. certified operations was 16,639. According to the Organic Trade Association (OTA), U.S. organic sales in the food and non-food markets totaled a record of \$55.1 billion in 2019, up approximately 5 percent from 2018.

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 NOP is a regulatory program that operates as a public-private partnership, with 77 accredited third-party organizations that certify organic farms and businesses around the world. Certifiers include businesses, non-profits, or State governments. 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.

AMS also supports organic exports and imports by establishing and maintaining organic recognition and equivalency arrangements with foreign governments. The United States currently holds arrangements with Canada, the European Union, Japan, Korea, Switzerland, New Zealand, India, Israel, and Taiwan.

To maximize public participation, AMS supports the work of the National Organic Standards Board (NOSB), a group of 15 volunteer private-sector appointees who provide recommendations related to organic agriculture to the Secretary of Agriculture. NOSB recommendations drive many published organic standards.

### Selected Examples of Recent Progress

*Complaint Investigations:* In FY 2020, AMS increased its oversight and enforcement capacity through increased hiring. As a result, the program closed 448 cases in FY 2020, exceeding last year's case closures by approximately 10%. The program achieved the goal of closing 75% of complaint cases that were older than two years. The program starts the new fiscal year with approximately 60 older cases and with approximately 400 open investigations. This is a 66% reduction in our backlog over the past two years, and a 33% reduction in open complaint numbers during the same time period. To facilitate customer service and complaint reporting, the program launched a new online complaint form in February 2020 to guide the public through complaint process.

*Imports Oversight:* In FY 2020, AMS continued to deepen its tools and methods for overseeing organic imports. This included multiple country-commodity investigations in areas around the world, using supply chain analyses and yield analysis studies. AMS now has increased visibility into data from Customs and Border Protection (CBP), enabling more rapid investigations of potentially illicit imports. In addition, AMS placed an analyst in the CBP Commercial Targeting and Analysis Center (CTAC). CTAC is an operational extension of One-U.S. Government at the Border and facilitates information and resource sharing of participating government agencies to prevent, deter, and investigate violations of U.S. import and export laws. The program also facilitated monthly meetings of the Interagency Organic Working Group, attended by CBP and other USDA agencies, as set forth in the 2018 Farm Bill.

*Appeals:* AMS receives and handles appeals of proposed adverse actions when the organic rules have been broken; this work is an important component of the program's enforcement mission. The program received 85 appeals in FY 2020; the number of annual appeals has doubled over the past three years. This can be attributed to certifier improvements in the non-compliance process, as certifiers are more assertively implementing proposed adverse actions than in the past. More than 50 appeals were completed during the year, with 90% of cases closed within 180 days.

*Strengthening Organic Enforcement Proposed Rule:* AMS published and invited public comments to the Strengthening Organic Enforcement Proposed Rule in FY 2020; once finalized, the rule will revise multiple provisions in the USDA organic regulations. The revised regulations are expected to reduce the number of uncertified businesses in the organic supply chain; standardize organic certificates; require the use of Import Certificates for imported organic products; increase the minimum number of unannounced inspections; increase inspector qualifications; strengthen fraud prevention procedures; and increase data reporting requirements.

*USDA organic regulations; National List Rulemaking:* AMS regularly completes routine National List rulemaking actions within 18-24 months of the Board's recommendation. In October 2019, the program published a proposed rule to amend the National List based on October 2018 recommendations from the NOSB. In June 2020, the program published a proposed rule to amend the National List based on April 2019 NOSB recommendations and a Federal Register notice to renew substances on the National List to conclude the 2020 sunset review. In December 2019, the program published an updated Hemp Instruction to align with hemp-related rulemaking.

*Certifier Training and Organic Integrity Learning Center:* AMS conducted face-to-face training with accredited organic certifiers at two face-to-face events – one in San Antonio, Texas, and one in Nurnberg, Germany. More than 90% of all certifiers attended these sessions. AMS also continued to add courses to the Organic Integrity Learning Center; there are now 56 lessons in the Center. There are 3,150 Learning Center users after 1.5 years of operation, and all courses active for more than 9 months have been completed by at least 500 users each.

*Accreditation Oversight:* AMS conducted 46 audits to verify third-party certifier competency and compliance with the USDA organic regulations; 28 of these were conducted remotely. The program applied a risk-based approach to schedule certifier audits and to prioritize enforcement actions against noncompliant certifiers. Successful enforcement actions included the issuance of four proposed suspensions, resulting in one certifier surrender, one suspension, and two settlement agreements. A total of 18 notices of noncompliance were issued to certifiers outside certifier accreditation audits.

*International Trade Arrangements:* In FY 2020, AMS completed an organic equivalency arrangement with Taiwan and expanded the scope of the Japan organic equivalency arrangement to include livestock. The program also maintained existing equivalency arrangements with

Canada, European Union, Japan, South Korea, and Switzerland, and recognition with India, Israel, and New Zealand; and played a leadership role at the Annual Meeting of the Organic Equivalency Arrangements Working Group (OEAWG), a multinational committee to explore opportunities and address issues related to organic trade.

*Advisory Board Management--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. To maintain this public transparency, AMS held two public meetings of the NOSB in FY 2020, attended by more than 150 people each. AMS also facilitated the onboarding and training of five new Board members, appointed in January 2020.

*Outreach and Education:* Each year, AMS conducts organic outreach and education with a wide range of stakeholders, including members of the NOSB; certifying agents; non-organic and organic producers, processors and handlers; and consumers. To reach these stakeholders and others, AMS conducts outreach and education through a variety of channels including websites, fact sheets, newsletters, an email subscription service, educational conferences; presentations, and training. The program also published its annual enforcement report for Congress and updated its quarterly enforcement dashboard to increase its information accessibility.

*Program Evaluations:* Each year, AMS works with the American National Standards Institute (ANSI) to conduct a Peer Review of the National Organic Program. Both the 2019 and 2020 Peer Reviews concluded that the program is compliant with the USDA organic requirements, its own policies and procedures, and appropriate quality standards for accreditation bodies. Minor opportunities for improvement were identified both years.

*Technology Modernization:* Rapid organic growth has increased the complexity of supply chains that carry organic products from farm to table, requiring organic programs and certification agencies around the world to create new traceability tools that protect organic integrity. The National Organic Program is currently working toward implementing a global organic oversight portfolio to achieve this. The goal is to facilitate an inter-connected network of oversight systems, where data can be exchanged between different government and certifier oversight programs and existing supply chain systems.

The Farm Bill directed that USDA establish a new system or modify an existing data collection and organization system to collect and organize in a single system quantitative data on imports of each organically produced agricultural product accepted into the United States. This included modernizing trade and transaction certificates to ensure full traceability to the port of entry without unduly hindering trade or commerce, such as through an electronic trade document exchange system.

In April 2020, AMS, working collaboratively with Customs and Border Protection (CBP) completed programming and launched the organic import certificate message set into the CBP Automated Commercial Environment. This enables U.S. importers to begin requesting NOP Organic Import Certificates from suppliers on an optional basis.

To encourage use of the currently optional import certificate, AMS conducted webinars on the system with its USDA organic accredited certifiers and conducted individual briefings and tabletop exercises with key produce brokers to assess impacts. AMS also facilitated multiple meetings with other Federal agencies and import/export trade groups to discuss the electronic import certificate and its benefits. Finally, the program awarded a Data Analytics/Reporting contract to design new technology to manage the import data.

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### ***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 standard and creates a nationwide mandatory labeling requirement for foods that are or may be bioengineered.

The NBFDS is administered by the Food Disclosure and Labeling Division (FDLD) within the AMS Fair Trade Practices Program. FDLD educates industry stakeholders on NBFDS requirements through the following resources and outreach strategies: conducting presentations at conferences and industry meetings; answering questions received by phone and email; meeting with industry as requested to answer questions or listen to input; and posting resources on the website, including frequently-asked questions, a webinar, several fact sheets, and a disclosure determination tool to help regulated entities determine whether their food requires a disclosure.

#### *Selected Examples of Recent Progress*

In FY 2020, FDLD published guidance documents to help regulated entities validate a refining process and select a test method. Both of the guidance documents will help industries to determine whether their foods require a bioengineered food disclosure.

To help regulated entities understand the requirements of the NBFDS, the FDLD continued with outreach and presented at 12 conferences, reaching more than 700 people. FDLD worked with groups to provide outreach, including the Institute of Food Technologists, Food and Drug Law

Institute, American Bakers Association, Enzyme Technical Association, American Association of Candy Technologists, Pacific Fisheries Technologists, Consumer Brands Association, Food Marketing Institute, Institute of Shortening and Edible Oils, Corn Refiners Association, and American Soybean Association. In FY 2020, the FDLI dramatically reduced its average response time to an average of 14 days in responding to questions about bioengineered food disclosure.

In preparation for the mandatory compliance date of January 1, 2020, the FDLI began work on an automated system that will allow it to receive, process, and track complaints in a timely manner. The system will generate dashboards, reports, and other data that will enable the FDLI leadership to make strategic decisions and track progress towards objectives in its annual operating plan.

## **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*

COVID-19 Agricultural Transportation Analysis: AMS participated in and reported on USDA, Coast Guard, Committee on the Marine Transportation System, and industry-led conference calls to discuss supply chain disruptions. AMS reported on Federal Motor Carrier Safety Administration (FMCSA) emergency declarations on hours of service of drivers to include feed and fertilizer, Department of Homeland Security, Cybersecurity and Infrastructure Security Agency guidance on essential workers, and the Federal Maritime Commission interpretive rule on detention and demurrage charges for containers through its Transportation Services Division (TSD). Program experts provided USDA's Office of the Chief Economist with economic declarations and reports on past disruptions, relevant news clips, and sources of information for current disruptions. TSD developed an online data portal that provided analysis on COVID-19 impacts to ag commodities moving by refrigerated truck.

*Agricultural Transportation Open Data Platform:* TSD received the AMS Administrator's Award for work on the Agricultural Transportation Open Data Platform, and released an upgraded version, **AgTransport 2.0** to assist 30,000 subscribers, including farmers, commodity analysts, elevator operators, shippers, and other stakeholders in making data driven decisions about transporting agricultural goods domestically and internationally. AMS presented the platform to other USDA agencies, the Surface Transportation Board, and the Transportation Research Board Rail Committee. Upgrades include a new rail dashboard with expanded data, maps, and analysis; a new ethanol transportation dashboard; a new dashboard for selected grain

price and basis data; new ocean vessel fleet data for bulk and container shipments; ocean port profiles; an updated modal share dataset for transportation of U.S. grain; and three short videos, including an overview video about AgTransport 2.0 and two instructional videos on integrating data with Tableau and Excel.

*Congressional Directive on Rural Infrastructure, H.Rept. 115-706, 115-232, and 114-531:* Accomplishments relevant to FY 2020 include a session focused on the *Black Sea Grain Export Market* at the USDA’s 96th Agricultural Outlook Forum and USDA’s first *Ukraine Grain Transportation* report, developed through a cooperative agreement. AMS briefed and obtained valuable perspectives from stakeholders and USDA senior leaders on the AMS cooperative agreement with the U.S. Department of Transportation’s Volpe Center of the *Importance of Highways to U.S. Agriculture*. The resulting report will summarize the economic significance of highway infrastructure to the agriculture industry; identify a core agricultural highway network based on commodity flows; analyze the performance of the core network and selected corridors within it; model projections of future highway freight conditions and performance, including planned projects; discuss notable practices for addressing the infrastructure needs of the agriculture industry; and provide a framework for conceptualizing and coordinating efforts to improve agricultural freight movement in highway decision-making.

#### *Program Consultations*

*Surface Transportation Board Regulatory Proceedings and Related Meetings:* On behalf of USDA’s agricultural transportation stakeholders, TSD monitored rail rate and service issues and filed comments with the Board. Selected examples are:

- *Railroad Revenue Adequacy:* AMS attended the two-day hearing in December 2019 on issues raised by the Board’s Rate Reform Task Force.
- *Joint Petition for Rulemaking to Establish and Alternative Voluntary Rulemaking Program for Small Rate Disputes:* AMS urged the Board to finalize its Final Offer Rate Review (FORR) rulemaking.
- *Waybill Sample Reporting:* AMS filed comments to collect the population waybill data or at least further increase the sample size.
- *Final Offer Rate Review and Expanding Access to Rate Relief:* AMS filed comments on challenging the reasonableness of railroad rates in smaller cases.
- *Market Dominance in Rate Reasonableness Proceedings:* AMS filed comments on making the Board’s rate relief procedures more accessible.
- *Ex Parte Conversations with Surface Transportation Board Members:* AMS led three ex parte conversations with the Surface Transportation Board Members and senior staff and provided statistical and theoretical analysis to support the Department’s position in the Final Offer Rate Review and Streamlined Market Dominance proceedings.

*2020 National Grain Car Council (NGCC) meeting and Transportation, Elevator, and Grain Merchants Association (TEGMA) Fall Symposium:* AMS participated in the annual NGCC meeting with rail carriers discussing their preparedness to transport the 2020 grain harvest with other railroads, grain shippers and receivers, private rail car owners, rail car manufacturers, and the public.

*Regional Inland Waterway Virtual Stakeholder Listening Sessions:* AMS participated in listening sessions between USDA, U.S. Department of Transportation, U.S. Department of Energy, and

U.S. Army Corps of Engineers (USACE) and the waterways stakeholders based in the Upper Midwest, New Orleans, Pittsburg, the Pacific Northwest, and Washington, D.C. to discuss their vision for the future of the inland waterways and ports in order to help Federal agencies identify strategic areas of improvement (short, medium and long term) for the Federal government to focus on over the next three to five years.

*Tulsa Port of Catoosa and Oklahoma Department of Transportation:* AMS met with representatives from the McClellan-Kerr Arkansas River Navigation System (MKARNS) to discuss benefits and challenges faced by the industry.

*Working Party on the Transport of Perishable Foodstuffs:* AMS represented U.S. interests in discussions on proposed amendments to the treaty entitled *Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage* at the October 2019 session of this United Nations Economic Commission for Europe working party.

*Hours of Service of Drivers and Definition of Agricultural Commodity:* AMS supported the USDA Office of the Secretary in meeting with stakeholders and U.S. Department of Transportation and Federal Motor Carrier Safety Administration (FMCSA) officials regarding 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. AMS reviewed FMCSA's interim rules, and provided recommendations and edits concerning the interim rule. AMS provided additional input to FMCSA on the definition of agricultural commodity rulemaking.

*Agriculture Transportation Coalition Ag Shipper Workshops:* AMS co-sponsored seven in-person Ag Shipper Workshops through a cooperative agreement 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 addition, AMS and AgTC hosted two virtual workshops to directly address challenges stemming from the pandemic.

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

*COVID-19 Agricultural Transportation Analysis:* AMS participated in and reported on Office of the Chief Economist (OCE), Office of Secretary Contingency Plan (OSEC), and Marketing and Regulatory (MRP), Coast Guard, Committee on the Marine Transportation System, and industry-led conference calls on supply chain disruptions. Reported on Federal Motor Carrier Safety Administration (FMCSA) emergency declarations on hours of service of drivers to include feed

and fertilizer, Department of Homeland Security, Cybersecurity and Infrastructure Security Agency guidance on essential workers, and the Federal Maritime Commission interpretive rule on detention and demurrage charges for containers through its Transportation Services Division (TSD). Provided OCE with economic declarations and reports on past disruptions, relevant news clips, and sources of information for current disruptions. Developed an online data portal with analysis on the impacts of COVID-19 to ag commodities moving by refrigerated truck.

*Agricultural Transportation Open Data Platform:* TSD received the AMS Administrator’s Award for work on the Agricultural Transportation Open Data Platform, and released an upgraded version, **AgTransport 2.0** to assist 30,000 subscribers, including farmers, commodity analysts, elevator operators, shippers, and other stakeholders in making data driven decisions about transporting agricultural goods domestically and internationally. Presented the platform to Office of the Chief Information Officer (OCIO), Agricultural Research Services (ARS), Economic Research Services (ERS), Federal Grain Inspection (FGIS), Dairy Program, OCE’s Office of Energy and Environmental Policy, Surface Transportation Board, and the Transportation Research Board Rail Committee. Upgrades include a new rail dashboard with expanded data, maps, and analysis; a new ethanol transportation dashboard; a new dashboard for selected grain price and basis data; new ocean vessel fleet data for bulk and container shipments; ocean port profiles; an updated modal share dataset for transportation of U.S. grain; and three short videos, including an overview video about AgTransport 2.0 and two instructional videos on integrating data with Tableau and Excel.

*Congressional Directive on Rural Infrastructure, H.Rept. 115-706, 115-232, and 114-531:* Accomplishments relevant to FY 2020 include a session focused on the *Black Sea Grain Export Market* at the USDA’s 96th Agricultural Outlook Forum and USDA’s first *Ukraine Grain Transportation* report, developed through a cooperative agreement. AMS briefed and obtained valuable perspectives from stakeholders and USDA senior leaders on the AMS cooperative agreement with United States Department of Transportation (USDOT) Volpe Center of the *Importance of Highways to U.S. Agriculture*. The forthcoming report will summarize the economic significance of highway infrastructure to the agriculture industry; identify a core agricultural highway network based on commodity flows; analyze the performance of the core network and selected corridors within it; model projections of future highway freight conditions and performance, including planned projects; discuss notable practices for addressing the infrastructure needs of the agriculture industry; and provide a framework for conceptualizing and coordinating efforts to improve agricultural freight movement in highway decision-making.

#### Program Consultations

- *Surface Transportation Board Regulatory Proceedings and Related Meetings:* On behalf of USDA’s agricultural transportation stakeholders, AMS monitored rail rate and service issues and filed comments on behalf of the Under Secretary with the Board. Selected examples are:
- *Railroad Revenue Adequacy:* AMS attended the two-day hearing in December 2019 on issues raised by the Board’s Rate Reform Task Force.
- *Joint Petition for Rulemaking to Establish and Alternative Voluntary Rulemaking Program for Small Rate Disputes:* AMS urged the Board to finalize its Final Offer Rate Review (FORR) rulemaking.
- *Waybill Sample Reporting:* AMS filed comments to collect the population waybill data or at least further increase the sample size.

- *Final Offer Rate Review and Expanding Access to Rate Relief*: AMS filed comments on challenging the reasonableness of railroad rates in smaller cases.
- *Market Dominance in Rate Reasonableness Proceedings*: AMS filed comments on making the Board’s rate relief procedures more accessible.
- *Ex Parte Conversations with Surface Transportation Board Members*: AMS led three ex parte conversations with the Surface Transportation Board Members and senior staff and provided statistical and theoretical analysis to support the Department’s position in the Final Offer Rate Review and Streamlined Market Dominance proceedings.

2020 National Grain Car Council (NGCC) meeting and Transportation, Elevator, and Grain Merchants Association (TEGMA) Fall Symposium: AMS participated in the annual NGCC meeting with rail carriers discussing their preparedness to transport the 2020 grain harvest with other railroads, grain shippers and receivers, private rail car owners, rail car manufacturers, and the public.

Regional Inland Waterway Virtual Stakeholder Listening Sessions: AMS participated in listening sessions between USDA, U.S. Department of Transportation, U.S. Department of Energy, and U.S. Army Corps of Engineers (USACE) and the waterways stakeholders based in the Upper Midwest, New Orleans, Pittsburg, the Pacific Northwest, and Washington, D.C. to discuss their vision for the future of the inland waterways and ports in order to help Federal agencies identify strategic areas of improvement (short, medium and long term) for the Federal government to focus on over the next three to five years.

Tulsa Port of Catoosa and Oklahoma Department of Transportation: AMS met with representatives from the McClellan-Kerr Arkansas River Navigation System (MKARNS) to discuss benefits and challenges faced by the industry.

Working Party on the Transport of Perishable Foodstuffs: AMS represented U.S. interests in discussions on proposed amendments to the treaty entitled Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage at the October 2019 session of this United Nations Economic Commission for Europe working party.

Hours of Service of Drivers and Definition of Agricultural Commodity: AMS supported USDA’s Office of the Secretary in meeting with stakeholders and U.S. Department of Transportation and Federal Motor Carrier Safety Administration (FMCSA) officials regarding 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. AMS reviewed FMCSA’s interim rules, and provided recommendations and edits concerning the interim rule. AMS provided additional input to FMCSA on the definition of agricultural commodity rulemaking.

Agriculture Transportation Coalition Ag Shipper Workshops: AMS co-sponsored seven in-person Ag Shipper Workshops through a cooperative agreement 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 addition, AMS and AgTC hosted two virtual workshops to directly address challenges stemming from the pandemic.

*Direct Marketing/Locally Grown:* AMS' Marketing Services Division (MSD) works to improve market access for producers and develop new markets through its three main roles as a researcher, a convener, and a technical assistance provider. USDA's goal is for local food producers, markets, and communities to have easy access to ideas, innovations, and research in order to grow and sustain a productive business. This information ensures that opportunities for U.S. food producers are readily available and communities are equipped to successfully grow and sell regionally produced foods, while also supporting increased access to locally produced foods. To meet the growing consumer demand for local foods and support producers in accessing markets, AMS leveraged internal and external partnerships to advance local and regional food systems across the country.

*Convening:* AMS seeks to provide access to the most relevant and up-to-date information available on local and regional food systems. The AMS team acts as a central node for networks to collaborate across the local and regional food system sector. Below are two examples of how AMS brings the sector together to amplify its impact:

*Local and Regional Food Systems Response to COVID-19:* The COVID-19 pandemic and associated public health and social distancing mandates caused unprecedented shifts and disruptions for Local and Regional Food Systems (LRFS). To address these issues, AMS launched a significant and highly coordinated cooperative agreement with three universities and 16 partner organizations. The project supports LRFS communities of practice by documenting and disseminating innovations and best practices developed on the ground and drawing on LRFS thought leaders to frame research on COVID-19-related shifts for LRFS markets with the aim of supporting long term resilience. The agreement will run through May 2021. During FY 2020, AMS launched an [online resource hub](#) (Resource Hub) that shares readily accessible resources and educational materials showcasing emergent strategies and innovations in addressing COVID-19 impacts, along with sector impact assessments and innovation briefs highlighting replicable adaptations. Since its launch in July 2020, the Resource Hub has had over 15,000 page views and hosts over 140 resources.

*National Direct Agricultural Marketing Summit:* AMS continued to support the National Direct Agricultural Marketing Summit, held 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. The Summit had 318 attendees from across the United States including producers, grant recipients, and researchers.

*Research:* In FY 2020, AMS partnered with land-grant universities and Federal agencies to research, develop, and support the growth of local and regional food systems. Recent partnerships and deliverables include:

*NASS-AMS Partnership and the 2019 National Farmers Market Manager Survey:* Leveraging AMS' industry knowledge and the National Agricultural Statistics Service's statistical expertise, NASS fielded the 2019 Farmers Market Manager Survey in spring 2020, and established the first ever statistical estimate of the number of farmers markets that were operating in 2019. The survey was sent to 10,000 potential markets from the 48 contiguous United States to gather information on the following three topic areas: 1) agricultural business development and support, 2) farmers market development activities, and 3) farmers market organization and governance. With the 5,900 surveys returned, NASS estimated the population at 8,140 markets for the 2019 reference year.

*Food Systems Core Competencies with Iowa State University:* Under a cooperative agreement between AMS and Iowa State University Extension and Outreach, the project brought together a diverse set of U.S. food systems practitioners to collectively identify core competencies that those practitioners deemed essential to food systems development work.

*Farm to Institution Metrics with the University of Kentucky:* The National Farm to Institution Metrics Collaborative consists of over 40 members in more than 20 states working at municipal, county, multi-county, regional and national levels. With support from AMS, at the beginning of FY 2020, the National Farm to Institution Collaborative launched a year-long pilot project to identify a common suite of farm impact metrics that can be used by farm to institution practitioners across the country. This project showcases AMS's unique role in gathering food systems leaders and unifying this diverse sector.

*Technical Assistance and Architectural Design Support:* AMS works to share learnings from its research and grantees with all interested stakeholders, including other grantees, farmers market managers, producers, the U.S. Congress and academia. 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. In FY 2020, examples of technical assistance including architectural design support are:

*Central Processing Facility, Washington, DC* – AMS architects designed a floor plan, building sections, and 3-D renderings for a proposed 104,000 square foot Central Processing Facility (CPF) that will improve equitable access to regional food and address key infrastructure gaps in the supply chain for DC and the mid-Atlantic region. The CPF would boost aggregation, storage, processing capacity for K-12 public and public charter schools; as well as co-manufacturing for DC agencies, institutions, and private businesses. MSD delivered facility designs as part of a report submitted to the DC Office of Planning.

*Additional Architectural Services:* AMS architects have provided technical assistance to stakeholders throughout the country. Of note, AMS provided conceptual drawings for the San Francisco Wholesale Produce Market to help with renovations of degrading dock conditions; developed a farmers market layout for Lawrenceville, PA to accommodate COVID-19 social-distancing mandates; and redesigned an existing food pantry in Knox County, Maine to function as a SNAP education community teaching kitchen. Lastly, AMS architects developed design drawings for a Farmers Market Promotion Program grantee developing a Seafood Market Center in the Port of Delcambre, LA.

*Local Foods, 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 16 technical assistance workshops in FY 2020. The workshops were 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, the LFLP initiative has helped 109 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. The communities most recently receiving assistance are Cottage Grove, Oregon; Evansville, Indiana; Fayette, Alabama; Harrisburg and Johnstown, Pennsylvania; Kansas City, Missouri; North Lake Charles and Opelousas, Louisiana;

Pelican Rapids, Minnesota; Poughkeepsie, New York; Redding, California; Salisbury, North Carolina; Springfield, Illinois; Vicksburg, Mississippi; Woonsocket, Rhode Island; and York, Nebraska.

*Report to Congress on USDA Activities Supporting Rural Farmers Markets:* The House Appropriations Agriculture Subcommittee, in its report (House Report 116–107) for the 2020 Budget, directed AMS to provide to the Committee a report on the status of U.S. rural farmers markets and actions USDA can take to help these markets remain economically viable. The report accomplishes this by: 1) introducing the USDA National Farmers Market Directory service for farmers market operators, 2) summarizing national farmers market data and relevant academic literature, and 3) presenting findings from grants informational sources.

## **Acer Access and Development Program**

### *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) (Act). The Act authorizes grants to 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. The FY 2020 budget provided \$6 million for program grants and administration.

### Selected Examples of Recent Progress

In FY 2020, AMS received 18 applications requesting almost \$8 million. AMS awarded almost \$5.4 million to 12 projects in September 2020. Applications were 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-ranked applications. 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 2020, AMS managed 17 Acer grant agreements amounting to almost \$7.2 million that consisted of grants awarded from FY 2017 to FY 2019.

One example is a project where the University of Vermont (UVM) used FY 2019 funds to identify the red maple as a crop tree to increase production and income to producers. UVM worked with its partners to conduct research showing that the Red Maple is a resource with the potential to significantly increase U.S. syrup production and the production and income of individual producers. Maple producers throughout the U.S. will benefit from this knowledge to increase their total annual syrup production and income by increasing the number of red maple trees tapped for sap collection in their operations. This project is expected to be completed by FY 2022.

Another project capitalized on the trend toward greater maple syrup production capacity per acre through efficiencies and the current focus on food safety and modernization. These trends left most printed materials out of date. Michigan State University has used FY 2018 funds to transition the maple syrup producers manual (Maple Manual) to a digital format with an online module-based platform of accessible, updateable videos and trainings that replace the out of date

manual. This new format will be a platform that is more responsive to market and technology shifts, and sugar maker demographic changes. The video content modules are informative, professionally edited, and represent regional differences across the U.S. maple states. It incorporates industry research and development advances, university research findings, as well as nationally identified specialists appropriate for the chapter topics. The project is expected to be completed in FY 2021.

## **Dairy Business Innovation Initiatives (DBI)**

### *Current Activities*

The Dairy Business Innovation Initiatives (DBI) 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. This program was first funded in the FY 2019 budget.

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.

AMS received DBI funding in the FY 2020 budget specifically for the three initiatives initially funded in FY 2019. The FY 2020 awards were intended to continue work already started under the previous awards. Entities will be expected to submit subsequent applications during their tenure as a host Initiative for each fiscal year when funding for DBI Initiatives is available.

### Selected Examples of Recent Progress

AMS competitively awarded funding to the following projects in FY 2019, which were bolstered by additional funding in FY 2020:

The University of Tennessee was awarded a grant to provide educational opportunities to help participants manage financial risk by evaluating opportunities to develop and market value-added products. Producers wanting to start or expand a dairy business in Tennessee, Kentucky, and North Carolina were the intended audience. The program will collect Dairy Gauge data from 60 southeastern dairy farms to establish average costs and efficiency measures and conduct 18 workshops to teach producers how to interpret and use the benchmark measures. They will also conduct 35 Value-Added Enterprise Assessments with dairy businesses to describe the current state of value-added dairy processors and to serve as a baseline for future farm support efforts. The initiative will host three annual value-added dairy conferences and conduct a farmstead creamery survey in the southeastern U.S. The project will also develop curriculum for value-added dairy producers, conduct workshops, and extension materials to assist producers with marketing and business management. To promote new uses for dairy products, the initiative will develop a website and competitively sub-award funding to dairy businesses.

The Vermont Agency of Agriculture, Food and Markets (VAAFMM) was awarded a grant to direct assistance to farmers, consumer engagement, and value-added production and processing. The combination of these three tactics will ensure the broadest representation and widest reach of program-supported efforts. VAAFMM has committed to engaging all the states represented by the Northeastern Association of State Departments of Agriculture (NEASDA) and has developed a work plan that has direct partnerships and opportunities for farmers and value-added processors across the ten-state region. Grant objectives reflect the diverse array of production and processing in the region while underscoring the importance of consumers in a successful dairy economy. Projects range from supporting farmers in a transition to grazing, launching a dairy goat and sheep farm accelerator program, conducting sensory-guided research and development on specialty cheeses, establishing a multi-state farm worker safety program, and hosting a specialty cheese pavilion at SIAL Canada (a large agri-food industry trade show). As the dairy sector continues to be impacted by COVID-19 market fall-out and five consecutive years of low milk prices, VAAFMM is dedicated to supporting innovation, education, and research to create a positive environment for dairy businesses to move confidently into the future.

The University of Wisconsin was awarded a grant to provide expertise, resources and insights to support dairy business innovation. The project will provide grants to dairy enterprises to assist them to enter and/or expand their markets, provide support staff to work closely with dairy businesses to diversify and develop value-added products, and assist businesses with product development, manufacturing of prototypes, and the provision of small-scale production to support their efforts to commercialize higher value products. The Initiative will also create and manage a consultant support program to provide these “Artisans/Entrepreneurs” access to business, financial, export and product development expertise, and increased sales opportunities for dairy businesses by stimulating the development of value-added products for both the export and domestic markets. Information on the amounts awarded and the initiatives funded is available at <http://www.ams.usda.gov/dbi>.

## **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.

PSD conducts two broad types of activities — regulatory and investigative. 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 are conducted when there is reason to believe a violation of the P&S Act is occurring or has occurred.

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.

#### Selected Examples of Recent Progress

In FY 2020, PSD opened 2,074 investigations. Most investigative work focused on the livestock sector, with financial investigations accounting for more than 61 percent of the total and trade practices investigations comprising about 38 percent. Competition investigations covered the remaining 1 percent of investigative work.

PSD closed 1,886 investigations without referral to the Office of the General Counsel (OGC). Custodial account related investigations recoveries or shortage corrections totaled just under \$3.8 million. Of the investigations closed in 2020, 74 cases were referred to Headquarters, 376 closed with informal compliance, about 201 resulted in Notices of Violations, and the remaining had no action or no violation. PSD Headquarters stipulated 18 cases and received penalty payments totaling \$115,430. PSD closed 46 investigations after referral to OGC, including two 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 \$823,207 in civil penalties.

<b>Investigations Opened / Closed in Regional Offices during FY 2020</b>				
	<b>Competition</b>	<b>Financial</b>	<b>Trade Practices</b>	<b>Totals</b>
Opened	18	1,269	787	2,074
Closed	10	1,150	726	1,886

#### Division 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 2020, 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 2020, the industry compliance rate increased to 84.9 percent from 84.5 percent in FY 2019. All components increased from the prior year except inspection of scales and weighing practices at markets, dealers, and live poultry dealers which declined from 100 percent to 85 percent. Poultry contract compliance improved most, from 77.5 percent in 2019 to 85.2 percent in 2020. 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. Audits of custodial accounts had the lowest compliance rate at 71.8 percent. The compliance rate for packer scales inspection increased to 93.2 percent from 86.5 percent in the prior year and compliance in prompt payments for livestock improved slightly to 89.3 percent from 88.8 percent. The overall industry compliance rate of 84.9 percent in FY 2020 exceeded the PSD target of 84 percent compliance.

### Additional Accomplishments

On December 20, 2019, PSD provided feasibility study to Congress, as mandated by the 2018 Farm Bill, on establishing a livestock dealer statutory trust. A livestock dealer statutory trust would give unpaid sellers of livestock the legal right to reclaim livestock or, if they have been resold, proceeds from livestock in the event of a livestock dealer default. Statutory trusts in other segments of agriculture are effective in improving financial recoveries and PSD finds similar results could be expected under a livestock dealer statutory trust. On March 3, 2020, House of Representatives members introduced the Securing All Livestock Equitably (SALE) Act of 2020, which would amend the Packers and Stockyards Act and establish a livestock dealer statutory trust. The dealer statutory trust provisions were later included in the Heroes Act, passed by the House on May 15, 2020.

The markets and processing systems responsible for the production and sale of U.S. beef were disrupted by two separate events – the Tyson Fresh Meats (Tyson) beef packing plant in Holcomb, Kansas closure following a fire in August 2019 and the COVID-19 (COVID) pandemic in 2020. Following these events, the Secretary of Agriculture directed PSD to investigate the fed cattle and beef market impacts from the fire and the COVID pandemic. On July 22, 2020, USDA released the Boxed Beef and Fed Cattle Price Spread Investigation Report. The report summarizes market conditions and impacts, fed cattle prices, boxed beef values, and the spread before and after the Tyson Holcomb plant fire and closure and the COVID-19 pandemic. The report closes with a discussion of policy considerations for improved price discovery, reinvigorated competition, and increased transparency between prices for live cattle and beef. The report generated significant positive stakeholder interest.

### **Hemp Production Program**

#### *Current Activities*

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

#### Selected Examples of Recent Progress

Since passage of the 2018 Farm Bill, AMS has drafted interim 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 oversee State and Tribal hemp production programs, and to administer a USDA licensing program for producers located in States and Tribal Territories not administering their own plans. Since publication of an Interim Final Rule in October 2019, AMS has reviewed and approved over 60 State and Tribal hemp production plans. AMS has also issued USDA hemp production licenses in several States and procured a vendor to develop an information system for sharing hemp producer data with law enforcement. AMS is developing the Final Rule to be published in early 2021.

## **Grain Regulatory Program**

### *Current Activities*

*Digital Outreach-* The Federal Grain Inspection Service (FGIS) traditionally travels around the world to provide technical expertise to address foreign buyers' quality concerns with U.S. Grain. The COVID-19 pandemic did not disrupt U.S. Grain exports but did prevent travel to conduct hands-on outreach. Adapting to the new environment, FGIS collaborated with U.S. Wheat Associates to conduct virtual seminars with flour millers from several countries, including Mexico, Venezuela, and the Caribbean. FGIS gave presentations on its role in exporting grain and conducting wheat inspections. Participants asked questions about specific quality factors of the past and current wheat crops so they could contract for the exact quality they desired.

*Expanding Pesticide Residue Testing-* To bolster its efforts in FY 2020, FGIS expanded its capability by modifying an existing method to test for glyphosate, glufosinate-ammonium, aminomethylphosphonic acid (which is a degradation product of glyphosate). FGIS also revalidated two existing methods for detecting 56 pesticide residues in corn and 72 pesticides residues in soybeans. FGIS provides pesticide residue testing as a user fee service and conducts grain surveys in collaboration with USDA cooperators on pesticide residues.

*Equipment Check Testing-* FGIS's equipment check testing program is mandated by the U.S. Grain Standards Act to ensure that equipment such as dockage machines, hand sieves, and barley pearlors are within specified tolerances. FGIS accomplishes this requirement by creating and distributing check test samples to FGIS field offices and official agencies with the purpose of detecting if any differences exist between field equipment and the "Standard" equipment maintained by the FGIS. In FY 2020, the FGIS check tested over 1,400 unique pieces of equipment.

### Program Evaluations

In FY 2020, FGIS certificate accuracy was 97.7 percent. FGIS began monitoring certificate accuracy in FY 2016, through 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.

## **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. WCMD fosters fair trade practices by strengthening internal controls, operating a price management system, and by providing reliable protections for producers storing products in USWA-licensed or CCC-approved warehouses. 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.

Our function includes 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 2020, WCMD, on behalf of the CCC, sold 22 tons of peanuts and 64,000 bales of cotton for a total of \$17.1 million in revenue. The total amount of storage paid in FY 2020 by the WCMD for the Peanut Price Support program was \$2.8 million. The total amount of storage and handling paid in FY 2020 by WCMD for the Cotton Price Support program was \$8.7 million.

*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 2020, \$25 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

*Extra-Long Staple (ELS) Cotton Competitiveness Program:* The ELS Program paid \$9 million to domestic users of ELS to support U.S. manufacturing infrastructure.

*Information Technology:* During FY 2020, a portion the WCMD budget was designated to support a major information technology modernization project in which seven legacy IT systems were consolidated into a new, single-platform, and streamlined system in support of USDA's IT Modernization Initiative and new USDA cyber security requirements. WCMD also bolstered its IT infrastructure and the eWCMD modernization project. Results will include public accessibility of licensed and other authorized storage space, enhanced inventory control applications, and more proficient delivery of statement information to customers. This effort also included numerous enhancements to PCPII and WESII systems under the eWCMD initiative. WCMD continues to move forward with initiatives to convert to electronic records and eliminate hard copy files.

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

*Examination/Compliance Activity:* The Examination Branch completed 1,528 examinations composed of 1,046 subsequent, 390 amendment, 60 special, and 32 original examinations. Of the

1,528 examinations, 1,199 examinations were for the USWA this fiscal year. The USWA examinations were composed of 859 subsequent, 270 amendment, 49 special, and 21 original examinations. The average time between subsequent examinations is currently at 418 days. The examinations broken down by type were 969 examinations at grain warehouses, 391 at cotton warehouses, 5 at dry edible bean warehouses, 47 at EFAC warehouses, 40 at sugar warehouses, 75 at Peanut warehouses, and one examination of a cottonseed warehouse. Over the course of FY 2020, AMS collected \$4.1 million in user fees under the U.S. Warehouse Act in support of the program.

*Labor Management:* WCMD was able to promote and add staff consistent with the Fair Trade Practices Program hiring plan and projected program long-term goals. Two Supervisory Warehouse Examiners and four Agricultural Marketing Specialist Leads were selected. The Examination Branch hired four additional Warehouse Examiners. The License and Contract Storage Branch hired four additional Agricultural Marketing Specialists and two Financial Review Auditors. The Commodity Management Branch hired two new Agricultural Marketing Specialists. The filling of the staff positions allows WCMD to move toward its staffing objectives.

## **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. AMS procures foods for international food aid programs for overseas use to meet USDA and USAID program requirements. CPP supports three primary international food aid programs including:

*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 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.

### *Selected Examples of Recent Progress*

*Food Purchases for International Food Aid:* In FY 2020, CPP procured more than 1.7 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 \$677 million for food assistance programs throughout the world.

*Pursuit and Recovery of Food Aid Losses:* CPP recovered \$214,372.34 for lost and/or damaged commodity intended for needy recipients overseas. There is another \$384,545.24 pending recovery. Monies recovered are redirected back to the program agency (FAS, USAID) for re-programming.

## **Research and Promotion Programs**

### *Current Activities*

AMS provides administrative oversight to 21 industry-funded commodity research and promotion (checkoff) programs with over \$888.5million in industry assessments in 2020. 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*

*Standard Operating Procedures Evaluated and Revised:* During FY 2020, AMS distributed the newly updated *USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs* (AMS Guidelines) to all R&P Boards. The 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. To ensure alignment with the updated AMS Guidelines, AMS reviewed its R&P Standard Operating Procedures (SOPs) and updated three procedures – R&P Board Nomination Process, Contract Review and Financial Statements. The updated SOPs improve consistency in operations and strengthen oversight for the R&P 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 launched "United We Steak," a new summer grilling campaign showcasing 50 steaks and all 50 states. The idea came to life with an interactive map of the United States made from 50 hand-cut, state-shaped steaks. The interactive map is packed full of grilling spirit and state-specific recipes and fun facts that can help consumers nationwide "beef up" grilling season this summer. The campaign launched on June 29 and ran through Labor Day. The response from consumers and producers has been overwhelmingly positive, with the following results in just the first two weeks: more than 113 million impressions through paid advertising and social media efforts alone; more than 24 million video views; more than 386,000 pageviews of UnitedWeSteak.com.; more than 800 radio and TV interview airings from the satellite media tour, resulting in more than 22 million impressions

The Beef Checkoff continues to promote and support agricultural literacy. Two recent livestream events about “anchoring phenomena” and “investigative phenomena” that reached nearly 1,000 teacher participants are now available for viewing at [onthefarmstem.com](http://onthefarmstem.com). Additional courses supporting teachers getting started in science education are also now available. Educators from the top 10 largest school districts in the U.S. engaged with the livestream events. This includes New York City, Chicago Public and Los Angeles. Along with representation from over 800 other school districts across the nation, there were 16,842 engagements on the On The Farm STEM website in June and July 2020.

*Cotton:* Major initiatives implemented over the past several years continued. These included sustainability, product innovation/performance cotton, improving farm profitability, specifically cottonseed, and finding solutions to plastic contamination.

The Cotton R&P posted a new report titled “Prevention of Plastic Contamination when Handling Cotton Modules” to its producer-directed Web site, Cotton Cultivated. This document provided growers, module handlers and ginners recommendations on handling round modules from the field to the gin with a goal of eliminating plastic contamination in U.S. cotton.

The Cotton R&P continued to focus on enrollment in the U.S. Cotton Trust Protocol, expanding use of Field to Market’s® Fieldprint Calculator, and supporting the industry to meet the 10-year sustainability goals and contribute to continuous improvement on cotton operations. Research on microplastics and microfibers continued across the Cotton R&P programs funding several aquatic life microfiber feeding studies that will help determine how microfibers impact aquatic life outcomes and also research projects related to microfibers in the air.

In 2020, as the world reacted to COVID-19 and the cancellation of many industry meetings, the Cotton R&P pivoted and created a virtual meeting series called “Cotton & Coffee” to keep cotton producers connected with the Program. Each Zoom session featured a leading cotton industry expert speaker and included a 30-minute presentation with additional time allotted for discussion and questions at the end of the episode. Topics included promoting U.S. cotton in the new virtual world, an overview of projects and budget, consumer marketing, agricultural research and other industry initiatives.

In 2020, Cotton R&P advertising launched the “Rosie Reborn” campaign, celebrating denim in collaboration with brand designers who created a denim jumpsuit in the same look and feel of the original Rosie the Riveter jumpsuits. Advertising also evolved in COVID-19, and the Cotton R&P expanded its “Comfort in Cotton” around the messaging of “Stay Home. Stay Safe. Stay Comfortable.” To further support the “Stay Comfortable” messaging during this time, Ode to Sweatpants (#sweatpantslife) was a light-hearted look at stay-at-home life during 2020 and connections to cotton clothing. In addition, the Cotton R&P continued work to promote the sustainability message of “Know Your Clothes” as well as health & wellness messaging surrounding purchasing natural cotton.

*Dairy Products:* The Dairy R&P Program continued its focus on child health and wellness through its in-school nutrition and physical activity program, Fuel Up to Play 60 (FUTP60). When the COVID-19 pandemic changed how schools provide education through virtual learning, FUTP60 created a virtual “home room” e-learning platform to help students, teachers, and parents continue to learn about how food is produced on farms, nutrition, and physical activity. Additionally, the Dairy Program created a new campaign “For Schools’ Sake: Help Us Feed Our Nation’s Kids!” to raise awareness and provide resources to support the nation’s schools in getting meals to the growing number of youth facing food insecurity due to the COVID-19

pandemic. The campaign has received \$9.92 million in donations since its inception and has assisted more than 8,000 schools gain access to soft sided coolers, bags, containers, and other resources needed to distribute school meals.

During 2020, the Dairy R&P Program continued its commitment to sustainability and launched its Net Zero Initiative (NZI). The NZI is an industry-wide effort dedicated to reach a carbon neutral, or better, status for greenhouse gas emissions, optimize water usage, and improve water quality by 2050. The effort is designed to help dairy farms of all sizes, regardless of geography, learn about sustainable production practices and help dairy farmers find the best choice for sustainability on their farm.

The Dairy R&P Program continues to partner with quick-service restaurants domestically and internationally. During the COVID-19 pandemic, the pizza category grew resulting in the use of more U.S. cheese on pizzas. The Dairy R&P Program partnered with Pizza Hut and the Tonight Show Starring Jimmy Fallon, to give away 500,000 pizzas to graduating high school seniors. The Tonight Show segment reached more than 2 million television viewers and 45 million social media users.

Through the U.S. Dairy Export Council, the Dairy R&P Program opened a U.S. Center for Dairy Excellence (Center) in Singapore. The Center features a state-of-the-art demonstration kitchen, ISO standard-based sensory evaluation lab, meeting and training rooms, and the latest video broadcasting capabilities. The Center will focus on market development of regionally tailored nutrition and innovation solutions for the use of U.S. dairy products in Southeast Asia.

*Fluid Milk:* During 2020, the Fluid Milk Processor Education Program (MilkPEP) launched the revamp of their iconic “got milk?” campaign on the national stage, including CNN, the Associated Press, Dairy Foods, and more, to a new generation of social-savvy, milk drinkers. As Americans have purchased more milk during the worldwide pandemic, and milk sales at retail are up about 4 percent year-to-date, milk has appeared in social media in creative and inspirational ways. Consumers are finding new ways to enjoy milk, from drinking it, running a mile with it in a glass, to jumping into a pool of it. MilkPEP’s new “got milk?” campaign includes social media and influencer content, TV and digital advertising, retail partnerships, and other promotions. The new campaign includes “got milk?” compilation videos “What you Got” and “Keep it Going” featuring milk being used in reimagined ways, and a video of Olympic Gold Medalist Katie Ledecky swimming across a pool with a glass of chocolate milk balanced on her head, asking kids to ‘show us what you got’ with your milk. The new got milk? videos can be found on [YouTube.com/gotmilk](https://www.youtube.com/gotmilk).

*Eggs:* The American Egg Board (AEB) embarked on programs to encourage increased consumer demand for eggs and egg products in fast casual dining and take out by focusing on recipe development, menu ideation, product packaging, and marketing. Based on the findings of the 2020 Dietary Guidelines Advisory Committee, the Egg Board is making research investments to develop further understanding of eggs in early childhood development. In 2020, AEB continued to work with primary school systems and college level culinary experts across the country to emphasize the value of egg protein and nutritional benefits in our children’s diets. The research emerging brings new insight into the role eggs play in the development of brain cognition and development in infants and aging adults, as well as in-depth research into the role of protein, antioxidants, and choline. The Egg Board continues to use its resources to further the understanding of eggs in the nutritional profile of Americans.

*Pork:* The National Pork Board (NPB) launched the Real Pork and Pork as a Passport campaign to celebrate pork's position as a global and culture relevant protein. During the pandemic consumers are ready for a mealtime variety and this campaign helps cooks start that journey in their kitchen. NPB has been working with stakeholders in preparation for the launch of AgView, a free web-based software platform that will allow pork producers to quickly and securely share data on premises, pig movement and swine health testing. AgView helps address business continuity in the event of a foreign animal disease outbreak by mapping this data across the industry and across state lines, which in turn, will help provide confidence in U.S. pork in domestic and export markets.

*Lamb:* The American Lamb Board (ALB) faced the loss of the foodservice market due to the COVID-19 pandemic, which has been devastating to the American Lamb industry. An estimated 40 to 50 percent of American Lamb was marketed to dine-in restaurants as well as resorts, cruise ships and other foodservice operations. However, retail sales of American Lamb surged during the quarantine, increasing 20.8 percent from March 15 to August 9 versus the same time period from a year ago. This translated to an additional 4.6 million pounds of lamb sold. ALB responded to these unprecedented market shifts by focusing on retail promotions and new cook booklets as well as social media and virtual events to educate consumers about how to cook lamb. Many consumers were trying lamb for the first time at home and the ALB focused on supporting simple meal preparations with lamb.

*Sorghum:* In 2020, the United Sorghum Checkoff Program (USCP) found innovative ways to remain engaged with farmers, end-users and merchandisers during the COVID pandemic. USCP produced, edited and distributed virtual reality videos and VR headsets to maintain USCP's international promotion efforts and give a 360° view of crop quality. Leadership development remains a high priority for the sorghum industry, in continuing our tradition, Leadership Sorghum Class V was selected earlier this year and begins in December.

*Soybean:* United Soybean Board's (USB) partnership with the Foundation for Food and Agriculture Research (FFAR) spurred a combined \$3.2 million investment in research funding to improve soybean protein content and quality including improving genetic diversity, seed composition and yield of soybean; developing new germplasm varieties with consistently elevated protein and yields; identifying the novel amino acid composition genes in the mutant variety; and identifying the genes that result in elevated protein and using them in breeding efforts of commercial soybean varieties. A \$2 million soy checkoff investment for research, planning, analysis, and design prompted a \$245 million investment from the federal government and the state of Louisiana to deepen the Mississippi River from 45 to 50 feet between Baton Rouge, Louisiana, and the Gulf of Mexico. Checkoff-funded research by Soy Transportation Coalition shows this dredging work would save 13 cents per bushel of freight while increasing the load by 500,000 bushels per ocean vessel and bring an additional \$461 million in revenue to U.S. soybean farmers. USB and the Iowa Soybean Association are paving the way for high oleic soybean oil to be used for asphalt surfaces. Through a collaboration with Iowa State University, researchers are working to commercialize a soy-based polymer that can replace the petroleum-based polymers currently used as the binding agent in asphalt. The soybean oil used in this biobased asphalt provides a durable, economical, and renewable option for asphalt pavers looking to minimize their impact on the environment and support sustainable U.S. soybean growers.

*Peanuts:* Raising awareness of the National Institute of Allergy and Infectious Diseases (NIAID) Guidelines (Guidelines) for early introduction of peanuts to help prevent peanut allergy

remained a top priority for the National Peanut Board in 2020. In response to the pandemic, NPB heavily promoted the guidelines, identified and provided solutions to pediatricians and other influential health professionals, including a video series with the American Academy of Pediatrics and webinars with more than 2300 registrants. Prior to the first webinar, 39% of registrants said they did not recommend allergen introduction before 12 months. Post-webinar, 91% of attendees said they would recommend allergen introduction consistent with the guidelines. Since 2001, the Peanut Board has allocated more than \$32 million to food allergy research, outreach and education.

The National Peanut Board continued its work toward making peanuts and peanut butter the most relevant and talked about nut among millennial consumers on social media through a year-long Spreading Good campaign that came to life on Twitter, Instagram and Pinterest. And with Major League Baseball playing in stadiums without fans, NPB launched a national TV and streaming commercial reminding consumers of their love of in-shell peanuts and baseball. At the same time, NPB 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.

*Mangos:* In 2020, the National Mango Board (Board) had to pivot their marketing plan due to the pandemic. Instead of mango food trucks and in-person engagement, the Board turned to the internet. The Board inspired purchase of mangos online and in-store, all year long; established social channels to reach consumers in new ways, educated about the health benefits of mango, and offered inspiration to incorporate mangos into every part of consumers daily diet. From professional chef collaborations, to a talented ‘Mango Tribe’ pool of influencers, the Boar is making it easy and delicious for consumers to use mango.

At retail, mangos are moving up. In 2015, the Board had 65 active retail partners across the U.S. In 2020, the Board worked hand in hand with 86 active retail partners, an increase of 32%. Mangos were ranked No. 20 in sales dollars and No. 14 in terms of volume in 2014/2015 retail rankings. Today, mangos are at the No. 17 spot based on sales and No. 12 spot based on volume for the first half of 2020.

*Mushrooms:* The Mushroom Council continues to see growth in the mushroom category – in fact, since the start of Q2 2020, year-over-year weekly retail sales increases are measuring at 20 percent or more. In 2020, mushrooms and “The Blend” appeared in the National Restaurant Association’s annual “What’s Hot” list of food trends, as also were featured on Whole Foods’ annual Top Ten Trends. In addition, CNN declared mushrooms the new “grocery aisle celebrities.”

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. The Mushroom Council partnered with Bon Appetit magazine for a second consecutive year in order to bring the “Blended Burger Contest: Home Edition” to consumers. In foodservice, the Mushroom Council used “The Blend” as a beneficial plant-forward diet in various dishes at numerous colleges and universities. Throughout the year, the Mushroom Council partnered with foodservice operators in locations around the country to deliver free “Blended Burgers” and other mushroom meals to first responders. During September, National Mushroom Month, the Mushroom Council piloted a “The Blend To Go” promotion with independent chefs, encouraging creativity with The Blend on takeout and delivery menus. With

all of this promotion of “The Blend,” the Mushroom Council has trademarked “The Blend” to be exclusively used as a blend of meat and mushrooms.

*Paper and Paper Based Packaging:* In 2020, the Paper and Packaging Board (Paper Board) continued to build on their considerable segmentation research to further understand what drives the purchasing decisions of two key campaign audiences: the enthusiastic consumers they call Expressives and business decision makers whose paper and packaging decisions represent purchases at scale. The Paper Board then tailored their media buy to reach these audiences with defined messaging pillars around the topics of protection and innovation, business and personal productivity, and learning and resource stewardship through a wide range of channels: television, print, digital, social and public relations.

The “Paper and Packaging – How Life Unfolds” campaign grew its audience from 38 million in 2015 to 50 million in 2019, showing it continues to provide compelling content through their [howlifeunfolds.com](http://howlifeunfolds.com) website. While the industry responded nimbly to 2020’s record packaging demand, the Paper Board’s productivity messaging pillar also became more relevant for people working and learning from home.

*Popcorn:* The Popcorn Board conducted a survey in 2020 via survey monkey to gauge satisfaction with the board’s programs and activities and future direction. The survey garnered a 42% response rate receiving overall positive feedback. In October of 2020, the Popcorn Board announced their new website redesign in time for Popcorn Poppin’ month.

*Softwood Lumber:* In April of 2020, the Softwood Lumber Board’s (Board) third-party evaluation (2012-2019) showed a cumulative return of \$25 for every industry dollar invested in the program. Since inception the Board’s funded programs have increased demand for softwood lumber by more than 6.3 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.

With code recognition for taller mass building, AWC hosted several webinars educating building professionals on the new code requirements. 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. Due to the pandemic in 2020, the mobile tour was postponed until further notice. Think Wood launched The Wood Institute a learning management system housing over 35 courses for architects, engineers, contractors and building code officials to learn about the benefits of building with wood. WoodWorks had to shift programming due to the pandemic, moving its in-person sessions to online webinars. Through its collaboration with the Board, WoodWorks launched the WoodWorks Innovation Network which aim is to further market growth by connecting developers who are new to wood with experienced designers and construction professionals. *Hass Avocados:* Since the creation of the Hass Avocado Board (HAB), through The Hass Avocado Promotion Research and Information Act and Order in 2003, they have worked tirelessly to make avocados America’s most popular fruit –

and it's working. To do that they collect, focus, and distribute investments into the future of the industry in the United States. Those investments take two forms:

First are programs run by HAB. These are funded by 15% of the assessments they collect and retain that benefit for all industry members. These programs include: Supply and market data hub; Nutrition research; Health Professional Education; and Member collaboration.

Second are programs run by California producer and importer associations. These are funded by 85% of the assessments that they collect and then re-allocated to organizations that benefit specific countries of origin. This includes important things such as promoting their brand and using HAB's data and research for customer cultivation and consumer outreach.

Both result in what they call the "HAB Effect," which is the ability for members to do things they wouldn't be able to do without the collective power of the Hass Avocado Board and for all members to amplify the work done by others for their own growth. Through these two programs, the Hass Avocado Board has helped the industry expand markets in the United States and strengthened the domestic avocado industry. HAB's projections for 2021 is to see continued growth in the volume and value of avocados sold in the United States, and for industry stakeholders to be successful.

*Christmas Trees:* The Christmas tree industry enters the 2020 Holiday Season with optimism, in part from data derived from a consumer survey sponsored by the CTPB in July suggesting that consumers may make 2020 a particularly strong year for fresh Christmas trees. Key components of the Christmas Tree Promotion Board's (Christmas Tree Board) promotional campaign include a redesigned and more robust website, including a retail locator for consumers and partnerships with popular YouTube channels: Dad, How Do I? and How Does it Grow. The CTPB has been very successful with their earned media campaign which includes a satellite media tour and press releases supported by video. 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 \$280,000 for projects in 2020. Research projects being funded currently address disease and pest issues, such as elongate hemlock scale, identification of high performing Christmas tree species and impacts on needle retention variability.

*Watermelons:* 2020's spring-summer season required the National Watermelon Promotion Board (Watermelon Board) communications and foodservice campaigns to make huge pivots during the time they would usually be jetting all over the nation to attend and showcase at tradeshow and conferences. Notably, the Watermelon Board staff found ingenious ways to get their audiences excited about virtually attending what were previously planned to be in-person Watermelon Masterclasses. To the participants' delight, the Watermelon Board sent curated boxes of recipes, ingredients, and other goodies for participants to enjoy during 3 separately themed Masterclasses.

The foodservice landscape has changed rapidly and continuously throughout 2020. Partnering with both quick service and full-service national chains in the spring and summer months, the Watermelon Board focused on takeaway- and delivery-friendly options to not only include watermelon on the menu, but keep it top of mind with their customers. The Watermelon Board also rolled out a redesigned website, which featured a number of online tools created and updated for use by watermelon producers and handlers, nutritionists, retailers, and consumers.

Some of the research topics this year focused on the following nutrition topics: the effects of blenderized watermelon consumption on satiety and digestive health, the effects of watermelon

flesh-rind blend consumption on post exercise inflammatory response, and exploration into understanding the healthy components of watermelon flesh, as well as the comparison of the effects of consuming value-added watermelon products or their single compounds.

Canada continues to be the largest export market for US watermelons. The Watermelon Board is also working to grow sales opportunities in Japan.

*Potatoes:* Potatoes USA marketing programs for the domestic and international markets continue to focus on getting more people to eat more potatoes in more ways. The promotions are for all products produced by the industry; fresh, frozen, dehydrated, refrigerated and chips. Additionally, in the international markets we work on U.S. seed potato exports. The target audiences for these programs are consumers, retail and foodservice. Other than chipping potatoes for international chip manufacturers we are not focused on the food manufacturing sector this year. Potatoes USA also carries out a research program that is focused on production research related to improving cultivars for the potato chip and frozen fry industries. This program also funds potato nutrition research through the Alliance for Potato Research and Education.

The Domestic marketing program for consumers continues to focus on educating consumers on the nutritional benefits of potatoes by featuring how potatoes can help fuel performance. In light of the changes in where people are eating most of their food due to COVID, the consumer program has also focused on providing storage and handling as well as preparation tips and providing many different recipes from quick and easy to the gold standard for popular dishes to holiday themed recipes like Tombstone potatoes for Halloween. The retail program is working with retailers to better understand the potato buyer both instore and online both pre and during COVID. The program also provides retailers with a great deal of information on the very best way to merchandise potatoes and assets to use in their circular and in-store ads. The foodservice program is focused on keeping potatoes on menus by helping the foodservice sector during the recovery. An initiative to get more potatoes on pizzas and inside dishes for pizzerias is underway as well as assistance with expanding the use of frozen fries through load fry dishes and strategies for takeout.

All of the marketing campaigns utilize a combination of virtual and digital platforms to engage with consumers, retailers and foodservice operators. The Potatoes USA website [potatogoodness.com](http://potatogoodness.com) has been greatly expanded to serve the target audiences and visits to the site are up significantly in 2020. Efforts continue to be made to improve search results and to increase engagement on social media.

*Blueberries:* In early 2020, the US Highbush Blueberry Council (USHBC), presented its strategic refresh, with an overarching theme of “USHBC Starts With Us,” reflecting the organization’s commitment to fostering greater collaboration among all stakeholders and moving forward as an industry. “The Blueberry Method” campaign, with the slogan “Buy em, Eat em, Love em,” was launched in April, targeting blueberry shoppers to ensure blueberries were top of mind with consumers. The Board worked with consumers apps Ibotta and Shopkick to deliver digital shopping incentives to drive blueberry demand. Videos, shoppable recipes, paid search and social media, along with ad buys on popular websites were all part of the campaign tactics. USHBC also created “The Blueberry Method Industry Toolkit” for industry members to use in their own individual promotions.

In June, USHBC launched a new podcast series aimed to provide up to date information on production, markets, research and technology related to the blueberry industry. It celebrated

“National Blueberry Month” in July, creating a toolkit for industry that included the Blueberry Month seal, social media posts and recipe photos. It also shared the toolkit with retailers for in-store promotion.

The U.S. highbush blueberries gained access for fresh blueberries to the Philippines and China. The Council continues to build relationships through in-country representation throughout Asia as the success of these markets supports the investment.

The year 2020 was the 20th anniversary of the USHBC. The USHBC honored 11 people whose work had helped the blueberry industry grow and flourish over the last two decades. During the annual conference in October, the USHBC featured each of the honoree as part of the programming. Also in October, USHBC revealed its brand refresh of “Inspiring Possibilities” and its new 2021 promotional campaign of “Grab a Boost of Blue.”

*Honey:* The National Honey Board (NHB) wrapped up National Honey Month in September by promoting honey as the “preferred all-natural sweetener”. When the pandemic first hit, the NHB took a step back on their marketing plans while trying to figure out the best way to move forward. Ultimately, the Board partnered with several influencers to promote purchasing and using honey, which in turn helps beekeepers raise and care for healthy bees. The big push on promotions during National Honey Month proved successful. The Board also decided to go forward with their annual Beer, Spirits and Mead competitions. Breweries, distilleries and meaderies from all around the U.S. who use honey in at any point of the brewing or distilling process mailed in samples of their products for professional judging. Although many of these businesses suffered greatly from this year’s pandemic, there was a resounding “Yes!” when asked if the competitions should still take place. The competitions wrapped up in October and winners were announced on NHB social media. 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 2021 Estimate

(Dollars in Millions)

<b>Commodity</b>	<b>Estimated Revenue</b>
Cotton	\$77.1
Dairy	\$338.0
Fluid Milk	\$81.2
Beef	\$42.0
Lamb	\$1.6

Pork	\$67.5
Soybeans	\$81.0
Sorghum	\$6.5
Eggs	\$25.0
Blueberries	\$10.8
Christmas Trees	\$1.7
Hass Avocado	\$67.5
Honey	\$7.0
Mango	\$10.9
Mushroom	\$6.1
Paper and Packaging	\$23.0
Peanut	\$9.8
Popcorn	\$1.0
Potato	\$22.9
Softwood Lumber	\$16.1
Watermelon	\$3.4
<b>Total</b>	<b>\$900.1</b>
<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 for 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 Branch 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.

Fees and Charges in Effect in 2020:

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

In FY 2020, AMS ensured continuity of critical services to the dairy industry by swiftly adapting to changing conditions during the COVID-19 pandemic. These changes included:

Refining export certificate processes, including persuading the European Union to accept scanned certificates instead of paper certificates, to continue to facilitate the export of more than \$1.728 million worth of trade in dairy products during a 6-month period;

Resolving a 20% increase in trade issues related to COVID-19 by successfully interacting with either foreign governments and/or importers; and

Implementing a new remote desk audit process to verify information for U.S. companies exporting dairy products during the pandemic, resulting in an increase of more than 200% in completed audits and a savings of approximately \$142,000 to the industry and USDA over the 6-month period.

AMS continued to advance efforts to modernize operations and improve customer service by:

- Developing a new IT electronic export certificate program, the Agricultural Trade Licensing & Attestation Solution (ATLAS) and providing employee and customer training to prepare for the system’s official launch early in 2021.;
- Implementing a Quality Management System (QMS) resulting in 19 approved documents and 73 documents in development;
- Increasing stakeholder engagement in service delivery methodologies; and
- Restructuring program leadership

In FY 2020, the Dairy Grading program issued more than 55,000 export certificates despite seeing initial declines due to COVID-19 trade impacts. AMS contributed to the US-China “Phase-One” agreement implementation for dairy by providing technical expertise to trade negotiators and obtaining approval of a final negotiated certificate for implementation in October. Completion of these certificates facilitates continued trade to China, the 3rd largest U.S. dairy export market valued at about \$250 million annually. AMS also participated in an

interagency US-UK Trade and Investment Working Group to ensure uninterrupted access for all AMS program products, with a focus on dairy, to the \$26 million United Kingdom market as it departs from the EU.

*Specialty Crops Inspection* – This program offers both grading and audit-based verification services for the food industry. In FY 2020, the program inspected and certified 9.2 billion pounds of processed fruit and vegetable products and 49.9 billion pounds of fresh fruits and vegetables. These totals include fresh and processed fruit and vegetable items purchased for USDA’s school lunch, Trade Mitigation, COVID-19 relief, Section 32, and other USDA purchase programs, and product purchased under the Unprocessed Fruit and Vegetable Pilot Program for the 2020 school year. The program also inspected military combat rations to ensure the quality of the military’s food components. Grading and inspection services were provided by 585 Federal employees at 31 Federal receiving markets, 378 processing facilities, and 45 SCI locations. AMS coordinates with the 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.

*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 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 2020, AMS and its licensed auditors conducted more than 4,154 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:

- 409 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.
- 8 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.
- 47 Domestic Origin Verification audits at facilities to confirm products supplied for USDA food purchases were of domestic origin.
- 6 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.
- Reviewed for approval 830 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.

*USDA Foods Support* – In FY 2020, AMS inspected 2.2 billion pounds of fresh and processed fruit and vegetable items valued at \$2.9 billion for school lunches, Trade Mitigation, COVID-19 relief, Section 32, and other USDA purchase programs. AMS developed and implemented 9 vendor requirements covering more than 100 individual commodities for USDA Foods purchases of fruits and vegetables. USDA Food purchases must be of domestic origin. In FY 2020, AMS performed 862 domestic origin traceability desk audits to ensure that suppliers met USDA commodity purchase program requirements. AMS develops and implements vendor requirements and reviews applications for the USDA Pilot Project for Procurement of Unprocessed Fruits and Vegetables, which bought \$9.9 million in product for the 2019-2020 school year. Mandated by the 2014 Farm Bill, the pilot allows State distribution agencies to buy unprocessed fruits and vegetables for school lunches. In FY 2020, SCI approved 22 of the 32 vendor applications we reviewed, bringing the total number of vendors in the program to 81; and conducted 27 vendor audits to verify vendor compliance with program requirements.

*Military Support-Combat Ration Inspection* – During FY 2020, AMS coordinated the inspection of 5,595 lots, or 310 million servings, of military combat rations at 18 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.

AMS is developing 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 2020:

<u>Service Performed</u>	<u>Fees</u>
Lot Inspections	\$75.00 per hour
In-plant Inspection under Annual Contract	75.00 per hour
Additional Graders (in-plant) or Less than Year-Round	85.00 per hour
Audit Services	115.00 per hour

## Fees and Charges in Effect for Fresh Fruit and Vegetable Grading in 2020:

<u>Service Performed</u>	<u>Fees</u>
Quality and Condition Inspections for Whole Lots	\$210.00 per lot
Condition-Only Inspections for Whole Lots	174.00 per lot
Inspections for Additional Lots of the Same Product	96.00 per lot
Inspections for All Hourly Work	93.00 per hour
Audit Services	115.00 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. Although demand for this service slowed due to the COVID-19 pandemic, AMS quickly implemented contingencies in March 2020 to deliver timely services to facilitate the movement of America’s food supply. That included transitioning the verification services for clients from onsite audits to off-site virtual audits. These virtual audits were conducted in the same manner as the normal on-site audits following the established audit processes to ensure uniformity. This temporary measure remained in effect through the end of FY 2020 and ensured AMS could continue to provide uninterrupted service to customers of the USDA Process Verified Program, USDA Export Verification Programs, Commodity Procurement and other quality systems verification programs (QSVP). Consequently, in FY 2020, AMS conducted 2,100 audits for 900 firms and received 185 new service requests representing a 15% decrease 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 2020, 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 2020 saw the approval of the One Health Certified Program and industry interest in developing various USDA PVPs for low carbon beef, sustainability, non-GMO, human grade pet food, and the U.S. Farm-Raised Catfish Environmental Sustainability Certification 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 conducted approximately 446 EV audits during the fiscal year. In FY 2020, 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 South Korea’s virtual audit of the U.S. beef, pork, and seafood industries which helped maintain U.S. exports to this market. AMS also demonstrated its audit protocol to a delegation from Japan, in continued support of less-burdensome EV program requirements for U.S. beef. The revised EV program requirements increased the eligible beef supply for the Japanese market by more than 7 percent, and AMS subsequently approved 10 new beef suppliers for the new program. AMS assisted in the change to the EV program for Saudi Arabia in which veal products became eligible to be shipped to Saudi Arabia, opening export opportunities for 3 prominent U.S. veal companies.

*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 verified 8 facilities as part of the Food Box Coronavirus Food Assistance Program under the authority of the Families First Coronavirus Response Act to purchase and distribute agricultural products to those in need. The program approved 9 new vendors for Section 32 purchases for various commodities including Atlantic groundfish and shrimp processors; and 20 new vendors for CARES Act purchases, as well as Trade Mitigation that purchased pork and beef products not only for schools but for food banks, senior programs nationwide.

FY 2020 AMS Audit Rates:

<u>Service Performed</u>	<u>Fee</u>
Audits	\$115.00 per hour

*Livestock and Poultry Program Meat Grading Service:* In FY 2020, AMS provided grading services to 216 meat packing and processing plants, including the addition of 41 new companies requesting grading service. A total of 21 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 8.4 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 2020, AMS improved the accuracy and efficiency of grading services by conducting a review of the ability of a beef processing plant in Hereford, TX to carry out instrument enhanced grading. The Agency updated procedures for instrument grading to provide clarity and flexibility in the testing requirements for firms that want to use plant employees to apply beef grade standards using instrument technology. Additionally, AMS updated procedures for reviewing and approving upgrades and advancements to “Approved” camera instruments and began the review process for the laser upgrades to the GigE instrument.

*Regional Cattle and Carcass Correlation and Training Centers:* In FY 2020, AMS coordinated with West Texas A&M University in Canyon, TX—one of three USDA Cattle and Carcass Training Centers (CCTCs) established by the 2018 Farm Bill—to conduct a hands-on educational event for cattle industry members of the Texas Panhandle region. The three-day event was the first to be held since the CCTCs was established in 2019.

Two additional in-person events—at the USDA Agricultural Research Service’s Meat Animal Research Center in June 2020 and at Colorado State University in the fall of 2020—were cancelled due to the COVID-19 pandemic. Adopting to the situation, USDA, the three CCTCs, and representatives of the Chicago Mercantile Exchange (CME) Group agreed to collaborate on a series of educational webinars during the Fall of 2020. The webinars are currently scheduled and being promoted.

FY 2020 Meat Grading Rates:

<u>Service Performed</u>	<u>Fees</u>
Meat Grading- Scheduled Grading	\$84.00 per hour
Meat Grading- Unscheduled Grading	\$114.00 per hour

*Poultry and Shell Egg Grading Services:* During FY 2020, AMS graded over 6.7 billion pounds of poultry and 3.1 billion dozen shell eggs—a 3% increase in volume over FY 2019—at 537 poultry and shell egg plants across the U.S. AMS received new requests for service from 120 poultry and shell egg grading companies in FY 2020; 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 144.9 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 2020 Poultry and Egg Grading Rates:

<u>Service Performed</u>	<u>Fees</u>
Poultry/Egg Grading- Scheduled	\$62.00 per hour
Poultry/Egg Grading- Unscheduled	\$99.00 per hour

*Administrative Updates and Billing System Improvements:* A final rule took effect October 1, 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). A significant update was the 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 which aligned program requirements and provided simplified grading service rates to AMS customers.

AMS continued to implement improvements to its new billing system through the adoption of an innovative technology solution to reduce the amount of time to process payroll for 600+ graders

thus eliminating redundant data entry with a savings of approximately 8,450 hours, or \$256,035 annually.

*Maintaining Service Through COVID-19 and Ongoing Staffing Shortages:* AMS has maintained full-service delivery for meat and poultry grading programs despite a significant staffing shortage that has persisted since FY 2018. The resolve of the Program was put to the test when the pandemic further reduced program staffing levels and severely limited the mobility of fee and relief grading staff across the country. AMS’s essential grading personnel at all levels continue to step in to fill the voids and ensure that no request for scheduled service was denied. The Agency covered 99.7% of all meat, poultry, and shell egg grading shifts and ensured 100% of scheduled customers operated without a break in service during the pandemic.

Even preceding the COVID-19 pandemic, a combination of several factors—including a competitive private-sector job market, an uptick in Federal retirements, and the increased difficulty in finding qualified candidates—had led to a severe shortage of front-line meat and poultry grading staff nationwide. In FY 2020, AMS utilized new strategies to generate improved hiring results including direct hiring authority for GS-1980 Agricultural Commodity Grader (AGC) positions and offering hiring incentive payments for AGC positions in chronically understaffed and hard-to-fill work locations. These strategies have real impact on operational costs for these programs, as well: while the impact of these strategies will not be known until late 2022, AMS estimates that for every dollar spent on recruitment incentives, 9 dollars will be saved from reducing the need to provide relief coverage.

*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 2020, AMS tested 6,150 samples and issued 1,170 Seed Analysis Certificates. Most of the samples tested and certificates issued represent seed scheduled for export. Fees collected for these activities in 2020 totaled \$540,994.

#### Fees and Charges in Effect in 2020:

<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 2020, official state seed certifying agencies under cooperative agreement with AMS, approved the shipment of approximately 151 million pounds of seed.

*Cotton Grading* – AMS classed 19.2 million bales of cotton under the grower-classing program in FY 2020, with all cotton classed by the HighVolume Instrument (HVI) method. This represents a 7.96 percent increase from the FY 2019 level of 17.8 million samples submitted. Classing information is provided electronically to owners of the cotton. In FY 2020, the Cotton Program disseminated classing data for over 60 million bales, a 10 percent decrease from FY 2019. This data represents multiple crop years or multiple requests for the same bale.

*Futures Certification* – The AMS Cotton and Tobacco Program provided classification/certification services on 198,645 bales of cotton submitted for futures certification during FY 2020. This futures certification total was a 29.8 percent decrease as compared to FY 2019 when certification services were provided on 283,017 samples.

Fees and Charges in Effect in 2020:

<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 2020, AMS graded 4.3 million kilograms of imported tobacco and 2.6 million pounds of domestic tobacco for exporting. Cotton and Tobacco Program performed sampling for pesticide testing on 11.4 million kilograms of tobacco to ensure that pesticide residue levels are within acceptable tolerance. In addition, 23.6 million pounds of tobacco were graded under a Memorandum of Understanding with USDA’s Risk Management Agency (RMA), an increase of 60.5 percent from FY 2019. 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 2020:

<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 and 55.00 per hour
Import Inspection and Certification	0.0170 per kg or .0080 per lb

*AMS Laboratory Approval and Testing Division (LATD)* – AMS provides lab testing and approval (audit) services to AMS commodity programs and to the agricultural community in order 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 trade 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.
- Serves 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.
- Establishes high level of quality assurance and is ISO/IEC 17025:2005 accredited.
- 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.

During FY 2020, 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 four programs. In administering these programs, AMS conducted onsite lab audits, desk audits, managed two proficiency test programs, and monitored each lab's proficiency data.

Due to the COVID-19 pandemic restrictions, AMS quickly customized auditing operations, using audio/visual communication applications to perform audits in a remote and virtual environment. AMS continued to expand its adulteration and additive testing section by adding tests, customers, and commodities (e.g., types of juices).

In FY 2020, the COVID-19 pandemic increased consumer demand for honey, citrus juices, peanuts and peanut products and a record number of samples were rushed in to be tested. Overcoming the challenges of COVID-19—new health and safety measures, staff absences, changes in lab operations, uncertainty--team members delivered timely service to customers on samples that exceeded the same time period in 2019 by 85% for peanuts, 105% for juice, and 484% for honey. The pandemic reduced the number of samples AMS NSL received from federal and state agencies, academia, and operational rations. AMS NSL reported results for 42,782 samples 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.

**Fees and Charges in Effect in 2020:**

<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 (PVP) Act provides legal and intellectual property rights protection to developers of new varieties of plants that are sexually propagated, asexually 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 150 species of plants are currently protected under the PVP Act. In FY 2020, AMS received 445 applications for plant variety protection of new seed, vegetative, and tuber propagated agricultural and ornamental plant varieties. PVPO conducted examinations on 500 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 8,300 certificates of protection are in force.

PVPO published the revised PVP Regulations on January 6, 2020 to implement the 2018 Farm Bill amendment of the PVP Act. The amendment extended plant variety protection to asexually reproduced varieties of plants. PVPO started to offer plant variety protection for seed-propagated hemp, based on another Farm Bill change.

In addition, PVPO completed the 5th version of the electronic Plant Variety Protection (ePVP) system to allow bulk upload for applications and system integration with The International Union for the Protection of New Varieties of Plants (UPOV) Electronic Application System (PRISMA). The PVPO is a member of UPOV and participated in all technical and administrative meetings held during FY 2020. The PVPO also hosted the UPOV Biochemical and Molecular Techniques (BMT) meeting on September 21-25, 2020 by videoconference.

**Farm Bill Initiatives****Sheep Production and Marketing Grant Program (SPMGP)***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 award of one grant 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 identify the most pressing needs from major segments of the industry, identify stakeholders, and prioritize the long-term 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.

The NSIIC funded 5 two-year projects in January 2020. A current project example is with Colorado Lamb, LLC. They will provide a much-needed source of lamb carcass availability, giving breaker-only businesses a new opportunity to buy American lamb. The Colorado Lamb, LLC harvest facility will help alleviate the constricted flow of lambs from pasture and feedlots bottlenecked by the limited capacity of existing processing plants. The National Lamb Feeders Association – Howard Wyman Sheep Industry Leadership School (HWSILS) is another recipient. The HWSILS provides regular education programs and tools to support the current generation as well as the next generation of lamb producers in the U.S. In addition, by moving the program to different locations each year, the participants are exposed to variances in lamb production by region, offering opportunities for improvements in their own production and growing programs. More information about the program can be found at <https://www.ams.usda.gov/services/grants/spmgrp>.

#### ***Local Agricultural Market Program (LAMP)***

The Local Agriculture Market Program (LAMP) consists of three grant programs: AMS manages the Regional Food Systems Program (RFSP) and the Farmers Market and Local Food Promotion Program (FMLFPP). Rural Development manages the Value-Added Producer Grant Program. LAMP 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).

#### ***Regional Food System Partnerships***

##### *Current Activities*

The Regional Food System Partnerships program (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 2020, AMS developed and published the initial Request for Applications (RFA), conducted the competitive review process for 114 applications, and funded 23 projects totaling approximately \$9.3 million dollars across 15 states.

AMS anticipates announcing the next RFA in FY 2021 for approximately \$5 million. More information about the program, and the funded projects, can be found on the website at <https://www.ams.usda.gov/services/grants/rfsp>.

### ***Farmers Market and Local Food Promotion Program***

#### *Current Activities*

The Farmers Market and Local Food Promotion Program was authorized in previous Farm Bills and reauthorized as part of the Local Agriculture Market Program (LAMP) in the 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 support farmer-to-consumer direct marketing projects such as farmers markets, community-supported agriculture (CSA) programs, roadside stands, and agritourism.

LFPP grants support 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 2020, AMS received 429 applications requesting almost \$111 million. Individually, FMPP received 188 applications requesting \$50.7 million, while LFPP received 207 applications requesting \$60.7 million. AMS awarded \$27 million, distributed evenly between the two programs. 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 bases 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, select source documentation for payment requests, and technical assistance for grant recipients. In FY 2020, AMS managed a total of 287 existing FMLFPP grant agreements (150 FMPP and 137 LFPP) totaling almost \$76.7 million. Over the course of FY 2020, AMS closed 73 previously awarded grant agreements.

Examples include one completed LFPP planning grant that closed in FY 2020 to Sustainable Agriculture Education (SAGE) in California, which analyzed the feasibility of a Wholesale Food Market to meet the needs of wholesalers, processors, farmers and customers, while improving agricultural vitality and economic health. The feasibility study was developed in close collaboration with food businesses, City and County staff and allied partners. The resulting *San José Food Wholesale and Manufacture Center Feasibility Study* report was well received by partners as it described the Center concept, proposed tenant mix and financials, and analyzed the County Fairgrounds as promising sites. As a related outcome of the assessment, the San José Food Manufacturing and Wholesale Business Directory was produced and shared with partners to facilitate their outreach to hundreds of City food businesses.

In another LFPP implementation project completed in FY 2020, Philabundance in Pennsylvania, made significant progress towards increasing consumption of local food products in their community. They formed new partnerships with produce and dairy farms, identified and established new markets for local products, and increased sales for local farmers. They were able to successfully pilot several value-added processing (VAP) concepts with partner farmers, helping them grow revenue and decrease waste through the “upcycling” of excess agricultural products (such as milk) into high-quality, shelf-stable products (such as cheese). To market and sell these products, they launched a new trademarked brand, Abundantly Good, through which a portion of proceeds will go toward funding additional VAP products to be donated to clients. They reached 317 of 365 member agencies (87%), generating \$682,889 of revenue for local farmers, and distributing 4,643 pounds of upcycled cheese to the community.

*Technical Assistance:* AMS organized and coordinated with partners to host a pre-conference session for the National Direct Agricultural Marketing Summit on October 6, 2019. It brought 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 your farms and businesses. The summit also allowed AMS to identify and share success stories and impacts resulting from the FMLFPP projects. AMS continues to collect and share success stories and provide technical assistance to grant recipients based on best practices collected during this session.

AMS implemented administrative relief, as provided by OMB memos M-20-17, M-20-20, and M-20-26, for grant recipients affected by the loss of operational capacity and increased costs due to the COVID-19 pandemic. FMLFPP staff worked with grant recipients and applicants to consider flexibilities on a case-by case basis to ensure success of grant projects, diminish the risk of exposing individuals to COVID-19, and ensure successful submission of applications.

*Office of Inspector General (OIG) Audit:* On March 2018, OIG began a routine audit of FMLFPP. Their objectives were to determine the effectiveness of AMS’ oversight of FMLFPP, including AMS’ outreach activities to promote participation and to determine if AMS implemented policies and procedures to ensure grant recipients comply with program requirements. AMS worked collaboratively with the auditors to provide laws, regulations, policies, procedures, Request for Applications, sample reports, and FMLFPP Award Terms and Conditions. The final audit report, [published on March 19, 2020](#), found three recommendations, all of which were immediately resolved by AMS and accepted by OIG on April 30, 2020, officially closing the FMLFPP audit.

### ***Micro-Grants for Food Security (MGFSP)***

#### *Current Activities*

The Micro-Grants for Food Security Program (MGFSP) is authorized by section 4206 of the Agriculture Improvement Act of 2018 (Public Law 115—343), ([7 U.S.C. § 7518](#)). MGFSP assists agricultural agencies or departments in eligible states and territories to increase the quantity and quality of locally grown food in food insecure communities through small-scale gardening, herding, and livestock operations by competitively distributing subawards to eligible individuals and entities.

#### Selected Examples of Recent Progress

The funding for this award program is appropriated for two years, with the inaugural awards being made in September 2020. AMS awarded grants to six eligible states and territories through

a non-competitive application process in the amount of \$4.4 million. These grants will assist agricultural agencies in Alaska, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, and the United States Virgin Islands increase the quantity and quality of locally grown food through small-scale gardening, herding and livestock operations. The six award recipients receiving funding will competitively distribute subawards to eligible entities in communities within their areas that have significant levels of food insecurity and import a significant quantity of food. The performance period for agreements is four years, and recipients will conduct the competitive subaward process during the first year of the grant. Remaining funds will be offered in FY 2021. More information about the program can be found at <https://www.ams.usda.gov/services/grants/mgfsp>.

**LIMITATION ON ADMINISTRATIVE EXPENSES (COTTON AND TOBACCO)**

1. Not to exceed [\$61,227,000] \$61,786,000 (from fees collected) shall be obligated during
2. the 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
4. 10 percent with notification to the Committee on Appropriations of both Houses of
5. Congress.

**Change Description**

The change (line 1) delete 2021 appropriation amount and replaces it with 2021 request

2021 Enacted .....	\$61,227,000
Change in Appropriation .....	<u>\$559,000</u>
Budget Estimate, 2022.....	<u><u>61,786,000</u></u>



**ACCOUNT 2: PAYMENTS TO STATES AND POSSESSIONS**

**APPROPRIATIONS LANGUAGE**

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,235,000.

**LEAD-OFF TABULAR STATEMENT**

**Table AMS-16. Lead-Off Tabular Statement (In dollars)**

Item	Amount
2021 Enacted	\$1,235,000
Change in Appropriation	0
Budget Estimate, 2022	1,235,000

**Table AMS-17. Project Statement; Appropriation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or		2022		
	Actual	FTE	Actual	FTE	Enacted	FTE	Dec.	FTE	Chg Key	Budget FTE	
<b>Payments to States and Possessions</b>											
Discretionary Appropriations:											
Federal-State Marketing Improvement Prog.....	\$1,235	1	\$1,235	-	\$1,235	-	-	-	-	\$1,235	-
Micro-grants for Food Security.....	-	-	5,000	-	5,000	-	-5,000	-	-	-	-
<b>Subtotal Appropriations.....</b>	<b>1,235</b>	<b>1</b>	<b>6,235</b>	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>-</b>	<b>1,235</b>	<b>-</b>
Lapsing Balances.....	-	-	-26	-	-	-	-	-	-	-	-
Balance Available, EOY.....	-	-	-4,846	-	-	-	-	-	-	-	-
<b>Subtotal Obligations.....</b>	<b>1,235</b>	<b>1</b>	<b>1,363</b>	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>-</b>	<b>1,235</b>	<b>-</b>
Mandatory Appropriations:											
Specialty Crop Block Grants.....	85,000	9	85,000	9	85,000	9	-	-	-	85,000	9
Specialty Crop Block Grants Supplemental Division.....	-	-	-	-	100,000	-	-100,000	-	-	-	-
Modernization Technology, NOP.....	5,000	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Appropriations.....</b>	<b>90,000</b>	<b>9</b>	<b>85,000</b>	<b>9</b>	<b>185,000</b>	<b>9</b>	<b>-100,000</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>9</b>
<b>Total Appropriations.....</b>	<b>91,235</b>	<b>10</b>	<b>91,235</b>	<b>9</b>	<b>191,235</b>	<b>9</b>	<b>-105,000</b>	<b>-</b>	<b>-</b>	<b>86,235</b>	<b>9</b>
Sequestration.....	-5,270	-	-5,015	-	-4,845	-	-	-	-	-4,845	-
Recoveries.....	427	-	729	-	-	-	-	-	-	-	-
Balance Available, SOY.....	5,178	-	13,676	-	9,569	-	-9,569	-	-	-	-
Lapsing Balances.....	-4	-	-235	-	-	-	-	-	-	-	-
Balance Available, EOY.....	-13,676	-	-9,569	-	-	-	-	-	-	-	-
<b>Subtotal Obligations.....</b>	<b>76,655</b>	<b>-</b>	<b>84,586</b>	<b>-</b>	<b>189,724</b>	<b>-</b>	<b>-109,569</b>	<b>-</b>	<b>-</b>	<b>80,155</b>	<b>-</b>
<b>Total Obligations.....</b>	<b>77,890</b>	<b>10</b>	<b>85,949</b>	<b>9</b>	<b>195,959</b>	<b>9</b>	<b>-114,569</b>	<b>-</b>	<b>-</b>	<b>81,390</b>	<b>9</b>

**Table AMS-18. Project Statement; Obligations (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Dec.	Chg Key	2022	
	Actual	FTE	Actual	FTE	Enacted	FTE			FTE	Budget
<b>Payments to States and Possessions</b>										
Discretionary Obligations:										
Federal-State Marketing Improvement Prog.....	\$1,235	1	\$1,209	-	\$1,235	-	-	-	\$1,235	-
Micro-grants for Food Security.....	-	-	154	-	5,000	-	-5,000	-	-	-
<b>Subtotal Obligations.....</b>	<b>1,235</b>	<b>1</b>	<b>1,363</b>	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>1,235</b>	<b>-</b>
Lapsing Balances.....	-	-	26	-	-	-	-	-	-	-
Balance Available, EOY.....	-	-	4,846	-	-	-	-	-	-	-
<b>Subtotal Appropriations.....</b>	<b>1,235</b>	<b>1</b>	<b>6,235</b>	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>1,235</b>	<b>-</b>
Mandatory Obligations:										
Specialty Crop Block Grants.....	74,726	9	84,586	9	89,724	9	-9,569	-	80,155	9
Specialty Crop Block Grants Supplemental Divi	-	-	-	-	100,000	-	-100,000	-	-	-
Modernization Technology, NOP.....	1,929	-	-	-	-	-	-	-	-	-
<b>Subtotal Obligations.....</b>	<b>76,655</b>	<b>9</b>	<b>84,586</b>	<b>9</b>	<b>189,724</b>	<b>9</b>	<b>-109,569</b>	<b>-</b>	<b>80,155</b>	<b>9</b>
<b>Total Obligations.....</b>	<b>77,890</b>	<b>10</b>	<b>85,949</b>	<b>9</b>	<b>195,959</b>	<b>9</b>	<b>-109,569</b>	<b>-</b>	<b>81,390</b>	<b>9</b>
Sequestration.....	5,270	-	5,015	-	4,845	-	-	-	4,845	-
Recoveries.....	-427	-	-729	-	-	-	-	-	-	-
Balance Available, SOY.....	-5,178	-	-13,676	-	-9,569	-	-	-	-	-
Lapsing Balances.....	4	-	235	-	-	-	-	-	-	-
Balance Available, EOY.....	13,676	-	9,569	-	-	-	-	-	-	-
<b>Subtotal Appropriations.....</b>	<b>90,000</b>	<b>9</b>	<b>85,000</b>	<b>9</b>	<b>185,000</b>	<b>-</b>	<b>-100,000</b>	<b>+9</b>	<b>85,000</b>	<b>9</b>
<b>Total Appropriations.....</b>	<b>91,235</b>	<b>10</b>	<b>91,235</b>	<b>9</b>	<b>191,235</b>	<b>9</b>	<b>-105,000</b>	<b>-</b>	<b>86,235</b>	<b>9</b>

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE****Table AMS-19. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**

Payments to States and Possessions—Federal-State Marketing Improvement Program--Discretionary

State/Territory/Country	2019		2020		2021 Enacted	FTE	2022	
	Actual	FTE	Actual	FTE			Budget	FTE
Georgia.....	-	-	\$249	-	-	-	-	-
Indiana.....	99	-	-	-	-	-	-	-
Kansas.....	192	-	243	-	-	-	-	-
Kentucky.....	98	-	-	-	-	-	-	-
Massachusetts.....	136	-	-	-	-	-	-	-
Michigan.....	125	-	-	-	-	-	-	-
Minnesota.....	-	-	235	-	-	-	-	-
Montana.....	79	-	-	-	-	-	-	-
New Jersey.....	-	-	98	-	-	-	-	-
New Mexico.....	-	-	135	-	-	-	-	-
Oregon.....	-	-	149	-	-	-	-	-
Tennessee.....	156	-	-	-	-	-	-	-
Virginia.....	224	-	-	-	-	-	-	-
U.S. TERRITORIES:								
District of Columbia.....	125	1	100	-	-	-	-	-
Distribution Unknown.....	-	-	-	-	1,235	-	1,235	-
Obligations.....	1,235	1	1,209	-	1,235	-	1,235	-
Lapsing Balances	-	-	26	-	-	-	-	-
Balance Available, EOY	-	-	-	-	-	-	-	-
Total, Available	1,235	-	1,235	-	1,235	-	1,235	-

## Payments to States and Possessions—Specialty Crop Block Grant--Mandatory

State/Territory/Country	2019		2020		2021 Enacted	2022		
	Actual	FTE	Actual	FTE		FTE	Budget	FTE
Alabama.....	\$482	-	\$517	-	\$482	-	\$482	-
Alaska.....	253	-	252	-	260	-	260	-
Arizona.....	1,564	-	1,414	-	1,559	-	1,559	-
Arkansas.....	353	-	361	-	355	-	355	-
California.....	22,988	-	23,844	-	22,990	-	22,990	-
Colorado.....	840	-	861	-	840	-	840	-
Connecticut.....	424	-	442	-	437	-	437	-
Delaware.....	359	-	345	-	360	-	360	-
Florida.....	4,332	-	3,563	-	4,335	-	4,335	-
Georgia.....	1,230	-	1,349	-	1,238	-	1,238	-
Hawaii.....	581	-	497	-	581	-	581	-
Idaho.....	2,114	-	2,034	-	2,136	-	2,136	-
Illinois.....	713	-	591	-	721	-	721	-
Indiana.....	515	-	479	-	518	-	518	-
Iowa.....	343	-	350	-	354	-	354	-
Kansas.....	374	-	332	-	384	-	384	-
Kentucky.....	340	-	323	-	351	-	351	-
Louisiana.....	406	-	414	-	422	-	422	-
Maine.....	640	-	598	-	650	-	650	-
Maryland.....	505	-	443	-	525	-	525	-
Massachusetts.....	427	-	454	-	435	-	435	-
Michigan.....	2,209	-	1,992	-	2,209	-	2,209	-
Minnesota.....	1,366	-	1,334	-	1,368	-	1,368	-
Mississippi.....	426	-	435	-	434	-	434	-
Missouri.....	459	-	426	-	460	-	460	-
Montana.....	1,522	-	3,072	-	1,535	-	1,535	-
Nebraska.....	733	-	823	-	735	-	735	-
Nevada.....	298	-	269	-	310	-	310	-
New Hampshire.....	296	-	250	-	308	-	308	-
New Jersey.....	839	-	749	-	840	-	840	-
New Mexico.....	612	-	584	-	614	-	614	-
New York.....	1,382	-	1,231	-	1,388	-	1,388	-
North Carolina.....	1,337	-	1,260	-	1,357	-	1,357	-
North Dakota.....	2,948	-	3,287	-	2,958	-	2,958	-
Ohio.....	742	-	594	-	745	-	745	-
Oklahoma.....	621	-	590	-	625	-	625	-
Oregon.....	2,155	-	2,056	-	2,166	-	2,166	-
Pennsylvania.....	1,142	-	1,097	-	1,152	-	1,152	-
Rhode Island.....	276	-	272	-	278	-	278	-
South Carolina.....	544	-	595	-	545	-	545	-
South Dakota.....	343	-	393	-	345	-	345	-
Tennessee.....	535	-	536	-	563	-	563	-
Texas.....	2,108	-	1,589	-	2,148	-	2,148	-
Utah.....	335	-	368	-	340	-	340	-
Vermont.....	330	-	323	-	344	-	344	-
Virginia.....	541	-	542	-	555	-	555	-
Washington.....	4,791	-	4,652	-	4,793	-	4,793	-
West Virginia.....	296	-	302	-	300	-	300	-
Wisconsin.....	1,377	-	1,291	-	1,387	-	1,387	-
Wyoming.....	363	-	341	-	365	-	365	-
U.S. TERRITORIES:								
District of Columbia.....	2,480	9	2,505	9	2,481	12	2,481	12
Guam.....	244	-	244	-	278	-	278	-
Puerto Rico.....	522	-	518	-	525	-	525	-
Virgin Islands.....	243	-	243	-	243	-	243	-
American Samoa.....	282	-	283	-	285	-	285	-
Northern Mariana Islands.....	243	-	243	-	243	-	243	-
Obligations.....	74,725	9	74,750	9	75,155	12	75,155	12
Lapsing Balances	5	-	235	-	-	-	-	-
Rescinded Balances	5,270	-	5,015	-	4,845	-	4,845	-
Balance Available, EOY	-	-	-	-	-	-	-	-
<b>Total, Available</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>

**CLASSIFICATION BY OBJECTS**

**Table AMS-20 Classification by Objects (thousands of dollars)**

Item No.	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
<b>Payments To States and Possessions</b>					
<i>(Dollars in Thousands)</i>					
<b>Federal-State Marketing Improvement Program</b>					
Personnel Compensation:					
	Washington D.C.	\$42	\$33	\$42	\$42
11.0	Total personnel compensation	42	33	42	42
12.0	Personnel benefits	12	11	12	12
	Total, personnel comp. and benefits	54	44	54	54
23.3	Communications, utilities, and misc. charges	3	1	3	3
25.4	Operation and maintenance of facilities	69	55	69	69
41.0	Grants, subsidies, and contributions	1,109	1,109	1,109	1,109
	Total, Other Objects	1,181	1,165	1,181	1,181
99.9	Total, new obligations	1,235	1,209	1,235	1,235
Position Data:					
	Average Salary (dollars), GS Position	\$105,226	\$109,088	\$109,088	\$109,088
	Average Grade, GS Position	13	13	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 2020, AMS received 24 applications requesting \$2.2 million and awarded approximately \$1.1 million to support six of those projects in September 2020. 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 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, select source documentation for payment requests, and providing technical assistance for grant recipients. In FY 2020, 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. AMS closed 12 of those grant agreements.

The University of Washington completed a project in FY 2020 that assessed the potential of an innovative new technology, thermal modification (TM), to increase the value of western hemlock lumber by enhancing its physical and mechanical properties. This project led to the development of a series of value-added wood products (e.g., decking, fencing, siding and outdoor furniture) that could provide the foundation for the development of a value-added wood manufacturing cluster on the Olympic Peninsula. It increased the pace and scale of restoration efforts within the Olympic National Forest and support forest restoration activities. This project developed a methodology to assess whether thermal modification is appropriate for other low-value timber species in the Pacific Northwest as well as in other regions of the United States. It served as a model for other rural, timber-dependent communities where the supply of underutilized, low-value timber is plentiful (e.g., coal mining communities in rural Appalachia).

Another project that closed in FY 2020 was Exploring Northeast Markets for Farmed Kelp, conducted by the University of Rhode Island. The University explored new market opportunities for kelp, a sea vegetable, by conducting a supply/value chain analysis of kelp farming in the Northeastern U.S. (Maine to New York). Kelp is an emerging farm product cultivated as a

primary crop on dedicated farms and as an alternative winter crop by shellfish farmers in the region. While a few Northeast farmers are currently growing kelp and selling it as a food product, anecdotal evidence suggests that many other farmers are interested in and capable of growing kelp, yet there is insufficient information available on the regional market for farmed kelp, and in particular little knowledge of the kelp supply/value chain. The research team conducted background research and convened a series of focus groups, organized sequentially, to develop knowledge to help conduct a supply/value chain analysis of the kelp value chain. The project successfully achieved all proposed objectives by conducting background research on the kelp supply/value chain in the Northeastern United States.

## **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 2020, AMS received 56 applications from the State departments of agriculture, requesting to implement 687 projects amounting to \$72.4 million. Awards were made in September 2020. 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 2020, AMS managed approximately 224 SCBGP grant agreements amounting to over \$267 million that implemented almost 3,000 projects. Those agreements consisted of grants awarded from FY 2016 to FY 2019. In addition, AMS closed 34 of these grant agreements.

One project that was completed in FY 2020 came from the [Florida Department of Agriculture and Consumer Services](#), which awarded funding to the University of Central Florida to develop a project that is currently engineering a mechanical arm. This gripper mimics human hands and fingers as it picks strawberries—without damaging the fruit. The technology aims to be universal for different strawberry varieties. The project will also evaluate the economic impact of the gripper creation. The project team finalized their design and manufactured two prototypes. Both prototypes have gone through laboratory and field tests, and one has been integrated with a robotic arm-like platform for harvesting. The team measures project success by the number of strawberry varieties to which the picking mechanism can be applied and the number of harvesting platforms that decide to adopt the technology.

Another example is a project concluded in FY 2020, where the North Dakota [State Department of Agriculture](#) distributed SCBGP funds to North Dakota State University to tackle water management issues. The project's goal was to improve fruit and vegetable yields by creating a

drip irrigation system that can be automatically controlled by soil moisture sensors. The project involved experiments to see how different mulch types and amounts impact weed control with the system. The team designed, built and implemented the drip irrigation system and conducted comparisons on tomato and watermelon yield and quality. Based on the results, they then educated local growers on the new drip irrigation technology. With its projected ability to conserve water, improve soil temperature and extend growing seasons, the team sees this system as the future of North Dakota specialty crops.

*Performance Measures:* In FY 2020, AMS continued to work 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 has included:

Analysis of current performance measures with effort towards improving accuracy and streamlining these into certain supportable categories;

Creation of specific program metrics for each grant with a view 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.

*Office of Inspector General (OIG) Audit:* In June 2018, OIG began a customary audit of the SCBGP, and this was finalized in October 2020. Their objectives were to identify and evaluate AMS' management controls over SCBGP, which included evaluation of the processes used by AMS to award and disburse grant funds to the States as well as AMS' and States' processes used to monitor the grants. AMS worked collaboratively with the auditors to provide laws, regulations, policies, procedures, Request for Applications, sample State Plans, and SCBGP Award Terms and Conditions. The audit report included four recommendations, as follows:

Recommendation 1: Strengthen existing controls over the grant program process, including testing State policies and/or processes during onsite reviews to ensure all States monitor their SCBGP projects.

Recommendation 2: Obtain an Office of the General Counsel (OGC) opinion regarding whether matching funds should be reported, based on Federal regulations and the AMS Grants Division General Terms and Conditions, and take the appropriate actions based on the advice received.

Recommendation 3: Ensure all States create and implement policies and procedures for performing risk assessments and conducting reviews of subrecipients and provide guidance on the information that must be included. Specifically, the process should include ensuring funds are used in accordance with Federal regulations and AMS' terms and conditions.

Recommendation 4: Communicate to States the benefits of expending their administrative funds to conduct the necessary monitoring.

The full results of this audit were published on October 15, 2020 and are available at [https://www.usda.gov/sites/default/files/audit-reports/4\\_01601-0002-23\\_FR\\_508\\_FOIA\\_redacted\\_public%2520%282%29.pdf](https://www.usda.gov/sites/default/files/audit-reports/4_01601-0002-23_FR_508_FOIA_redacted_public%2520%282%29.pdf).

## Specialty Crop Multi-State Program (SCMP)

### *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 57 applications requesting almost \$39 million, of which 11 applicants were awarded \$9,496,052. 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 announced awards in Spring of 2020. Information on these awards and previous agreements 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 technical assistance for grant recipients. In FY 2020, AMS managed a total of 22 SCMP grant agreements funded at approximately \$16.5 million, consisting of grants awarded since FY 2018.

One project example that will close in FY 2021 comes from the California Department of Food and Agriculture, which partnered with the University of California's Western Institute for Food Safety & Security and Oregon State University to study the role of honeybees in specialty crop production, specifically related to high colony losses. The grant recipient will train veterinarians and apiculture educators to support beekeeper understanding of Veterinary Feed Directive (VFD) complexity in order to maintain strong, healthy colonies for specialty crop pollination and safe honey production. Training will be provided through a comprehensive online bee biology course and train-the-trainer programs. This project has so far been successful in targeting distribution channels for veterinarians which will help the refinement and refocus of the online program to meet specific needs of veterinarians. Standardized hands-on training was developed to provide beginner beekeepers with a tangible and focused training experience.

In another project that will close in FY 2021, the Nebraska Department of Agriculture will partner with the University of Wisconsin and the University of Nebraska to study the marketability of Aronia berry with the goal of increasing small family farm profitability. The grant recipient will characterize the genetic diversity of Aronia produced in the U.S. and introduce new cultivars with improved characteristics. Researchers will also establish nutritional and flavor benchmarks of Aronia fruit and determine pre-harvest factors associated with improved berry quality. Finally, the project will identify key flavor compounds contributing to the unfavorable taste of Aronia berry and apply food processing technologies to increase

consumer preference. So far, 8 of 11 growers were successful in harvesting young shoot tips and submitted them to the Brand lab at the University of Connecticut for DNA extraction. Analysis was completed on grower germplasm. A sample of 1,200 controlled pollinations were conducted to allow associations between multiple Aronia strands. Over 236 progenies have been developed and are being regenerated for further phenotypic and genotypic data collection.



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

**APPROPRIATIONS LANGUAGE**

Not to exceed \$55,000,000 (from fees collected) shall be obligated during the current fiscal year for inspection and weighing services, including activities of the Federal Grain Inspection Service: Provided, That if grain export activities, authorized under the U.S. Grain Standards Act, require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded up to 10 percent with notification to the Committees of Appropriation of both Houses of Congress.

**LEAD-OFF TABULAR STATEMENT**

**Table AMS-21. Lead-Off Tabular Statement (In dollars)**

Item	Amount
2021 Enacted	\$55,000,000
Change in Appropriation	0
Budget Estimate, 2022	<u>55,000,000</u>

**Table AMS-22. Project Statement; Appropriation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Dec.	Chg Key FTE	2022		
	Actual	FTE	Actual	FTE	Enacted	FTE			Budget	FTE	
<b>Limitation on Fee Funded Inspection and Weighing, and Examination Services</b>											
<b>Mandatory Appropriations:</b>											
Inspection and Weighing.....	\$40,730	351	\$38,248	318	\$55,000	421	-	-	-	\$55,000	421
Total Appropriation.....	40,730	351	38,248	318	55,000	421	-	-	-	55,000	421
Sequestration return.....	2,904	-	2,996	-	2,581	-	-	-	-	2,493	-
Sequestration holding.....	-2,996	-	-2,581	-	-2,493	-	-	-	-	-2,493	-
Recoveries.....	2,773	-	756	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	33,163	-	25,857	-	18,030	-	-	-	-	18,118	-
Total Available.....	76,574	351	65,276	318	73,118	421	-	-	-	73,118	421
Bal. Available, EOY.....	-25,857	-	-18,030	-	-18,118	-	-	-	-	-18,118	-
Total Obligations.....	<b>50,717</b>	<b>351</b>	<b>47,246</b>	<b>318</b>	<b>55,000</b>	<b>421</b>	-	-	-	<b>55,000</b>	<b>421</b>

**Table AMS-23. Project Statement; Obligations (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Dec.		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	FTE	FTE	Budget	FTE
<b>Limitation on Fee Funded Inspection and Weighing, and Examination Services</b>										
Mandatory Obligations:										
Inspection and Weighing.....	\$50,717	351	\$47,246	318	\$55,000	421	-	-	\$55,000	421
Total Obligations.....	50,717	351	47,246	318	55,000	421	-	-	55,000	421
Bal. Available, EOY.....	25,857	-	18,030	-	18,118	-	-	-	18,118	-
Sequestration return.....	-2,904	-	-2,996	-	-2,581	-	-	-	-2,493	-
Sequestration holding.....	2,996	-	2,581	-	2,493	-	-	-	2,493	-
Recoveries.....	-2,773	-	-756	-	-	-	-	-	-	-
Total Available.....	73,893	351	64,105	318	73,030	421	-	-	73,118	421
Bal. Available, SOY.....	-33,163	-	-25,857	-	-18,030	-	-	-	-18,118	-
Total Appropriation.....	<b>40,730</b>	<b>351</b>	<b>38,248</b>	<b>318</b>	<b>55,000</b>	<b>421</b>	-	-	<b>55,000</b>	<b>421</b>

**Table AMS-24. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**

State/Territory/Country	2019		2020		2021 Enacted	2022		FTE	
	Actual	FTE	Actual	FTE		FTE	Budget		
Arkansas.....	\$2,342	24	\$2,319	26	\$2,150	22	\$2,150	22	
Illinois.....	238	1	246	1	238	1	238	1	
Louisiana.....	20,307	188	19,123	155	22,684	154	22,684	154	
Missouri.....	1,638	14	3,274	18	1,793	67	1,793	67	
North Dakota.....	652	7	852	7	682	11	682	11	
Ohio.....	2,177	20	2,026	19	2,039	19	2,039	19	
Oregon.....	2,759	25	2,821	25	3,176	31	3,176	31	
Texas.....	7,338	58	7,470	60	7,110	58	7,110	58	
Washington.....	148	1	135	1	148	1	148	1	
U.S. TERRITORIES:									
District of Columbia.....	13,118	13	8,980	6	14,980	57	14,980	57	
Obligations.....	<b>50,717</b>	<b>351</b>	<b>47,246</b>	<b>318</b>	<b>55,000</b>	<b>421</b>	<b>55,000</b>	<b>421</b>	

**CLASSIFICATION BY OBJECTS****Table AMS-25 Classification by Objects (thousands of dollars)**

<b>Item No.</b>	<b>Item</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Enacted</b>	<b>2022 Budget</b>
Personnel Compensation:					
	Washington D.C.	\$9,351	\$8,964	\$5,485	\$6,270
	Personnel Compensation, Field	18,681	21,036	28,543	29,243
11	Total personnel compensation	28,032	30,000	34,028	35,513
12	Personal benefits	8,607	9,949	8,650	8,750
13.0	Benefits for former personnel	67	78	77	80
	Total, personnel comp. and benefits	36,706	40,027	42,755	44,343
Other Objects:					
21.0	Travel and transportation of persons	1,020	923	1,174	1,160
22.0	Transportation of things	-	7	105	90
23.1	Rental payments to GSA	-	303	85	85
23.2	Rental payments to others	487	515	786	786
23.3	Communications, utilities, and misc. char	550	1,101	653	653
24.0	Printing and reproduction	88	48	159	109
25	Other contractual services	-	-	-	-
25.1	Advisory and assistance services	-	1	-	-
25.2	Other services from non-Federal sources	-	-	4,500	3,321
25.3	Other goods and services from Federal s	292	2,616	1,000	900
25.4	Operation and maintenance of facilities	11,060	-	1,200	1,100
25.5	Research and development contracts	-	-	-	-
25.7	Operation and maintenance of equipment	-	293	1,020	920
26.0	Supplies and materials	512	704	683	653
31.0	Equipment	-	686	800	800
33.0	Investments and loans	2	-	30	30
41.0	Grants, subsidies, and contributions	-	-	-	-
42.0	Insurance Claims and Indemnities	-	20	-	-
43.0	Interest and Dividends	-	-	-	-
	Total, Other Objects	14,011	7,219	12,245	10,657
99.9	Total, new obligations	50,717	47,246	55,000	55,000
Position Data:.....					
	Average Salary (dollars), ES Position	\$184,152	\$193,125	\$195,057	\$197,007
	Average Salary (dollars), GS Position	\$45,393	\$45,342	\$45,796	\$46,986
	Average Grade, GS Position	9.0	8.0	8.0	9.0



**STATUS OF PROGRAMS*****Limitation on Fee-Funded Inspection and Weighing Services*****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 2020, FGIS conducted 3.2 million official inspections of grain resulting in 314.4 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.

<b>Standardized Grain Officially Inspected</b>	<b>Quantity in MMT 2020</b>	<b>Percentage of Total</b>
Domestic	191.8	61.0
Export by FGIS	73.1	23.2
by Delegated States	33.2	10.6
by Designated Agencies	16.3	5.2
<b>Total</b>	<b>314.4</b>	<b>100.0</b>



**ACCOUNT 4: PERISHABLE AGRICULTURAL COMMODITIES ACT FUND**

**LEAD-OFF TABULAR STATEMENT**

**Table AMS-26. Lead-Off Tabular Statement (In dollars)**

Item	Amount
2021 Enacted	\$10,935,000
Change in Appropriation	+ 164,000
Budget Estimate, 2022	<u>11,099,000</u>

**Table AMS-27. Project Statement; Appropriation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or Chg		2022		
	Actual	FTE	Actual	FTE	Enacted	FTE	Dec.	Key	FTE	Budget	FTE
<b>Mandatory Appropriations:</b>											
<b>Perishable Agricultural Commodities Act Fund</b>											
PACA.....	\$11,443	56	\$10,947	57	\$10,935	69	+164	-	-	\$11,099	69
Total Appropriation.....	11,443	56	10,947	57	10,935	69	164	-	-	11,099	69
Sequestration return.....	699	-	665	-	643	-	-643	-	-	623	-
Sequestration holding.....	-665	-	-643	-	-623	-	-	-	-	-623	-
Recoveries.....	291	-	107	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	15,761	-	17,401	-	17,732	-	-	-	-	17,752	-
Total Available.....	27,529	56	28,477	57	28,687	69	-479	-	-	28,851	69
Bal. Available, EOY.....	-17,401	-	-17,732	-	-17,752	-	-	-	-	-17,752	-
Total Obligations.....	<b>10,128</b>	<b>56</b>	<b>10,745</b>	<b>57</b>	<b>10,935</b>	<b>69</b>	<b>164</b>	-	-	<b>11,099</b>	<b>69</b>

**Table AMS-28. Project Statement; Obligation (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or		2022		
	Actual	FTE	Actual	FTE	Enacted	FTE	Dec.	FTE	Budget	FTE	
<b>Mandatory Obligations:</b>											
<b>Perishable Agricultural Commodities Act Fund</b>											
PACA.....	\$10,128	56	\$10,745	57	\$10,935	69	+164	-	\$11,099	69	
Subtotal.....	10,128	56	10,745	57	10,935	69	164	-	11,099	69	
Bal. Available, EOY.....	17,401	-	17,732	-	17,752	-	-	-	17,752	-	
Sequestration return.....	-699	-	-665	-	-643	-	-	-	-623	-	
Sequestration holding.....	665	-	643	-	623	-	-	-	623	-	
Recoveries.....	-291	-	-107	-	-	-	-	-	-	-	
Total Available.....	27,204	56	28,348	57	28,667	69	164	-	28,851	69	
Bal. Available, SOY.....	-15,761	-	-17,401	-	-17,732	-	-	-	-17,752	-	
Total Appropriation.....	<b>11,443</b>	<b>56</b>	<b>10,947</b>	<b>57</b>	<b>10,935</b>	<b>69</b>	<b>164</b>	-	<b>11,099</b>	<b>69</b>	

**TABLE AMS-29. GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE (THOUSANDS OF DOLLARS, FTE)**

State/Territory/Country	2019		2020		2022		FTE	
	Actual	FTE	Actual	FTE	2021 Enacted	Budget		
Arizona.....	\$1,558	8	\$1,822	11	\$1,840	11	\$1,890	11
Texas.....	1,383	7	1,387	9	1,401	10	1,439	10
Virginia.....	1,296	11	1,378	9	1,392	11	1,429	11
District of Columbia.....	5,891	43	6,158	27	6,302	37	6,341	37
Obligations.....	10,128	69	10,745	56	10,935	69	11,099	69
Lapsing Balances	-	-	-	-	-	-	-	-
Bal. Available, EOY	17,401	-	17,732	-	17,732	-	17,732	-
Total, Available	<b>27,529</b>	<b>69</b>	<b>28,477</b>	<b>56</b>	<b>28,667</b>	<b>69</b>	<b>28,831</b>	<b>69</b>

## **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' PACA Division 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 to them.

#### Selected Examples of Recent Progress

In FY 2020, AMS was contacted by members of the fruit and vegetable industry for assistance in resolving 1,257 informal commercial disputes. AMS resolved approximately 88 percent of those disputes informally within four months, with informal settlement amounts totaling over \$53.3 million. Decisions and orders were issued in 297 formal reparation cases involving award amounts totaling approximately \$11.8 million. AMS initiated 27 disciplinary complaints against firms for alleged violations of PACA. In addition, the PACA Division assisted 2,335 callers needing immediate transactional assistance involving over \$66.3 million.

#### Fees and Charges in Effect in 2020:

Basic License Fees: \$995 per year

Branch License Fees: \$600 per location

Number of Licensees: 13,303

Informal Complaints Filed: 1,257

Formal Complaints and Counterclaims Filed: 328

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:

- Florida Blueberry Grower's Association Annual Meeting
- SE Regional Fruit and Vegetable Conference
- Rio Grande Valley Produce Association Meeting
- Fresh Produce Association of the Americas
- Pro Act, Monterey, CA PACA 101 Presentation
- Tomato Suspension Agreement Informational Meetings in San Diego, CA and Nogales, AZ
- PACA 101 Presentations via Zoom for Marroko Produce and Emanuel Transport Co.

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

Appropriations Language The appropriations language follows (new language underscored; deleted matter 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
4. authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise
5. provided in this Act; and (3) not more than [~~\$20,705,000~~] \$20,817,000 for formulation
6. and administration of marketing agreements and orders pursuant to the Agricultural
7. Marketing Agreement Act of 1937 and the Agricultural Act of 1961.

**Change Description**

The change (line 5) delete 2021 appropriation amount and replaces it with 2021 request.

**LEAD-OFF TABULAR STATEMENT*****Table AMS-30. Lead-Off Tabular Statement (In dollars)***

Permanent Appropriation, 2021.....	\$22,696,566,000
Prior Year Appropriation Available, start of year.....	36,766,000
Less annual transfers to:	
Department of Commerce.....	-262,275,000
FNS, Child Nutrition Programs.....	-21,040,057,000
Total, Transfers	-21,302,332,000
Farm Bill Spending Authority, 2021.....	1,431,000,000
Less Sequester.....	-71,136,000
<b>Total AMS Budget Authority, 2021.....</b>	<b><u>1,359,864,000</u></b>
Less FNS transfer for the Farm Bill FFVP.....	-183,000,000
<b>Total Available for Obligation, 2021.....</b>	<b><u>1,176,864,000</u></b>
Budget Estimate, 2022	
Permanent Appropriation, 2022.....	21,679,260,000
Less annual transfers to:	
Department of Commerce.....	-253,669,000
FNS, Child Nutrition Programs.....	-19,961,591,000
Total, Transfers	-20,215,260,000
Farm Bill Spending Authority, 2022.....	1,464,000,000
Less Sequester.....	-72,789,000
<b>Total AMS Budget Authority, 2022.....</b>	<b><u>1,391,211,000</u></b>
Less FNS transfer for the Farm Bill FFVP.....	-187,000,000
<b>2022 Request, Including Proposed Legislation.....</b>	<b><u>1,204,211,000</u></b>
Change in Appropriation.....	<u>27,347,000</u>

**Table AMS-31. Project Statement; Appropriation (thousands of dollars, FTE)**

Item	2019		2020		2021		Chg		2022 Budget	FTE	
	Actual	FTE	Actual	FTE	Enacted	FTE	Inc. or Dec.	Key			
<b>Section 32</b>											
Mandatory Appropriations:											
Permanent Appropriations.....	\$10,624,198	124	\$15,123,425	119	\$22,696,566	154	-\$1,017,306	1	-	\$21,679,260	154
Total Appropriation.....	10,624,198	124	15,123,425	119	22,696,566	154	-1,017,306	-	-	21,679,260	154
Transfers Out:											
Food and Nutrition Service (FNS), Child Nutrition Programs .....	-9,092,217	-	-13,535,592	-	-21,003,291	-	+1,041,700	-	-	-19,961,591	-
FNS Transfer from PY funds.....	-651	-	-1,367	-	-36,765	-	+36,765	-	-	-	-
FNS, Fresh Fruit and Vegetable Program.....	-175,000	-	-179,000	-	-183,000	-	-4,000	-	-	-187,000	-
Department of Commerce.....	-157,980	-	-183,833	-	-262,275	-	+8,606	-	-	-253,669	-
AMS, Hemp Production Program.....	-1,200	-	-	-	-	-	-	-	-	-	-
Total Transfers Out.....	-9,427,048	-	-13,899,792	-	-21,485,331	-	+1,083,071	-	-	-20,402,260	-
Sequestration.....	-74,338	-	-72,275	-	-71,136	-	-1,653	-	-	-72,789	-
Recoveries, Other .....	1,305	-	105,294	-	-6,118	-	+6,118	-	-	-	-
Bal. Available, SOY.....	311,948	-	498,717	-	390,630	-	-390,630	-	-	-	-
Prior Year Appropriation Available, SOY.....	651	-	1,367	-	36,765	-	-36,765	-	-	-	-
Unavailable Resources, EOY.....	-1,367	-	-36,765	-	-	-	-	-	-	-	-
Total Available.....	1,435,349	124	1,719,971	119	1,561,376	154	-320,400	-	-	1,204,211	154
Bal. Available, EOY.....	-498,717	-	-390,630	-	-	-	-	-	-	-	-
Total Obligations.....	<b>936,632</b>	<b>124</b>	<b>1,329,341</b>	<b>119</b>	<b>1,561,376</b>	<b>154</b>	<b>-357,165</b>	-	-	<b>1,204,211</b>	<b>154</b>

**Table AMS-32. Project Statement; Obligations (thousands of dollars, FTE)**

Item	2019		2020		2021		2022		Budget	FTE
	Actual	FTE	Actual	FTE	Enacted	FTE	Inc. or Dec.	FTE		
<b>Section 32</b>										
Mandatory Obligations:										
Commodity Purchases.....	\$882,834	-	\$1,274,553	-	\$1,503,925	-	-\$357,341	-	\$1,146,584	-
Administrative Funds.....	53,798	124	54,788	119	57,451	154	+176	-	57,627	154
Total Obligations.....	936,632	124	1,329,341	119	1,561,376	154	-357,165	-	1,204,211	154
Balances Available, EOY:	498,717	-	390,630	-	-	-	-	-	-	-
Total Available.....	1,435,349	124	1,719,971	119	1,561,376	154	-357,165	-	1,204,211	154
Less:										
Total Transfers In.....	10,624,198	-	15,123,425	-	22,696,566	-	-1,017,306	-	21,679,260	-
Total Transfers Out.....	-9,427,048	-	-13,899,792	-	-21,485,331	-	1,083,071	-	-20,402,260	-
Prior Year Appropriation, Available.....	651	-	1,367	-	36,765	-	-	-	-	-
Sequestration.....	-74,338	-	-72,275	-	-71,136	-	-1,653	-	-72,789	-
Recoveries, Other .....	-62	-	68,529	-	-6,118	-	6,118	-	-	-
Bal. Available, SOY.....	311,948	-	498,717	-	390,630	-	-390,630	-	-	-
Total Appropriation.....	<b>1,435,349</b>	<b>124</b>	<b>1,719,971</b>	<b>119</b>	<b>1,561,376</b>	<b>154</b>	<b>-320,400</b>	-	<b>1,204,211</b>	<b>154</b>

**TABLE AMS-33. GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE (THOUSANDS OF DOLLARS, FTE)**

State/Territory/Country	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
California.....	\$742	5	\$843	6	\$870	8	\$880	8
Florida.....	785	5	851	6	830	5	837	5
Oregon.....	734	4	1,332	6	770	5	778	5
Texas.....	12	-	2	-	-	-	-	-
Virginia.....	221	1	218	1	205	1	208	1
District of Columbia.....	51,304	109	51,543	100	54,776	135	54,924	135
Obligations, Administrative.....	53,798	124	54,788	119	57,451	154	57,627	154
Program Spending.....	882,833	-	1,274,553	-	1,503,925	-	1,146,584	-
Total, Section 32.....	<b>936,631</b>	<b>124</b>	<b>1,329,341</b>	<b>119</b>	<b>1,561,376</b>	<b>154</b>	<b>1,204,211</b>	<b>154</b>



## **STATUS OF PROGRAMS**

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

#### **Commodity Purchases**

##### *Current Activities*

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 2020, CPP purchased over \$8.6 billion worth of U.S. product that was shipped overseas for foreign assistance efforts and to domestic outlets such as schools and foodbanks. The program 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 create marketing opportunities. The program also coordinates all Agency activities related to the Web-Based Supply Chain Management system (WBSCM), which is the mission-critical system USDA relies on to manage its commodity supply chain operations, including the order, purchase, storage, and delivery of American agricultural products to customers.

##### Selected Examples of Recent Progress

###### Farmers to Families Food Box Program

As the COVID-19 outbreak occurred, the closure of schools, restaurants, and other foodservice establishments created an excess of agricultural products on the market. Amidst reports of farmers dumping fruits and vegetables and milk, animals being euthanized, distributors laying off employees, estimates of billions of dollars in losses, and an increased need for food among Americans, Commodity Procurement developed an emergency procurement program to link farmers, produce distributors, and people in need. CPP implemented the new, additional purchase program for Farmers to Families Food Box purchases. Normal procurement programs can take up to a year to develop and implement, but this program was developed and implemented within a month. The program saved countless jobs, supported American farmers and provided food to people who needed it most. The program purchased \$4 billion in agricultural products that supported farmers and fed people across America. This represented a 95% increase over FY19 purchase levels and a 133% increase over typical years, without an increase in staffing. The program distributed over 106 million boxes of American agricultural food products to nonprofit organizations across the country.

###### Nutrition Assistance and Agricultural Support Purchase Programs

CPP total purchases for these programs in fiscal year 2020 were another \$3.0 billion. Section 32 purchases, valued at \$740 million, were delivered to food banks and soup kitchens and supported 42 agricultural markets. CPP delivered food to provide \$378,683 in disaster assistance for victims of a typhoon in the Federated States of Micronesia. A long-term bulk potato pilot resulted in lower prices, \$6.4 million less than estimated. CPP approved 102 new vendors to participate in our normal purchase programs; developed 8 new products to support agricultural markets; and reformulated 4 current products to meet customer needs. The program successfully modified over 500 contracts to meet the needs of schools and food banks during the pandemic. The program successfully modified warehouse contracts to add 4 overflow warehouses, and

modified contracts to send 236 truckloads of product to those warehouses. Commodity Procurement successfully purchased an additional \$377.4 million in agricultural food products for food banks utilizing COVID-19 funding.

#### Financial Management Modernization Initiative (FMMI) Integration

Seven interfaces between FMMI and WBSCM went fully operational on May 5, 2020, and included all financial activities of AMS, FAS, and FNS, with the purpose of effectively managing budget, fund commitments, obligations, vendor payments, collections and eliminating duplicate manual entries between the two systems. These new interfaces also address Digital Accountability and Transparency Act (DATA Act) mandates, reporting over \$8.6 billion in FY 2020 commodity contracts awarded by the AMS Commodity Procurement Program. Within the first week of this project being deployed, AMS awarded \$1.2 billion in commodity contracts through the Farmers to Families Food Box Program. Additionally, the integration of the system reduced requirements for manual payment approval by 50%, from 500 a day to 250, and once the Farm Production and Conservation (FPAC) agency utilizes the integrated systems, that will reduce to zero, saving one FTE that can be utilized for more significant activities. Additionally, AMS no longer has to manually input summary procurement data into FMMI.

#### Trade Mitigation Food Purchase and Distribution Program

The trade mitigation Food Purchase and Distribution Program met USDA's goal by purchasing an additional \$1.264 billion and 27,808 truckloads in agricultural products that supported farmers and fed people across America. In addition, as a result of the mitigation, 56 new suppliers were approved, which included 45 small businesses, increasing USDA's capacity to purchase products under this program.

### **Marketing Agreements and Orders**

#### *Current Activities*

Section 32 funds support AMS administrative expenses to oversee 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

### 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 USDA 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 2020 involved: volume regulations for spearmint oil and tart cherries, 9 assessment rate changes, quorum requirements for California olives, and handler registration requirements for Florida citrus and California walnuts. The Marketing Order and Agreement Division successfully conducted the agency’s first-ever formal rulemaking hearing over a video conferencing platform, which helped the California Walnut Board add credit-back authority, and submitted the final rule to the Federal Register that will effectuate uniform authority for agency audit programs under Part 62.

In its capacity overseeing formal and informal rulemaking actions recommended by marketing order committees. AMS processed 34 work plans, 24 proposed/interim rules, 18 final/final interim rules, 27 notices to trade and press releases, 5 continuance referenda, and 2 amendatory referenda during FY 2020.

*Enforcement* – AMS is responsible for the enforcement of 29 Federal specialty crop 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* – In response to COVID-19 related travel restrictions, AMS replaced onsite compliance reviews with remote desk reviews. During FY 2020, AMS conducted 16 desk reviews, approved 16 e-compliance plans, and followed up on 3,578 inspections for failing section 8e entries. For importers not complying with section 8e, AMS issued 33 official warning letters and 1 stipulation agreement, including civil penalties. AMS granted 3,911 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 further effectuated a streamlined process for ensuring import compliance using the Compliance Enforcement Management System (CEMS) that received over 39,500 electronic filings from Custom’s Automated Commercial Environment, with 33,763 automatically reconciling and returning “may proceed” messages back to Customs. CEMS processed 3,911 SC-6 Commodity Exemption certificates while AMS issued approximately 33 warning letters to ensure compliance for section 8e commodities and Pistachio Aflatoxin Project imports, accumulated over \$5,500 in stipulations agreed to by importers violating 8e import requirements, and conducted two webinars and

multiple outreach efforts to inform global trade participants about reporting requirements that AMS put into place in September through rulemaking. AMS also collaborated throughout the year with the National Onion Association to mitigate onions being imported from Canada without required inspections.

*Legal Cases* --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. Plaintiffs agreed to settle their \$1.3 billion in class action claims and reached agreement on terms, and a settlement agreement for between \$85 million 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. AMS is awaiting word from the Office of the General Counsel concerning the Administrative Law Judge's acceptance of the terms of the settlement. On September 15, 2020, the Office of the General Counsel informed AMS that there have been no new developments to report on the settlement.

### *Dairy Program*

*Response to COVID-19:* AMS ensured continuity of critical services to the dairy industry by swiftly adapting to changing conditions during the COVID-19 pandemic. First, AMS coordinated a national Federal Milk Marketing Order (FMMO) response to dairy supply chain disruptions due to COVID-19 to allow marketing flexibilities while ensuring the FMMO objectives were upheld. Temporary adjustments to provisions were designed to maintain more orderly marketing conditions after the supply-demand shock caused by the pandemic and ensured continued participation by producers and processors typically associated with a FMMO. AMS also allowed for operational changes by dairy payment testing laboratories involving instrument calibration protocol, payment sample testing, and shipping and transportation limitations, to ensure the maintenance of the most accurate payment test results for use in inter and/or intrastate commerce of milk.

*Fluid Milk Processor Bankruptcies:* Two major U.S. milk processors filed for bankruptcy during FY 2020. AMS collaborated closely with USDA's Office of the General Counsel (OGC) and Department of Justice (DOJ) attorneys to develop a plan to collect money on behalf of dairy producers. AMS coordinated the Proof of Claim process for 13 FMMO and Dairy Program offices to recover monies owed to USDA and dairy producers through the bankruptcy process and provided guidance and technical expertise to DOJ as it represented USDA and producer interests. Debt owed between the two bankruptcies totals more than \$41 million owed to dairy producers and \$1.2 million owed to USDA.

*Technical Trade Assistance:* AMS provided technical assistance to the Office of the U.S. Trade Representative as part of the North American Free Trade Agreement renegotiations to ensure FMMO program operations continue unimpeded by the U.S.-Mexico-Canada agreement. Canada and Mexico are the top importers of U.S. dairy products valued at over \$2.2 billion in 2019.

*Milk Donation Reimbursement Program:* AMS leveraged existing staff resources to ensure cost savings to implement and manage \$14 million available under the new Milk Donation and Reimbursement Program (MDRP) as directed by the 2018 Farm Bill. Since the program's implementation, AMS approved 300 plan partnerships for 12 processors and allocated \$3.5 million in funds representing estimated donations of 5 million gallons of milk. To maximize stakeholder outreach, AMS partnered with an industry trade organization to present a webinar explaining how to participate in the program.

## ***AGENCY-WIDE PERFORMANCE AND EVALUATION***

### **Introduction**

AMS is a member of the USDA Performance, Evaluation, Evidence Committee and the Enterprise Risk Management Committee. These committees are led by the Office of Budget and Program Analysis (OBPA) and are comprised of individuals from different Mission Areas, and backgrounds throughout USDA, as well as the Chief Data Officer and Statistical Officer. The impact of these different perspectives and expertise allows for improvements regarding buy-in across the Department, augments technical expertise, and creates a greater diversity of perspectives. In addition to internal stakeholders discussed above, AMS has a plethora of external stakeholders that have a vested interest in performance and evaluation findings including:

- Congress, OMB and other agencies;
- State departments of agriculture and natural resources, and regional and local governments;
- Farmers, ranchers, producers/grower groups;
- Associations, boards, cooperatives, and unions;
- Universities and other academic institutions;
- Research and science organizations;
- Non-governmental organizations;
- Food and agricultural industry and commodity groups;
- Environmental groups; and,
- Consumers, advocacy groups, and communities

### **Alignment to Strategic Plan**

AMS activities contribute to the success of USDA’s mission to provide leadership on agriculture, food, natural resources, rural infrastructure, nutrition, and related issues through fact-based, data-driven, and customer focused decisions. The Agency is responsible for achieving and measuring results within respect to the following Strategic Goal and Objectives:

- 1) Strategic Goal 2: Maximize the ability of American agricultural producers to prosper by feeding and clothing the world
  - a) Objective 2.2: Increase Agricultural Opportunities and Support Economic Growth by Creating New Markets and Supporting a Competitive Agricultural System

### **SUMMARY OF PERFORMANCE**

A more detailed report of the performance plan can be found at <https://www.usda.gov/our-agency/about-usda/performance> . The following table summarizes the results for the Departmental Key Performance Indicators (KPIs) for which AMS is responsible.

**Table AMS- 34 KPI-Customer Billing**

Strategic Objective 2.2		FY 2019	FY 2020	FY 2021*	FY 2022
Percent of meat and poultry user fee-funded employees' time recovered through customer billings.	Results	N/A	95% Meat 93% Poultry	96% Meat 93% Poultry	TBD
	Target	N/A	83%	83%	83%
	Status	N/A	Unmet - Meat NI - Poultry	TBD	TBD
Met: within 100% of Target	Needs Improvement (NI): within 10% of target		Unmet: greater than 10%		

Alignment to new priorities: The AMS Livestock and Poultry Program continues to deliver quality services in an efficient manner recovering nearly all costs for the service. AMS is taking steps to increase its staffing to provide service to customers and maintain a cost-effective program for industry.

**Progress Toward the Achievement of Strategic Objectives in FY 2020**

Accomplishments towards objectives are highlighted within the Status of Programs section contained within this chapter. Additional information regarding performance can be located within the Annual Performance Plan and Report submitted in conjunction with our Congressional Justifications.

**Expected Progress at the 2022 Proposed Resource Level**

At the requested budget levels, AMS will aim to lower the percentage closer to the 83% goal to ensure a sustainable workforce. A higher percentage means that earned leave and training had to be cancelled to ensure sufficient staffing levels to continue to deliver quality services in a timely manner to move USDA-graded products in commerce.

In FY 2021, AMS will mitigate challenges presented in FY 2020 by focusing efforts on hiring as well as employee safety and health.

Funding at the proposed levels will allow AMS to hire and maintain adequate grading staff to improve employee development and quality of life.