

2011 Explanatory Notes  
Grain Inspection, Packers and Stockyards Administration

Table of Contents

	<u>Page</u>
Purpose Statement.....	20-1
Statement of Available Funds and Staff Years.....	20-2
Permanent Positions by Grade and Staff Year.....	20-3
Motor Vehicle Fleet Data.....	20-4
Salaries and Expenses:	
Appropriations Language.....	20-5
Current Law.....	20-6
Summary of Increases and Decreases.....	20-6
Project Statement.....	20-6
Justifications.....	20-7
Proposed Legislation.....	20-9
Geographic Breakdown of Obligations and Staff Years.....	20-10
Classification by Objects.....	20-11
Status of Program.....	20g-1
Inspection and Weighing:	
Appropriations Language.....	20-12
Limitation on Inspection and Weighing Services.....	20-13
Project Statement.....	20-13
Geographic Breakdown of Obligations and Staff Years.....	20-14
Status of Program.....	20g-13
Summary of Budget and Performance	
Statement of Goals and Objectives.....	20-15
Key Performance Outcomes and Measures.....	20-18
Full Cost by Strategic Goal.....	20-19

## 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.

GIPSA's Grain Regulatory Program, which is carried out under the authority of the United States Grain Standards Act, as amended (USGSA), and the Agricultural Marketing Act of 1946 (AMA), is currently funded by appropriations. As part of the Grain Regulatory Program, GIPSA promotes and enforces the accurate and uniform application of the USGSA and applicable provisions of the AMA; identifies, evaluates, and implements new or improved techniques for measuring grain quality; and establishes and maintains testing and grading standards to facilitate the marketing of U.S. grain, oilseeds, and related products.

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 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. GIPSA's grain-related field activities are located in 7 field offices, 1 Federal/State office, and 4 suboffices. P&SP field activities are located in 3 field offices and 52 resident agent positions across the nation. As of September 30, 2009, employment totaled 647 full-time permanent employees, including 170 located in the headquarters office and 477 employees assigned to field locations.

The USDA Office of Inspector General (OIG) released its audit report, "Followup Audit of the Management and Oversight of the Packers and Stockyards Program," Report No. 30016-0002-Hy on June 29, 2009. Overall, OIG found that GIPSA's oversight of P&SP has improved since the 2006 audit and the Agency has a good working relationship with the Office of the General Council. OIG accepted and included in its final report all of GIPSA's planned actions in response to OIG's recommendations.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years  
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009		Estimated 2010		Estimated 2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses.....	\$40,342,000	266	\$41,964,000	273	\$44,192,000	289
Unobligated Balance.....	-263,674	--	--	--		
Total, Salaries and Expenses.....	40,078,326	266	41,964,000	273	44,192,000	289
<u>Obligations under other</u>						
<u>USDA Appropriations:</u>						
Agricultural Marketing Service for Pesticide Data Program.....	500,968	3	287,984	2	287,984	2
Farm Service Agency for Commodity Credit Corp.....	257,229	1	500,000	2	500,000	2
Misc, reimbursements.....	73,218	1	49,560	1	49,560	1
Total, Other USDA Appropriations.....	831,415	5	837,544	5	837,544	5
Total, Agriculture Appropriations.....	40,909,741	271	42,801,544	278	45,029,544	294
<u>None-Federal Funds:</u>						
Inspection and Weighing.....	41,728,561	411	42,463,000	411	45,041,000	411
Total, Grain Inspection, Packers and Stockyards Administration.....	82,638,302	682	85,264,544	689	90,070,544	705

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff Year Summary2009 Actual and Estimated 2010 and 2011

Grade	2009			2010			2011		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive									
Service	4	1	5	3	1	4	3	1	4
GS-15	8	5	13	8	5	13	8	5	13
GS-14	17	10	27	17	10	27	17	10	27
GS-13	40	25	65	42	26	68	42	26	68
GS-12	31	63	94	31	65	96	31	81	112
GS-11	20	68	88	23	68	91	23	68	91
GS-10	2	6	8	2	6	8	2	6	8
GS-9	19	134	153	19	134	153	19	134	153
GS-8	6	9	15	6	9	15	6	9	15
GS-7	13	71	84	13	71	84	13	71	84
GS-6	3	29	32	3	29	32	3	29	32
GS-5	4	37	41	4	37	41	4	37	41
GS-4	--	18	18	--	18	18	--	18	18
GS-3	1	--	1	1	--	1	1	--	1
GS-2	--	--	0	--	--	0	--	--	0
Ungraded Positions	2	1	3	2	1	3	2	1	3
Total Permanent Positions.....	170	477	647	174	480	654	174	496	670
Unfilled Positions End-of-year.....	0	0	0	0	0	0	0	0	0
Total, Permanent Full-Time Employment, End-of-year.....	170	477	647	174	480	654	174	496	670
Staff Year Estimate	179	503	682	183	506	689	183	522	705

## 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. Leased vehicles are replaced based on the General Services Administration (GSA) age and mileage requirements.

GIPSA pools the use of motor vehicles for different activities in order to keep the number of vehicles to a minimum and reduce overall costs of maintenance. Additions to the fleet are due to additional resident agent positions which will require the use of motor vehicles. Another change to the fleet is the transition to agency-owned vehicles from leased vehicles from GSA. These replacements are due to a cost analysis which showed that owning vehicles would be more cost effective than leasing vehicles. GIPSA intends to acquire owned vehicles and replace leased vehicles on a one-to-one basis but there is generally a lag time between the acquisition of vehicles and expiration of leases. The cost savings from making a shift towards owned vehicles is reflected in the estimated per vehicle operating cost decrease in FY 2010 and FY 2011.

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

Fiscal Year	Number of Vehicles by Type							Total Vehicles	Annual Operating Cost (\$ in thous)
	Sedans and Station Wagons	Light Trucks		Medium Trucks	Heavy Trucks	Ambulances	Buses		
		4X2	4X4						
FY 2008	38	23	4	--	--	--	--	65	\$324
Change	33	33	-1	--	--	--	--	65	132
FY 2009	71	56	3	--	--	--	--	130	\$456
Change	-14	3	2	--	--	--	--	-9	-95
FY2010 est.	57	59	5	--	--	--	--	121	\$361
Change	-2	20	-1	--	--	--	--	17	-1
FY2011 est.	55	79	4	--	--	--	--	138	\$360

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows:

Salaries and Expenses

For necessary expenses of the Grain Inspection, Packers and Stockyards Administration, [\$41,964,000] ~~\$44,192,000~~: 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, 2010.....	\$41,964,000
Budget Estimate, 2011.....	<u>44,192,000</u>
Increase in Appropriation.....	<u><u>2,228,000</u></u>

SUMMARY OF INCREASES AND DECREASES – CURRENT LAW

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Packers & Stockyards Program.....	\$23,692,000	\$235,000	\$1,800,000	\$25,727,000
Grain Regulatory Program.....	<u>18,272,000</u>	<u>193,000</u>	<u>0</u>	<u>18,465,000</u>
Total Available.....	<u><u>41,964,000</u></u>	<u><u>428,000</u></u>	<u><u>1,800,000</u></u>	<u><u>44,192,000</u></u>

Project Statement

(On basis of appropriation)

	<u>2009 Actual</u>		<u>2010 Estimated</u>		Increase or Decrease		<u>2011 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>			<u>Amount</u>	<u>Staff Years</u>
1. Packers and Stockyards	\$22,376,548	141	\$23,692,000	148	\$2,035,000	(1)	\$25,727,000	164
2. Grain Regulatory	17,701,778	125	18,272,000	125	193,000	(2)	18,465,000	125
Unobligated Balance	<u>263,674</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>		<u>--</u>	<u>--</u>
Total Available	<u><u>40,342,000</u></u>	<u>266</u>	<u>41,964,000</u>	<u>273</u>	<u>2,228,000</u>		<u>44,192,000</u>	<u>289</u>

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

## JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$2,035,000 and 16 staff years (\$23,692,000 available in 2010) for the Packers and Stockyards Program consisting of:

- (a) A total increase of \$428,000 for pay costs which consists of \$235,000 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 75 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 \$1,800,000 and 16 staff years to strengthen GIPSA's enforcement of the Packers and Stockyards Act.

This increase will strengthen direct enforcement of the Packers and Stockyards (P&S) Act and promote greater voluntary compliance with the Act through an expanded GIPSA presence within the industry. The P&S Act provides an important safety net for livestock producers and poultry growers in rural America by prohibiting unfair, deceptive, and fraudulent practices 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 to maximize the level of protection afforded to all market participants. GIPSA conducts routine and ongoing regulatory inspections and audits to assess whether subject entities are operating in compliance with the Act, and conducts investigations of potential P&S Act violations identified by either industry complaints or previous GIPSA regulatory inspections. All activities are carried out by professionals including economists, attorneys, accountants, and agricultural marketing professionals. Economic conditions will result in a continued increase in complaints and, therefore, an increased need for GIPSA protection under the Packers and Stockyards Act. Additional resident agents and investigative attorneys are needed to expand investigative, regulatory, and audit activities in order to raise industry compliance levels from the 80 percent level attained in 2008; enhance market protections for buyers and sellers of livestock, poultry, and meat; and enforce the amendments in the 2008 Farm Bill. Funding will also provide for attorneys to provide additional legal support for enforcement of the P&S Act.

The target rate of 85 percent for 2011 reflects the improvement in GIPSA's ability to provide oversight in the industry given the additional funding. GIPSA's current inspection process is based on random samples and entities deemed at risk, and GIPSA seeks to establish onsite inspections for all regulated entities on a regular cycle. The additional funding and staff will enable GIPSA to establish a system for every regulated entity to undergo inspection and compliance reviews on a routine basis. In addition, the sixteen new positions will allow GIPSA to perform approximately 500 additional inspection and compliance reviews per year. GIPSA regulates approximately 4,685 livestock dealers, 1,326 livestock markets, 1,392 posted stockyards (which may also be a dealer and/or a market), 339 bonded packers, 727 swine contractors, and 126 live poultry dealers. At the FY 2008 compliance level of 80 percent, this increase in enforcement actions would detect

approximately 84 firms in violation of the P&S Act. The funding would allow prevention of the violation and provide protection to approximately 7,000 additional livestock sellers and poultry growers. This funding supports stronger enforcement of the P&S Act and, in the process, contributes to the economic viability of small and mid-size farms.

- (2) A net increase of \$193,000 in the Grain Regulatory Program (\$18,272,000 available in 2010) consisting of:
- (a) A total increase of \$428,000 for pay costs which consists of \$193,000 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 75 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.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

JUSTIFICATION OF INCREASES AND DECREASES

Salaries and Expenses

USER FEES - PROPOSED LEGISLATION

Explanation of Proposed Legislation:

This proposal would recover approximately \$29 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 who benefit from such services such as those who receive, ship, store, or process grain. Estimated receipts in FY 2011 would be \$4 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 2011 would be \$25 million.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and ExpensesGeographic Breakdown of Obligations and Staff Years  
2009 Actual and Estimated 2010 and 2011

	2009		2010		2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Arkansas.....	\$86,179	1	\$88,298	1	\$90,000	1
Colorado.....	5,755,749	50	6,005,304	51	6,651,000	56
District of Columbia.....	18,238,869	60	19,263,430	64	19,358,000	64
Georgia.....	4,421,645	37	4,638,390	38	5,378,000	44
Idaho.....	98,461	2	100,883	2	104,000	2
Iowa.....	4,748,243	40	4,973,020	41	5,604,000	46
Louisiana.....	907,777	7	930,103	7	940,000	7
Missouri.....	4,963,582	60	5,085,655	60	5,175,000	60
North Dakota.....	68,289	1	69,968	1	71,000	1
Ohio.....	159,027	2	162,938	2	166,000	2
Oregon.....	285,820	3	292,849	3	297,000	3
Texas.....	207,813	2	212,924	2	216,000	2
Washington.....	136,872	1	140,238	1	142,000	1
Subtotal, Available or						
Estimate.....	40,078,326	266	41,964,000	273	44,192,000	289
Unobligated balance.....	263,674	--	--	--	--	--
Total, Available						
or Estimate.....	40,342,000	266	41,964,000	273	44,192,000	289

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and ExpensesCLASSIFICATION BY OBJECTS2009 Actual and Estimated 2010 and 2011

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Personnel Compensation:			
Washington, DC.....	\$7,198,432	\$7,566,489	\$7,670,000
Field.....	<u>16,796,340</u>	<u>17,655,142</u>	<u>19,125,000</u>
Total personnel			
11    compensation.....	23,994,772	25,221,631	26,795,000
12    Personnel benefits.....	6,247,783	6,737,544	7,129,000
13    Benefits for former personnel.....	<u>28,595</u>	<u>0</u>	<u>0</u>
Total personnel compensation & benefits.....	30,271,150	31,959,175	33,924,000
Other Objects:			
21    Travel and trans. of persons.....	1,773,739	1,853,676	1,974,000
22    Transportation of things.....	46,797	62,188	66,000
23.2    Rental payments to others.....	78,054	78,707	79,000
23.3    Communications, utilities			
and misc. charges.....	872,131	879,426	896,000
24    Printing and reproduction.....	76,178	96,815	100,000
25.2    Other services.....	4,803,670	4,878,767	4,947,000
26    Supplies and materials.....	498,659	509,830	548,000
31    Equipment.....	1,621,354	1,645,416	1,658,000
42    Insurance claims and Indemnities.....	36,514	0	0
43    Interests.....	<u>80</u>	<u>0</u>	<u>0</u>
Total other objects.....	<u>9,807,176</u>	<u>10,004,825</u>	<u>10,268,000</u>
Total direct obligations.....	<u>40,078,326</u>	<u>41,964,000</u>	<u>44,192,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$150,000	\$154,000	\$157,000
Average Salary, GS positions.....	72,000	74,000	76,000
Average Grade, GS positions.....	12.2	12.2	12.2

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Limitation on Inspection and Weighing Services Expenses:

Not to exceed [\$42,463,000] \$45,041,000 (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.

Justification of Increase

- (1) An increase in the obligation limitation on fees collected from inspection and weighing services of \$2,578,000.

This increase will allow GIPSA to fully support the Federal Grain Inspection Services' inspection and weighing program. This program provides both mandatory and voluntary services, including a variety of inspection, weighing, and related services on grains, pulses, oilseeds, and processed and graded commodities. These services extend to both domestic and international markets, with services being mandatory for exports. These mandatory services include official weighing of the majority of grain exported from the U.S. and of intercompany barge grain received at export port locations; official inspection of the majority of grain exported from the U.S.; and testing of all corn exported from the U.S. for aflatoxin prior to shipment, unless the contract stipulates testing is not required. In order to support these mandatory services and the voluntary domestic services, and continue to meet the demand of the domestic and foreign grain and related commodity markets, the limitation on inspection and weighing services expenses that is currently in place needs to be adjusted. GIPSA has operated under the current limitation of \$42,463,000 since FY 2002. However, due to mandatory annual increases in pay cost and inflation compounded over the last several years, an increase in the limitation is required. This critically important increase in the limitation is needed to support and maintain current staffing levels to meet the demand and ensure continuation of accurate and consistent inspection and weighing services. In FY 2009, GIPSA approached the current limitation and may exceed the limitation in FY 2010 (which will be preceded by Congressional notification). While GIPSA has and continues to seek out cost saving opportunities and implement appropriate changes to reduce its costs, GIPSA also regularly reviews its user-fee financed programs to determine if the revenues generated are adequate to cover program costs. Since the current limitation has been in place in 2002, GIPSA has implemented fee increases for various services provided, increasing the amount of revenue generated by its user fee programs to cover increases in pay cost. A corresponding increase in the current limitation on inspection and weighing expenses is required to make use of these funds and be able to obligate sufficient funds to finance the program. The increase in limitation will enable GIPSA to continue to support the inspection and weighing program and provide the services that are both mandatory and voluntary to the industry.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

LIMITATION ON INSPECTION AND WEIGHING SERVICES

Estimate, 2010.....	\$42,463,000
Budget Estimate, 2011.....	<u>45,041,000</u>
Increase in Appropriation.....	<u><u>2,578,000</u></u>

Project Statement  
(On basis of appropriation)

	<u>2009 Actual</u>		<u>2010 Estimated</u>		Increase or Decrease	<u>2011 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Inspection and Weighing Activities	\$41,728,561	411	\$42,463,000	411	\$2,578,000	\$45,041,000	411
Nonexpenditure transfer	-695,244	--	--	--	--	--	--
Unobligated Balance Start of Period	-11,048,263	--	-10,940,764	--	--	-10,940,764	--
Unobligated Balance End of Period	9,948,137	--	10,940,764	--	--	10,940,764	--
Collections	<u>39,933,191</u>	<u>411</u>	<u>42,463,000</u>	<u>411</u>	<u>2,578,000</u>	<u>45,041,000</u>	<u>411</u>

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Inspection and Weighing ServicesGeographic Breakdown of Obligations and Staff Years  
2009 Actual and Estimated 2010 and 2011

	2009		2010		2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Arkansas.....	\$1,879,837	23	\$1,912,923	23	\$2,029,000	23
District of Columbia.....	10,026,410	69	10,202,879	69	10,822,000	69
Idaho.....	246,330	3	250,666	3	266,000	3
Iowa.....	305,507	3	310,884	3	330,000	3
Louisiana.....	16,071,964	167	16,354,835	167	17,348,000	167
Missouri.....	199,629	2	203,143	2	215,000	2
North Dakota.....	1,108,499	11	1,128,009	11	1,196,000	11
Ohio.....	1,580,459	16	1,608,276	16	1,706,000	16
Oregon.....	3,928,709	45	3,997,856	45	4,241,000	45
Texas.....	6,294,069	71	6,404,847	71	6,794,000	71
Washington.....	87,148	1	88,682	1	94,000	1
Total, Available or Estimate.....	41,728,561	411	42,463,000	411	45,041,000	411

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

## Summary of Budget and Performance

## Statement of Department Goals and Objectives

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established on October 20, 1994, under the authority of the Agriculture Reorganization Act of 1994 (P.L. 103-354), to administer the programs and functions of Federal Grain Inspection Service (FGIS) and the Packers and Stockyards Program (P&SP). 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.

The GIPSA has two strategic goals and five strategic objectives that contribute to one of the Secretary's Strategic Goals.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<b>USDA Strategic Goal:</b> Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.	<b>Agency Goal 1:</b> Promote fair and competitive marketing of livestock, meat, and poultry.	<u>Objective 1.1:</u> Increase level of compliance through preventive regulatory actions.  <u>Objective 1.2:</u> Attain compliance through investigation and enforcement.	Packers and Stockyards Program	<u>Key Outcome 1:</u> Maintain a fair and competitive marketplace for buying and selling U.S. livestock, meat and poultry.
	<b>Agency Goal 2:</b> Facilitate the marketing of U.S. grain and related agricultural products.	<u>Objective 2.1:</u> Provide the market with terms and methods for quality assessments.  <u>Objective 2.2:</u> Protect the integrity of U.S. grain and related markets.  <u>Objective 2.3:</u> Provide official grain inspection and weighing services.	Federal Grain Inspection Service	<u>Key Outcome 2:</u> 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.

**Key Outcome 1:** Maintain a fair and competitive marketplace for buying and selling U.S. livestock, meat and poultry.

**Long-term Performance Measure:** Percent of compliance with the Packers and Stockyards Act (P&S Act).

Selected Past Accomplishments Toward Achievement of the Key Outcome:

- Packers and Stockyards Program – After establishing the baseline of 75 percent industry compliance with the P&S Act in FY 2007, industry compliance remained at the FY 2008 level of 80 percent in FY 2009.
- Efficiency, measured by the decline in average numbers of days comprising an investigation, dropped to 77 days in FY 2008 from an average of 165 days in FY 2006.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:

- In FY 2011, GIPSA expects to increase industry compliance with the P&S Act and reach a level of 85 percent compliance, up 10 percent compared to the baseline of 75 percent for FY 2007. This is an increase of 5 percent over the compliance of 80 percent in FY 2009. The Agency expects to achieve this by increasing preventive regulatory actions and investigation and enforcement activities. We do not expect the compliance rate to increase significantly for 2009, due to the adverse economic conditions in the economy as a whole especially in the last quarter of 2008 and the first quarter of 2009, which negatively affected the financial health of the livestock and poultry industries. The industry's anticipated recovery may result in compliance rates improving slightly less in the coming 2 years than previously projected.
- In FY 2011, GIPSA will implement directives, policies, regulations, and perform industry analysis that effectively and efficiently keep pace with the changing livestock, meat, and poultry industries. This will include prioritizing and developing regulations and policies; and improving the reporting on regulated industry.
- GIPSA will improve organizational efficiency and effectiveness of its Packers and Stockyards Program by effectively aligning organizational structure with process. To attain this goal, GIPSA will ensure an appropriately skilled workforce to address attrition and changing business needs; implement optimal staffing to improve program delivery and results; improve the organizational climate; automate operations; and improve the public perception of P&SP.

Efficiency Measure: Decrease the number of days needed to investigate and resolve potential violations within P&SP by 5 percent yearly.

**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.

Long-term Performance Measure: Percent of market-identified quality attributes for which GIPSA has provided standardization.

Selected Past Accomplishments Toward Achievement of the Key Outcome:

- In FY 2009, GIPSA played a significant role in maintaining the level of U.S. grain exports traded without disruptions or reported quality discrepancies at 99 percent. This indicates the accuracy and reliability of GIPSA's grain quality measurements and the success of our efforts to ensure that all of America's international trading partners understand how grain quality is determined.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:

- In FY 2011, GIPSA expects to provide standardization for 89 percent of all market-identified quality attributes. During FY 2011, GIPSA anticipates continued success 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 providing both direct product testing, and documentation of specific production or processing methods, to help the market differentiate its diverse products. In response to domestic and international customer requests, GIPSA is working toward providing a method to verify rice enrichment in rice and developing and validating methods to expand heavy metal assessments and to detect the mycotoxins, T-2 and HT-2 in grain in 2011. To protect the integrity of U.S. grain and related markets, GIPSA will maintain regulatory requirements for grain handling, marketing, and 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.

Efficiency Measure: Decrease the GIPSA oversight costs per official agency inspection to a level of \$0.44/inspection.

Strategic Goal Funding Matrix  
(On basis of appropriation)

	2009 Actual		2010 Estimated		Increase or Decrease	2011 Estimated	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Packers and Stockyards	\$22,376,548	141	\$23,692,000	148	\$2,035,000	\$25,727,000	164
Grain Regulatory	17,701,778	125	18,272,000	125	193,000	18,465,000	125
<b>Total, Goal</b>	<b>40,078,326</b>	<b>266</b>	<b>41,964,000</b>	<b>273</b>	<b>2,228,000</b>	<b>44,192,000</b>	<b>289</b>
<b>Total, Available</b>	<b>40,078,326</b>	<b>266</b>	<b>41,964,000</b>	<b>273</b>	<b>2,228,000</b>	<b>44,192,000</b>	<b>289</b>

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

## Summary of Budget and Performance

## Key Performance Outcomes and Measures

**Goal:** USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Key Outcomes:

Outcome 1: A fair and competitive marketplace for buying and selling U.S. livestock, meat and poultry.

Outcome 2: An efficient, accurate, and reliable means to determine the value of the product being sold or purchased and facilitation of the marketing of America's grain domestically and around the world.

Key Performance Measures:

Measure 1: Percent of industry compliance with the Packers and Stockyards Act

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

Key Performance Targets:

<b>Performance Measures</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Target</b>	<b>2011 Target</b>
Percent of industry compliance with the Packers and Stockyards Act						
a. Percent	N/A	75	80	80	83	85
b. Dollars (in millions)	\$19.9	\$20.2	\$20.9	\$22.4	\$23.7	\$25.8
Percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization.						
a. Percent	94.0	95.7	97.8	98.6	87.0 <sup>1</sup>	89.0 <sup>1</sup>
b. Dollars (in millions)	\$11.5	\$10.8	\$11.0	\$11.0	\$11.1	\$11.1

<sup>1</sup> In FY 2009, the GIPSA Market Opportunities Team evaluated its master list of market needs. This evaluation was done in response to feedback from domestic and international customers and in cooperation with producers and trade associations representing all segments of the grain and related commodity markets. As a result of the new list, the team recalculated the targeted levels of performance for fiscal years 2010 and 2011.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

<b>Summary of Budget and Performance</b>				
<b>Full Cost by Department Strategic Goal</b>				
<b>Department Strategic Goal: USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</b>				
<b>PROGRAM</b>	<b>PROGRAM ITEMS</b>	<b>2009 AMOUNT (\$000)</b>	<b>2010 AMOUNT (\$000)</b>	<b>2011 AMOUNT (\$000)</b>
<b>Packers and Stockyards Program</b>				
	Packers and Stockyards Program	19,651	20,806	22,593
	Indirect Costs	2,726	2,886	3,134
	<b>Total Costs</b>	<b>22,377</b>	<b>23,692</b>	<b>25,727</b>
	<i>FTEs</i>	<i>141</i>	<i>148</i>	<i>164</i>
	Performance measure: Rate of industry compliance with the P&S Act (%)	80	83	85
<b>Grain Regulatory Program</b>				
	Grain Regulatory Program	14,862	15,341	15,503
	Indirect Costs	2,840	2,931	2,962
	<b>Total Costs</b>	<b>17,702</b>	<b>18,272</b>	<b>18,465</b>
	<i>FTEs</i>	<i>125</i>	<i>125</i>	<i>125</i>
	Performance measure: Percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization (%)	99	87	89
<b>Total for Department Strategic Goal</b>				
	<b>Total Costs for Department Strategic Goal</b>	<b>40,079</b>	<b>41,964</b>	<b>44,192</b>
	<i>FTEs</i>	<i>266</i>	<i>273</i>	<i>289</i>