

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION  
Statement of James E. Link, Administrator  
Before the Subcommittee on Agriculture, Rural Development, Food and Drug  
Administration, and Related Agencies

Introduction

Madam Chairwoman and Members of the Committee, I am pleased to share with you the accomplishments of the Grain Inspection, Packers and Stockyards Administration (GIPSA), and to discuss the Agency's FY 2009 budget proposal.

GIPSA is a small Agency that plays a big role in supporting a competitive global marketplace for U.S. agricultural products. Our mission is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

Our two programs are the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS). P&SP promotes a fair, open, and competitive marketing environment for the livestock, meat, and poultry industries. FGIS facilitates the marketing of U.S. grains and oilseeds by providing the market with terms and methods for quality assessments, maintaining the integrity of the marketing system, and providing for the national grain inspection and weighing system.

GIPSA is comprised of approximately 678 full-time, part-time, and intermittent employees. The P&SP is comprised of a headquarters unit, three front-line regional offices, and a cadre of resident agents that provide our eyes, ears, and regulatory arm on

the ground. The grain inspection program has Federal employees stationed in a headquarters unit in Washington, DC; a technical center in Kansas City, Missouri; and 8 field offices and 1 Federal/State office across the country. FGIS delivers official inspection and weighing services via the national inspection system, a unique public-private partnership comprised of Federal, State, and private inspection personnel. Our partners include 55 State and private agencies authorized by GIPSA to provide official inspection and weighing services on our behalf.

GIPSA's two program areas have been serving American agriculture for many years. Our name and our mission – and our long-earned reputation for credibility and integrity – are familiar to and trusted by the industries we serve. We have successfully gained the trust and confidence of American agriculture in large part due to our commitment to continuous improvement.

In recent years, perhaps nothing characterizes GIPSA better than change. A confluence of improvements, enhancements, and modernizations are converging to create a stronger, more effective, more customer-oriented, and more market-responsive GIPSA.

#### Packers and Stockyards Program

Over the past year, P&SP has implemented procedural, policy, and operational improvements that are strengthening our ability to enforce the Packers and Stockyards Act (P&S Act). The P&S Act was promulgated in 1921 to promote fair and competitive marketing in livestock, meat, and poultry for the benefit of consumers and American agriculture. It is intended to protect producers, other market participants, and consumers from unfair, discriminatory, fraudulent, or deceptive practices. We are increasing the level of compliance with the P&S Act through preventive regulatory actions;

investigation and enforcement; provision of relevant guidance and analyses; and dramatic improvements to our organizational efficiency and effectiveness.

To increase the level of compliance through preventative actions, GIPSA is implementing new procedures to ensure that entities operating subject to the P&S Act are properly registered and bonded, and meet reporting requirements. The Agency is also conducting more targeted audits to protect the industry's financial interests, and implement new procedures to improve the current protections afforded by bonding requirements. To protect fair business practices, GIPSA is inspecting scales and carcass evaluation devices, monitoring weighing practices, and increasing monitoring of fed cattle and hog markets, and packers' procurement practices.

GIPSA is improving compliance through investigations and enforcement actions, and developing new standardized and streamlined investigative procedures to ensure timely completion of investigations. During 2007, all personnel with investigative and regulatory responsibilities participated in formal training at the Federal Law Enforcement Training Center in Glynco, Georgia. The Agency has vested P&SP Regional Directors with greater authority to pursue investigations, rather than controlling investigations completely from headquarters.

GIPSA is bringing its regulations current with industry practices based on the results of a regulation review conducted in 2006. The Agency is revising its P&SP Employee Manual to provide improved standardized operating procedures, and has conducted reviews of all offices to ensure compliance with established procedures and policies. GIPSA's P&SP is also improving its internal auditing and data validation procedures, as well as its processes for enforcing reporting requirements to improve the

timeliness, comprehensiveness, and quality of annual reports that are submitted to the Agency by regulated entities. The program will also revise and enhance the content of the various public reports and summary data that are released by the Agency.

GIPSA's P&SP recently completed a Business Process Re-engineering (BPR) initiative, which has resulted in improved, standardized operating procedures designed to improve organizational efficiency and effectiveness. The BPR initiative is being complemented by an ongoing initiative to develop a new, integrated automated management information system that will replace aging, stove-piped computer databases. The new system will automate workflow processing and improve work process reporting capabilities and analysis of industry conditions. The management information systems upgrade is comprised of two concurrent activities: (1) replacing existing software with an integrated system, which is being carried out by a third party, and (2) expanding existing capabilities by identifying future modernization needs. For example, in 2007, GIPSA's P&SP developed new databases for the entry and preliminary analysis of data received from the industry in annual report filings. This activity will be integrated into the new management information system to eventually achieve automated industry filings and preliminary processing.

In addition to these technological improvements, GIPSA has enhanced its workforce environment by conducting an organizational climate assessment, improving its awards program, and widely disseminating the results of internal civil rights reviews and developing strategies to address any concerns revealed by these reviews. The program is increasing and improving P&SP employee input into program planning. For example, all employees were involved in the BPR initiative noted above. P&SP

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We continue to work with firms to achieve voluntary compliance, and to initiate appropriate corrective action when we uncover evidence that the P&S Act has been violated. In FY 2007, with assistance from USDA's Office of General Counsel, P&SP filed 49 complaints alleging violations of the P&S Act. These formal disciplinary complaints resulted in 30 decisions ordering the payment of \$440,650 in civil penalties. Also in 2007, GIPSA implemented a stipulation enforcement action imposing fines

directly when the alleged violator elects to forego formal hearing process. The new enforcement action has resulted in three stipulation agreements with fines totaling \$9,750 and is expected to be a major tool in ensuring compliance with the P&S Act in upcoming years.

We regularly collaborate with the Department of Justice, Commodity Futures Trading Commission, and other State and local law enforcement agencies with their investigations, some of which involve overlapping jurisdiction. In addition, we communicate and work cooperatively with our sister Agencies within the U.S. Department of Agriculture, and particularly with the Economic Research Service, National Agricultural Statistics Service, Agricultural Marketing Service, and Food Safety and Inspection Service.

GIPSA maintains a toll-free hotline (800-998-3447) to receive complaints and other communications from livestock producers, poultry growers, and other members of the industry or general public. The hotline allows callers to voice their concerns or file a complaint anonymously without fear of retaliation. In FY 2007, GIPSA received and responded to 29 hotline complaints resulting in the following outcomes: 16 cases where no violation was found; 2 cases beyond the Agency's jurisdiction; 7 cases where informal compliance was achieved; and 4 pending investigations.

## Federal Grain Inspection Service

GIPSA's commitment to improvement is evidenced in many aspects of FGIS operations, from service delivery to information technology systems. GIPSA's FGIS, with more than 30 years of proud service to American agriculture, is a dynamic program that is responding to the evolutionary, and sometimes revolutionary, markets it serves.

The FGIS program facilitates the marketing of U.S. grain, oil seeds, and related agricultural products by providing the market with the official U.S. standards for grain, oil seeds, and related products, as well as methods to assess product quality; maintaining the integrity of the marketing system by enforcing the U.S. Grain Standards Act (USGSA); and providing for America's national inspection system, a network of third-party Federal, State, and private providers that provide impartial, user-fee funded official inspection and weighing services under the authority of the USGSA and the Agricultural Marketing Act of 1946.

The grain industry uses our terms, methods, and services to buy and sell \$65 billion of commodities annually. Our work allows the U.S. grain marketing system to serve increasingly sophisticated customers around the world by ensuring that they receive the quality and quantity of U.S. grain they need to meet an incredible array of end-use needs.

We often speak of markets as evolving, and the grain market is evolving in many ways. We continue to meet the needs of this dynamic market by providing the terms and methods that the market needs to effectively trade grain. In FY 2007, GIPSA amended the soybean standards to remove test weight as a grade determining factor. GIPSA also improved the quality descriptors in the sorghum standards. Also last fiscal year, GIPSA

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GIPSA also is pursuing initiatives to help meet the market's growing need for test methods that accurately differentiate the ability of wheat to meet specific end-use needs in order to enhance the marketability of U.S. wheat. GIPSA's work in this area will enhance the value and marketability of U.S. wheat by providing value transparency from the producer to the processor. GIPSA, in collaboration with the wheat industry, is pursuing two major avenues to address the need for improved wheat functionality measurements. First, GIPSA is working to standardize Farinograph testing, the most popular method for measuring how flour dough will behave during processing. GIPSA also is working to provide a rapid test of gluten viscoelastic properties to predict how wheat will function as flour in baking or other final processing. GIPSA is seeking appropriations to fund this critically important work.

Service delivery is the heart of our program. We continue to deliver world-class, cost-effective and efficient inspection and weighing services to the evolving grain market. In fiscal year 2007, the national inspection system provided more than 3 million inspections on more than 295 million metric tons of grain valued at \$25 billion. A sharply increased demand for U.S. wheat in global markets due to declines in key competitors' wheat production resulted in a commensurate surge in demand for official export inspection and weighing services. Overall, exports have increased 15 percent over

last year's levels, with some GIPSA offices seeing increases of more than 80 percent in billable metric tons. GIPSA inspection and weighing personnel, who provide services 24/7/365, are working extremely long hours and contiguous days to fulfill our customers' service requests.

We are continuously seeking to improve the efficiency and effectiveness of our services while maintaining the globally recognized credibility of the national inspection system. We are now realizing the most sweeping initiative we have ever undertaken to improve operations and information management. Applications comprising *FGISonline*, a multi-year project to improve program operations and service delivery by modernizing our information management systems and business functions, are now online and improving customer service and Federal grain inspection operations. Complete information on this initiative appears in the eGovernment section below.

As we continue to improve our operations, processes, and information systems, we also are exploring how best to deliver service. GIPSA currently is evaluating the implications, including the impacts on costs and service delivery, of using private entities instead of Federal personnel to provide mandatory export inspection services in a manner that improves competitiveness of the U.S. grain industry, maintains the integrity of the Federal grain inspection system, and benefits employees who may be impacted. The pilot is running at 12 export facilities in 7 States/markets. GIPSA will collect data through two full shipping seasons, which culminate in December 2008, and issue a report, in 2009, on the impact of contracting with private service providers at export. As we complete our pilot and related analyses, and proceed with further action, we will remain committed to providing the best, most cost-effective inspection and weighing

services, while maintaining the integrity and credibility of America's official inspection and weighing system.

While some market changes are evolutionary, others are more revolutionary, and require our agile response to ensure unimpeded grain marketing. Traditionally, tons of grain are loaded aboard a single ship bound for ports around the world. In recent years, there has been exponential growth in the use of containers to ship grain. Containerized cargoes have increased more than 9,000 percent from 0.04 million metric tons (MMT), or 0.02 percent of total U.S. grain exports in 2002, to 4.4 MMT, or 3.2 percent of exports, in 2007. In FY 2002, there were a total of eight container loading facilities in the United States, all located in the Pacific Northwest (PNW). Most of these facilities shipped less than the 15,000-metric-ton inspection threshold and required little in the way of official services. Today, there are more than 130 container loading facilities stretching across the country from the PNW to America's new container hub in Chicago, most of which require our services. We are responding to this radical marketing shift by providing corresponding official service increases: sampling grain as it moves from bin to container at loading facilities; certifying scales used to weigh containerized grain; and ensuring that emerging facilities adhere to the requirements of the USGSA and properly register with us. In FY 2002, GIPSA provided 2,100 inspections of containers compared to more than 192,000 container inspections in FY 2007. In 2002, GIPSA there was only eight scales in operation requiring GIPSA certification. Today we test scales at 123 loading container loading facilities.

In the end, GIPSA's FGIS is all about service. Our standards, methods, and inspection and weighing services are focused on one goal – helping American agriculture

effectively market U.S. grain in today's highly-competitive global marketplace. Are we succeeding? Our customers think so. In FY 2007, GIPSA surveyed the customers of the official inspection system to determine their satisfaction with our services. The results of the 2007 survey indicate that customer satisfaction increased from 83 percent in 1996 to 91 percent in 2007, with gains in all areas including timeliness, accuracy, consistency, relevance, and cost of service, as well as the professionalism and courtesy of official personnel.

Performance indicators show that our international customers are similarly satisfied with our services. GIPSA administers a program to address any quality or weight discrepancies raised by our international customers. In fiscal year 2007, GIPSA received only 6 quality and 3 weight complaints from our international customers. These complaints involved 188,072 metric tons, or only about 0.2 percent by weight, of the total amount of grain exported during the year.

Our many successes are directly attributable to our exceptionally skilled, experienced, and dedicated staff. While our workforce is our greatest asset, today it is also our greatest challenge. GIPSA's FGIS is facing an unusually high level of attrition over the next 5 to 6 years, as 70 percent of our mission critical grain graders were hired shortly after the creation of FGIS, and are now eligible for retirement. It takes 2 to 3 years to develop a competent grain grader. These competencies are not available from a college or vocational school. They must be developed within FGIS through internal development programs and partnerships with various agricultural institutions.

In FY 2007, FGIS instituted a number of internal development programs to ensure adequate future staffing in our mission critical series, in addition to ongoing recruiting at

colleges and universities. We established a Leadership Development Program to cultivate a new generation of managers; an agricultural commodity grader development program to provide needed technical expertise to this mission-critical series; and instituted an agricultural commodity technician career development program to train and transition high-performing technicians into grader positions. The Agency will continue to be seriously challenged to provide needed large-scale development programs to meet future staffing needs with limited resources.

#### eGovernment Solutions

Perhaps nowhere is our commitment to continuous improvement more evident than in our multi-year project to improve program operations and service delivery by modernizing our information management systems and business functions. The initiative is improving the efficiency and effectiveness of service delivery by streamlining business practices and improving customer service, as well as meeting Federal eGov requirements and USDA initiatives.

GIPSA's grain inspection program is in the midst of a multi-year project to modernize its core business functions. GIPSA is deploying *FGISonline*, a suite of online business services that are improving internal business operations and better serving customers of the official grain inspection and weighing system. These integrated information systems will share information with each other and with our customers.

Using the Delegation, Designation and Export Registration program, State and private entities are applying online to become official service providers, and grain firms are using it to register online with GIPSA as grain exporters. These web-based programs

replace repetitive, paper-intensive processes with an electronic approach that are saving GIPSA and our customers' time and reducing paperwork burdens.

A set of applications that is streamlining certification and creating a national database of inspection results was initially deployed in 2007, and will be fully implemented throughout the official inspection and weighing system in 2008. These applications allow GIPSA and official service providers to electronically enter inspection and weighing results, and produce electronic or paper official inspection and weighing certificates. The certification program feeds data into an Inspection Data Warehouse, a national database of inspection results. Customers of the official inspection system can use the warehouse to see individual service records, or arrange for daily data transmissions of inspection and weighing records. The database contains the inspection and weighing records for services officially performed under the USGSA and the Agricultural Marketing Act of 1946. In FY 2008, GIPSA will continue to develop its core applications, including programs to capture inspection, weighing, and equipment checktesting data; capture and manage technical testing information; automate the licensing process; and expand our quality assurance and control capabilities.

Likewise, as mentioned above, GIPSA's P&SP is developing a new integrated automated management information system that will replace multiple standalone databases and spreadsheets with an integrated database. The system, which is being developed with assistance from USDA's Rural Development, will also incorporate automated workflow processing. It will provide improved activities management, performance tracking, and work process reporting capabilities. It also will improve

analysis of industry conditions and ultimately improve availability of compliance data to the industry and to public.

These computer and information modernization effects will create synergy across GIPSA programs and data sources, and will improve internal GIPSA program efficiencies and effectiveness and deliver improved performance and program efficiency.

### Protecting the Homeland

GIPSA has dedicated resources to homeland security efforts. We continue to work closely with the USDA Continuity of Operations Planning Division, Office of Secretary Services to refine the Department's and the Agency's Continuity of Operations Plan (COOP) and to support and staff the Department's Crisis Action Team (CAT). In FY 2007, GIPSA's COOP and CAT representatives participated in critical disaster-related exercise and training sessions, including a major government-wide exercise.

### 2009 Budget Request

To fund important initiatives and address the Agency's responsibilities, GIPSA's budget request for FY 2009 is \$44 million for salaries and expenses and \$42 million for our Inspection and Weighing Services. The budget includes additional funding for pay costs; additional P&SP field staffing; e-government initiatives; grain testing measures; and an enhanced presence in key international markets. In addition, we will submit a legislative proposal for new user fees to recover the costs of grain standardization and P&SP activities.

The increase for pay costs will enable GIPSA to meet its objectives consistent with the priorities established by the Secretary of Agriculture. This critically important increase is needed to support and maintain current staffing levels to meet projected increased demand for our programs and services.

We are requesting additional funding to further bolster market protections for buyers and sellers of livestock, poultry and meat through greater compliance, investigative, and enforcement activities in the field. This increase will allow the Agency to hire 18 additional employees to expand compliance reviews and investigations into new territories and enhance investigations of complex competition issues. This staffing level will support dozens of audits of packers, livestock markets and dealers, allow us to increase our check weighing activity, and respond to complaints of unfair and deceptive practices. In addition, GIPSA would be able to conduct a solvency audit of a large packer if the need arose and significantly increase routine financial audits – solvency, custodial accounts, and prompt pay – of all regulated entities including packers. In addition, an expanded, more visible P&SP workforce will help promote greater voluntary compliance.

We are requesting additional funding for our e-Government modernization initiative. This multi-year project will complete our efforts to upgrade information management systems and modernize our business functions. The request includes funding to continue the development of eGov solutions, including a web-based application that will enable regulated entities to submit annual reports required under the P&S Act online, and for recurring costs associated with the maintenance of these applications.

We are also requesting additional funds to establish an ongoing presence in Asia allowing GIPSA to expand upon our successful international services and trade activities currently provided on a temporary basis. GIPSA's hands-on approach of assigning a temporary duty officer in Asia to facilitate trade of U.S. grain has provided a positive impact on existing and potential buyers. These buyers say their concerns related to grain quality are addressed effectively. While successful, the program is limited in scope and more difficult to sustain because it is conducted on a part-time, temporary basis.

Establishing a permanent program would allow GIPSA to broaden the territories serviced abroad, further decrease market disruptions due to technical differences in analytical methods and standards, and enhance customer satisfaction and loyalty. The U.S. trade dollars saved upon the resolution of just one grain shipment complaint, or earned from one new satisfied foreign buyer can far outweigh the costs associated with maintaining a GIPSA presence in Asia.

We also are seeking additional funding for new grain testing measures for ethanol, wheat quality, and soybeans quality. Advancements in GIPSA's testing methods will provide U.S. producers with tools they need to realize the full value of their products within the market chain, and to increase U.S. share in global markets.

GIPSA will submit a legislative proposal to collect fees for the development of grain standards and to amend the P&S Act to provide authority to collect license fees to cover the cost of the program. This proposal is consistent with the overall effort to shift funding for programs with identifiable beneficiaries to user fees.

### Conclusion

Madam Chairwoman, Members of the Committee, thank you for the opportunity to share some of the accomplishments made by our dedicated staff and highlight our future plans to facilitate the marketing of U.S. agricultural products and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

I would be pleased to address any issues or answer any questions that you may have.

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last year's levels, with some GIPSA offices seeing increases of more than 80 percent in billable metric tons. GIPSA inspection and weighing personnel, who provide services 24/7/365, are working extremely long hours and contiguous days to fulfill our customers' service requests.

We are continuously seeking to improve the efficiency and effectiveness of our services while maintaining the globally recognized credibility of the national inspection system. We are now realizing the most sweeping initiative we have ever undertaken to improve operations and information management. Applications comprising *FGISonline*, a multi-year project to improve program operations and service delivery by modernizing our information management systems and business functions, are now online and improving customer service and Federal grain inspection operations. Complete information on this initiative appears in the eGovernment section below.

As we continue to improve our operations, processes, and information systems, we also are exploring how best to deliver service. GIPSA currently is evaluating the implications, including the impacts on costs and service delivery, of using private entities instead of Federal personnel to provide mandatory export inspection services in a manner that improves competitiveness of the U.S. grain industry, maintains the integrity of the Federal grain inspection system, and benefits employees who may be impacted. The pilot is running at 12 export facilities in 7 States/markets. GIPSA will collect data through two full shipping seasons, which culminate in December 2008, and issue a report, in 2009, on the impact of contracting with private service providers at export. As we complete our pilot and related analyses, and proceed with further action, we will remain committed to providing the best, most cost-effective inspection and weighing

services, while maintaining the integrity and credibility of America's official inspection and weighing system.

While some market changes are evolutionary, others are more revolutionary, and require our agile response to ensure unimpeded grain marketing. Traditionally, tons of grain are loaded aboard a single ship bound for ports around the world. In recent years, there has been exponential growth in the use of containers to ship grain. Containerized cargoes have increased more than 9,000 percent from 0.04 million metric tons (MMT), or 0.02 percent of total U.S. grain exports in 2002, to 4.4 MMT, or 3.2 percent of exports, in 2007. In FY 2002, there were a total of eight container loading facilities in the United States, all located in the Pacific Northwest (PNW). Most of these facilities shipped less than the 15,000-metric-ton inspection threshold and required little in the way of official services. Today, there are more than 130 container loading facilities stretching across the country from the PMW to America's new container hub in Chicago, most of which require our services. We are responding to this radical marketing shift by providing corresponding official service increases: sampling grain as it moves from bin to container at loading facilities; certifying scales used to weigh containerized grain; and ensuring that emerging facilities adhere to the requirements of the USGSA and properly register with us. In FY 2002, GIPSA provided 2,100 inspections of containers compared to more than 192,000 container inspections in FY 2007. In 2002, GIPSA there was only eight scales in operation requiring GIPSA certification. Today we test scales at 123 loading container loading facilities.

In the end, GIPSA's FGIS is all about service. Our standards, methods, and inspection and weighing services are focused on one goal – helping American agriculture

effectively market U.S. grain in today's highly-competitive global marketplace. Are we succeeding? Our customers think so. In FY 2007, GIPSA surveyed the customers of the official inspection system to determine their satisfaction with our services. The results of the 2007 survey indicate that customer satisfaction increased from 83 percent in 1996 to 91 percent in 2007, with gains in all areas including timeliness, accuracy, consistency, relevance, and cost of service, as well as the professionalism and courtesy of official personnel.

Performance indicators show that our international customers are similarly satisfied with our services. GIPSA administers a program to address any quality or weight discrepancies raised by our international customers. In fiscal year 2007, GIPSA received only 6 quality and 3 weight complaints from our international customers. These complaints involved 188,072 metric tons, or only about 0.2 percent by weight, of the total amount of grain exported during the year.

Our many successes are directly attributable to our exceptionally skilled, experienced, and dedicated staff. While our workforce is our greatest asset, today it is also our greatest challenge. GIPSA's FGIS is facing an unusually high level of attrition over the next 5 to 6 years, as 70 percent of our mission critical grain graders were hired shortly after the creation of FGIS, and are now eligible for retirement. It takes 2 to 3 years to develop a competent grain grader. These competencies are not available from a college or vocational school. They must be developed within FGIS through internal development programs and partnerships with various agricultural institutions.

In FY 2007, FGIS instituted a number of internal development programs to ensure adequate future staffing in our mission critical series, in addition to ongoing recruiting at

colleges and universities. We established a Leadership Development Program to cultivate a new generation of managers; an agricultural commodity grader development program to provide needed technical expertise to this mission-critical series; and instituted an agricultural commodity technician career development program to train and transition high-performing technicians into grader positions. The Agency will continue to be seriously challenged to provide needed large-scale development programs to meet future staffing needs with limited resources.

#### eGovernment Solutions

Perhaps nowhere is our commitment to continuous improvement more evident than in our multi-year project to improve program operations and service delivery by modernizing our information management systems and business functions. The initiative is improving the efficiency and effectiveness of service delivery by streamlining business practices and improving customer service, as well as meeting Federal eGov requirements and USDA initiatives.

GIPSA's grain inspection program is in the midst of a multi-year project to modernize its core business functions. GIPSA is deploying *FGISonline*, a suite of online business services that are improving internal business operations and better serving customers of the official grain inspection and weighing system. These integrated information systems will share information with each other and with our customers.

Using the Delegation, Designation and Export Registration program, State and private entities are applying online to become official service providers, and grain firms are using it to register online with GIPSA as grain exporters. These web-based programs

replace repetitive, paper-intensive processes with an electronic approach that are saving GIPSA and our customers' time and reducing paperwork burdens.

A set of applications that is streamlining certification and creating a national database of inspection results was initially deployed in 2007, and will be fully implemented throughout the official inspection and weighing system in 2008. These applications allow GIPSA and official service providers to electronically enter inspection and weighing results, and produce electronic or paper official inspection and weighing certificates. The certification program feeds data into an Inspection Data Warehouse, a national database of inspection results. Customers of the official inspection system can use the warehouse to see individual service records, or arrange for daily data transmissions of inspection and weighing records. The database contains the inspection and weighing records for services officially performed under the USGSA and the Agricultural Marketing Act of 1946. In FY 2008, GIPSA will continue to develop its core applications, including programs to capture inspection, weighing, and equipment checktesting data; capture and manage technical testing information; automate the licensing process; and expand our quality assurance and control capabilities.

Likewise, as mentioned above, GIPSA's P&SP is developing a new integrated automated management information system that will replace multiple standalone databases and spreadsheets with an integrated database. The system, which is being developed with assistance from USDA's Rural Development, will also incorporate automated workflow processing. It will provide improved activities management, performance tracking, and work process reporting capabilities. It also will improve

analysis of industry conditions and ultimately improve availability of compliance data to the industry and to public.

These computer and information modernization effects will create synergy across GIPSA programs and data sources, and will improve internal GIPSA program efficiencies and effectiveness and deliver improved performance and program efficiency.

### Protecting the Homeland

GIPSA has dedicated resources to homeland security efforts. We continue to work closely with the USDA Continuity of Operations Planning Division, Office of Secretary Services to refine the Department's and the Agency's Continuity of Operations Plan (COOP) and to support and staff the Department's Crisis Action Team (CAT). In FY 2007, GIPSA's COOP and CAT representatives participated in critical disaster-related exercise and training sessions, including a major government-wide exercise.

### 2009 Budget Request

To fund important initiatives and address the Agency's responsibilities, GIPSA's budget request for FY 2009 is \$44 million for salaries and expenses and \$42 million for our Inspection and Weighing Services. The budget includes additional funding for pay costs; additional P&SP field staffing; e-government initiatives; grain testing measures; and an enhanced presence in key international markets. In addition, we will submit a legislative proposal for new user fees to recover the costs of grain standardization and P&SP activities.

The increase for pay costs will enable GIPSA to meet its objectives consistent with the priorities established by the Secretary of Agriculture. This critically important increase is needed to support and maintain current staffing levels to meet projected increased demand for our programs and services.

We are requesting additional funding to further bolster market protections for buyers and sellers of livestock, poultry and meat through greater compliance, investigative, and enforcement activities in the field. This increase will allow the Agency to hire 18 additional employees to expand compliance reviews and investigations into new territories and enhance investigations of complex competition issues. This staffing level will support dozens of audits of packers, livestock markets and dealers, allow us to increase our check weighing activity, and respond to complaints of unfair and deceptive practices. In addition, GIPSA would be able to conduct a solvency audit of a large packer if the need arose and significantly increase routine financial audits – solvency, custodial accounts, and prompt pay – of all regulated entities including packers. In addition, an expanded, more visible P&SP workforce will help promote greater voluntary compliance.

We are requesting additional funding for our e-Government modernization initiative. This multi-year project will complete our efforts to upgrade information management systems and modernize our business functions. The request includes funding to continue the development of eGov solutions, including a web-based application that will enable regulated entities to submit annual reports required under the P&S Act online, and for recurring costs associated with the maintenance of these applications.

We are also requesting additional funds to establish an ongoing presence in Asia allowing GIPSA to expand upon our successful international services and trade activities currently provided on a temporary basis. GIPSA's hands-on approach of assigning a temporary duty officer in Asia to facilitate trade of U.S. grain has provided a positive impact on existing and potential buyers. These buyers say their concerns related to grain quality are addressed effectively. While successful, the program is limited in scope and more difficult to sustain because it is conducted on a part-time, temporary basis.

Establishing a permanent program would allow GIPSA to broaden the territories serviced abroad, further decrease market disruptions due to technical differences in analytical methods and standards, and enhance customer satisfaction and loyalty. The U.S. trade dollars saved upon the resolution of just one grain shipment complaint, or earned from one new satisfied foreign buyer can far outweigh the costs associated with maintaining a GIPSA presence in Asia.

We also are seeking additional funding for new grain testing measures for ethanol, wheat quality, and soybeans quality. Advancements in GIPSA's testing methods will provide U.S. producers with tools they need to realize the full value of their products within the market chain, and to increase U.S. share in global markets.

GIPSA will submit a legislative proposal to collect fees for the development of grain standards and to amend the P&S Act to provide authority to collect license fees to cover the cost of the program. This proposal is consistent with the overall effort to shift funding for programs with identifiable beneficiaries to user fees.

### Conclusion

Mr. Chairman, Members of the Committee, thank you for the opportunity to share some of the accomplishments made by our dedicated staff and highlight our future plans to facilitate the marketing of U.S. agricultural products and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

I would be pleased to address any issues or answer any questions that you may have.