2009 Explanatory Notes
Grain Inspection, Packers and Stockyards Administration

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GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

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

The Grain Regulatory Program activities are carried out under authority of the United States Grain Standards Act, as amended (USGSA), and the Agricultural Marketing Act of 1946 (AMA), and are currently funded by appropriations.

The Grain Regulatory Program promotes and enforces the accurate and uniform application of the USGSA and applicable provisions of the Agricultural Marketing Act of 1946 (AMA). GIPSA identifies, evaluates, and implements new or improved techniques for measuring grain quality. GIPSA also establishes and maintains testing and grading standards to facilitate the marketing of U.S. grain, oilseeds, and related products.

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

Packers and Stockyards Program activities are authorized by the Packers and Stockyards Act of 1921 (P&S Act), as amended, and Section 1324 of the Food Security Act of 1985. These activities are currently funded through appropriations. GIPSA's Packers and Stockyards Program (P&SP) is responsible for administering the Packers and Stockyards Act (P&S Act), which prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and meatpacking industries. The P&S Act makes it unlawful for a regulated entity to engage in unfair, unjustly discriminatory, or deceptive practices. Packers, live poultry dealers, and swine contractors are also prohibited from engaging in specific anti-competitive practices. P&SP conducts two broad types of activities–regulatory and investigative–in its administration and enforcement of the P&S Act. P&SP activities cover two general areas: Business Practices and Financial Protection. Business Practices are further divided into Competition and Trade Practices.

GIPSA headquarters is located in Washington, D.C. FGIS field activities are located in 8 field offices, 1 Federal/State offices, and 4 suboffices. P&SP field activities are located in 3 field offices and 31 resident agent positions across the nation. As of September 30, 2007, employment totaled 599 full-time permanent employees and 79 part-time, intermittent and/or other employees. Of the total, 100 full-time permanent employees and 6 part-time, intermittent and/or other employees were located in headquarters. The remaining 499 full-time permanent employees and 73 part-time, intermittent and/or other employees were assigned to field locations.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years
2007 Actual and Estimated 2008 and 2009

Item	Actual 2007		Estimated 2008		Estimated 2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	$37,785,000	312	$38,514,000	318	$44,005,000	337
Unobligated Balance	-414,479	--	--	--	--	--
Total, Salaries and Expenses	37,370,521	312	38,514,000	318	44,005,000	337
Obligations under other USDA Appropriations:						
Agricultural Marketing Service for Pesticide Data Program	500,000	4	500,000	4	500,000	4
Misc, reimbursements	134,511	1	135,000	1	135,000	1
Total, Other USDA Appropriations	634,511	5	635,000	5	635,000	5
Total, Agriculture Appropriations	38,005,032	317	39,149,000	323	44,640,000	342
Non-Federal Funds:						
Inspection and Weighing	38,431,808	314	42,363,000	353	42,363,000	353
Total, Grain Inspection, Packers and Stockyards Administration	76,436,840	631	81,512,000	676	87,003,000	695

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff Year Summary

2007 Actual and Estimated 2008 and 2009

	2007			2008			2009		
Grade	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	3	1	4	4	1	5	4	1	5
GS-15	9	5	14	9	5	14	9	5	14
GS-14	20	21	41	20	21	41	20	22	42
GS-13	34	51	85	34	51	85	34	51	85
GS-12	10	82	92	10	85	95	10	94	104
GS-11	6	53	59	6	56	62	6	65	71
GS-10	1	12	13	1	12	13	1	12	13
GS-9	3	140	143	3	182	185	3	182	185
GS-8	6	11	17	6	11	17	6	11	17
GS-7	4	32	36	4	32	36	4	32	36
GS-6	2	52	54	2	52	54	2	52	54
GS-5	--	40	40	--	40	40	--	40	40
GS-4	--	1	1	--	1	1	--	1	1
GS-3	--	--	--	--	--	--	--	--	--
GS-2	1	--	1	1	--	1	1	--	1
Ungraded Positions	2	1	3	2	1	3	2	1	3
Total Permanent Positions.....	101	502	603	102	550	652	102	569	671
Unfilled Positions End-of-year.....	1	3	4	0	0	0	0	0	0
Total, Permanent Full-Time Employment, End-of-year.....	100	499	599	102	550	652	102	569	671
Staff Year Estimate	105	526	631	105	571	676	105	590	695

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SIZE, COMPOSITION AND COST OF MOTOR VEHICLE FLEET

The passenger motor vehicles of the Grain Inspection, Packers and Stockyards Administration are mainly used by professional resident agents, auditors, marketing specialists, economists and managers to conduct competition, financial and trade practice compliance and investigative activities. These activities are located in rural areas and a high degree of mobility is required. The use of common carriers is seldom feasible. Comparative studies of cost requirements involved in the use of private and Government vehicles have shown that it is more economical to make Government vehicles available than to make reimbursements for the use of private cars. Vehicles are replaced based on GSA age and mileage requirements.

GIPSA pools the use of motor vehicles for different activities in order to keep the number of vehicles to a minimum and reduce overall costs of maintenance.

Size, Composition, and Annual Cost
(in thousands of dollars)

	Number of Vehicles by Type								
Fiscal Year	Sedans and Station Wagons	Light Trucks		Medium Trucks	Heavy Trucks	Ambulances	Buses	Total Vehicles	Annual Operating Cost ($ in thous)
		4X2	4X4						
FY 2006	31	7	10					48	$149
Change	-3	21	2					20	+$39
FY 2007	28	28	12					68	$188
Change	5	0	0					5	+$9
FY2008 est.	33	28	12					73	$197
Change	10	0	0					10	+$10
FY2009 est.	43	28	12					83	$207

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows:

Salaries and Expenses

For necessary expenses to carry out the provisions of the United States Grain Standards Act, for the administration of the Packers and Stockyards Act, for certifying procedures used to protect purchasers of farm products, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, [$38,785,000] $44,005,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 2008		$38,785,000
Budget Estimate, 2009		44,005,000
Increase in Appropriation		+5,220,000
Adjustments in 2008:		
Appropriations Act, 2008	$38,785,000	
Rescission under P.L. 110-161 a/	-271,000	
Adjusted base for 2008		38,514,000
Budget Estimate, Current Law, 2009		44,005,000
Increase over adjusted 2008		+5,491,000

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2008 Estimated	Pay Costs	Program Changes	2009 Estimated
Packers & Stockyards Program	$20,901,000	$351,000	$3,600,000	$24,852,000
Grain Regulatory Program	17,613,000	317,000	1,223,000	19,153,000
Total Available	38,514,000	668,000	4,823,000	44,005,000

Project Statement
(On basis of adjusted appropriation)

	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Amount	Staff Years	Amount	Staff Years			Amount	Staff Years
1. Packers and Stockyards	$19,926,614	161	$20,901,000	167	+3,951,000	(1)	$24,852,000	185
2. Grain Regulatory	17,443,907	151	17,613,000	151	+1,540,000	(2)	19,153,000	152
Unobligated Balance	414,479	--	--	--	--		--	--
Total Available or Estimate	37,785,000	312	38,514,000	318	+5,491,000		44,005,000	337
Rescission	--	--	271,000	--				
Total, Appropriation	37,785,000	312	38,785,000	318				

JUSTIFICATION OF INCREASES AND DECREASES

(1) A increase of $3,951,000 in the Packers and Stockyards Program ($20,901,000 available in 2008) consisting of:

(a) A total increase of $668,000 for pay costs which consists of $351,000 for Packers and Stockyards program activities.

This increase will enable GIPSA to meet its objectives of facilitating the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture, 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 the current and projected increased demand to ensure a fair, open, and competitive marketing environment for livestock, meat, and poultry; and to promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture. Approximately 70 percent of GIPSA's budget is in support of personnel compensation, leaving very little flexibility to absorb pay cost increases. Consequently, absorbing this increase may result in staff reductions, thereby adversely affecting the ability of GIPSA to carry out its mission.

(b) An increase of $2,160,000 and 18 staff years to strengthen GIPSA's enforcement of the Packers and Stockyards Act of 1921 as amended:

GIPSA's Packers and Stockyards Program (P&SP) administers the Packers and Stockyards Act of 1921 (P&S Act). The P&S Act prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and meatpacking industries. As such, compliance with the Act is a measure of the level of protection provided in the marketplace. The Agency strives to increase industry compliance in order to maximize the level of protection afforded all market participants. To ensure compliance, GIPSA conducts two types of activities --regulatory inspections and audits, and investigations -- in its administration and enforcement of the P&S Act. Regulatory inspections and audits are conducted on a routine basis to assess whether a subject entity is operating in compliance with the Act. Examples include inspections of livestock scales and custodial account audits. Investigations are conducted when a potential P&S Act violation has been identified either through industry complaints or previous GIPSA regulatory inspections. All activities are conducted by a cadre of specialists including economists, lawyers, accountants and agricultural marketing professionals that report to three regional offices. Complaints regarding potential P&S violations have increased 22 percent in recent years however and the Agency's current staffing levels are insufficient to address the growing need for regulatory and audit activities. As a result, current overall industry compliance is about 75 percent. Additional staff is needed to expand regulatory and audit activities in order to raise industry compliance levels and enhance market protections for buyers and sellers of livestock, poultry and meat.

The proposed increase will enable GIPSA to hire 18 new employees to enhance direct compliance, investigative and enforcement activities in the field. The Agency will hire 15 new resident agents to expand compliance reviews and investigations into new, currently un-staffed territories. Other professionals will be added to each regional office to provide specialized technical expertise to support the increasingly complex investigative workload in the analysis of competition issues. The average staff year cost for these positions (GS-11/12) is approximately $120,000 which covers salary, benefit, travel, training, and equipment costs for each new employee.

This increased workforce will strengthen direct enforcement of the Act and promote greater voluntary compliance through an expanded presence within the industry. The funding will

support dozens of audits of packers, livestock markets and dealers and allow us to increase our check weighing activity and respond quickly to complaints of unfair and deceptive practices. The increase would also facilitate GIPSA's ability to conduct a solvency audit of a large packer as the need arose and would allow the Agency to significantly increase routine financial audits – solvency, custodial accounts, and prompt pay – of all regulated entities including packers. We estimate the additional staffing will help us increase overall compliance with the P&S Act to 80 percent in FY 2009 with the potential to reach 85 percent in 2010 once all new personnel are on-board and fully trained.

(c) An increase of $1,440,000 for eGovernment initiatives, to include developing Web-based applications that fully support the Agency's business functions and information needs, and to integrate business systems across the Agency's program areas.

GIPSA began a sweeping, multi-year project to improve program operations and service to the public by upgrading the Agency's information systems and modernizing our business functions. GIPSA's current information management systems consist of several independent systems that have served specific purposes over the years well, but are not integrated. This has limited our ability to meet the growing demand for electronic, or web-based, delivery of our services. It also impedes our efforts to improve the cost effectiveness and efficiency of our internal business practices. The enterprise-wide system currently under development will modernize nearly every aspect of GIPSA operations and provide a great opportunity to improve current business practices and service delivery.

FY 2009 funding will support development of a web-based application which will enable regulated entities to submit annual reports required under the P&S Act on-line. The application will promote voluntary industry compliance by giving regulated entities a hassle-free means of meeting the annual report requirement. The application will also streamline the program's data collection, analysis and management efforts by utilizing electronic transfer methods. Report data will no longer be manually entered and the system will audit conduct automatic data checks. This effort will further improve the efficiency of GIPSA's business processes.

(2) A net increase of $1,540,000 in the Grain Regulatory Program ($17,613,000 available in 2008) consisting of:

(a) A total increase of $668,000 for pay costs which consists of $317,000 for Grain Regulatory program activities.

This increase will enable GIPSA to meet its objectives of facilitating the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture, 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 the current and projected increased demand to ensure a fair, open, and competitive marketing environment for livestock, meat, and poultry; and to promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture. Approximately 70 percent of GIPSA's budget is in support of personnel compensation, leaving very little flexibility to absorb pay cost increases. Consequently, absorbing this increase may result in staff reductions, thereby adversely affecting the ability of GIPSA to carry out its mission.

(b) An increase of $823,000 to develop new grain testing measures for ethanol, wheat quality, and soybeans quality.

Ethanol - GIPSA requests $300,000 to develop new grain testing methods to measure quality attributes of grains used to produce ethanol and ethanol co-products. The modern fuel ethanol

industry converts the starch in the seeds of cereal grains, such as corn, sorghum, and wheat to ethanol by fermentation and distillation. The industry needs methods to source and differentiate grain by quality attributes. GIPSA will also develop methods to facilitate the marketing of ethanol co-products, commonly referred to as distillers grains, which are typically marketed to feed formulators, primarily for the beef, dairy, pork, and poultry sectors.

The availability of accurate and consistent tests for grains used in ethanol production allows producers to realize the intrinsic value of their grain. At the same time, ethanol producers can source, differentiate and segregate grain with specific quality attributes to maximize ethanol production. Accurate and consistent tests for distillers grains will provide the information feed formulators need to optimize feed rations.

Wheat Quality - GIPSA also requests $250,000 to develop tests for wheat quality attributes that determine the value and marketability of U.S. wheat in domestic and international markets. The United States, along with Argentina, Australia, Canada, and the European Union, are the world's leading wheat exporters. Over the past 10 years, the U.S. share of the wheat export market has fluctuated between 22 and 29 percent, and eroded 0.25 percent, or $186 million per year, on average, while global wheat consumption and import demand have each increased by about 1 percent per year.

Privatization of the wheat import function has allowed international customers to become increasingly sophisticated regarding wheat quality, functionality and end-use requirements, resulting in increased demand for information about quality attributes. Accordingly, GIPSA must provide the U.S. wheat market with tools to accurately and consistently measure the wheat quality attributes that our customers demand.

Advancements in GIPSA's testing methods will provide U.S. wheat producers a competitive advantage by providing the market with tools that global competitors lack. This will enable producers to realize the underlying value of their products within the market chain. As a result, the United States will maintain or increase its position as one of the major wheat exporters in the world and preclude further losses in export markets for U.S. wheat

Soybean Quality – GIPSA also requests $273,000 to develop tests for market-driven soybean quality attributes. In today's evolving market place, additional information is needed to assess the full market value of soybeans as it relates to specific end uses. In addition, increasing global competition in the production and marketing of soybeans is making it increasingly difficult for the U.S. to compete in export markets solely based on price. The current soybean grades and standards primarily rely on determinations of cleanliness and wholesomeness as indirect indicators of end-use functionality. In fiscal year 2007, at the request of soybean producer groups, GIPSA published an Advance Notice of Proposed Rulemaking in the Federal Register to initiate a review of the United States Standards for Soybeans to determine their effectiveness and responsiveness to current grain industry needs. Initial feedback from producer groups and international customers is that official grades and services need to include measures of intrinsic quality. To that end, GIPSA, in collaboration with soybean producer associations, including the American Soybean Association and the United Soybean Board, is developing a list of quality attributes for which measurement technology is essential. For example, the development of rapid tests to measure fatty acid and amino acid profiles are critical to the industry. In addition, the United Soybean Board and American Soybean Association have also identified a need for measurement technologies for saturated fats and soluble carbohydrates (i.e., raffinose, stachyose, sucrose).

Developing these testing measures and standards will enable the Agency to narrow the gap between the grain marketing standards needed by the industry and the measures available for

their use. At the requested funding level, we estimate being able to satisfy 98 percent of the grain standards they need.

(c) An increase of $400,000 and 1 staff year to support GIPSA's increased role in international services and trade activities.

Since FY 2002, GIPSA has placed a temporary duty officer in Asia to address immediate and long-term issues in the region, to promote a better understanding and adoption of U.S. sampling and inspection methods to minimize differences in inspection results, and to develop face-to-face relationships with customers, USDA cooperators and government officials. GIPSA's representative is the sole source for expertise relating to grain inspection and weighing since no local presence exists in the region to handle grain quality and weight issues that emerge

The program has been very successful – existing and potential grain buyers have responded positively to GIPSA's hands-on approach, and have felt that their concerns were addressed effectively. Continuing and expanding the program is crucial not only to increasing U.S. grain exports and reducing market disruptions due to technical differences in analytical methods and standards, but to increasing satisfaction and loyalty among our current customers in an extremely competitive marketplace.

Due to the program's success, GIPSA's Grain Advisory Committee recommended that the Agency explore ways to extend the collateral duty assignments. This budget request will enable GIPSA to place a permanent position in Asia. The additional funding will support the salary and benefits for one staff year and costs for housing, office space, U.S. Embassy security costs, and contracting for local help in translating and administrative services. The U.S. trade dollars saved upon the resolution of just one grain shipment complaint can far outweigh the costs associated with maintaining a GIPSA presence in Asia.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and Expenses

USER FEES - PROPOSED LEGISLATION

Explanation of Proposed Legislation:

This proposal would recover approximately $27 million.

The Grain Inspection, Packers and Stockyards Administration (GIPSA) develops, reviews, and maintains official U.S. grain standards that describe the grain characteristics in terms of physical, sanitary, and intrinsic value at the time of inspection. These standards provide a common language for use by producers, sellers, and buyers of U.S. grain. This proposal would initiate user fees for this service. Because these standards benefit and are used almost solely by the grain trading industry, and because they facilitate the orderly marketing of grain products, it is industry that should bear the costs. Fees would be charged to those persons who benefit from such services such as persons who receive, ship, store, or process grain. Estimated receipts in FY 2009 would be $3 million.

This proposal would also amend the Packers and Stockyards Act (P&S Act) to provide authority to collect license fees to cover the cost of the program. Beneficiaries of the program and activities administered under the provisions of the P&S Act are livestock market agencies, dealers, stockyards, packers, live poultry dealers, and swine contractors. These market participants benefit because they are protected from the adverse effects of anticompetitive and unfair business practices in meat and poultry marketing and distribution. Estimated receipts in FY 2009 would be $24 million.

The collections that will be raised by initiating these new user fees will be used to reduce appropriations needs for 2010.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and Expenses

Geographic Breakdown of Obligations and Staff Years
2007 Actual and Estimated 2008 and 2009

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	0	0	0	0	$120,000	1
Arkansas	$123,067	2	$124,000	2	128,000	2
California	112,414	1	113,000	1	115,000	1
Colorado	3,500,579	48	3,744,000	50	3,969,000	51
District of Columbia	17,128,619	73	17,435,000	73	19,029,000	73
Florida	0	0	0	0	240,000	2
Georgia	3,425,713	45	3,669,000	47	4,009,000	49
Idaho	125,530	2	126,000	2	130,000	2
Iowa	3,061,463	47	3,304,000	49	3,647,000	51
Kansas	252,041	3	253,000	3	379,000	4
Kentucky	0	0	0	0	120,000	1
Louisiana	889,247	11	890,000	11	1,033,000	12
Maryland	248,150	4	249,000	4	257,000	4
Minnesota	490,805	6	491,000	6	504,000	6
Missouri	6,677,200	57	6,777,000	57	7,720,000	57
Nebraska	0	0	0	0	120,000	1
North Dakota	121,441	2	123,000	2	127,000	2
Ohio	189,821	4	190,000	4	198,000	4
Oregon	187,187	2	188,000	2	192,000	2
South Carolina	0	0	0	0	120,000	1
Tennessee	0	0	0	0	120,000	1
Texas	718,929	4	719,000	4	1,087,000	7
Utah	0	0	0	0	120,000	1
Washington	118,315	1	119,000	1	121,000	1
Asia	0	0	0	0	400,000	1
Subtotal, Available or Estimate	37,370,521	312	38,514,000	318	44,005,000	337
Unobligated balance	414,479	--	--	--	--	--
Total, Available or Estimate	37,785,000	312	38,514,000	318	44,005,000	337

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and Expenses

CLASSIFICATION BY OBJECTS

2007 Actual and Estimated 2008 and 2009

		2007	2008	2009
Personnel Compensation:				
Washington, DC.		$7,632,190	$8,000,000	$8,154,000
Field.		14,174,069	14,815,000	16,525,000
11	Total personnel compensation	21,806,259	22,815,000	24,679,000
12	Personnel benefits.	5,611,420	5,825,000	6,629,000
13	Benefits for former personnel. .	122,034	0	0
Total personnel compensation & benefits		27,539,713	28,640,000	31,308,000
Other Objects:				
21	Travel and trans. of persons . . .	1,863,354	1,883,000	2,131,000
22	Transportation of things	135,121	136,000	166,000
23.2	Rental payments to others.	96,356	97,000	112,000
23.3	Communications, utilities and misc. charges	718,763	720,000	750,000
24	Printing and reproduction.	125,255	126,000	141,000
25.2	Other services	5,529,726	5,560,000	7,923,000
26	Supplies and materials	578,323	580,000	623,000
31	Equipment	753,053	772,000	851,000
42	Insurance claims and Indemnities . . .	30,857	0	0
Total other objects		9,830,808	9,874,000	12,697,000
Total direct obligations.		37,370,521	38,514,000	44,005,000
Position Data:				
Average Salary, ES positions.		$162,000	$167,000	$173,000
Average Salary, GS positions.		$67,000	$69,000	$71,000
Average Grade, GS positions		12.2	12.2	12.2

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

STATUS OF PROGRAM

Current Activities: Recent activities under this appropriation item are cited below by program:

Grain Regulatory Program: GIPSA promotes and enforces the accurate and uniform application of the United States Grain Standards Act (USGSA) and applicable provisions of the Agricultural Marketing Act of 1946 (AMA). GIPSA identifies, evaluates, and implements new or improved techniques for measuring grain quality. GIPSA also establishes and maintains testing and grading standards to facilitate the marketing of U.S. grain, oilseeds, and related products.

Specific areas being addressed currently include:

Providing the Market with Terms and Methods for Quality Assessments

1. U.S. Standards for Sorghum. On July 20, 2007, GIPSA published a final rule in the *Federal Register* announcing changes to the U.S. Standards for Sorghum that will be effective June 1, 2008. The changes will facilitate the marketing of sorghum by imposing tighter limits on broken kernels and foreign material (BNFM) and foreign material (FM), and by limiting the allowable amount of sample grade determining material, which is consistent with other food grains. GIPSA also discontinued use of "tannins" to describe sorghum in line with market efforts to breed the bitter-tasting compounds from sorghum used for food. Removal of this descriptor from the U.S. Sorghum Standards will improve the perception of the quality of U.S. grown sorghum in international markets, which consider tannins undesirable.

2. U.S. Standards for Soybeans. Effective September 1, 2007, GIPSA amended the soybean standards to change the minimum test weight per bushel (TW) from a grade determining factor to an informational factor since test weight values have a weak correlation to the intrinsic value of soybeans for processing. On May 1, 2007, GIPSA also initiated a full review of the soybean standards with a request for public comment in the *Federal Register*. A wide range of comments was received and all comments are being evaluated.

3. Post Harvest Grain Quality Surveys. GIPSA completed the pilot "farm gate" survey of first-point-of-sale grading quality for grain sorghum. Grading data for samples received was posted on the Agency's public website. GIPSA is analyzing collected data but will not draw conclusions about farm-gate quality until approximately 3 years' worth of data are available for analysis. The second year of the sorghum farm gate survey commenced in July 2007. Ten additional States were added to the sampling plan to capture sorghum from every State in which grain sorghum is produced. In FY 2007, GIPSA also launched a soybean farm gate survey, soliciting about 1,600 samples from elevators in 31 States.

4. Rice Milling Yield. Effective September 1, 2007, GIPSA implemented a new rice milling yield procedure for Medium Grain Rough rice (MGRUF) and Medium Grain Brown Rice for Processing (MGBR) in California. GIPSA's action will improve the consistency of official rice milling procedures throughout the United States and better align the Western procedures with those used throughout the commercial market.

5. Wheat Functionality Protein Quality Assessments. The Farinograph method is one of the most widely used methods for assessing the performance of wheat flour. GIPSA studies in FY 2006 showed significant differences in Farinograph test results among laboratories. These differences may cause customer perceptions of inconsistent wheat quality. During FY 2007, GIPSA closely examined the Farinograph method variables and identified the dough-mixing bowl as a major cause of method variations among laboratories. In 2008, GIPSA

will conduct cooperative studies with various commercial laboratories to identify means of improving standardization of Farinograph method among crucial commercial laboratories.

In FY 2008, GIPSA will continue to cooperate with the USDA-Agricultural Research Service, universities, and private industry to develop new standardized methods that more precisely and reproducibly describe the viscous and elastic properties of gluten using fundamental rheological units.

6. Mycotoxin and Biotechnology Test Kit Approvals. The grain industry relies on rapid tests to detect the presence of biotechnology-derived grains and oilseeds based on commercial contractual requirements. The industry also relies on rapid tests to detect the presence of mycotoxins in grain. To ensure that rapid tests are commercially available and provide reliable test results, GIPSA provides a voluntary program to verify the performance of commercial test kits.

In FY 2007, GIPSA evaluated 35 mycotoxin rapid test kits. Specifically,GIPSA evaluated 4 qualitative and 10 quantitative aflatoxin rapid test kits, verifying 3 of the qualitative and 9 of the quantitative kits. GIPSA assessed 9 qualitative and 7 quantitative deoxynivalenol rapid test kits, and verified the performance of 3 qualitative and 6 quantitative kits. In addition, GIPSA evaluated and verified 3 quantitative zearalenone test kits. One of the 2 fumonisin qualitative rapid test kits evaluated met performance criteria.

The European Union has implemented new regulations for mycotoxins that include tolerance levels and prescribe routine testing for ochratoxin A in cereal grains. Ochratoxin A is not known to be a significant problem in U.S. grains, but these new tolerances pose some risk for U.S. exporters. In FY 2007, GIPSA validated a reference method for ochratoxin A, prepared specifications and tolerances for rapid test kits, and began evaluating rapid test kits to prepare for implementation of official ochratoxin A testing services in FY 2008.

GIPSA also evaluated six biotechnology rapid test kits, one for glyphosate-tolerant corn, two for LibertyLink rice, two for Herculex RW, and one for Agrisure RW. All six of the kits met performance criteria and received Certificates of Performance.

7. Reference Methods. Objective grain quality assessments depend on reliable, well standardized measurement methods. Reference methods define a specific quality, and are traceable to more fundamental standards, such as mass, length, time, temperature, or electrical charge. These methods are used to maintain the accuracy of current testing in the official inspection system and to develop new rapid field methods. GIPSA maintains reference methods for protein, moisture, oil, fatty acid composition, and mycotoxins. The protein, moisture, oil, and fatty acid reference analyses support the near infrared spectroscopy (NIR), dielectric, and nuclear magnetic resonance (NMR) instruments used for rapid inspection at field locations that perform official testing. The mycotoxin reference analyses support the evaluation and standardization of test kits for official and commercial grain inspection, and support quality assurance programs to ensure consistent and reliable testing results. In FY 2008, GIPSA will continue to provide quality reference method analyses in support of the development of new testing methods and in the maintenance of accurate field testing for the official and commercial inspection systems.

8. Standardizing Commercial Grain Inspection Equipment. In FY 2007, GIPSA continued to participate in an on-going cooperative effort with the National Conference on Weights and Measures (NCWM), Inc., and the National Institute for Standards and Technology (NIST) to standardize commercial inspection equipment by serving as the sole evaluation laboratory for grain inspection equipment under the NCWM's National Type Evaluation Program (NTEP). GIPSA collected grain moisture meter calibration data for six instrument models as part of the NTEP on-going calibration program. Calibrations developed in this program provide traceability back to the official GIPSA moisture program and air oven reference method, and can be used in the majority of moisture meters used in commercial transactions throughout the United States. The NTEP laboratory completed an evaluation for one grain moisture meter model.

9. Basis of Determination Study. The grain standards require some analyses for determining grading and quality factors to be conducted on clean samples, while others are conducted using samples containing dockage and foreign material. This means that GIPSA uses different sample bases to determine different quality factors across grain types. Different bases of determination limit the Agency's ability to streamline the handling of samples and to use instruments capable of multiple constituent measurements. Changing to a "dockage-free" basis of determination for all instrument-derived measurements would provide an opportunity to improve testing efficiency and possibly to reduce variability of test results.

In FY 2007, GIPSA conducted controlled testing designed to assess the effect of varying dockage levels on moisture and test weight determinations. Results varied depending on the grain being tested and the type of analysis, but effects of dockage levels typically seen in official inspection versus "dockage free" were small. The information gathered to determine the effects of changing the basis for determination will help the Agency decide whether to pursue changing the appropriate grain grading standards to require all factors be determined on a clean sample basis.

10. Biotechnology. Biotechnology Proficiency Program. GIPSA's internationally recognized proficiency Program now includes 145 participating organizations, with more than 77 percent of the participants from organizations outside the United States. The program, initiated in 2002, enables organizations testing for the presence of biotechnology-derived grains to improve both the accuracy and precision of testing on a global basis by allowing participating organizations to identify deficiencies and improve testing methodologies to improve the accuracy and reliability of testing for biotechnology-derived events. Participants include organizations from Africa, Asia, Europe, North America, and South America.

GIPSA is also working with the European Commission's Institute for Reference Materials (IRMM) to harmonize GIPSA and IRMM reference materials to minimize the potential for disrupting U.S. grain markets. As referenced above, GIPSA's Biotechnology Proficiency Program has helped organizations testing for biotechnology-derived grains improve the accuracy and reliability of testing for biotechnology–derived events. GIPSA and IRMM are confirming that the GIPSA proficiency samples and the newly-introduced IRMM reference materials provide concordant results. In addition, GIPSA routinely participates in collaborative research projects, sponsored by the IRMM, to determine the feasibility of using plasmids as reference materials in lieu of ground grain. Plasmids are simple, well-defined DNA that can be engineered to contain all commercial events into a single reference material. Plasmids could provide an extensive supply of reference materials of consistent quality with precise PCR amplification characteristics.

GIPSA also continues to partner with international organizations to facilitate the harmonization of testing for biotechnology-derived grains and oilseeds. In FY 2007, GIPSA initiated a new program to develop and/or validate standardized reference methods for the detection and quantification of biotechnology-derived grains and oilseeds. GIPSA will work with AOAC International and AACC to gain official recognition of these methods. GIPSA will also continue collaborative efforts with IRMM and with NIST to standardize reference materials.

11. Registration. The International Organization for Standardization (ISO) represents the national standards institutes and organizations of over 100 countries, including the American National Standards Institute (ANSI). The American Society of Quality, the European Standards Institute, and the Japanese Industrial Standards Committee are a few of the major quality organizations that have endorsed ISO Standards, which are becoming the de facto standards across industries throughout the world. GIPSA maintained ISO 9000:2000 registration for its primary reference methods (protein, oil, and moisture) and its Pesticide Data Program as part of the Agency's quality management focus and to enhance international credibility and acceptance.

12. International Briefings. GIPSA personnel frequently meet with delegations visiting from other countries to brief them on the U.S. grain marketing system, America's national inspection and weighing system, the U.S. grain standards, and GIPSA's mission. Many of these delegations are sponsored by USDA Cooperator

organizations, including the U.S. Wheat Associates and U.S. Grains Council, which arrange visits to grain production areas, GIPSA field offices, onsite laboratories at export grain elevators, and the Agency's Technical Center in Kansas City, Missouri. At the echnical Center, delegations sometimes receive technical training on analytical testing procedures and grain inspection methods and procedures. These briefings foster a better understanding of the U.S. grain marketing system and the official U.S. grain standards and the national inspection system, and enhance purchasers' confidence in U.S. grain. During 2007, GIPSA personnel met with 55 teams from 38 countries.

13. Outreach. In FY 2007, GIPSA responded to customers' needs for technical assistance overseas. Exporters, importers, and end users of U.S. grains and oilseeds, as well as other USDA agencies, USDA Cooperator organizations, and other governments, frequently ask for GIPSA personnel to travel overseas. These activities include representing the Agency at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, helping importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures.

During fiscal year 2007, our outreach activities included conducting a soybean monitoring project to address concerns of Malaysian importers regarding the quality of U.S. soybeans. GIPSA also coordinated meetings with European regulators in Belgium, England, and Italy to address the European Union's (EU) mycotoxin regulations. Our long range goal is to attain European Commission (EC) recognition of GIPSA sampling and testing procedures to allow for pre-export testing rather than destination testing. In collaboration with FAS and APHIS, GIPSA devoted significant resources to addressing customer concerns about a biotech rice trait that appeared in commercial U.S. rice. Further, we participated in the seventh meeting of the North American Biotechnology Initiative; worked with APHIS, FAS, Farm Service Agency (FSA), Agency for International Development (AID), and Kenyan officials to address Kenya's new phytosanitary and biotech import requirements, which would affect their ability to import donated food aid; and continued to work to resolve issues with India's quality and phytosanitary specifications for wheat, peas, and lentils.

In FY 2007, we also continued our ongoing efforts to facilitate trade with Iraq. On four occasions, we deployed a technical specialist to the United Arab Emirates to monitor and provide on-site technical inspection expertise for wheat shipments from the United States to Iraq. A GIPSA technical expert observed destination sampling and provided technical assistance to the Grain Board of Iraq (GBI) that, in all instances, resulted in the GBI accepting the shipments without delay. GIPSA's representative also traveled to Egypt to present wheat and rice grading seminars at a buyers' conference designed to facilitate Iraq's purchases of U.S. wheat and rice. This work enhanced our reputation in the region and instilled confidence in the services GIPSA provides.

14. International Projects. GIPSA has been working with Mexico's private and public grain sectors to promote the use of U.S. sampling and inspection methods to facilitate trade by minimizing differences in test results between GIPSA and the receiver.

At Mexico's request, GIPSA developed and implemented a program for Mexican government officials and importers to visit the United States to gain a better understanding of the U.S. grain marketing and inspection system, and the roles of GIPSA, official agencies, and APHIS. This highly successful program has prompted Mexican importers to launch efforts to improve their own testing capabilities by establishing laboratories modeled after GIPSA's. As an outgrowth of this program, and at Mexican importers' request, GIPSA will expand its annual wheat protein collaborative study to include Mexico.

During fiscal year 2007, GIPSA placed two representatives in Asia on long-term temporary duty assignments to develop a more proactive approach in working with overseas Asian customers and their Governments. As a result, GIPSA has had an on-site presence in the region for over 8 months during the fiscal year. This Asian outreach program has allowed GIPSA to address immediate and long-term issues in the region, promote a better understanding and adopt U.S. sampling and inspection methods to minimize differences in results and develop face-to-face relationships with customers, USDA Cooperators and Government officials.

Packers and Stockyards Program: GIPSA's Packers and Stockyards Program (P&SP) is responsible for administering the Packers and Stockyards Act (P&S Act), which prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and meatpacking industries. The P&S Act makes it unlawful for a regulated entity to engage in unfair, unjustly discriminatory, or deceptive practices. Packers, live poultry dealers, and swine contractors are also prohibited from engaging in specific anti-competitive practices. P&SP conducts two broad types of activities–regulatory and investigative–in its administration and enforcement of the P&S Act. P&SP activities cover two general areas: Business Practices and Financial Protection. Business Practices are further divided into Competition and Trade Practices.

Specific areas being addressed currently include:

I. Business Practices

Activities of Business Practices Units include monitoring concentration, competition, and trade practices in the industry. GIPSA monitors markets and conducts compliance reviews to identify possible violations of the P&S Act, and to keep abreast of constantly evolving pricing and procurement practices. In addition, the Agency investigates all complaints alleging anticompetitive behavior prohibited by the P&S Act. One of GIPSA's responsibilities under the P&S Act is to promote fair business practices in the marketing and procurement of livestock, meat, and poultry, and to determine if unfair or deceptive practices are occurring. GIPSA conducts investigations of alleged unfair trade practices at auction markets, livestock dealers and order buyers, slaughtering packers, live poultry dealers, and meat dealers and brokers.

Competition

GIPSA evaluates complaints alleging anticompetitive behavior such as attempted restriction of competition, failure to compete, buyers acting in concert to purchase livestock, apportionment of territory, price discrimination, price manipulation, and predatory pricing. In 2006, the GIPSA merged its regional offices' Trade Practices and Competition Units to bring the units under a single supervisor and more closely reflect that trade practice and competition violations are a continuum with each blending into the other. For example, trading prices have a central role in guiding and directing the economy in a truly competitive market. Prices provide signals that guide producers' decisions about when and where to market. Producers cannot effectively respond to such signals if prices inaccurately reflect costs or cannot be compared during the bargaining process. An inaccurate scale that incorrectly values hundreds, if not thousands, of carcasses is an example of a price distortion that interferes with truly free market decisions.

As noted, illegal trade practice violations can evolve into competition violations when they affect significant numbers of buyers, sellers, or both. This underscores how the nature of the illegal behavior is relevant when considering plans for investigation and litigation. A similar situation arises when distinguishing anti-competitive practices along another classification line: exclusionary versus exploitive behavior. Exploitive behavior includes a firm using monopsony power to lower the procurement price of livestock purchased from sellers. The misuse of the market power causes direct and immediate harm to the seller.

Exclusionary anti-competitive behavior denies an individual or a group access to a market. For example, non-business based decisions to refuse to deal with someone is an exclusionary behavior. Frequently these types of behavior have costs to the affected party that are less direct than exploitive behavior. Exclusionary anticompetitive behavior and trade practices that grade into anticompetitive behavior illustrate the need for GIPSA investigators and legal specialists to work closely with the Office of the General Counsel (OGC) in planning investigative work.

GIPSA's investigators and legal specialists work closely on an informal basis with OGC on all competition investigations. When the results of the investigation indicate to GIPSA and OGC that the evidence and circumstances support legal action, GIPSA then formally refers the case file to OGC for action.

Concentration

Occasionally, GIPSA receives complaints about concentration levels and mergers that may relate to competition, but that do not violate the P&S Act or necessarily result in investigations. While concentration has generally increased since 1980, changes in recent years have varied somewhat across livestock types. Concentration of the four largest steer and heifer slaughterers rose from about 36 percent in 1980 to a high of 82 percent in 1994 and has remained relatively stable since then. Four-firm concentration in hog slaughter rose from about 34 percent in 1980 to 64 percent in 2003 through 2005 but declined to 61 percent in 2006. Four-firm concentration in sheep and lamb slaughter rose from about 56 percent in 1980 to 73 percent in 1996, but has declined over the last 10 years and was 68 percent in 2006.

Regulatory Compliance

GIPSA works closely with the regulated industries to achieve compliance with the P&S Act. This proactive approach is more cost effective and provides better protection for producers and the industry than lengthy formal litigation. Pricing and procurement practices are becoming increasingly complicated, and competition investigations are complex and often require sophisticated economic modeling and analyses. Litigating anticompetitive complaints is very expensive for the Agency in terms of financial and personnel resources, and can take years.

II. Trade Practices

To determine if unfair or deceptive trade practices in violation of the P&S Act are occurring in the procurement of livestock, meat, and poultry, GIPSA conducts procurement compliance reviews of subject firms. The reviews cover pricing methods; payment practices; weighing of livestock, carcasses, and poultry; carcass grades used for payment; and accountings issued to sellers.

Market agencies, dealers, packers, and live poultry dealers are required to maintain their scales in an accurate condition. The P&S Act and regulations require these entities have their scales tested at least semiannually, at intervals of approximately 6 months, by competent persons, and to file scale test reports with GIPSA. State and private companies test scales, and GIPSA conducts check-weigh and other investigations to determine if scale operators and firms subject to the P&S Act are properly using their scales, and properly recording weights in the purchase and sale of livestock and poultry.

Any apparent change in purchase weight that is caused by a person, such as modifying the actual weight of the livestock or failing to pass on a shrink allowance, is an unfair and deceptive practice. Any change to the original purchase price, either in purchases to fulfill an order or in sales based on cost plus an agreed upon margin, is also an unfair and deceptive practice. Anyone believing an action of a stockyard, market agency, or dealer has caused personal loss or damage in violation of the P&S Act may file a complaint seeking reparation (damages) with GIPSA within 90 days of learning of the action that caused damages. Reparation complaints may not be filed against packers, live poultry dealers, or swine contractors. USDA cannot compel payment by these entities.

Financial Protection

GIPSA supports the financial integrity and stability of the livestock, poultry, and meatpacking industries by administering the P&S Act and regulations. Financial investigations address solvency issues, payment to livestock sellers and poultry growers, bond claims, trust claims, and maintenance of custodial accounts.

When GIPSA determines that a potentially serious situation exists that may cause imminent harm to livestock producers, rapid response teams are deployed to investigate the matter.

1. Solvency. Under the P&S Act, most regulated entities must be solvent (current assets must exceed current liabilities). Live poultry dealers, swine contractors, meat distributors, brokers, and packers with annual livestock purchases less than $500,000, are not subject to the solvency requirements. GIPSA monitors the solvency of regulated entities through its review of annual and special reports, and by on-site financial compliance reviews and investigations. Between 2002 and 2005, an average of 281 firms per year, or 4 percent of entities subject to the P&S Act, reported insolvent conditions (current liabilities exceeding current assets) on their annual filing

GIPSA monitors all firms and notifies those with insolvencies by certified letter to correct those insolvencies. The Agency requires special reports from firms whose annual reports disclose insolvencies. In addition, GIPSA conducts on-site financial investigations to follow up on reported insolvencies or other financial issues. Formal disciplinary action is initiated against firms when appropriate.

2. Payment Practices. The P&S Act requires every dealer, market agency, and packer purchasing livestock on a live-weight basis and live poultry dealers to pay cash to sellers before the close of the next business day following purchase. The P&S Act also requires every packer, market agency, or dealer purchasing livestock on a carcass weight or grade and yield basis to pay the full amount of the purchase price not later than the close of the first business day following determination of the purchase price. The P&S Act further requires that live poultry dealers pay poultry growers for live poultry obtained under a poultry growing arrangement by the close of the fifteenth day following the week in which the poultry is slaughtered.

Before packers, market agencies, or dealers can issue drafts in payment for livestock, or otherwise extend the time in which payment is due for livestock, they must enter into a written credit agreement with the seller. Packers purchasing livestock valued at $500,000 or more annually must also obtain a written trust waiver acknowledgement from the seller waiving his/her trust rights.

3. Custodial Accounts. Market agencies selling livestock on commission (auction markets) must establish and maintain a bank account entitled a "custodial account for shipper's proceeds," commonly referred to as a custodial account, for proceeds from the sale of consigned livestock. Auction markets have a fiduciary responsibility to safeguard the account and make timely distribution from it to livestock sellers. Auction markets are required to maintain this account in balance at all times.

GIPSA monitors custodial accounts by reviewing annual reports from market agencies, special custodial account report analyses, and on-site audits of the custodial accounts. When the monitoring reveals shortages, steps are taken to correct the account balance and, when possible, replenish the accounts to the required level. GIPSA's increased auditing in 2007 as part of a "back-to-basics" component of its Business Plan, and found total shortages had decreased considerably in 2007 relative to past years.

4. Financial Failures And Amounts Paid. Bonding requirements usually do not cover the entire loss sustained when a firm fails financially. Further, some livestock sellers do not always determine the current bond status of smaller packers, dealers, and market agencies before selling livestock to them, making those sellers vulnerable to insufficient bond protection when the smaller firms fail. A large packer's failure (one failed in 2002, owing more than $15 million), may impact auction markets and dealers from whom it purchased livestock and failed to pay. Since 1997, there has been an average of 10 dealer failures per year, with as many as 28 in 1 year and as few as 1. Percent restitution to livestock sellers from all sources has averaged 18 percent per year, with a high of 38 percent and a low of 5 percent.

Auction markets may be especially vulnerable to a domino-like effect from dealer failures since many dealers purchase livestock from auction markets. The failure of a large dealer may impact every auction market which it failed to pay. A large dealer failed in 2005, owing more than $1 million in unprotected livestock debt. Since 1997, an average of five auction markets per year have failed, with a high of nine auction market failures in one year to a low of two. Consignors received average restitution of 52 percent, with actuals ranging between 78 and 29 percent.

Reports, Research, and Other Initiatives and Activities

1. Livestock Assessment Report. GIPSA has released to Congress six assessment reports on the cattle and hog industries covering calendar years 2000 through 2005. Three of the reports also examined the poultry industry; two reviewed the sheep industry. The reports indicated that substantial changes are occurring in industry structure, and in the behavior of firms in the livestock and meatpacking industries. Livestock and poultry feeding are more concentrated, feeding operations have gotten larger, and vertical coordination arrangements are becoming more varied and sophisticated. Competitive forces, such as technological advancements and changes in consumer demand drive many of the changes, often with positive effects for the industries involved, for consumers, and for the Nation as a whole. These changes may also bring the potential for packers, dealers, and market agencies to engage in activities that are prohibited under the P&S Act.

GIPSA is monitoring changes in industry structure and behavior, and investigating practices that may be unlawful under the P&S Act. The Agency conducts random regulatory reviews of selected firms for prompt pay audits, custodial account audits, and scale accuracy. In addition, GIPSA uses research and analysis, and other tools to assess the economic, competitive, and trade practice implications of structural and behavioral changes.

2. Statistical Report. In February 2007, GIPSA published its annual statistical report on the livestock and meat packing industry for calendar year 2005. The report provides data on industry concentration, plant size, packer financial performance, and number of animals purchased by packers by source of supply – public markets (terminals and auctions) and nonpublic (all other) sources of livestock. The report includes data on slaughtering packers; market agencies buying or selling livestock on commission, including auction markets and selling agencies at terminal stockyards; and livestock dealers buying and selling livestock for their own accounts.

3. Livestock and Meat Marketing Study. In FY 2007, GIPSA completed a Congressionally mandated study of issues surrounding the use of packer feeding and other marketing arrangements in the livestock and meat packing industries. The study examined marketing arrangements that are being used to transfer cattle, beef, hogs, pork, sheep and lamb through the production and marketing system. GIPSA conducted industry briefings in Des Moines, Iowa, Kansas City, Kansas, and Washington, D.C. on the results of the study. The report provided quantitative analyses of prices, costs, and benefits of alternative marketing arrangements. The second report also assessed the implications of potential future changes in the use of various types of marketing arrangements, including packer feeding.

The study found that alternative marketing arrangements provide net benefits to producers, packers, and consumers, and that net economic losses would result from restrictions on the use of such arrangements. In particular, the study found that packers and consumers receive better quality and more consistent product as a result of alternative arrangements, and producers receive value for better quality livestock. All parties are better able to set delivery/sale dates. The arrangements help stabilize the flow of supply, and provide cost savings for the price discovery process. In general, the use of alternative marketing arrangements provides buyers and sellers with improved risk management options that lower costs or allow for the creation and capture of greater value. GIPSA briefed government and industry entities about the results of the study.

4. Outreach Activities. GIPSA's outreach to local, State, and national public and private sector organizations focuses awareness on industry concerns and issues affecting the livestock, meat, and poultry industries.

Scales and Weights. In 2007, GIPSA employees cooperated with the National Institute of Standards and Technology (NIST), the National Conference on Weights and Measures (NCWM), other weights and measures associations, and industry and scientific organizations to foster the development and use of weighing and measuring devices.

GIPSA began working with ASTM International in 2001 to develop voluntary industry standards for electronic evaluation devices used to determine payment in the livestock, meat, and poultry industries. In 2007, GIPSA participated in two ASTM meetings, working with various industry stakeholders to maintain and update the five voluntary standards that were adopted in 2005. The standards cover equipment design resolution, units of measurement, and operator error; device performance repeatability, audit, examination, and tolerances; user requirements such as operation, installation, maintenance, training, and calibration; and predictive accuracy including repeatability, audit, and examination.

In addition, GIPSA maintained it's commitment to working with NIST and NCWM to adopt the five voluntary standards into NIST Handbook 44. NIST proposed regulatory language that was adopted by NCWM is currently referenced in the 2006 edition of Handbook 44 as tentative code.

In 2007, GIPSA testified to the Central Weights and Measures Association (CMWA) advocating clarification of testing procedures for Dynamic Monorail Weighing Systems in NIST Handbook 44. GIPSA's testimony led to the modification of testing procedures of Dynamic Monorail Weighing Systems in NIST Handbook 44. The National Conference on Weights and Measures passed the amendment at its annual meeting in July 2007.

In 2007, GIPSA, in cooperation with the State of Nebraska Weights and Measures Department, began developing a technical proficiency weighing training program. GIPSA's participation in training increases the livestock industry's awareness and understanding of the protection and equity in commercial transactions provided by GIPSA's weights and measures program.

In FY 2007, GIPSA worked with State weights and measures officials to test live poultry and feed scales, monorail scales, and livestock scales, and on training relating to vehicle and livestock scales. GIPSA conducted business plan carcass weighing investigations with State weights and measures officials. GIPSA and State officials jointly conducted monorail scale tests, and checked standardization of equipment and tare weight settings used to weigh carcasses and establish producer pay weights. GIPSA also collaborated with State weights and measures officials to compare records of scales used in commerce for weighing livestock, carcasses, feed, and live poultry. The efforts resulted in updated active scale records and improved State-Federal relations.

To ensure that livestock producers and poultry growers are being paid on scales that are certified, GIPSA, in 2007, shared its list of active certified scales with State jurisdictions to ensure that all scales reported to the State jurisdictions are being monitored by GIPSA.

Market Outreach. In 2007, GIPSA conducted 23 market orientations and reviews for new and existing auction market owners and managers to educate them about their responsibilities under the P&S Act. These visits in the early stages of a market's operations also protect livestock producers who rely on the market to be competitive, fair, and financially sound. GIPSA conducted 79 sale day outreach activities at auction markets. Sale day visits entail P&SP staff being introduced to the buyers and sellers present at the auction market sale.

Industry Outreach. GIPSA met with various industry associations at the local, State, and national levels, including: State cattlemens ssociations; American Farm Bureau Federation Annual Convention and rade Show; American Lamb Board; 2007 Hatchery-Breeder Clinic, sponsored by the U. S. Poultry and Egg Association; 2007 International Poultry Exposition; 2007 Midwest Poultry Federation Convention; National Cattlemen's Association Convention; R-Calf USA national Convention; Sunbelt Exposition; Texas Cattle Feeders Association Annual Convention; Wisconsin Independent Livestock Dealers and Auction Markets Association annual conference; World Pork Expo; the and the Midwestern Poultry Convention. GIPSA also met with the officials concerning packers who failed to pay lamb check-off which was passed through in livestock transactions. The purpose of the meeting was to share information and identify areas where the

Lamb board share information and possibly file bond claims for the unpaid livestock proceeds due to the check off program.

In FY 2007, legislation passed that reauthorized and extended the Livestock Mandatory Reporting Act of 1999 (LMRA), which includes GIPSA's Swine Contract Library (SCL), through September 30, 2010. GIPSA increased outreach activities to ensure that swine packers were aware of the legislation and its requirements. The SCL legislation requires the Secretary of Agriculture to establish and maintain a library or catalog of the types of contracts offered by packers to swine producers for the purchase of swine (including swine that are purchased for future delivery). Packers subject to the SCL requirements must resume submitting swine contract information to GIPSA according to the SCL Regulations.

State Government Outreach. In FY 2007, GIPSA attended a series of meetings with the Alabama Department of Agriculture, auction markets, and dealers to promote compliance with the P&S Act and regulations (these meetings led to increased monitoring of the payment practices of livestock dealers and packers and identifying firms that are subject to the Act.); met with the Florida Department of Agriculture, Bureau of Agriculture Dealer's Licenses to develop a means of jointly on registering and bonding of livestock dealers and auction markets.

Outreach to Academia. In FY 2007, GIPSA addressed the University of Idaho's College of Agricultural and Life Sciences Extension Service "Beef Schools" about how the requirements of the P&S Act protect beef producers when they market livestock. GIPSA hosted an economics student intern from the University of Arkansas in August and an economics student intern from Kansas State University from January through May. GIPSA also participated in the Council on Food, Agricultural, and Resource Economics (C-FARE), an organization of agricultural economics representatives from a wide range of organizations including several academic institutions. A representative from GIPSA presented a briefing on the results of the Livestock and Meat Marketing Study (see below) to C-FARE in May 2007.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below by program:

Grain Regulatory Program:

Protecting the Integrity of U.S. Grain and Related Markets.

1. Compliance Reviews. Compliance reviews are reviews of GIPSA's grain inspection and weighing field operation, which includes Federal, State, and private laboratories. During FY 2007, GIPSA conducted onsite compliance reviews of 1 GIPSA office, 6 State departments of agriculture, and 16 private agencies. Review teams evaluated customer satisfaction, including potential service delivery discrimination, management effectiveness and efficiency, and procedural compliance. GIPSA found no instances of service delivery discrimination. All identified noncompliance items were corrected.

2. Delegation and Designation Program. GIPSA oversees 54 official agencies that are designated under the USGSA, as amended, to provide permissive official inspection and/or weighing services at domestic locations. Of these, four are States that are also delegated to provide mandatory official inspection and weighing services at export locations. One additional State is delegated but not designated. Delegations are permanent unless GIPSA or the State terminates the agreement. During FY 2007, one State voluntarily canceled its delegation due to financial considerations.

Under the triennial renewal process, 21 official agency designations automatically terminated in FY 2007. GIPSA renewed 18 of the 21 for full 3-year terms after reviewing their performance. One official agency was designated for 18 months, and another for 2 years due to repeat noncompliances.

3. Conflicts of Interest. At the beginning of FY 2007, three designated official agencies were operating with discretionary conflict-of-interest waivers. All three agencies remain designated with conflict waivers.

4. Exception Programs. During FY 2007, GIPSA continued to operate three exception programs which allow more than one designated official agency to inspect or weigh grain in a single geographic area under specific circumstances.

The timeliness-of-service exception program allows official agencies to provide service to facilities located outside of their assigned geographic area on a case-by-case basis when official service cannot be provided within established timeframes. During FY 2007, one facility used the timely service exception.

The service exception program allows official agencies to offer their services to facilities outside their assigned area if no official service has been provided during the previous 3 months. During FY 2007, 101 facilities received 267,823 inspections under this program. This included 688 for barges, 67,337 for railcars, and 199,798 other inspections (e.g., trucks, containers, and Starlink™ testing).

The barge exception program allows customers shipping grain in barges to select any official agency to probe-sample and inspect the grain. During FY 2007, one facility received 23 barge inspections under this program.

5. Complaints. GIPSA administers a grain quality and weight discrepancy process. When an importer of U.S. grains reports a quality or weight discrepancy, GIPSA initiates an investigation to determine the validity of the discrepancy. GIPSA analyzes samples retained on file from the original inspection and samples submitted from destination (if the buyer chooses to submit them) to evaluate whether the discrepancy was due to inspector or instrument error, or to differences in samples, procedures, or an actual change in quality from the time of the original inspection. The process verifies whether the original inspection and weighing service provided at the time of loading was correct, based on all available information. GIPSA then issues a report outlining its findings and providing suggestions to avoid similar discrepancies in the future.

Occasionally, a particular buyer or importing country reports repeated discrepancies which cannot be resolved by a shipment-by-shipment review under this process. In such cases, GIPSA may conduct collaborative sample studies or joint monitoring activities to address the discrepancy in a more comprehensive manner.

Complaints involved 188,072 metric tons, or about 0.2 percent by weight, of the total amount of grain exported during the year. This compares to nine quality and no weight complaints received in FY 2006, representing about 0.3 percent of grain exports by weight.

In FY 2007, GIPSA received six quality complaints and three weight complaints from importers on grains inspected under the U.S. Grain Standards Act. Based on our investigation of these cases, GIPSA sustained the original inspection results on all six quality complaints and one weight discrepancy. We have not completed the investigations on the other two weight discrepancies. These complaints involved 188,072 metric tons, or about 0.2 percent by weight, of the total amount of grain exported during the year. This compares to nine quality and no weight complaints received in FY 2006, representing about 0.3 percent of grain exports by weight.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Limitation on Inspection and Weighing Services Expenses:

Not to exceed $42,463,000 (from fees collected) shall be obligated during the current fiscal year for inspection and weighing services: Provided, That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percent with notification to the Committees on Appropriations of both Houses of Congress.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

LIMITATION ON INSPECTION AND WEIGHING SERVICES

Estimate, 2008	$42,463,000
Budget Estimate, 2009	42,463,000
Increase in Appropriation	--

Project Statement
(On basis of appropriation)

	2007 Actual		2008 Estimated		Increase or Decrease	2009 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Inspection and Weighing Activities	$38,431,808	314	$42,463,000	353	--	$42,463,000	353
Nonexpenditure transfer	-11,911	--	--	--	--	--	--
Unobligated Balance Start of Period	-5,533,814	--	-6,403,000	--	--	-6,403,000	--
Unobligated Balance End of Period	6,403,000	--	6,403,000	--	--	6,403,000	--
Collections	39,289,083	314	42,463,000	353	--	42,463,000	353

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Inspection and Weighing Services

Geographic Breakdown of Obligations and Staff Years
2007 Actual and Estimated 2008 and 2009

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Arkansas	$2,127,313	32	$2,350,000	36	$2,350,000	36
District of Columbia	8,579,814	54	9,481,000	63	9,481,000	63
Idaho	263,509	3	292,000	3	292,000	3
Iowa	224,728	2	249,000	2	249,000	2
Kansas	396,452	6	438,000	6	438,000	6
Louisiana	14,685,951	100	16,283,000	116	16,283,000	116
Minnesota	56,097	1	0	0	0	0
Missouri	304,756	15	337,000	15	337,000	15
North Dakota	977,928	10	1,081,000	11	1,081,000	11
Ohio	1,679,637	15	1,856,000	17	1,856,000	17
Oregon	3,692,805	34	4,081,000	36	4,081,000	36
Texas	5,367,625	41	5,932,000	47	5,932,000	47
Washington	75,193	1	83,000	1	83,000	1
Total, Available or Estimate	38,431,808	314	42,463,000	353	42,463,000	353

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

INSPECTION AND WEIGHING SERVICES

STATUS OF PROGRAM

Providing Official Grain Inspection and Weighing Services

1. Contracting Inspection and Weighing Services. The U.S. Grain Standards Act (USGSA) authorizes the Secretary of Agriculture to contract with private persons or entities to perform inspection and weighing services at export port locations (7 U.S.C. 79(e)(I), 84(a)(3)). GIPSA is running a 2-year pilot test, which began on May 28, 2006, to assess the cost effectiveness and impact on the official system of contracting with private entities to provide mandatory inspection and weighing services at export port locations. The pilot test will help GIPSA determine how to best use existing contracting authority as one component in delivering official inspection services. Contracts are implemented only when their use improves the cost effectiveness of service delivery, and only if it maintains the official inspection system's high level of integrity. This strategy lays the framework for using GIPSA contracting authority to further enhance its goal of providing high-quality, cost-effective export inspection and weighing services that are recognized worldwide as being accurate and reliable.

To date, GIPSA has in place contracts in the State of California; Milwaukee, Wisconsin, and GIPSA's Toledo field office circuit—Chicago, Illinois, Portage, Indiana, Toledo, Ohio, and Albany, New York. GIPSA also has a supplemental labor contract for the Corpus Christi, Texas, area, and is in the process of establishing contracts in Duluth, Minnesota, and Newark, New Jersey. Additionally, GIPSA is currently establishing contracts for the area serviced by GIPSA's Stuttgart, Arkansas, field office under the Agricultural Marketing Act of 1946, as amended.

2 . Phytosanitary Inspection Services on Processed Products. In July 2007, GIPSA and the Animal and Plant Health Inspection Service's (APHIS) Plant Protection and Quarantine Unit (PPQ) revised its Memorandum of Understanding (MOU) to expand GIPSA's authority to include inspection of processed products, administratively assigned to GIPSA under the authority of the Agricultural Marketing Act of 1946, as amended, for the purpose of phytosanitary certification by APHIS/PPQ. The revised MOU allows APHIS to use the skilled GIPSA workforce, when needed, and expedite their phytosanitary certification program.

Effective September 1, 2007, APHIS eliminated use of the processed products certificate and began requiring exporters to obtain phytosanitary inspection certificates on processed grain products on the basis of official sampling and inspection by GIPSA and/or APHIS personnel. GIPSA, in turn, has established agreements with our official service providers to provide timely, local official sampling and inspection of processed grain products for phytosanitary certification at the many facilities that load processed grain products.

3. Container Inspections. In FY 2006, GIPSA amended the regulations under the USGSA to waive the mandatory inspection and weighing requirements for high quality specialty grains exported in containers. The final rule became effective on January 12, 2006, and expires on July 31, 2010. GIPSA made this change to facilitate the increasing marketing of U.S. specialty grains by allowing use of containers to ship specialty grains to meet the specific needs of buyers around the world.

In FY 2007, U.S. grain exporters capitalized on a surplus of empty containers to ship grain at a lower freight rate to international customers. In the first quarter of 2007, the ocean freight rate for shipping grain from the West Coast to Japan was approximately $54 per metric ton, whereas the average weighted container rate was $27 per metric This growing marketing trend has led to commensurate growth in the number of container loading facilities in the United States. Eight facilities exported grain by container in FY 2002 and 24 in 2005. Today, there are 137 container loading facilities in the United States.

The official inspection and weighing system is working to keep pace with the expanding containerized grain trade. We are ensuring that all export facilities are properly registered with GIPSA. Agency scale specialists are providing scale testing service on platform scales at container loading facilities to ensure that scales used for weighing containers receive the required GIPSA approval and certification. And, our official partners are working to accommodate container shippers by expanding inspection laboratory space and substantially increasing staffing levels.

4. Visual Reference Material. GIPSA's Visual Reference Image (VRI) system ensures consistent and uniform application of grading lines by illustrating types of damage in conjunction with providing written descriptions. In FY 2007, GIPSA developed online inspector calibration trainers for wheat damage, sorghum damage, canola damage, rye damage, sunflower seed damage, flaxseed damage, barley damage, oat damage, and purple mottled and stained soybeans. GIPSA also updated the aging general appearance prints for sorghum, oats, and wheat.

5. Educational Material. GIPSA provides educational materials and grading aids to GIPSA customers through various outlets, including at industry meetings and trade shows, and through the GIPSA website. In FY 2007, GIPSA developed e-learning courses for Rough Rice, Brown Rice, and Milled Rice; Laboratory Scale Testing; an Overview of the Inspection System; Quality Control; Statistics; Sampling Rice; Sampling Grain; Sampling Graded Commodities; and an Overview of the U.S. Grain Standards.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Summary of Budget and Performance
Statement of Goals and Objectives

The GIPSA has two strategic goals and six strategic objectives that contribute to two of the overall Department's strategic goals.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Goal 1: Enhance International Competitiveness of American Agriculture. Objective 1.1, Expand and Maintain International Export Opportunities.	**Agency Goal 2**: Facilitate the marketing of U.S. grain and related agricultural products.	**Objective 2.1**: Provide the market with terms and methods for quality assessments. **Objective 2.2**: Protect the integrity of U.S. grain and related markets. **Objective 2.3**: Provide official grain inspection and weighing services.	Grain Regulatory Program Inspection and Weighing Program	**Key Outcome 2**: Provide buyers and sellers of U.S. grain with an efficient, accurate, and reliable means to determine the value of the product being sold or purchased, thereby facilitating the marketing of America's grain domestically and around the world.
USDA Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies. Objective 2.2 Increase the Efficiency of Domestic Agricultural Production and Marketing Systems.	**Agency Goal 1**: Promote fair and competitive marketing in livestock, meat, and poultry.	**Objective 1.1**: Increase level of compliance through preventive regulatory actions. **Objective 1.2**: Attain compliance through investigation and enforcement.	Packers and Stockyards Program	**Key Outcome 1**: Protect fair trade practices and competitive markets for livestock, meat, and poultry through increased industry compliance with the P&S Act.
	Agency Goal 2: Facilitate the marketing of U.S. grain and related agricultural products	**Objective 2.1**: Provide the market with terms and methods for quality assessments. **Objective 2.2**: Protect the integrity of U.S. grain and related markets. **Objective 2.3**: Provide official grain inspection and weighing services.	Grain Regulatory Program Inspection and Weighing Program	**Key Outcome 2**: Provide buyers and sellers of U.S. grain with an efficient, accurate, and reliable means to determine the value of the product being sold or purchased, thereby facilitating the marketing of America's grain domestically and around the world.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

STRATEGIC OBJECTIVE 1.1: Expand and Maintain International Export Opportunities.

STRATEGIC OBJECTIVE 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2007 Actual		2008 Budget			2009 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1.1							
Grain Regulatory Program	$8,102,210	69	$8,102,000	69	+$1,384,000	$9,486,000	70
Strategic Objective 2.2							
Packers and Stockyards Program	20,171,500	161	20,901,000	167	+2,951,000	23,852,000	185
Grain Regulatory Program	9,511,290	82	9,511,000	82	+1,156,000	10,667,000	82
Total, Strategic Objective 2.2	29,682,790	243	30,412,000	249	+4,107,000	34,519,000	267
Total, Available	37,785,000	312	38,514,000	318	+5,491,000	44,005,000	337

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- Packers and Stockyards Program –During fiscal year 2009, the proposed increase will enable GIPSA to hire 18 new employees to enhance direct compliance, investigative, and enforcement activities in the field. The Agency will hire 15 new resident agents to expand compliance reviews and investigations in currently un-staffed territories. Other professionals will be added to each regional office to provide specialized technical expertise to support the increasingly complex investigative workload and analysis of competition issues. Strengthening the PSP field staffing level will enable the Agency to increase direct enforcement of the Packers and Stockyards Act and promote greater voluntary compliance through an expanded presence within the industry. As a result of the Agency's increased vigilance, we estimate that compliance with the P&S Act will increase from 75 percent in FY 2007 to 80 percent by the end of FY 2009.

- Grain Regulatory Program - During fiscal year 2009, the proposed increases will help GIPSA continue to succeed in facilitating the marketing of U.S. grain and related agricultural products through the establishment of standards for quality assessments, regulation of handling practices, and management of a network of Federal, State, and private laboratories that provide impartial, user fee funded official inspection and weighing services. GIPSA will provide the market with quality assessment terms and methods that reflect the evolving market needs, including direct product testing and documentation of specific production or processing methods, to help the market differentiate its diverse products. The percentage of grain quality attributes for which GIPSA provides standardization will increase from 95.7 percent in FY 2007 to 98.6 percent by the end of FY 2009. To protect the integrity of U.S. grain and related markets, GIPSA will maintain regulatory requirements for grain handling, marketing, and the performance of laboratories authorized to provide official grain quality assessments that promote fair marketing. The agency also will continue to provide official grain inspection and weighing services to American agriculture through the official national system, a network of Federal, State, and private service providers.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Promote fair and competitive marketing in livestock, meat, and poultry.

Explanation of Key Outcome 1: GIPSA will protect fair trade practices and competitive markets for livestock, meat, and poultry through increased industry compliance with the P&S Act. The Agency plans to obtain this outcome by increasing industry compliance with the P&S Act and will focus on 1) preventative regulatory actions to promote voluntary compliance, and 2) investigation and enforcement activities where alleged violations have occurred.

The rate of industry compliance with the P&S Act is measured as a composite index using data results from the following program activities:

- Conducting 100% of financial audits on identified high risk firms (10 per region) annually.
- Conduct 100% of custodial account audits on a random sample for 90% confidence level annually.
- Conduct 100% of prompt pay audits on a random sample for 90% confidence level annually.
- Inspect scales and weighing practices in every packing plant purchasing in excess of 1,000 head of livestock annually on a carcass weight basis.
- Inspect carcass evaluation devices at a random sample of packing plants purchasing in excess of 1,000 head of livestock annually on a carcass weight basis and that use carcass evaluation devices in determining price.

Goal 2: Facilitate the marketing of U.S. grain and related agricultural products.

Explanation of Key Outcome 2: GIPSA will provide methods and additional intrinsic quality standard assessments that the market needs to expand trade in U.S. grain and related products. The Agency's goal is to provide methods for 98.6 percent of market-identified quality attributes in FY 2009 and 100 percent by 2010.

Key Performance Measures:

Measure #1: Percent of industry compliance with the P&S Act.

Measure #2: Percent of market-identified quality attributes for which GIPSA has provided standardization.

Key Performance Targets:

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Percent of industry compliance with the P&S Act.						
a. Percent	N/A	N/A	N/A	75.0	75.0	80.0
b. Dollars (in Millions)	$ N/A	$ 18.8	$ 18.9	$20.2	$20.9	$23.8
Percent of market-identified quality attributes for which GIPSA has provided standardization						
a. Percent	N/A	96.7	94.0	95.7	97.1	98.6
b. Dollars (in Millions)	$ N/A	$ 10.7	$ 11.5	$10.8	$10.8	$11.6

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Full Cost by Strategic Goal				
Strategic Objective 1.1: Expand and Maintain International Export Opportunities				
PROGRAM	**PROGRAM ITEMS**	**2007 AMOUNT ($000)**	**2008 AMOUNT ($000)**	**2009 AMOUNT ($000)**
Grain Regulatory Program				
	Grain Regulatory Program	7,535	7,535	8,822
	Indirect costs	567	567	664
	Total Costs	8,102	8,102	9,486
	FTEs	69	69	70
Total for Strategic Objective 1.1				
	Total Costs (program, direct, indirect)	8,102	8,102	9,486
	FTEs	69	69	70
Strategic Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems				
Packers and Stockyards Program				
	Packers and Stockyards Program	15,355	16,084	18,332
	Indirect costs	4,817	4,817	5,520
	Total Costs	20,172	20,901	23,852
	FTEs	161	167	185
	Performance measure: Rate of industry compliance with the P&S Act (%)	75.0	75.0	80.0
Grain Regulatory Program				
	Grain Regulatory Program	8,846	8,846	9,921
	Indirect costs	665	665	746
	Total Costs	9,511	9,511	10,667
	FTEs	82	82	82
	Performance measure: Percent of market-identified quality attributes for which GIPSA has provided standardization. (%)	95.7	97.1	98.6
Total for Strategic Objective 2.2				
	Total Costs (program, direct, indirect)	29,683	30,412	34,519
	FTEs	243	249	267