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AGENCY-WIDE**PURPOSE STATEMENT**

The mission of the Agricultural Marketing Service (AMS) is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace to the benefit of producers, traders, and consumers of U.S. food and fiber products.

AMS carries out a wide range of programs under the authorization of the Agricultural Marketing Act of 1946 as well as over 50 other statutes. More than half of the funds needed to finance AMS activities (excluding commodity purchase program funds) are derived from voluntary user fees. AMS also provides services for private industry and State/Federal agencies on a reimbursable basis. In addition, AMS conducts several appropriated program activities through grants and cooperative agreements with other Federal agencies, State Departments of Agriculture, and non-Federal entities.

Marketing Services:**1. Market News Service:**

The Market News program is authorized by the following statutes:

Agricultural Marketing Act of 1946

Agricultural and Food Act of 1981 (as amended by the Food Security Act of 1985)

The Food, Conservation, and Energy Act of 2008

Cotton Statistics and Estimates Act of 1927

The Mandatory Price Reporting Act of 2010

Peanut Statistics Act

Naval Stores Act

Tobacco Inspection Act of 1935

U.S. Cotton Futures Act

The AMS Market News service collects, analyzes, and disseminates current market information to assist producers and marketers of farm products and those in related industries in making critical daily decisions. Market News information covers local, regional, national, and international markets and includes data on supply, movement, contractual agreements, inventories, and prices for numerous agricultural commodities, both conventionally and organically produced. Reported commodities include cotton, cottonseed, and tobacco; dairy products; fruits, vegetables and ornamentals; livestock, meat, grains, poultry and eggs.

2. Shell Egg Surveillance and Standardization:

These programs are authorized by the following statutes:

Egg Products Inspection Act

Agricultural Marketing Act of 1946

a. Shell Egg Surveillance: AMS supports egg marketing by ensuring that cracked, leaking, or other types of “loss” (restricted) eggs are diverted from table egg consumption and by verifying that marketed eggs have a quality level of at least U.S. Consumer Grade B. AMS conducts this program, in cooperation with State Departments of Agriculture, to ensure that shell egg handling operations are inspected at least four times annually and hatcheries are inspected at least once each year to control the disposition of certain types of under grade and restricted eggs. This program diverts eggs that are not at least U.S. Consumer Grade B and cannot be sold in shell form to egg breaking plants, which reassures buyers and supports efficient markets.

b. Standards Development: AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition for use in the trading of agricultural commodities. These standards provide a common language for buyers and sellers of commodities and are widely used by the agricultural industry in domestic and international trading, futures market contracts, and as a benchmark for purchase specifications in most private contracts. AMS grade standards are the basis for AMS Market News reports, grading services and Federal commodity procurement.

3. Market Protection and Promotion Programs:

AMS administers programs under several laws that stimulate innovative and improved commodity marketing, generate pesticide residue information, ensure proper marketing practices, and aid industry- sponsored activities. In the administration of market protection and promotion activities, AMS operates under the following authorities:

Agricultural Marketing Act of 1946

Capper-Volstead Act

Export Apple Act

Export Grape and Plum Act

Farm Security and Rural Investment Act of 2002

Federal Seed Act

Food, Conservation, and Energy Act of 2008

Food Quality Protection Act of 1996

Organic Foods Production Act of 1990

Specialty Crops Competitiveness Act of 2004

a. Federal Seed Program: The Federal Seed Program is authorized by the Federal Seed Act and regulates agricultural and vegetable seed moving in interstate commerce. The program prohibits false labeling and advertising of seed, as well as the shipment of prohibited noxious-weed seed into a State. State seed inspectors monitor seeds sold commercially for intrastate infractions and refer violations of the Federal Act to AMS for administrative or legal action.

b. Country of Origin Labeling Program (COOL): The Agricultural Marketing Act of 1946 (Act) requires retailers to notify their customers of the country of origin of specific covered commodities. The COOL program conducts retail surveillance reviews through cooperative agreements with state agencies, as well as the USDA AMS Warehouse Commodity Management Division. AMS trains Federal and State employees on enforcement responsibilities; responds to formal complaints; conducts supply chain audits; and develops educational and outreach activities for interested parties.

c. Pesticide Data Program (PDP): PDP develops and communicates comprehensive, statistically-reliable information on pesticide residues in food to improve Government dietary risk assessments, enhance the competitiveness of farm economies by supporting the use of safer crop protection methods, and support marketing by providing information that can be used to reassure consumers concerned about pesticides. This program provides data on a continual basis to the Environmental Protection Agency (EPA) for use in the pesticide registration review process and to other Federal and State agencies for use in determining policies intended to safeguard public health. The program particularly focuses on the foods most likely consumed by children, in addition to pesticide residue data for population-wide dietary risk assessments.

d. National Organic Program (NOP): This program is authorized by the Organic Foods Production Act of 1990, which requires USDA to develop and maintain national standards governing the production and handling of agricultural products labeled as organic. NOP examines and accredits State and private certifying agents who in turn ensure that producers and handlers follow the national organic standards. The program also accredits foreign agents who certify products labeled organic for export to the U.S. and awards USDA recognition agreements to foreign governments that operate an organic accreditation program for organic exports to the U.S.

e. Bioengineered Disclosure and Labeling Program: The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) was amended in 2016 by P.L. 114-216, which added Subtitle E—National Bioengineered Food Disclosure Standard. The National Bioengineered Food Disclosure law charges AMS with developing a national mandatory system for disclosing foods that are or may be bioengineered to increase transparency in the food system and give consumers additional information about foods that are or may contain bioengineered ingredients.

f. Farmers Market and Local Food Promotion Program: The Budget includes funding for Farmers Market and Local Food Promotion. AMS awards grants through two funding opportunities: the Farmers Market Promotion Program (FMPP) and the Local Food Promotion Program (LFPP). FMPP funds projects that develop, coordinate and expand direct producer-to-consumer markets to help increase access to and availability of locally and regionally produced agricultural products by developing, coordinating, expanding, and providing outreach, training, and technical assistance to domestic farmers markets, roadside

stands, community-supported agriculture programs, agritourism activities, online sales or other direct producer-to-consumer (including direct producer-to-retail, direct producer-to-restaurant and direct producer-to-institutional marketing) market opportunities. Grants through LFPP fund projects that develop, coordinate and expand local and regional food business enterprises that engage as intermediaries in indirect producer to consumer marketing to help increase access to and availability of locally and regionally produced agricultural products. These grants can be used for the planning stages of establishing or expanding a local and regional food business enterprise or to improve or expand a food business that supports locally and regionally produced agricultural products and food system infrastructure by performing feasibility studies, market research, training and technical assistance for the business enterprise and/or for producers working with the business enterprise. Eligible entities may apply if they support local and regional food business enterprises that process, distribute, aggregate, or store locally or regionally produced food products. These funds supplement the funds provided by the Farm Bill for this purpose.

4. Transportation and Marketing:

Transportation and Market Development activities are authorized under the following statutes:

Agricultural Marketing Act of 1946
 Agricultural Adjustment Act of 1938
 Agricultural Trade and Assistance Act of 1954
 Rural Development Act of 1972
 International Carriage of Perishable Foodstuffs Act of 1982
 The Food, Conservation, and Energy Act of 2008
 Farmer to Consumer Direct Marketing Act of 1976
 American Taxpayer Relief Act of 2012
 Agricultural Act of 2014 (2014 Farm Bill)
 Agriculture Improvement Act of 2018 (2018 Farm Bill)

a. Transportation and Market Development:

AMS monitors the agricultural transportation system (inland waterways, rail, truck, ocean bulk, and ocean containerized) and conducts market analyses that support decisions regarding the transportation of agricultural products domestically and internationally. AMS provides technical assistance to shippers and carriers and participates in transportation regulatory actions before various Federal agencies. AMS supports the development of agricultural markets through technical advice and assistance to States and municipalities that are interested in creating or upgrading wholesale market facilities, auction and collection markets, retail farmers markets, food hubs, and other direct markets. AMS' Transportation and Market Development Program also awards and manages AMS marketing grants.

b. The Acer Access and Development Program, section 12306 of the 2014 Farm Bill (P.L. 113-79), authorizes grants to support the efforts of States, tribal governments, and research institutions to promote the domestic maple syrup industry. These grants have been funded since FY 2017 through annual appropriations.

c. Dairy Business Innovation (DBI) Initiatives were authorized by the 2018 Farm Bill and funded in FYs 2020 and 2021 through General Provisions, with the funds available until expended. The DBI Initiatives support dairy businesses in the development, production, marketing and distribution of dairy products. DBI Initiatives provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep and goat milk. Building upon the success of the DBI Initiatives, the 2022 Budget proposed a similar financial assistance program within the Marketing Services account specifically targeted to minority-serving institutions.

5. Packers and Stockyards Program (P&S):

Program activities are authorized by the following statutes:
 Packers and Stockyards Act of 1921 (P&S Act), as amended
 Section 1324 of the Food Security Act of 1985

AMS' P&S 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. P&S is also responsible for the Food Security Act of 1985, Truth-in-Lending Act, Fair Credit Reporting Act, and the Agricultural Fair Practices Act as each relates to persons and firms subject to the P&S Act.

P&S administers Statutory Trusts to protect livestock sellers and poultry growers.

The Statutory Trusts benefit unpaid cash sellers of livestock and poultry growers by requiring packers, live poultry dealers, and livestock dealers to hold all livestock/poultry purchased, and if resold, to hold the proceeds in trust until full payment has been received by the sellers/growers.

The President issued Executive Order 14036, Promoting Competition in the American Economy, that directed USDA to consider issuing new rules under the P&S Act to address certain practices and concerns in the livestock and poultry industries. AMS' P&S is leading a rulemaking effort to publish three rules in support of the President's initiative.

6. Hemp Production Program:

The 2018 Farm Bill directed USDA to establish a national regulatory framework for hemp production in the United States. USDA established the U.S. Domestic Hemp Production Program through an interim final rule, effective October 31, 2019, followed by the final rule on January 19, 2021, which was effective on March 22, 2021. The final rule incorporates modifications based on public comments and lessons learned during the 2020 growing season. The regulations allow USDA to approve plans submitted by States and Indian Tribes for the domestic production of hemp and establishes a Federal plan for producers in States or territories of Indian tribes that do not have their own USDA-approved plan. The program includes provisions for maintaining information on the land where hemp is produced, testing the levels of delta-9 tetrahydrocannabinol, disposing of plants not meeting necessary requirements, licensing requirements, and ensuring compliance with the requirements of the rule.

7. Federal Grain Inspection Service (FGIS):

These activities are authorized by the following statutes:
United States Grain Standards Act (USGSA), as amended
Agricultural Marketing Act of 1946 (AMA)

a. The Grain Regulatory Program (GRP), is funded through appropriations. As part of the GRP, AMS promotes and enforces the accurate and uniform application of the USGSA and applicable provisions of the AMA; identifies, evaluates, and implements new or improved techniques for measuring grain quality; and establishes and maintains testing and grading standards to facilitate the marketing of U.S. grain, oilseeds, and related products.

b. Inspection and Weighing Services are authorized under both the USGSA and the AMA, and both statutes require FGIS to collect user fees to fund the costs of operations. The USGSA requires the mandatory inspection and weighing of grain at export ports by AMS or delegated State agency personnel, and the permissive inspection and weighing of grain at domestic locations by designated State and private agency personnel. On a request basis, AMS' FGIS performs inspection of rice and related commodities under the AMA.

8. U.S. Warehouse Activities—Warehouse and Commodity Management:

This program is authorized by the following statutes:
U.S. Warehouse Act (USWA)
Grain Standards and Warehouse Improvement Act of 2000
Commodity Credit Corporation Charter Act
Agriculture Improvement Act of 2018

USDA's Warehouse and Commodity Management Division (WCMD) administers the licensing of agricultural commodity warehouses nationwide on a voluntary basis under the USWA. WCMD also administers Commodity Credit Corporation (CCC) storage agreements for purposes of the Marketing Assistance Loan Program. Warehouse examinations are conducted for compliance oversight for both programs as a method to ensure the integrity of commodities in storage as well as the quality of storage facilities.

U.S. Warehouse Activities include acquiring, bartering, selling and managing CCC-owned inventories; establishing

the Posted County Prices (PCPs) that are used to determine alternative loan repayment rates for CCC marketing assistance loans and loan deficiency payments; operating the Economic Adjustment Assistance Program (EAATM) for upland cotton, and the Special Competitive Provisions Program for Extra Long Staple (ELS) cotton; boosting fair trade practices by strengthening internal controls and providing reliable protections for producers storing products in USWA-licensed or CCC-approved warehouses.

9. International Food Procurement:

USDA international food procurement activities are governed by the following statutes:

P.L. 480 International Food Aid Programs

Emergency Food Assistance Act of 1983, as amended

Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended

Food for Progress Act of 1985, as amended

Food, Conservation, and Energy Act of 2008

Agricultural Act of 1949, Section 416(b), as amended.

International Food Aid Commodity Procurement is administered by the AMS Commodity Procurement Program. Under International Food Procurement, AMS purchases and delivers U.S.-produced food aid commodities for international food aid programs for overseas use to meet USDA and USAID program requirements, assisting vulnerable populations around the world.

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

a. Local Agricultural Market Program (LAMP) – Farm Bill and other funding. AMS administers Farmers Market and Local Food Promotion Program (FMLFPP) and Regional Food System Partnerships (RFSP), which continued the FMLFPP through 2023 and added RFSP to be administered by AMS, in coordination with the Rural Business-Cooperative Service’s Value-Added Producer Grants. Entities eligible to apply for grants include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers’ market authorities, Tribal governments, and local and regional food business enterprises. Beginning in 2020, the Marketing Services budget included additional annual funding for FMLFPP.

b. Milk Donation Program – Farm Bill funding: This program reimburses eligible dairy organizations for some costs incurred for donating fluid milk products to nonprofit entities. The program seeks to reduce food waste and provide nutrition assistance to low-income individuals. Under the program, eligible dairy organizations partner with non-profit organizations that distribute food to low-income individuals. Those partnerships may apply for and receive limited reimbursements to cover expenses related to certain fluid milk product donations.

c. Dairy Donation Program – Supplemental funding: The Consolidated Appropriations Act, 2021 (CAA), Division N, directed the United States Department of Agriculture (USDA) to establish a new program to encourage the donation of dairy product by reimbursing processors for dairy products donated to non-profit entities (food banks, feeding programs, etc.). Under the framework of the program, the dairy processor and non-profit entities develop a plan for donation and distribution. USDA reimburses the processor for a portion of manufacturing and donating the dairy product. This legislation allows USDA to adjust the existing Milk Donation Program payments to match the level of payment provided by this new program.

d. Meat and Poultry Inspection Readiness Grants – Supplemental funding: During 2021, AMS developed a grant program authorized and funded by under Division N of the Consolidated Appropriations Act of 2021 (Pub. L. No. 116—260). The Act directed USDA make grants up to \$200,000 to meat and poultry slaughter and processing facilities to assist the facilities with costs incurred in making improvements and planning in order to obtain Federal inspection or operate as a State-inspected facility in compliance with Federal inspection acts. The program is funded at \$60,000,000 for the period of FY 2021 through 2023.

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

f. Pandemic Relief Activities (OSEC Account): AMS is administering several pandemic assistance programs authorized through the Office of the Secretary for pandemic and economic relief to help producers, processors, distributors, and workers respond to COVID-19 impacts. AMS carried out the Farmers to Families Food Box Program during FY 2020 and 2021. AMS developed additional programs in FY 2021 that will be awarded in FY 2022:

- 1) Pandemic Market Volatility Assistance Program (Dairy) - Funding from CARES Act to provide pandemic assistance to dairy farmers who received lower payments due to the pandemic.
- 2) Local Food Purchase Agreements with States, Tribes, and local governments - Funding from American Rescue Plan (ARP) to procure local and regional food for local food bank networks.
- 3) Pandemic Response and Safety Grant Program - Funding from CAA funding to provide grant funding for small scale specialty crop producers, aquacultural and shellfish/finfish farmers, processors, and distributors.
- 4) Farm and Food Worker Relief Grant Program - Funding from CAA funding to reimburse food and agricultural workers up to \$600 for COVID-related expenses as a disaster payment.

Payments to States and Possessions:

11. Discretionary Programs:

a. Federal-State Marketing Improvement Program (FSMIP): AMS provides annual appropriated funds through dollar-for-dollar matching grant funds on a competitive basis to State departments of agriculture, State agricultural experiment stations, and other State agencies, to assist in exploring new market opportunities for U.S. food and agricultural products, and to encourage research and innovation aimed at improving the efficiency and performance of the agriculture commodities marketing system. State agencies may perform the work or contract with others but must contribute at least one-half of the cost of the projects.

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

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

Specialty Crop Block Grant Program (SCBGP): Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621) authorized USDA to provide State assistance for specialty crops. AMS administers this program by issuing grants to State departments of agriculture to enhance the competitiveness of fruits and vegetables, tree nuts, nursery crops (including floriculture), and horticulture. AMS provides guidance and assistance to States in developing plans; submitting applications; and meeting the administrative, reporting, and audit requirements involved in managing a funded project. AMS also establishes internal review and evaluation procedures for applications and State plans, and participates in workshops, conferences, and other forums to facilitate interaction among States, USDA representatives, and industry organizations.

In 2021, AMS strengthened standardized national outcome measures to demonstrate the program's performance toward fulfilling its statutory purpose, reviews annual performance reports, final reports, audit results, and final financial statements; posts final performance reports on the SCBGP website; and disseminates project findings at appropriate meetings and conferences. Division N of the Consolidated Appropriations Act of 2021 (Pub. L. No. 116—260) provided an additional funding for Specialty Crop Block Grants, available until expended.

Non-Federal Funding:

13. Commodity Research and Promotion Programs:

Beef Promotion and Research Act of 1985
Cotton Research and Promotion Act
Commodity Promotion, Research, and Information Act of 1996
Dairy Production Stabilization Act of 1983
Egg Research and Consumer Information Act
Fluid Milk Promotion Act of 1990
Hass Avocado Promotion, Research, and Information Act of 2000
Honey Research, Promotion and Consumer Information Act
Mushroom Promotion, Research and Consumer Information Act of 1990
Peanut Promotion, Research and Information Order
Popcorn Promotion, Research, and Consumer Information Act
Potato Research and Promotion Act
Pork Promotion, Research and Consumer Information Act of 1985
Soybean Promotion, Research and Consumer Information Act
Watermelon Research and Promotion Act

AMS provides oversight and direction to industry-funded and managed commodity research and promotion programs that broaden and enhance national and international markets for various commodities. Industry Boards collect assessments from identified segments of the marketing chain, usually producers, but some programs assess processors, feeders, packers, handlers, importers, exporters, or other entities. AMS is entrusted with oversight of research and promotion boards to ensure fiscal accountability, program integrity from board budgets to marketing plans and promotional campaigns, and fair treatment of participating stakeholders. Each research and promotion board reimburse AMS for the cost of implementing and overseeing its program.

14. Commodity Grading, Verification, and Plant Variety Protection:

These programs are authorized by the following statutes and funded by non-Federal fees:

Agricultural Marketing Act of 1946
Farm Security and Rural Investment Act of 2002
Wool Standards Act
Cotton Statistics and Estimates Act of 1927
U.S. Cotton Futures Act
United States Cotton Standards Act
Naval Stores Act
Produce Agency Act of 1927
Specialty Crops Competitive Act of 1994
Tobacco Inspection Act of 1935
Tobacco Statistics Act
Plant Variety Protection Act

a. Grading, Certification, and Audit Verification: On a fee-for-service basis, AMS provides grading and certification services on agricultural commodities for which USDA standards have been developed to assure buyers that the products they receive are the quantity and quality specified in their contract with the seller. AMS certificates are also used as evidence of quality and condition in courts of law to settle commercial disputes. AMS audit verification services offer production and quality control system audits that reduce costs and assist the industry in making various marketing claims about their products. AMS also provides export certification services for several commodities, including seed.

b. Plant Variety Protection Program: This program is authorized by the Plant Variety Protection (PVP) Act, which encourages the development of novel varieties of sexually reproduced, tuber propagated, or asexually reproduced plants by providing intellectual property rights protection to the developer. The program, funded by user fees, verifies the uniqueness of variety and issues certificates that assure developers exclusive rights to sell, reproduce, import, or export such varieties, or to use them in the production of hybrids or different varieties, for a period of 20 years for most species and 25 years for trees and woody vines.

15. Perishable Agricultural Commodities Act Program:

This program is carried out under the Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (PAA) and is funded by license fees. These Acts are designed to: (1) protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others. Commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce must obtain a PACA license and abide by the fair-trading practices established by the PACA.

Section 32:

16. Strengthening Agricultural Markets and Producer Income (Section 32):

Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) made available an appropriation equal to 30 percent of gross customs receipts collected during each preceding calendar year to encourage the domestic consumption or exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce's National Marine Fisheries Service. Section 14222 of the 2008 Farm Bill established an annual amount that can be retained from these funds for Section 32 activities, with the remaining funds transferred to the Food and Nutrition Service (FNS) for Child Nutrition Programs.

a. **Commodity Purchases and Diversions:** AMS purchases domestically produced and processed food commodities such as meats, fish, fruits, vegetables, poultry and egg products, grains and bakery products, dairy products (including cheese), and oilseed products like peanut butter and sunflower seed oil to stabilize market conditions pursuant to Section 32, and in support of entitlement program needs within USDA. All purchased commodities are distributed by FNS to schools, as part of the entitlement for the National School Lunch Program, or to other domestic nutrition assistance programs. AMS also provides purchasing services to FNS to supply food to recipients in nutrition assistance programs and is reimbursed for the administrative costs associated with these purchases (Economy Act, 31 U.S.C. 1535) and contract management of the national warehouses serving USDA's Food Distribution Programs on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP).

b. **Marketing Agreements and Orders:** The Marketing Agreements and Orders Program, authorized by the Agricultural Marketing Agreement Act of 1937, was established to assist farmers, milk producers, and handlers by allowing them to collectively work to solve marketing challenges, stabilize market conditions and improve the returns for fluid milk and fruit and vegetable producers. AMS oversees the activities conducted under Milk Marketing Orders and Specialty Crop Marketing Orders and Agreements to ensure that they operate in the public interest and within legal parameters, and conducts public hearings and referenda concerning new programs and proposed revisions of marketing orders already in effect. Program activities and administration at the local level are financed through assessments on fluid milk processors and specialty crop handlers.

OIG AND GAO REPORTS***Table AMS-1. Completed OIG Audit Reports***

ID	Date	Title	Result
01601-0002-23	10/06/2020	AMS Controls Over the Specialty Crop Block Grant Program	OIG cited four recommendations – OIG and AMS reached management agreement on all four and closed by 06/21/2021

Table AMS-2. In-Progress OIG Audits

ID	Title
01801-0001-22	COVID-19 – Farmers to Families Food Box Program Administration
01601-0003-41	Food Purchase and Distribution Program

Table AMS-3. Completed GAO Audit Reports

ID	Date	Title	Result
GAO-21-353	09/08/2021	USDA Food Box Program – Key Information and Opportunities to Better Assess Performance	GAO issued one recommendation – Recommendation remains open as of 11/19/2021
GAO-21-528	07/29/2021	COVID-19 Contracting – Opportunities to Improve Practices to Assess Prospective Vendors and Capture Lessons Learned	GAO issued one recommendation – Recommendation remains open as of 11/19/2021

GAO-21-387	03/31/2021	COVID-19: Sustained Federal Action is Crucial as Pandemic Enters Its Second Year	GAO issued two recommendations – GAO and AMS reached management agreement on one; One recommendation remains open as of 11/19/2021
GAO-20-711R	09/16/2020	Agriculture Spending: Opportunities Exist for USDA to Identify Successes and Challenges of the Food Box Program to Inform Future Efforts	GAO issued one recommendation – GAO and AMS reached management agreement on this recommendation
GAO 21-593	08/17/2021	Federal Program to Reduce Costs and Risks of Diet-Related Chronic Disease	GAO issued one recommendation – Recommendation remains open as of 12/23/2021
GAO 22-105117	12/10/2021	Technology Modernization Fund 2021	GAO issued two recommendations – Recommendations have not yet been implemented as of 12/23/2021

Table AMS-4. In-Progress GAO Audits

ID	Title
105179	USDA Purchases of Seafood Products

AVAILABLE FUNDS AND FTEs**Table AMS-1. Available Funds and FTEs (thousands of dollars, FTEs)**

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE
Account 1: Marketing Services								
Marketing Services, Discretionary Appropriations	\$186,936	615	\$188,358	645	\$210,358	724	\$232,960	754
Farm Bill Initiatives, Mandatory Appropriations:								
Local Agriculture Market Program	30,978	7	30,978	5	30,978	6	30,978	6
Milk Donation Program	5,000	-	5,000	-	5,000	2	5,000	2
Supplemental Funding (Div. N) COVID Relief, Mandatory:								
Local Agriculture Market Program	-	-	61,957	9	-	-	-	-
Dairy Donation Program	-	-	400,000	1	-	-	-	-
Meat and Poultry Grants	-	-	60,000	1	-	-	-	-
School Food/Child Nutrition, Mandatory Appropriations	-	-	500,000	-	-	-	-	-
Supplemental Appropriations, CARES Act, Discretionary	45,000	-	-	1	-	-	-	-
General Provisions, Dairy Business Initiatives, Discretionary	20,000	5	22,000	3	-	-	-	-
Transfers In - Congressional Relations	90	-	-	-	-	-	-	-
Transfers Out	-918	-	-2,500	-	-	-	-	-
Account 2: Payments to States and Possessions								
Federal-State Marketing Improvement Program, Discretionary Appropriations	1,235	1	1,235	-	1,235	-	1,235	1
Specialty Crop Block Grants, Mandatory Appropriations	85,000	9	85,000	5	85,000	12	85,000	12
Supplemental Funding (Div. N) COVID Relief, Mandatory:								
Specialty Crop Block Grants-COVID	-	-	100,000	6	-	-	-	-
General Provisions, Micro-grants for Food Security, Discretionary	5,000	-	5,000	-	5,000	-	-	-
Account 3: Farm Bill Initiatives, Mandatory, Trust Account:								
Wool Research, Development, and Promotion Program, Mandatory Appropriations	2,390	-	2,383	-	2,250	-	2,250	-
Account 4: Permanent Appropriations, Mandatory								
Funds for Strengthening Markets, Income, and Supply (Sec. 32)	15,123,425	119	22,696,566	134	21,679,260	154	27,123,378	154
Sequestration	-72,275	-	-71,136	-	-72,789	-	-77,691	-
Transfers Out	-13,899,792	-	-21,485,332	-	-20,408,752	-	-25,760,378	-
Total, Other Funding	1,151,358	119	1,140,098	134	1,197,719	154	1,285,309	154
Balance Available, SOY	500,084	-	427,395	-	381,957	-	-	-
Recoveries of Prior Year Obligations	105,294	-	73,231	-	-	-	-	-
Total Available	1,756,736	119	1,640,724	134	1,579,676	154	1,285,309	154
Balance Available, EOY	-427,395	-	-381,957	-	-	-	-	-
Obligations	1,329,341	119	1,258,767	134	1,579,676	154	1,285,309	154
Account 5: COVID relief activities, Mandatory								
Office of the Secretary								
Farmers to Families Food Box Program	-	-	1,987,343	-	-	-	-	-
Pandemic Market Volatility Assistance Program	-	-	-	-	350,000	-	-	-
The Emergency Food Assistance Program	-	-	-	-	400,265	-	-	-
Local Food Purchasing Assistance Program								
Pandemic Response and Safety Grant Program	-	-	699,957	-	-	-	-	-
Farmworker and Meatpacking Worker Grant Program	-	-	700,000	-	-	-	-	-
Total Available	-	-	3,387,300	-	1,150,265	-	-	-
Total Discretionary Appropriations	212,343	621	214,093	648	216,593	724	234,195	755
Total Mandatory Appropriations	1,452,709	135	4,769,428	144	2,853,169	174	1,408,537	174
Total Supplemental Appropriations	45,000	0	621,957	18	0	0	0	0
Total Adjusted Appropriation	1,710,052	756	5,605,478	810	3,069,762	898	1,642,732	929
Balance Available, SOY	55,408	-	106,184	-	3,007,907	-	-	-
Recoveries, Other	-	-	-	-	-	-	-	-
Total Available	1,765,460	756	5,711,662	810	6,077,669	898	1,642,732	929
Lapsing Balances	-2,241	-	-3,199	-	-	-	-	-
Sequestration	-7,270	-	-7,024	-	-7,024	-	-7,024	-
Balance Available, EOY	-106,184	-	-3,007,907	-	-	-	-	-
Total Obligations	1,649,765	756	2,693,532	810	6,070,645	898	1,635,708	929
Total Obligations, AMS	1,649,765	756	2,693,532	810	6,070,645	898	1,635,708	929

2023 USDA EXPLANATORY NOTES – AGRICULTURAL MARKETING SERVICE

Other USDA:								
International Food Procurement Reimbursement	10,422	47	9,722	41	10,433	47	10,433	47
FNS for Commodity Procurement Services (Sec. 32)	4,882	36	5,129	36	4,891	32	4,891	36
Total, Other USDA	15,304	83	14,851	77	15,324	79	15,324	83
Total, Agriculture Available	1,780,764	839	5,726,512	887	6,092,993	977	1,658,056	1,012
Non-Federal Funds:								
Perishable Agricultural Commodities Act Fund, Mandatory	10,745	57	11,138	61	11,099	69	11,388	69
Grain Inspection and Weighing Services	47,246	318	45,578	360	55,000	421	55,000	421
Fees for Grading of Cotton and Tobacco	70,305	355	55,588	314	61,786	441	62,596	441
Grading of Farm Products for Producers, Processors, and Municipal, State and Federal Agencies	180,034	1,247	176,852	1,324	170,075	1,376	174,679	1,376
Research and Promotion Boards	5,330	27	5,242	27	5,737	29	5,737	29
Total, Non-Federal	313,660	2,004	294,398	2,086	303,697	2,336	309,400	2,336
Total Available, AMS	2,094,424	2,843	6,020,910	2,973	6,396,690	3,313	1,967,456	3,348
Schedule A Staff Years		325		344		404		404
Total FTE		3,167		3,317		3,717		3,752

PERMANENT POSITIONS BY GRADE AND FTES**Table AMS-2. Permanent Positions by Grade and FTES**

Item	2020 Actual			2021 Actual			2022 Estimated			2023 Estimated		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
ES	1	-	1	-	-	-	1	-	1	-	-	-
SES	10	1	11	12	1	13	14	1	15	15	1	16
GS-15	55	13	68	47	14	61	51	15	66	51	15	66
GS-14	84	74	158	87	84	171	97	59	156	97	59	156
GS-13	141	182	323	151	189	340	161	158	319	161	158	319
GS-12	73	311	384	82	343	425	102	318	420	102	323	425
GS-11	46	274	320	44	267	311	50	266	316	50	276	326
GS-10	2	27	29	2	28	30	4	20	24	4	20	24
GS-9	38	552	590	35	868	903	58	622	680	58	652	710
GS-8	3	326	329	4	18	22	6	320	326	6	330	336
GS-7	8	328	336	8	305	313	26	351	377	26	356	382
GS-6	1	76	77	2	78	80	4	54	58	4	54	58
GS-5	4	117	121	4	106	110	6	147	153	6	147	153
GS-4	-	17	17	-	21	21	1	29	30	1	29	30
GS-3	-	-	-	-	-	-	-	8	8	-	8	8
Other Graded	-	5	5	-	6	6	-	2	2	-	2	2
Ungraded	-	2	2	-	3	3	-	6	6	-	6	6
Total Permanent	466	2,305	2,771	478	2,331	2,809	581	2,376	2,957	581	2,436	3,017
Unfilled, EOY	17	73	90	25	311	336	-	-	-	-	-	-
Total Perm. FT EOY	449	2,378	2,861	503	2,642	3,145	581	2,376	2,957	581	2,436	3,017
FTE	585	2,582	3,167	686	2,631	3,317	719	2,998	3,717	719	3,033	3,752

VEHICLE FLEET

Motor Vehicle Fleet

The estimated number of 411 passenger motor vehicles available for 2023 is the minimum necessary to maintain essential services of AMS programs. These vehicles are used to provide necessary services such as: 1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; 2) some of the passenger motor vehicles are used by professional resident agents, auditors, marketing specialists, economists, and managers to conduct competition, financial and trade practice, compliance and investigative activities; 3) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and 4) carrying boxes of cotton standards types to use in classing work and demonstration at farmers' meetings. AMS only replaces passenger vehicles that have mileage of at least 60,000 or are six or more years of age, in accordance with standards prescribed by the General Services Administration (GSA). Additional passenger vehicles are requested when the forecasted workload is of such a nature and volume that the number of existing passenger vehicles will not be adequate for program needs.

Additions to the fleet

AMS does not plan to add any motor vehicles to the fleet in 2023.

Replacement of passenger motor vehicles

AMS plans to replace 48 of its 411 motor vehicles in operation in 2023.

Table AMS-3. Size, Composition, and Annual Costs of Motor Vehicle Fleet

	Sedans and Station Wagons	Lt. Trucks, SUVs, and Vans (4x2)	Light Trucks 4X4	Medium Duty Vehicles	Total Vehicles	Annual Operating Costs
2020 End of Year Operating Inventory...	236	139	2	3	380	\$1,874
2021 Planned Acquisitions	0	25	0	3	28	
2021 Planned Disposals	3	0	0	0	3	
2021 End of Year Operating Inventory...	233	164	2	6	405	2,145
2022 Planned Acquisitions.....	6	2	0	0	8	
2022 Planned Disposals	0	0	0	0	0	
2022 End of Year Operating Inventory...	239	166	2	6	413	2,218
2023 Planned Acquisitions.....	0	0	0	0	0	
2023 Planned Disposals	0	2	0	0	2	
2023 End of Year Operating Inventory...	239	164	2	6	411	2,239

Fiscal Year	Net Active Fleet, SOY	Disposals	Replacements	Additions	Total Acquisitions	Net Active Fleet, EOY
2020	380	0	0	0	0	380
2021	380	0	0	25	25	405
2022	405	0	62	8	8	413
2023	413	2	48	0	0	411

SHARED FUNDING PROJECTS**Table AMS-4. Shared Funding Projects (dollars in thousands)**

Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Working Capital Fund:				
Administrative Services:				
Material Management Service Center.....	\$274	\$309	\$350	\$352
Mail and Reproduction Services.....	901	888	796	796
Integrated Procurement Systems.....	324	296	309	306
Procurement Operations Division.....	-	1	1	1
Human Resources Enterprise System Management.....	87	93	90	93
Subtotal.....	1,586	1,587	1,545	1,548
Communications:				
Creative Media and Broadcast Center.....	155	15	249	339
Financial Management:				
National Finance Center.....	1,045	1,099	1,060	1,072
Financial Shared Services.....	4,701	5,003	4,216	4,372
Internal Control Support Services.....	99	97	84	98
Subtotal.....	5,845	6,199	5,360	5,542
Information Technology:				
Client Experience Center.....	11,396	9,897	13,944	15,028
Department Administration Information Technology Office	79	74	101	107
Digital Infrastructure Services Center.....	3,470	8,516	7,790	8,061
Enterprise Network Services.....	1,716	1,530	1,388	1,210
Subtotal.....	16,661	20,017	23,223	24,405
Correspondence Management Services.....	540	273	345	345
Total, Working Capital Fund.....	24,787	28,092	30,722	32,180
Department-Wide Shared Cost Programs:				
Advisory Committee Liaison Services.....	40	39	52	52
Agency Partnership Outreach.....	280	248	272	272
Human Resources Self-Service Dashboard.....	22	-	-	-
Medical Services.....	26	164	158	158
National Capital Region Interpreting Services	-	20	69	87
Office of Customer Experience.....	209	347	323	323
Personnel and Document Security.....	48	58	58	58
Physical Security.....	213	154	156	159
Security Detail.....	169	166	167	169
Security Operations.....	213	233	227	227
TARGET Center.....	41	43	49	49
USDA Enterprise Data Analytics Services.....	295	195	164	164
Total, Department Shared Cost Programs.....	1,556	1,666	1,697	1,718
E-Gov:				
Budget Formulation and Execution Line of Business.....	2	6	3	3
Hiring Assessment.....	-	-	8	8
E-Rulemaking.....	148	111	128	134
Financial Management Line of Business.....	5	7	6	6
Benefits.gov.....	8	8	16	15
Grants.gov.....	46	31	30	35
Human Resources Line of Business.....	8	11	11	11
Integrated Acquisition Environment.....	28	31	22	22
Total, E-Gov.....	245	204	224	234
Agency Total.....	26,588	29,963	32,643	34,132

Table AMS-9. Information Technology Investments

AMS Information Technology Investments (\$ thousands)					
All Funding Sources					
Item No.	Item	2020 Actual	2021 Actual	2022 Enacted	2023 Budget
Major Investments					
MRP-AMS-Conformance Management					
11	Internal Labor	\$1,873	\$1,216	\$946	\$975
	External Labor (Contractors)	17,457	23,828	7,646	7,542
25.2	Outside Services (Consulting)	37	280	145	254
Total Investment Cost, Conformance Management		24,005	29,483	12,580	12,752
MRP-AMS-Web-Based Supply Chain Management (WBSCM)					
11	Internal Labor	525	536	531	542
	External Labor (Contractors)	14,535	14,966	16,942	17,450
25.2	Outside Services (Consulting)	20,752	20,235	20,748	21,144
Total Investment Cost, WBSCM		38,812	38,737	39,818	40,733
AMS Non-Major Investment Totals		18,445	14,024	21,514	22,027
AMS Standard Investment Totals		9,027	17,720	17,434	17,523
25.3	AMS WCF Transfers	16,660	18,557	22,958	24,316
AMS Total		106,949	110,037	118,989	115,814

ACCOUNT 1: MARKETING SERVICES

APPROPRIATIONS LANGUAGE

For necessary expenses of the Agricultural Marketing Service, [~~\$213,157,000~~]\$232,960,000 of which \$6,000,000 shall be available for the purposes of section 12306 of Public Law 113–79: 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.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701), except for the cost of activities relating to the development or maintenance of grain standards under the United States Grain Standards Act, 7 U.S.C. 71 et seq.

LEAD-OFF TABULAR STATEMENT

Table AMS-10. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2022	\$210,358,000
Change in Appropriation	+ 22,602,000
Budget Estimate, 2023	<u>232,960,000</u>

PROJECT STATEMENT**Table AMS 5-. Project Statement Appropriations (thousands of dollars, FTE)**

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimat ed	FTE	2023 Estimat ed	FTE	Inc. or Dec.	FTE Inc. or Dec.
Discretionary Appropriations:										
Marketing Services.....	\$186,936	615	\$188,358	645	\$210,358	724	\$232,960	754	+\$22,602	+30
U.S. Warehouse Act Supplement (non-add)	(4,454)		-	-	-	-	-	-	-	-
Acer Access and Development Prog (non-add)	(6,000)	(2)	(6,000)	-	(6,000)	-	(6,000)	-	-	-
186,936									+22,602	
Total Marketing Services.....	6	615	188,358	645	210,358	724	232,960	754	2	+30
General Provision										
Dairy Business Initiative.....	20,000	5	22,000	3	-	-	-	-	-	-
Subtotal Disc Appropriations.	6	620	210,358	648	210,358	724	232,960	754	2	+30
Mandatory Appropriations:										
School Food/Child Nutrition.....	-		500,000	-	-	-	-	-	-	-
Local Agriculture Market Program	30,978	7	30,978	5	30,978	6	30,978	6	-	-
Milk Donation Program (no year)...	5,000	-	5,000	-	5,000	2	5,000	2	-	-
Subtotal Mand. Appropriations	35,978	7	535,978	5	35,978	8	35,978	8	-	-
Supplemental Appropriations:										
CARES Act.....	45,000	-	-	1	-	-	-	-	-	-
Local Agriculture Market Programs.	-	-	61,957	9	-	-	-	-	-	-
Dairy Donation Program.....	-	-	400,000	1	-	-	-	-	-	-
Meat and Poultry Grants.....	-	-	60,000	1	-	-	-	-	-	-
Subtotal Suppl Appropriations.	45,000	-	521,957	12	-	-	-	-	-	-
Offsetting Collections:										
Research and Promotion Board.....	5,330	27	5,242	27	5,737	29	5,737	29	-	-
International Food Procurement....	10,422	42	9,722	41	10,433	47	10,433	47	-	-
Subtotal Offsetting Collections	15,752	69	14,964	68	16,170	76	16,170	76	-	-
303,666			1,283,257						+22,602	
Total Adjusted Appropriation.....	6	696	7	733	262,506	808	285,108	838	2	+30
Sequestration.....	-2,123	-	-2,051	-	-2,051	-	-2,051	-	-	-
Total Appropriations.....	3	696	6	733	260,455	808	283,057	838	2	30
Transfers In*:										
Congressional Relations.....	90	-	-	-	-	-	-	-	-	-
Total Transfers In.....	90	-	-	-	-	-	-	-	-	-
Transfers Out*:										
Working Capital Fund.....	-918	-	-2,500	-	-	-	-	-	-	-
Total Transfers Out.....	-918	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	41,408	-	81,921	-	1,084,522	-	584,522	-	500,000	-
Total Available.....	3	696	7	733	1,344,977	808	867,579	838	8	+30
Lapsing Balances.....	-1,980	-	-2,820	-	-	-	-	-	-	-
Bal. Available, EOY.....	-81,921	-	2	-	-584,522	-	-84,522	-	+500,000	-
Total Obligations.....	2	696	273,284	733	760,455	808	783,057	838	2	+30

PROJECT STATEMENT**Table AMS-12. Project Statement Obligations (thousands of dollars, FTE)**

Item	2020		2021		2022		2023		Inc. or Dec.	FTE Inc. or Dec.
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE		
Discretionary Obligations:										
Marketing Services.....	\$184,128	615	\$183,037	645	\$210,358	724	\$232,960	754	+\$22,602	+30
U.S. Warehouse Act Supplement (non-add).....	(4,454)	-	-	-	-	-	-	-	-	-
Acer Access and Development Prog (non-add).....	\$5,921	(2)	(6,000)	-	(6,000)	-	(6,000)	-	-	-
Total Marketing Services.....	184,128	615	183,037	645	210,358	724	232,960	754	+22,602	+30
General Provision										
Dairy Business Initiative.....	19,998	5	1,769	3	20,000	-	-	-	-	-
Subtotal Disc Obligations.....	204,126	620	184,806	648	230,358	724	232,960	754	+22,602	+30
Mandatory Appropriations:										
School Food/Child Nutrition.....	-	-	-	-	250,000	-	250,000	-	-	-
Organic Production & Market Data.....	-	-	295	-	-	-	-	-	-	-
Local Agriculture Market Programs.....	25,516	7	33,761	5	29,212	6	29,212	6	-	-
Milk Donation Program (no year).....	106	-	431	-	4,715	2	4,715	2	-	-
Subtotal Man Obligations.....	25,622	7	34,488	5	283,927	8	283,927	8	-	-
Supplemental Obligations:										
CARES Act.....	12,722	-	32,278	1	-	-	-	-	-	-
Local Agriculture Market Programs.....	-	-	4,943	9	10,000	-	20,000	-	+10,000	-
Dairy Donation Program.....	-	-	134	1	200,000	-	210,000	-	+10,000	-
Meat and Poultry Grants.....	-	-	1,671	1	20,000	-	20,000	-	-	-
Subtotal Suppl Obligations.....	12,722	-	39,026	12	230,000	-	250,000	-	+20,000	-
Offsetting Collections:										
Research and Promotion Board.....	5,330	27	5,242	27	5,737	29	5,737	29	-	-
International Food Procurement.....	10,422	42	9,722	41	10,433	47	10,433	47	-	-
Subtotal Offsetting Collections.....	15,752	69	14,964	68	16,170	76	16,170	76	-	-
Total Obligations.....	258,222	696	273,284	733	760,455	808	783,057	838	+22,602	+30
Lapsing Balances.....	1,980	-	2,820	-	-	-	-	-	-	-
Bal. Available, EOY.....	81,921	-	1,084,522	-	584,522	-	84,522	-	-500,000	-
Total Available.....	342,123	696	1,360,627	733	1,344,977	808	867,579	838	-477,398	+30
Less:										
Transfers In*:										
Congressional Relations.....	-90	-	-	-	-	-	-	-	-	-
Total Transfers In.....	-90	-	-	-	-	-	-	-	-	-
Transfers Out*:										
Working Capital Fund.....	918	-	2,500	-	-	-	-	-	-	-
Total Transfers Out.....	918	-	2,500	-	-	-	-	-	-	-
Sequestration.....	2,123	-	2,051	-	2,051	-	2,051	-	-	-
Balances Available, SOY:	-41,408	-	-81,921	-	-1,084,522	-	-584,522	-	-	-
Total Appropriations.....	303,666	696	1,283,257	733	262,506	808	285,108	838	-477,398	30

FUNDING DETAIL**Table AMS-13. Funding Detail**

AGRICULTURAL MARKETING SERVICE						
Marketing Services						
(Dollars in Thousands)						
<u>Allocations</u>	<u>2020</u> <u>Actual</u> <u>B.A.</u>	<u>2021</u> <u>Actual</u> <u>B.A.</u>	<u>2022</u> <u>Estimated</u> <u>B.A.</u>	<u>2023</u> <u>Budget</u> <u>Request</u> <u>B.A.</u>	<u>Chg</u> <u>Key</u>	<u>Change</u> <u>from</u> <u>2022</u> <u>Estimate</u> <u>B.A.</u>
Marketing Services						
Market News	\$33,659	\$33,969	\$33,969	\$37,060	(1a,d)	\$3,091
Shell Egg Surveillance	2,568	2,587	2,587	2,769	(1a)	182
Standardization	5,118	5,168	5,168	5,604	(1a)	436
Federal Seed	2,325	2,346	2,346	2,567	(1a)	221
Country of Origin Labeling	4,744	4,782	4,782	5,062	(1a)	280
Dairy Business Innovation Centers	-	*	*	22,000	-	-
Pesticide Data Program	15,073	15,194	15,194	15,782	(1a)	588
National Organics Standards	16,094	18,594	18,594	19,436	(1a)	842
Transportation and Market Development	9,175	9,238	9,238	9,855	(1a)	617
Hemp Production	16,496	16,662	16,662	15,547	(1a,b)	-1,115
Nat'l Bioengineered Food Disclosure	2,000	2,010	2,010	2,094	(1a)	84
Farmers Market and Local Food Program	5,400	7,400	7,400	7,400	-	-
GSA Rent & Security	1,268	4,902	4,902	5,877	-	975
Acer Access and Development Program	6,000	6,000	6,000	6,004	(1a)	4
Packers and Stockyards	23,281	22,894	22,894	35,555	(1a,c)	12,661
Grain Regulatory	20,201	17,690	17,690	20,023	(1a)	2,333
U.S. Warehouse Activities	14,960	10,348	10,348	11,289	(1a)	941
International Food Procurement	8,574	8,574	8,574	9,035	(1a)	461
Total Marketing Services	186,936	188,358	210,358	232,960		22,602

* FY2020 & 2021 Dairy Business Innovation funded through General Provisions

JUSTIFICATION OF INCREASES AND DECREASES**1. Marketing Services, an increase of \$22,602,000**

- a. An increase of \$13,934,000, which includes \$2,367,000 for the 2022 pay increase, \$4,756,000 for the 2023 pay increase, plus an increase of \$5,354,000 for GSA Rent, DHS Security and other inflationary costs, and \$1,457,000 for Working Capital Fund costs.

This request includes \$2,367,000 for the 2022 pay and FERS increase and \$4,756,000 to support a 2023, 4.6 percent Cost of Living pay increase for 724 full-time equivalents. The 2023 cost includes \$587,000 for annualization of the 2022 pay increase and \$4,169,000 for the 2023 pay increase. Agricultural marketing depends on AMS services, including Market News reports, Transportation and Market Development, the National Organic Program, and Grain Regulatory activities, among others. Without this increase AMS will have to reduce program services that support agricultural marketing.

b. A decrease of \$1,718,000 to the Hemp Production program.

AMS will reduce non-pay expenses in this activity which is a result of increased efficiencies and maturation of the program resulting in a reduced need to rely on specialty contractors and instead leverage AMS staff to handle core mission functions.

c. An increase of \$10,255,000 and 30 FTEs in Packers and Stockyards (P&S) to fund new statutory requirements and to strengthen oversight of livestock and poultry markets.

USDA considers enforcement of the Packers and Stockyards (P&S) Act to the full extent of the law a top priority. The Packers and Stockyards Division (PSD) requests a budget increase of \$8 million and 20 staff years to support President Biden's July 21 Executive Order (E.O. 14036), "Promoting Competition in the American Economy" by providing compliance enforcement for new statutory requirements, improving price transparency for cattle and swine producers, and enhancing oversight of livestock packers and poultry processors to ensure fair, competitive, and efficient markets for producers. In addition, \$2.225 million and 10 staff years is requested to establish and support a new office of special investigations for compliance matters.

The increase in appropriated funding provides PSD the ability to fill needed positions by hiring additional economists, marketing specialists, auditors, and legal specialists (attorneys). Additional economists will provide critical support for PSD's Competition Branch (CB) to monitor livestock prices and investigate anti-competitive behavior. A stronger CB can boost its investigative focus on concentration at the local and regional levels. Also, the CB will have the ability to enhance existing and develop additional price monitoring systems for fed cattle and hogs. Additional marketing specialists and auditors will provide much needed assistance on anti-competitive investigations and enhance PSD's ability to ensure that producers receive full, accurate, and timely payment for livestock sales. Legal specialists provide critical support for all PSD investigations. In conjunction with attorneys in the USDA Office of the General Counsel, legal specialists develop the legally necessary and sufficient evidence for violations.

E.O. 14036 directed USDA to, among other things, "address the unfair treatment of farmers and improve conditions of competition in the markets for their products" under the P&S Act. The PSD is responsible for leading USDA's efforts to implement this renewed emphasis on stronger anti-trust and competitive analysis and increased oversight and enforcement among beef and swine packers and poultry processors. This leadership role requires additional resources outlined in this request. PSD administers and enforces the P&S Act of 1921 and enforces the Agricultural Marketing Act, Food Security Act, Truth-in-Lending Act, Fair Credit Reporting Act, and the Agriculture Fair Practices Act as they relate to regulated entities under the P&S Act.

Additional funds are needed to increase audit and investigative capacity, strengthen enforcement and litigation support capability, and expand business competition analysis expertise. PSD's compliance enforcement activities monitor livestock packers, live poultry dealers/processors, swine contractors, auction markets, and livestock dealers to ensure financial integrity, fair trade and competitive practices.

The requested increase in funds also supports implementation of new statutory Livestock Dealer Trust requirements enacted in 2021 as an amendment to the P&S Act. Similar to the existing livestock packer and live poultry dealer trusts under the P&S Act, this trust was established for the benefit of unpaid producers, and is resulting in additional oversight, investigation, analysis, and adjudication workloads.

The funding request of \$2.225 million will support AMS as we work to strengthen the resiliency and security of supply chains through vigorous enforcement of the P&S Act. The Meat Packing Special Investigator Act (S. 2036), if enacted, will require AMS to expand and enhance our enforcement efforts, as well as critical partnerships with other Federal partners. The new office for a special investigator for competition matters in PSD will include a team of investigators devoted to investigating anti-competitive actions by meat packers. They will also coordinate with the Federal Trade Commission (FTC), the Department of Justice (DOJ), and the Department of Homeland Security (DHS) to secure our nation's food supply.

Due to technical obsolescence, IT security vulnerabilities and growing industry demand, PSD must update and enhance the Swine Contract Library (SCL) information collection and dissemination system. Doing so will provide increased functionality and real-time flexibility in publishing information on marketing contract base price formulas, contract terms, clauses, and provisions, and estimated future swine purchases under contract by

packers. The updated SCL will provide producers with more comprehensive and timely information on marketing conditions and price discovery.

Congress introduced legislation for PSD to establish a Cattle Contract Library (CCL) similar to the SCL that would improve price discovery and contract pricing provisions transparency for cattle producers. The Administration, Congress, and industry stakeholders have expressed serious concerns about cattle price discovery and beef packer concentration levels. The most cost-effective approach to address these concerns and build and support the new CCL is to do so in tandem with the SCL.

This funding is also necessary to develop and maintain a new system to monitor compliance enforcement workflows. Currently, PSD utilizes the Enterprise Content Management system (ECM) for monitoring compliance enforcement workflows known as Packers and Stockyards Automated System (PAS) 1.0.

The ECM system enables PSD to track and maintain required information on regulated entities and their regulated activities and provides a cross-agency platform for coordinating with USDA's Office of the General Counsel on case files for administrative enforcement action. However, PAS 1.0 is technically obsolete and has IT security vulnerabilities. Through a phased approach, PSD is developing the next generation of the system, PAS 2.0. PSD will require an estimated \$5.0 million for development in FY 2023 and \$2.6 million in FY 2024. An estimated \$1.5 million annually is needed to operate and maintain PAS 2.0 beginning in FY 2025.

- d. An increase of \$131,000 to fully fund Market News activities needed to support fair and competitive markets, including the livestock industry.

This funding will enable AMS to continue enhancements of our cattle market reporting through Livestock Mandatory Reporting (LMR) to show more clarity on formula trades. Funding will also be used to support evaluation of the confidentiality guideline that is used in Livestock Mandatory Price reporting, which could require an outside study and regulatory work. Clarity on cattle market transactions directly support the Department's fair and competitive market agenda. President Biden's Executive Order on Competition from July 2021 specifically directs USDA to develop plans to enhance competition and fairness to farmers, including by (A) providing enhanced information to producers, (B) providing enhanced information to consumers, and (C) improving price discovery and transparency to benefit the functioning of cattle and other livestock markets. Many LMR activities have important roles to play in advancement of that agenda. Moreover, the ability for USDA to execute on those Competition EO mandates also depends in significant measure on the ability for Market News to deliver information and enable producers and consumers to utilize it effectively.

In addition, Market News – specifically information collected under LMR – plays an important role in collecting and analyzing the data on which others depend for fair and competitive markets investigations. The Department of Justice in particular has utilized Market News data and insights for a range of matters. Over the last year, Congress has added especially intense focus on the importance of these markets and any relevant investigations thereto.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE*Table AMS-6. Marketing Services - Discretionary Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)*

State/Territory/Country	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE
Alabama	\$135	1	\$160	1	\$203	1	\$203	1
Alaska	-	-	-	-	10	-	10	-
Arizona	1,046	8	1,134	9	1,055	6	1,060	6
Arkansas	667	1	248	2	254	2	304	2
California	5,362	7	4,216	7	5,271	10	5,271	10
Colorado	6,233	39	5,962	40	6,609	54	6,609	54
Connecticut	394	-	100	-	50	-	50	-
Delaware	-	-	-	-	15	-	15	-
District of Columbia	106,046	253	111,493	272	127,858	312	146,694	312
Florida	1,701	3	1,346	2	1,993	2	1,993	2
Georgia	6,254	48	6,236	46	6,350	51	6,450	51
Hawaii	-	-	-	-	10	-	10	-
Idaho	411	4	516	5	386	5	436	5
Illinois	487	4	741	6	437	3	497	3
Indiana	-	-	-	-	41	-	41	-
Iowa	5,006	38	4,709	38	6,711	51	6,711	51
Kansas	96	1	48	1	132	2	132	2
Kentucky	683	2	185	2	714	2	734	2
Louisiana	606	3	428	4	702	5	702	5
Maine	-	-	24	-	10	-	10	-
Maryland	687	1	273	1	305	1	505	1
Massachusetts	557	4	617	5	478	4	558	4
Michigan	2,489	3	2,234	4	1,800	4	2,580	4
Minnesota	241	2	765	2	254	2	264	2
Mississippi	-	1	-	-	30	1	30	1
Missouri	19,933	99	20,501	106	20,794	98	21,794	128
Montana	99	1	108	1	102	2	112	2
Nebraska	137	1	144	1	153	1	153	1
Nevada	-	-	-	-	10	-	10	-
New Hampshire	428	-	-	-	430	-	430	-
New Jersey	-	-	-	-	500	-	500	-
New Mexico	216	2	255	2	285	3	285	3
New York	4,706	4	2,454	5	4,713	3	4,913	3
North Carolina	1,974	12	1,942	12	1,993	12	2,013	12
North Dakota	71	1	131	1	183	1	183	1
Ohio	2,188	2	1,891	2	2,300	7	2,400	7
Oklahoma	417	4	439	4	447	4	467	4
Oregon	770	2	239	2	837	6	837	6
Pennsylvania	815	7	703	6	871	7	871	7
Rhode Island	491	-	-	-	500	-	500	-
South Carolina	248	2	117	1	244	2	264	2
South Dakota	344	1	162	1	336	2	366	2
Tennessee	3,354	17	3,430	17	3,593	19	3,793	19
Texas	2,240	10	2,537	10	2,389	9	2,589	9
Utah	-	-	-	-	30	-	30	-
Vermont	-	-	-	-	1,000	-	1,000	-
Virginia	1,814	9	3,088	11	2,196	11	2,196	11
Washington	2,103	3	1,604	3	2,556	4	2,556	4
West Virginia	499	-	-	-	510	1	510	1
Wisconsin	2,118	13	1,854	13	1,627	13	2,238	13
Wyoming	63	1	1	-	81	1	81	1
Obligations	184,128	615	183,037	645	210,358	724	232,960	754
Lapsing Balances	1,980	-	2,820	-	-	-	-	-
Total, Available	186,108	615	185,857	645	210,358	724	232,960	754

Table AMS-7. Milk Donation Program - Mandatory Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)

State/Territory/Country	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE
Wisconsin	\$106	-	\$431	-	\$160	2	\$160	2
Distribution Unknown	-	-	-	-	4,555	-	4,555	-
Obligations	106	-	431	-	4,715	2	4,715	2
Sequestration	295	-	285	-	285	-	285	-
Bal. Available, EOY	13,599	-	17,883	-	17,883	-	17,883	-
Total, Available	5,000	-	5,000	-	5,000	2	5,000	2

Table AMS-16. Dairy Business Initiatives - Discretionary (General Provision Funding) - Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)

State/Territory/Country	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE
District of Columbia	\$1,598	5	\$1,769	3	\$34	-	-	-
Tennessee	6,133	-	-	-	6,133	-	-	-
Vermont	6,133	-	-	-	6,133	-	-	-
Wisconsin	6,133	-	-	-	6,133	-	-	-
California	-	-	-	-	1,800	-	-	-
Obligations	19,998	5	1,769	3	20,233	-	-	-
Bal. Available, EOY	2	-	20,233	-	-	-	-	-
Total, Available	20,000	5	22,002	3	-	-	-	-

Note: This table reflects funding provided through a General Provision in FY 2020 and 2021 that was made available until expended. In FY 2022 and 2023, funding for this activity is included in the Marketing Services annual appropriation.

CLASSIFICATION BY OBJECTS – MARKETING SERVICES**Table AMS-17. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
	Personnel Compensation:				
	Washington D.C.	\$38,900	\$39,744	\$43,406	\$44,968
	Personnel Compensation, Field	22,268	25,183	26,173	36,373
11	Total personnel compensation	61,168	64,927	69,579	81,341
12	Personal benefits	22,328	24,452	25,328	33,286
13.0	Benefits for former personnel	536	158	536	536
	Total, personnel compensation and benefits	84,032	89,537	95,443	115,163
	Other Objects:				
21.0	Travel and transportation of persons	2,255	1,171	2,255	2,440
22.0	Transportation of things	17	24	17	17
23.1	Rental payments to GSA	4,654	5,475	5,586	5,154
23.2	Rental payments to others	1,328	891	1,328	1,328
23.3	Communications, utilities, and misc. charges	1,894	2,340	2,594	1,894
24.0	Printing and reproduction	232	677	580	232
25.1	Advisory and assistance services	-	277	-	-
25.2	Other services from non-Federal sources	46,437	53,158	50,437	47,740
25.3	Other goods and services from Federal sources	27,229	12,260	20,847	24,442
25.6	Medical care	-	118	-	-
25.7	Operation and maintenance of equipment	1,245	979	1,245	1,745
26.0	Supplies and materials	1,032	986	1,032	1,532
31.0	Equipment	3,421	2,860	2,989	2,921
32.0	Land and Structures	-	18	-	-
41.0	Grants, subsidies, and contributions	10,337	12,262	25,990	28,337
42.0	Insurance Claims and Indemnities	13	3	13	13
43.0	Interest and Dividends	2	1	2	2
	Total, Other Objects	100,096	93,500	114,915	117,797
99.9	Total, new obligations	184,128	183,037	210,358	232,960
	DHS Building Security Payments (included in 25.3)....	\$791	\$593	\$800	\$800
	Position Data:				
	Average Salary (dollars), ES Position	\$185,588	\$190,878	\$188,372	\$193,741
	Average Salary (dollars), GS Position	\$92,076	\$98,459	\$100,428	\$103,441
	Average Grade, GS Position	12	12	12	12

ADVERTISING EXPENDITURES

There are no contracts for advertising expenses to report.

STATUS OF PROGRAMS

Marketing Services

Market News

Current Activities

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

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

Selected Examples of Recent Progress

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

Redesign of Market News into Digital Data Service: Market News continues to implement advanced technical capabilities and additional market types through the Market Analysis and Reporting Service (MARS) system. In FY 2021, AMS continued to add more market types and reports to those available to the public through MARS and its public facing website, My Market News. Through My Market News, users can now access over 710 unique market reports disseminated from over 45 Market News offices across the country. Currently, users can access dairy, cotton quality, egg inventory, auction livestock, video auctions, direct hay, auction hay, direct livestock, tobacco, rice, and grain market information. Market information for feedstuffs, retail, national feeder cattle summary, bioenergy, international markets, poultry, and byproducts and the Specialty Crops commodities of truck rates, national trends, terminal market, shipping point, and movement will transition to My Market News in FY 2022. It is anticipated that all currently available AMS Market News data sets will be moved to the new system within the next year.

Additionally, through the MARS Application Programming Interface (API), customers can now access data from over 690 unique market reports. The API allows users to automatically download data in custom formats. After a one-time setup by the user, the API will continue to deliver the requested information in the established format without further action. In FY 2022, additional updates will be instituted that allow users to better identify corrected data sets by report and through the MARS API. There will also be a web-based API released that allows users to automatically pull report files.

Customer Outreach and Training: AMS Market News routinely responds to requests for information from individuals, industry groups, and associations. In FY 2021, during the pandemic, AMS conducted its outreach efforts in a virtual environment, including participating in over 40 industry meetings and responding to over 500 requests, to highlight the various information products that Market News offers, and to educate the data users on how to use those products and services. These outreach efforts help the program to better understand industry needs regarding market reporting. To support the reauthorization of Livestock Mandatory Reporting (LMR), AMS provided 6 highly successful briefings for Congressional staff, and hosted 10 outreach events including four webinars focused on cattle and beef markets and presentations to cattle producer organizations. Compared to FY 2019, AMS Market News saw a

slight decline in outreach and training as many industry meetings and conferences were cancelled due to the pandemic.

Local and Regional Market Customer Focus: In FY 2021, Market News renewed five Federal- State agreements to maintain collaboration with State Departments of Agriculture to capture local and regional livestock, grain, and food market prices and volumes to enhance the ability of producers to create business plans, secure financing, and have clearer knowledge of local and regional market systems. State reporters cover livestock auction and grain elevator markets, and other local reporting activities, such as farmers markets, that would otherwise be costly and difficult to cover using Federal resources. The AMS Market News local and regional webpage allows users to easily view commodity prices at over 125 farmers markets and 7 farmers auctions, farm-to-school prices for 13 States, local organic commodity prices on a national level, and 14 reports highlighting direct-to-consumer sales. *Market Information Organization of the Americas (MIOA):* AMS continues to serve in its leadership role as the Chair of the MIOA, a network of market information organizations from 33 countries in North, Central and South America, and the Caribbean. MIOA is celebrating 20 years of existence in 2020 and was originally an initiative of AMS Market News. AMS chaired the most recent monthly virtual meeting of Executive Committee (EC) of MIOA and plans to host the virtual Regular Meeting in November 2020.

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

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

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

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

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

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

- 90 percent of fed cattle and boxed beef markets;
- 97 percent of slaughter hogs;
- 48 percent of slaughter sheep;
- 45 percent of boxed lamb meat; and
- 87 percent of wholesale pork.

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

Congress reviews the LMR Act every 5 years, and it was up for reauthorization by September 30, 2020. However, the authority was extended to December 11, 2020, in the Continuing Resolution for FY 2021, and then extended again through September 30, 2021, in the Consolidated Appropriations Act of 2021. The current LMR authority was scheduled to expire September 30, 2021. However, the authority was extended to December 3, 2021, in the Continuing Resolution for FY 2022. To inform the reauthorization, AMS hosted a series of stakeholder meetings in 2016-2017 to identify LMR improvements and regulatory recommendations, with a subsequent Report to Congress. There is ongoing concern in the swine and cattle industries on the thinness of the negotiated markets. Negotiated trade has been steadily replaced by formula pricing, forward markets, and longer-term marketing agreements.

In FY 2020, AMS hosted a stakeholder meeting in Kansas City, MO, on December 12, 2019, to present the findings of a study AMS had commissioned in FY 2019 to explore the feasibility of reporting negotiated slaughter cattle purchases in separate 0-14- and 15-30-day delivery windows, through possible realignment of the 5-Area reporting region. This meeting and resulting feedback from industry provided direction to AMS on ways to publish more robust information for negotiated slaughter cattle markets ahead of the reauthorization. To support additional transparency in cattle markets through LMR, in FY 2021, AMS published two new market reports covering formula base price information and the distribution of net prices for all purchase types.

To further support the cattle industry, AMS fulfilled a Farm Bill requirement by establishing three regional Cattle and Carcass Grading Correlation Training Centers to connect producers with USDA experts. The training is designed to clarify the grading system, bolster pricing confidence, and reinforce trust in the transparent cattle delivery system. In FY 2021, AMS conducted four virtual webinars to educate cattle producers on the data available to them through LMR. These webinars were viewed nearly 1,000 times by stakeholders.

For the swine and pork industry, AMS enhanced its LMR National Weekly Comprehensive Pork and Export Pork Sales Reports to provide additional market information for pork carcasses and exported products and published new Daily Prior Day Hog Purchase Reports to provide stakeholders with more accessible data for easier market analysis and replace the individual national and regional reports. In addition, in October 2021, AMS hosted a series of four virtual webinars for pork producers and other industry professionals to broaden their understanding of the LMR data available to them through Market News and LMR.

LMR information is also accessible through a new API that allows users to pull on-demand information. In FY 2021, AMS received over 55 million unique data calls through the API. The LMR API offers access to all LMR, Dairy Mandatory, and Federal Milk Marking Order data.

Dairy Product Mandatory Reporting: The purpose of the dairy mandatory program is to provide accurate and timely market information for the dairy sector. Widely available market information is needed to ensure markets operate competitively and fairly. AMS collects this data to be used as the price discovery mechanism to establish minimum prices for the Federal milk order system, accounting for 62 percent of the U.S. milk supply.

Mandatory dairy product reporting provides sales information on:

- 10 percent of butter production;
- 33 percent of cheddar cheese production;
- 54 percent of nonfat dry milk production; and
- 31 percent of dry whey production.

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

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

Specific examples of new and enhanced agricultural market reports are listed below.

Cotton and Tobacco:

- Non-MARS reports published on My Market News:

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

Dairy:

- CME monthly averages were updated to be available via the MARS API function.
- Starting in March 2020, to document and illustrate market effects from COVID factors, Dairy Market News created internal reports to visualize representative data to showcase price changes from base periods early in the calendar year.
- DMN utilized maximum telework to ensure the continuation of operations during COVID restrictions. All reporting criteria goals were met in FY 21 with no interruption of service to industry.
- DMN staff utilize APIs for pulling data from My Market News (MMN) and other databases for data analysis, table creation for reporting enhancements. Key staff are trained to assist users on APIs.
- DMN staff were speakers at key industry presentations to discuss pandemic markets.

Specialty Crops:

- On January 3, 2021, Specialty Crops Market News transitioned to ACE as the primary data source for the volume of imports of specialty crops into the United States resulting in the following:
 - Daily reports instead of weekly
 - Data is generated from ACE by HTS codes
 - Additional data on organic products
 - Data revisions are greatly reduced
 - Commerce data is no longer used
 - Elimination of manually keyed data for certain preliminary import data.
- On April 2, 2021, Specialty Crops Market News transitioned to ACE as the primary data source for ornamental crops imports into the United States

New & Expanded Reports:

- Specialty Crops Market News Division U.S. Mexico Canada Agreement Seasonal Perishable Products Weekly Update
- Mexico Crossings through Nogales FOB for Citrus Fruits (Lemon, Orange, and Grapefruits)
- Arkansas Tomatoes FOB

Contacts Added:

- 15 Florida and Arkansas tomato and watermelon FOB contacts
- 7 apple juice concentrate contacts
- Multiple recipients added to daily apple FOB distribution email, berry FOB report, table- grape supplement, Apple Juice concentrate, and grape cold storage reports
- 5 Mexico asparagus and Avocados FOB contacts
- 4 California strawberry contacts
- 3 Georgia vegetables contacts
- 3 Oklahoma pecan FOB contacts
- 4 truck rate contacts from Phoenix to various destinations
- 13 new companies; in addition, 5 new persons as contacts replacing people who have left for Importers of Snow, Snap, French beans, Papayas, Pineapples, Mangoes, melons, and Blackberries
- 4 central Florida strawberry contacts
- 3 importers of Chilean and Peruvian Grapes
- 2 importers of South African Grapefruits
- 6 central and south Florida vegetable contacts

- 4 contacts for Mexico crossings through Nogales
- 5 ID/OR Onion and Potatoes contacts

Technology and Other Highlights:

- Selected to serve as the Chair of the Market Information Organization of the Americas, a network of cooperation between Latin American countries and the U.S. to share market information
- Worked actively with industry groups to identify and prioritize improvements to the ACE data
- Partnered with other USDA agencies on a World Bank funded capacity building effort in the state of Maharashtra, India
- Conducted multiple training events for market information systems professionals within the Hemisphere
- Transitioned all import movement data source from Cognos to ACE ITDS improving timeliness, accuracy, and efficiency
- Successfully petitioned for new HTS codes to enhance import movement reporting
- Added all ornamental import data (when the source COGNOS was closed without warning)
- Truck rates were brought online in MARS
- Continued testing in MARS for terminals, retail, shipping point
- Began development of a new MARS collect screen to facilitate the collection of import data in MARS
- Began testing movement data in MARS
- Conducted evaluation of the new My Market News public user interface
- Conducted testing and began issuing weekly trends report through MARS

Livestock, Poultry and Grain (LPGMN):

- On January 4, 2021, applied updated yields for all Livestock Mandatory Reporting (LMR) commodities to stay relevant with industry meat production practices.
- On June 8-10, 2021, the AMS Cattle and Carcass Training Center (CCTC) conducted a series of public webinars providing educational information about LMR cattle and boxed beef reporting.
- On August 9, 2021, LPGMN issued the new Daily Cattle Formula Base report which enables stakeholders to see the correlation between the negotiated trade and reported formula base prices.
- On August 10, 2021, LPGMN issued the new Weekly Cattle Net Price Distribution report which shows at what levels (price and volume) trade occurred across the weekly weighted average price for each purchase type – negotiated, negotiated grid, formula and forward contract.
- On Jan. 4, 2021, LPGMN enhanced its Livestock Mandatory Reporting National Weekly Comprehensive Pork and Export Pork Sales Reports to provide additional market information for pork carcasses and exported products.
- Beginning Dec. 7, 2020, LPGMN published new Daily Prior Day Hog Purchase Reports to provide stakeholders with more accessible data for easier market analysis and replace the individual national and regional reports.

Shell Egg Surveillance

Current Activities

The Egg Products Inspection Act (EPIA) mandates that eggs and egg products are wholesome, otherwise not adulterated, and properly labeled and packaged to protect the health and welfare of consumers of these products. The Shell Egg Surveillance (SES) Program, carrying out these EPIA requirements, monitors the disposition of "restricted eggs"— eggs that are cracked, dirty, incubator rejects, inedible, leaking, or otherwise unfit for human consumption — to ensure they do not make their way into consumer channels. Inedible eggs, which constitute a small proportion of all shell eggs, are most often used in animal feed, while other types of restricted eggs are destroyed. The SES Program conducts official visits four times a year to shell egg handlers with 3,000 or more chickens or who pack product ultimately destined for consumers. The Program also conducts annual visits to hatcheries and follow-up visits when violations are found. SES activities are conducted either by Federal personnel or State Department of Agriculture employees under a cooperative agreement.

Selected Examples of Recent Progress

During FY 2021, AMS completed 2,100 SES inspections, on-site and desk reviews, and accomplished an industry compliance rate of 97 percent.

Table AMS-18. Shell Egg Surveillance Activities

<u>Shell Egg Surveillance Inspections Conducted</u>				
<i>Quarterly visits are made to shell egg handlers with 3,000 or more chickens or who pack product ultimately for the consumer. If a violation of the EPIA is found, a follow-up visit is made during the quarter.</i>				
	Shell Egg Handlers		Hatcheries	
	Number of Handlers	Total Inspections	Number of Hatcheries	Total Inspections
FY 2017	480	2,043	281	285
FY 2018	470	1,905	268	263
FY2019	482	1,830	256	201
FY 2020	488	1,954	256	222
FY 2021	437	1,846	257	254

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

Review and Update of Enforcement Procedures: AMS conducted a top to bottom review of enforcement protocols and penalties, and as a result, drafted revised protocols that will eliminate redundancy, increase efficiency of inspections, and strengthen the penalties imposed on operations that continually violate provisions of the SES program.

Standardization***Current Activities***

AMS food and fiber standards are widely used by the agricultural industry in domestic and international trading, futures market contracts, and as a benchmark for purchase specifications in most private contracts. Grade standards are also the basis for AMS Market News reports, grading services, and Federal commodity procurement. Pursuant to the Agricultural Marketing Act of 1946, AMS develops quality grade standards for commodities “to encourage uniformity and consistency in commercial practices,” as needed by the agriculture and food industry, and modifies those standards when industry practices or consumer preferences change. Before standards are implemented, AMS conducts studies and announces proposed standards. Public comments are solicited to verify that quality grade standards will facilitate commerce. There are currently more than 500 quality grade standards in place for cotton, dairy products, eggs, fresh and processed fruits and vegetables, livestock, meat, olive oil, peanuts, poultry, rabbits, and tobacco.

In addition to their use by private industry in domestic and international contracting, USDA food and fiber standards have become the basis for international harmonization of agricultural product quality grades recognized by the Codex Alimentarius and the United Nations Economic Commission for Europe (UNECE). AMS plays a significant role in several international standards-setting bodies to ensure the interest of U.S. agriculture is adequately represented in global conversations. For example, AMS serves as Administrator for the U.S. Technical Advisory Group to the ISO Technical Committee 34, Subcommittee 5 (milk and milk products) and the U.S. Technical Advisory Group to the ISO Technical Committee 34, Subcommittee 6 (meat and poultry), and led efforts on dairy, meat and poultry standards that would have been restrictive to U.S. imports and not based in science.

Selected Examples of Recent Progress***Standards Reviews***

In FY 2021, AMS specialists reviewed commodity standards to ensure that they continue to accurately describe current products, including 21 for cotton products; 31 for fruit and vegetable products; 142 for egg, meat, and poultry products; and 13 for tobacco. These reviews resulted in the following standard revisions:

Institutional Meat Purchase Specifications (IMPS): The IMPS consist of several hundred descriptions of beef, lamb, pork, and veal products and are widely used by marketers for domestic and international trading of meat products. The IMPS serve as the foundation for several other private “buyers guides” popular with meat marketers including the Uniform Retail Meat Identity Standards. In FY 2021, AMS entered into an agreement with an industry stakeholder to harmonize IMPS and URMIS standards (Uniform Retail Meat Identity Standards system) and nomenclature for veal and lamb.

Instrument Application of Grade Standards: AMS sought comments on instrument enhanced grading procedures to strengthen uniform application of beef grade standards. As a result, AMS revised its procedure to state specific quantitative requirements for establishments that want to use plant employees to apply USDA grade standards for beef using approved instrument technology. This update along with other revisions that provide clarity and flexibility in the testing requirements for employees, are expected to entice more interest in using plant employees to apply grade standards using camera instruments. In FY 2021, AMS conducted a major evaluation of updated camera technology – including four in-plant trials and data collection with the involvement of experts from USDA’s Meat Animal Research Center and academia – ultimately resulting in the approval of the new technology that offers USDA graders and beef plants a better tool to assess quality. As importantly, AMS stationed supervisors at each location when the new camera technology was “turned on” to ensure a smooth implementation. In addition to the approval of new technology, AMS approved two more facilities to use instruments – expanding the use to 18 facilities that grade 62 percent of all beef offered for grading. AMS received a positive external review of its instrument (camera) grading procedures from the American Meat Science Association (AMSA). In summary, AMSA concluded that AMS’s efforts to ensure the accuracy and integrity of its camera review and approval process are robust and should continue to be viewed as a positive adoption of technology in the conduct of grading services.

Additionally, AMS entered into agreement with Purdue University and the Agricultural Research Service to conduct four in-plant trials with an egg producer partner and equipment manufacturer on the use of egg grading technology in the application of official USDA grades (i.e., Grade AA, Grade A eggs). They collaborated with these partners to analyze historical grade data and strategize on the methodology and scientific basis for carrying out the trials. As a result, the Agency expects to implement instrument assisted grading of eggs in the future to remain in step with improvements in the egg processing industry.

In FY 2021, AMS specialists reviewed commodity standards to ensure that they continue to accurately describe current products. These reviews resulted in the following standard revisions:

Specialty Crops Standards: AMS maintains 304 grade standards for fresh and processed fruits, vegetables, nuts, and miscellaneous products. In FY 2021, AMS amended the (1) U.S. Standards for Watermelon to establish a total tolerance for Anthracnose and decay in the U.S. No. 1 and U.S. No. 2 grades; adjust the range of average weight from 20-42 to 10-34 pounds to align with current marketing trends; add sunburn as a permanent defect; revise scoring guides for hail, rind worm injury, scars, hollow heart, sunburn, and transit rubs; remove metric measurements from the standard; and, make minor editorial changes; (2) U.S. Standards for Frozen Corn on the Cob to replace the dual nomenclature grading system and to make editorial changes that bring the grade standards in line with the present quality levels being marketed today and provide guidance in the effective use of these products; and (3) U.S. Standards for Grades of Grapefruit (Texas and States other than Florida, California and Arizona) and U.S. Standards for Grades of Oranges (Texas and States other than Florida, California and Arizona) to convert the AQL tables to show the percentage of defects permitted in each grade instead of the acceptable number of allowable defective fruit in each grade; revise the minimum sample size to 25 fruit; update size classifications; remove references to Temple oranges from the orange standards; and, more closely align terminology in both grade standards with current Florida and California citrus standards. These changes modernize the standards and provide the industry greater marketing flexibility to meet growing consumer demand.

AMS also terminated the following 10 U.S. consumer standards that are obsolete and impede the effective marketing of specialty crops: Italian sprouting broccoli, fresh carrots, celery stalks, husked corn on the cob, fresh kale, fresh spinach leaves, Brussels sprouts, fresh parsnips, fresh turnips and beet greens. U.S. grade standards are voluntary and provide the specialty crop industry with a uniform language for describing the quality and condition of commodities in the marketplace. U.S. consumer standards are a type of U.S. grade standard designed for use at the final stage of the marketing chain for fresh produce. The consumer standards that are being terminated contain conflicting and outdated marketing terms and have become a burden to the U.S. and global produce industry.

Commercial Item Descriptions (CIDs): AMS also maintains 188 CIDs for products in all commodity areas. CIDs are official U.S. Government procurement documents that describe the most important characteristics of a commercial food product, such as the types and styles of products available. A CID also may contain information on analytical tests and requirements for food safety and quality for the product. CIDs are used by purchasers during the procurement process to specify the product they wish to purchase.

To facilitate efficient, uniform commercial and government purchases, AMS revised/developed eleven CIDs in FY 2021:

- Bagels, Fresh or Frozen, A-A-20284B;
- Carrots, Fresh, Ready-to-Eat or Ready-to-Use, A-A-20191E;
- Bread, Fresh or Frozen, A-A-20052C;
- Bread, Pita, Fresh or Frozen, A-A-20287A;
- English Muffins, Fresh or Frozen, A-A-20285B;
- Muffins, Fresh or Frozen, A-A-20139B;
- Radishes, Fresh, Ready-to-Eat or Ready-to-Use, A-A-20192C;
- Rolls, Bread, Fresh or Frozen, A-A-20053C;
- Rolls, Bread, Unbaked, Fresh or Frozen, A-A-20289B;
- Salad Oils, Vegetable, A-A-20091E; and
- Sweet Dough Rolls, Fresh or Frozen, A-A-20288B.

Dairy: In FY 2021, AMS Dairy staff assisted in the revision of CIDs for Frozen Macaroni and Cheese, Cottage Cheese, Cream Cheese/Neufchatel and Related Products, Cheese Sauce Ready-To-Eat (RTE) Condensed and Dehydrated.

In FY 2021, AMS Dairy assisted the Commodity Procurement Program by providing technical review, risk assessment, and guidance to address 27 dairy product related inquiries.

Cotton Standards: AMS produced cotton grade standards boxes for the current crop year, consisting of approximately 1,630 Upland and Pima cotton grade standards boxes representing the 21 physical cotton grade standards. All freshly produced standards boxes were reviewed and approved by cotton industry representatives in June 2021 in Memphis, TN and all Pima standards boxes were reviewed and approved by Cotton Industry representatives in Visalia, CA. In addition, over 71,800 pounds of instrument calibration cotton standards were distributed to the domestic and international cotton industries.

International Standardization Activities

These activities are authorized by the following statutes:

National Technology Transfer Act of 1995 (detailed in OMB Circular A-119)

AMS remains a leader in global marketing standards initiatives and represents the U.S. in meetings of the Codex Alimentarius, the International Dairy Federation, the UNECE, the Organization for Economic Cooperation and Development, the International Organization for Standardization, the International Union for the Protection of New Varieties of Plants (UPOV), the International Seed Testing Association, the International Meat Secretariat, the American Society for Testing and Materials International, the U.S. Canadian Regulatory Cooperation Council, the Inter-American Commission on Organic Agriculture, the International Cotton Advisory Committee, international cotton outreach, and several bilateral consultative committees on agriculture. Examples of recent progress include:

ISO Agricultural Biotechnology Standards: AMS serves as the elected committee manager for the International Organization for Standardization's (ISO) Technical Committee (TC) 34/Subcommittee 16 "Horizontal methods for molecular biomarker analysis" and provides credentialed experts for its delegation. This committee was created with AMS sponsorship 15 years ago to provide access for US stakeholders to international standards for agricultural biotechnology. Now sponsored publicly and hosted in the U.S. by the American Oil Chemist's Society, TC 34/SC continues to develop, draft and maintain an internationally validated portfolio of standards for methods of detection, identification and analysis of molecular traits in foods and agricultural products such as bioengineered foods, identity preserved foods, meat, fish and poultry species, genetic traits of seeds and grains, organic foods and plant pathogens. AMS coordinated all business and technical operations for this committee which has a membership of 44 national standards bodies and over 500 experts and delegates. In 2020, under AMS management, ISO TC 34/SC 16 published three international standards respectively pertaining to meat speciation, animal and plant protein detection and the

validation of binary methods; held eleven international meetings and continued development of 19 new international agricultural biotechnology standards. ISO standards those from TC 34/SC 16, provide references for application of the National Bioengineered Food Labeling Standard. With AMS expert participation, a new standard for detection of bioengineered cotton, IWA 32, was published by ISO in 2020. It will be added to the TC 34/SC 16 standards catalog. AMS also provides expert representation and leadership in ISO TC 276 biotechnology. An AMS expert served as the U.S. Technical Advisory Group Chairperson for TC 276/WG 5 Biotechnology: data processing and integration. This group is developing international guidance to harmonize all database formats for the life sciences, algorithms for compression of large nucleotide sequence data files and utilization of the cyberspace cloud in life sciences including agriculture.

ISO Dairy Standards: In 2021, AMS continued ISO Dairy Standards work through the U.S. Technical Advisory Group for ISO Technical Committee 34/Subcommittee 5 Milk and Milk Products. Through AMS leadership, the U.S. TAG for TC 34/SC5 was accredited by the American National Standards Institute (ANSI). TC 34/SC 5 itself was established in 1970; has a scope of standardization of methods of analysis and sampling for milk and milk products, covering the dairy chain from primary production to consumption; has stewardship of over 200 international dairy standards and has a membership of 90 international standards bodies. ANSI, the ISO U.S. member, selected and accredited AMS to develop international standards for Milk and Milk Products and determine the U.S. position for this international standardization activity. The U.S. Technical Advisory Group under AMS management will work together with the US International Dairy Federation, AOAC International, the U.S. Dairy industry and U.S. stakeholders to develop a U.S. position for ISO dairy standards development.

ISO Meat, Poultry, Fish, Egg Standards: AMS represents U.S. interests as chair and administrator for the ISO Technical Committee (TC) 34/Subcommittee (SC) 6 Meat, Poultry, Fish, Eggs and their products. AMS participated in virtual plenary sessions that covered a variety of topics and submitted ballot votes on several proposed revisions to standards. Topics covered included basic meat and poultry terminology, standards for residues in egg and egg products, and product descriptions for fermented meats. AMS serves as co-chair of the Meat Nomenclature Working Group, and in this role, works to harmonize ISO meat nomenclature with U.S. nomenclature in the IMPS and U.S. Trade Descriptions for Poultry. As Administrator of ISO TC34, SC6, AMS submitted 11 votes and many comments on behalf of the U.S. on matters concerning approval of ISO standards and advancing global standards development.

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

Specialty Crops: AMS is an ongoing participant in activities that facilitate the development of international standards, and standards interpretations and positions that benefit American agriculture by building strong markets for U.S. specialty crops worldwide. In FY 2021, AMS participated in Codex committees and working groups established to advance standards for fresh and processed fruits and vegetables and spiced herbs. AMS coordinates its activities with the U.S. Codex Offices in the USDA/Food Safety and Inspection Service; the Food and Drug Administration (FDA); relevant domestic stakeholders; and Codex committees and working groups.

Codex Committee on Spices and Culinary Herbs (CCSCH): In FY 2021, AMS provided continued leadership in identifying methods of analysis for chemical parameters for all the CCSCH standards being developed, and continued creating a group standard format to jointly standardize products based, in part, on the plant from which the product was derived.

Codex Committee on Processed Fruits and Vegetables (CCPFV): In FY 2021, AMS continued to chair this Committee and provide the U.S. delegate to represent U.S. interests to the CCPFV. Per the recommendation of the United States, in FY 2021, Codex adopted draft standards for raisins, dates, dried apricots, canned fruit cocktail, canned mixed fruits, and five other processed products.

Codex Committee on Fresh Fruits and Vegetables (CCFFV): In FY 2021, AMS led the United States delegation at the 22nd Session of the CCFFV.

UNECE: In FY 2021, AMS participated in the work of the UNECE Specialized Section on Standardization of Fresh Fruits and Vegetables (SSFFV). AMS also participated in the UNECE Specialized Section on Standardization of

Dry and Dried Produce (SSDDP), which extended the trial period of draft standards for inshell pecans and pecan kernels by 1-year. In support of this Section’s work, AMS helped develop new UNECE explanatory posters for dried apricots, figs, and raisins.

Plant Variety: The Plant Variety Protection (PVP) Act provides legal and intellectual property rights protection to developers of new varieties of plants that are sexually reproduced, tuber propagated, or asexually reproduced. This voluntary program is funded through application fees for certificates of protection. Currently, more than 200 species of plants are protected under the PVP Act and more than 8,350 certificates of protection are in force. In FY 2021, the Plant Variety Protection Office (PVPO) received 500 applications of new seed, vegetative, and tuber propagated agricultural and ornamental plant varieties, conducted examinations on 450 applications to determine if plants were a new variety, and issued 425 certificates of protection. AMS, through its PVPO, is a member of UPOV, headquartered in Geneva, Switzerland. AMS participates in all annual administrative and technical meetings hosted by UPOV to provide input and feedback on the procedures and requirements of the union. AMS hosted the UPOV Biochemical and Molecular Techniques (BMT) meeting on September 20-24, 2021 by videoconference. PVPO also implemented the 6th release to update its electronic application system, ePVP, to revise the bulk upload routines for corn and soybean applications, add customer-generated application reports, and application search options.

Seed: AMS serves as the U.S. National Designated Authority for Organization for Economic Cooperation and Development (OECD) Seed Schemes. Currently, there are 61 participating countries that certify seed for varietal purity for international trade. AMS participated in an OECD Seed Schemes Technical Working Group (TWG) virtually in January 2021, as well as the annual and TWG meetings in June 2021. AMS is actively involved in several Ad Hoc Working Groups (AHWG) focused on specific rules and standards, including the Strategic Plan AHWG which is concerned with the overall direction and operation of the Schemes. AMS chairs the AHWG on Acceptance and Control of new seed production methods.

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

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

Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS): In 2021, AMS participated in the U.S. delegation to the 25th session of the CCFICS which was held virtually from May 31, 2021, to June 7, 2021. In particular, AMS provided input on the proposed draft Codex Guidelines on paperless use of electronic certificates and assisted in review of the draft committee session report. Many of AMS’ points were incorporated into the draft guidelines during the session. The paperless guidelines were advanced for adoption by the Codex larger CODEX Alimentarius Commission for publication as official CODEX standards. Guidance on paperless/electronic certification is critical to the modernization of export certifications programs, particularly in the COVID pandemic environment. It is also important to note that the AMS Dairy Program is undergoing a modernization effort to an electronic certification platform.

American National Standards Institute (ANSI) and International Organization for Standardization (ISO) activities: AMS is accredited by the ANSI as the administrator of the first U.S. Technical Advisory Group (TAG) for the ISO Technical Committee 34, Subcommittee 5 (TC34/SC5) for Milk and Milk Products. The TAG has consistently provided the U.S. position to ISO supporting U.S. dairy interests in the development of new and existing international guidelines and standards used in the production and trade of milk and milk products. The TAG is comprised of approximately 50 members from all sectors of the U.S. dairy industry and communicates regularly via e-mail, SharePoint Online, virtual meetings to discuss standard development related to the U.S. position. Since accreditation in 2019, the TAG has provided the U.S. position on over 90 voting events for ISO standards at various stages of development. Moreover, the TAG has nominated 10 U.S. experts to work directly on developing new and/or revised standards. TAG members have consistently participated in ISO meetings for TC34/SC5 to more actively engage in the international efforts. The U.S. TAG has also worked with other U.S. TAGs covering “food” and “microbiology” of foods to develop international standards aimed at the evaluation of all food products, including dairy. The TAG commented on documents circulated by other international organizations, including the Food and Agricultural

Organization, World Health Organization, Codex and AOAC International to further elevate the U.S. position at the global level. Additionally, AMS serves as a voting member of the American National Standards Institute's (ANSI) International Organization for Standardization (ISO) Council (AIC). The AIC is responsible for recommending ANSI policy and process-related positions to assist ANSI in carrying out its membership duties at ISO as well as for administering ISO Committee Secretariats in accordance with the ANSI International Procedures.

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

Market Access Activities: AMS' standardization activities enhance and expand export market access for U.S. commodities through collaboration with Federal regulatory and trade agencies and industry groups to develop market and export assistance programs (e.g., systems-based programs to meet export requirements and policies for specific countries). Due to AMS' market expertise, Federal agencies and the agricultural industry depend on AMS to develop and administer marketing programs (e.g., quality systems verification programs, laboratory testing programs, and laboratory approval programs) to make products eligible for export to various countries.

Egg Exports: AMS supported export market opportunities for domestic egg producers through certification of product for compliance with country-specific requirements and achieved full market access to El Salvador. This market is projected to generate \$2 million dollars for U.S. egg producers.

Nut Exports to the EU and Japan: AMS continued working with the almond, pistachio, and peanut industries to address European Union border rejections. AMS assisted in analyzing issues to develop responses and long-term corrective actions. AMS advised the pistachio industry as that they engage with the European Commission on their plans to require Ochratoxin A testing for pistachio destined to the EU. AMS collaborated with FAS to engage Japan's Ministry of Health, Labour and Welfare on almond trade issues. AMS collaborated with the peanut industry to develop and implement a corrective action plan for EU border rejections and with FAS, began engaging the European Commission on peanut trade issues.

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

USDA Export Verification Programs Open New Market

AMS activities include a wide range of audit-based Export Verification (EV) programs, services designed to assist companies in assuring international customers of their ability to provide consistent products that meet various import requirements. AMS currently has EV programs for 25 foreign countries/markets for such products as beef, veal, bison, pork, lamb, goat, eggs, egg products, poultry, and closed-face sandwiches. Cumulatively, the value of the products that flow into those 25 foreign markets under AMS Export Verification programs is more than \$3.8 billion per year. AMS EV programs represent a return on investment of \$5,500 for every \$1 spent by the industry. Recent activity includes:

- In FY 2021, AMS issued 17,205 certificates under the Pre-Export Check Program on 693 million pounds of U.S. almonds destined for the European Union that were valued at an estimated \$1.3 billion. Under this program, U.S. almonds are checked for aflatoxin in the United States and AMS issues a pre-export health certificate before export.

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

Federal Seed Act**Current Activities**

AMS administers Federal Seed Act (Act) regulations regarding the interstate shipment of agricultural and vegetable seeds. The Act requires that seed shipped in interstate commerce be labeled with information that allows seed buyers to make informed choices. The Act also requires that all seed labeling information and advertisements pertaining to the seed must be truthful. Each State maintains its own seed laws, which creates a complicated web of regulations for seed businesses. The Act contains minimum requirements that bridge many of these State requirements, which helps promote domestic trade, encourage uniformity among State laws, and drive fair competition within the seed trade.

The Federal Seed program also protects the intellectual property rights of plant breeders of new varieties of seeds by enforcing restrictions on advertisements and sales of plant varieties on which a certificate of protection has been issued under the Plant Variety Protection Act. Protecting the rights of breeders and plant variety owners encourages innovation and investments in the development of new plant varieties.

AMS relies on cooperative agreements with State agencies to monitor interstate commerce of agricultural and vegetable seeds regarding seed labeling. State inspectors, trained and authorized by AMS, routinely inspect and sample seed shipments being marketed in their States. The States refer potential violations of the Act to AMS for investigation and appropriate action. While most complaints involving mislabeled seed are submitted by State seed control officials, complaints may be submitted by anyone. AMS takes regulatory action against the interstate shipper when a violation is confirmed. Actions on violations include a letter of warning for minor violations and a monetary penalty for serious violations.

Selected Examples of Recent Progress

In FY 2021, regulatory activities for the program are highlighted in the following table:

Table AMS-19. Seed Regulatory Summary

AMS Seed Regulatory Activity Summary							
FY	Complaints Received	Investigations Completed	Quality Tests Completed	Variety Field Tests Completed	Settlements		
					Warnings	Penalties	Penalty Assessments
2017	853	769	1971	260	305	86	\$90,750
2018	364	579	1448	300	195	111	\$94,000
2019	325	321	914	400	190	120	\$117,350
2020	184	276	1180	323	129	106	\$92,925
2021	407	409	1089	360	209	92	\$65,050

Increasing U.S. influence and trade in the Mekong – U.S. Partnership: The USDA leads the Seed Trade Capacity Building program in the Mekong – U.S. Partnership. In the program, the AMS Federal Seed Act program supports FAS by providing technical expertise in the areas of seed technology and seed regulation. The goal of the Seed Trade Capacity Building program is to develop and expand trade between the United States, Laos, Thailand, Vietnam, and Cambodia. In June, the USDA AMS and FAS partnered with the American Seed Trade Association and several international organizations to conduct a workshop for Mekong countries. Over 70 high-ranking representatives from Mekong countries attended. Due to the success of the first workshop, another is scheduled for FY22.

Outreach Activities: The Association of Official Seed Analysts (AOSA) and the Society of Commercial Seed Technologists (SCST) are the two major seed testing organizations in the U.S. A majority of member laboratories within these organizations do not have quality management systems in place. A lack of an established quality management system allows deviation from established processes and standards which leads to uniformity issues between labs, even when using the same rules. To assist, SRTD developed a quality assessment template for the

testing industry which will allow laboratories that are not familiar with quality systems to put into place basic procedures that will ensure accurate and repeatable results. The template was developed and given to the AOSA and SCST executive boards in March of 2021 for distribution to their membership. Uniform testing processes will enable repeatable results and more accurate labeling under the Federal Seed Act.

Country of Origin Labeling

Current Activities

The Agricultural Marketing Act's Country of Origin Labeling (COOL) provisions require retailers to notify their customers of the country of origin of specific foods referred to as covered commodities. Covered commodities are identified as muscle cuts of lamb, goat, and chicken; ground lamb, goat, and chicken; fish and shellfish; perishable agricultural commodities (fruits and vegetables); peanuts, pecans, macadamia nuts, and ginseng. The COOL regulation is administered by the Food Disclosure and Labeling Division (FDLD) within the AMS Fair Trade Practices Program. FDL D enforces COOL through 1) in-store retail reviews that ensure covered commodities are properly labeled, 2) supplier traceback audits that ensure label accuracy, 3) providing customer service and outreach working with retailers to achieve compliance, and 4) responding to consumer complaints.

Selected Examples of Recent Progress

Increased Automation: In order to streamline its work to ensure compliance of COOL provisions, FDL D launched in FY 21 an automated online Customer Relationship Management system that allows it to assign, receive, and process its retail review and supplier traceback audit processes. The system will also generate dashboards, reports, and other data that will enable FDL D leadership to make strategic decisions and track progress towards objectives in its annual operating plan.

Training: During FY 2021, AMS continued its partnership with 46 State agencies to conduct retail reviews and trained 346 employees from 46 State agencies and Federal employees with the AMS Warehouse Commodity Management Division. AMS renewed 45 cooperative agreements during FY21.

Outreach: During FY 2021, FDL D staff continued efforts to inform food retailers and suppliers of their responsibilities and options to comply with COOL requirements. FDL D staff provided outreach materials to retailers. In addition, FDL D responded to 10 complaints, including 1 for an e-commerce retailer, and 105 questions about the COOL regulations received from regulated firms, consumers, other federal agencies, trade associations and consultants, academic institutions and Congressional Offices.

Enforcement Activities: The COOL Program continues to conduct retail surveillance reviews on all covered commodities relying on cooperative agreements with 46 States and the USDA AMS Warehouse Commodity Management Division to conduct the reviews across the U.S. The retail review assignments distributed in FY 2021 included large national chain stores as well as warehouse and club stores, and regional chains as FDL D pivots to focus on a risk-based oversight system. FDL D collaborated with the AMS Pesticide Data Program (PDP) to identify specific commodities for record review as PDP had noted that fruits and vegetables with high levels of pesticides during PDP review lacked country of origin information. The reviews also focused on stores that had not been reviewed within the past five years or met a threshold number of non-compliances from an earlier review. FDL D also implemented an online complaint portal where anyone can file a complaint regarding a retailer or e-commerce retailer, which have seen an increase in consumer demand due to the pandemic.

Business Process Improvement: The COOL Program has begun to enhance its operations to ensure consistency among employees and serve as a foundation for future development. This has included updating templates for plain language and including outreach materials, developing standard operating procedures for complaints, non-compliance responses, and evaluation methods.

Overall commodity compliance with COOL remains around 95 percent; however, retailer compliance stays around 65 percent. The following table details the number of cooperative agreements, reviewers trained, and retail reviews conducted by fiscal year.

Table AMS 20. Country of Origin Labeling Activities

FY	State Cooperative Agreements	Reviewers Trained	Initial Reviews	Follow-up Reviews
2016	47	321	1,158	1,929
2017	44	364	2,427	1,160
2018	45	322	3,242	391
2019	45	311	3,233	371
2020	46	346	2,304	134

FY	Product Audits	Total Suppliers in Supply Chain	Non-Compliant Findings
2016	75	176	17
2017	106	251	13
2018	75	195	12
2019	70	167	7
2020	22	49	1

Pesticide Data Program**Current Activities**

AMS's Pesticide Data Program (PDP) collects high quality, nationally representative pesticide residue data for foods in the U.S. The program continues to be a critical component in meeting the requirements of the 1996 Food Quality Protection Act (FQPA), which directs the Secretary of Agriculture to provide improved data collection of pesticide residues, standardized analytical and data reporting methods, and increased sampling of foods most likely to be consumed by infants and children.

Communication with Federal Agencies: AMS, the U.S. Environmental Protection Agency (EPA), and the U.S. Food and Drug Administration (FDA) coordinate and prioritize residue testing and program activities, as the data are used by all three agencies, as well as other stakeholders. PDP data are used primarily by the EPA to assess dietary exposure during the review of the safety of existing pesticide tolerances (also referred to as maximum residue limits in other countries). USDA uses the data to better understand the relationship of pesticide residues to agricultural practices, to implement USDA's Integrated Pest Management objectives, and to support foreign trade and exports. Additionally, AMS provides monthly updates of presumptive tolerance violation data to EPA, FDA, USDA's Foreign Agricultural Service (FAS), USDA's Office of Pest Management Policy (OPMP), and AMS' National Organic Program.

Sampling: During FY 2021, AMS conducted over 2.5 million individual tests on over 10,400 food samples through cooperative agreements with 10 states. AMS achieved nearly 95 percent of its annual sampling goal for calendar year 2020, despite operational disruptions during the COVID-19 pandemic, by making up samples that were missed due to pandemic-related closures.

Commodities: AMS tests pesticide residues primarily in fresh and processed fruit and vegetable commodities. In FY 2021, AMS collected updated data for the following 20 food commodities: apple juice, bananas, blueberries, broccoli, cantaloupe, carrots, cauliflower, celery, corn grain, eggplant, grape juice, green beans, peaches, pears, plums, radishes, summer squash, sweet bell peppers, tangerines, and winter squash. Two crop rotations have been implemented in October 2021, to begin sampling watermelon and butter. The total number of commodities surveyed

by AMS to date is 126. Updated data on previously tested commodities are needed to determine if there were measurable changes in the residue profile, which may result from changes in agricultural practices and/or pest pressures. All commodities selected for testing are based on EPA's requests for data to inform pesticide registration review mandated by the FQPA. In FY21, PDP sampled and analyzed corn grain residues for the first time in 13 years, as a result of intra-agency collaboration between the Federal Grain Inspection Service and the Science and Technology Program.

Selected Examples of Recent Progress

30th Anniversary of PDP: PDP celebrated its 30th Anniversary with a blog post, tweets, and a virtual recognition session with state collaborators. A scientific review of 30 years of PDP data is currently being developed for publication.

Stakeholder Outreach: AMS contacted grower groups and other stakeholders to inform them of crops entering the PDP sampling rotation and has responded to follow-up inquiries. AMS provided presentations to a variety of stakeholders, including United Fresh Fellows, Asia Pacific Economic Cooperation, CropLife America Exposure Working Group, International Association for Food Protection, the Inter-American Institute for Cooperation on Agriculture, AOAC International - Pacific Southwest Chapter, and the Tribal Pesticide Program Council.

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

Training: AMS updated the PDP Sampler Training Program with additional content and improved organization. The training is a multi-media electronic resource and describes all areas of the PDP sampling operations. This program is used to train new sampling staff and provide refreshers for established samplers with the goal of consistent operations across the U.S.

Data and Reporting: Public-domain databases containing analytical results data for each sample tested are posted on the Program's website at <http://www.ams.usda.gov/pdp>, and PDP's web-based data search application makes PDP data readily available to public. Behind the scenes, AMS implemented new import features for the remote data entry tool that allow for reduced manual entry of data, and developed a new SharePoint site for information sharing with state collaborators. AMS is preparing to develop a new app to update/replace the current electronic sample information form that is used to collect sample information in the field.

Additionally, PDP Annual Summary reports have been posted to the AMS website and published in hard copy. AMS responded to more than 50 data and informational requests from government and private organizations and citizens typically within 3 or less days, exemplifying AMS's commitment to outstanding customer service.

National Organic Program

Current Activities

The organic agriculture sector continued to grow over the past year. The number of certified organic operations worldwide grew to 45,578 in 2020, a 1.7 percent increase over 2019. The net increase in U.S. certified operations was 280 for a total of 28,454. The net number of non-U.S. certified operations was 17,124. According to the Organic Trade Association (OTA), U.S. organic sales in the food and non-food markets totaled a new record of \$61.9 billion in 2020, up approximately 13 percent from 2019.

USDA organic operations are overseen by the Agricultural Marketing Service (AMS) National Organic Program (NOP), which is authorized by the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.). The NOP is a regulatory program that operates as a public-private partnership, with 76 accredited third-party organizations that certify organic farms and businesses around the world. Certifiers include businesses, non-profits, and State governments. The program protects organic integrity by developing, implementing, and enforcing the USDA organic regulations. The organic regulations govern the production, handling, and labeling of organic agricultural products.

The NOP also facilitates organic commerce, supporting the growth and ongoing development of organic farms and businesses. This includes providing organic training for new and candidate organic farmers, conducting outreach on the organic requirements, and publishing operation information to connect buyers and sellers. AMS also partners with the Foreign Agricultural Service to identify new markets abroad, and further support organic exports and imports by establishing and maintaining organic recognition and equivalency arrangements with foreign governments. The

United States currently holds such arrangements with Canada, the European Union, the United Kingdom, Japan, Korea, Switzerland, New Zealand, Israel, and Taiwan.

To maximize public participation, AMS supports the work of the National Organic Standards Board (NOSB), a group of 15 volunteer private-sector appointees who provide recommendations related to organic agriculture to the Secretary of Agriculture. NOSB is a formal Advisory Board created by the Organic Foods Production Act that operates under the Federal Advisory Committee Act (FACA). It provides a range of recommendations to support the organic market. Many such recommendations drive published organic standards.

Selected Examples of Recent Progress

Market Development: Much of NOP's work goes into protecting a level playing field to support a fair and competitive market. Enforcement actions support market development. NOP also assists new market entrants through education and outreach, including new courses in the Organic Integrity Learning Center, and virtual and in person conference and training events. NOP also supports market growth by developing the capacity of organic control systems, such as a diverse robust pool of well-qualified inspectors, who for many farmers, are their primary contact on the ground.

Certifier Training and Organic Integrity Learning Center: AMS conducted a virtual training with accredited organic certifiers in January 2021. More than 90 percent of all certifiers and approximately 650 certifier staff and organic inspectors attended these sessions. AMS published 11 new courses to the Organic Integrity Learning Center; and there are now 87 lessons and over 7,000 people enrolled to take courses in the Center. The program also conducted multiple training sessions with certifiers related to the ending of the U.S. India organic recognition arrangement.

Complaint Investigations: In FY 2021, AMS continued to increase its oversight and enforcement capacity through the addition of new investigators and improved process efficiencies. As a result, the program closed 902 cases in FY 2021, and resolved 84 percent of complaints and inquiries received within the last 12 months. The program exceeded its goal of closing 75 percent of complaint cases. The program starts the new fiscal year with approximately 144 older cases and with 462 open investigations.

Import Oversight: In FY 2021, AMS continued to deepen its tools and methods for overseeing organic imports. This included collaborations with six U.S. Customs and Border Protection (CBP) Field Offices on multiple potential high dollar value fraud cases. The program also conducted two on-site inspections at Ports of Entry. This included the sampling of imported organic feed from India at the Port of Baltimore and the development of inspection protocols and instructions in consultation with other AMS offices. With the help of CBP, the program executed a Notice of Civil Penalty and Settlement Agreement after identifying \$4.5 million of fraudulent organic soybean product entering the U.S. With CBP as lead, AMS also successfully completed the first major organic fraud seizure and subsequent forced re-export of fraudulently labeled product at the Port of NY/NJ. AMS now has increased visibility into CBP data, enabling more rapid investigations of potentially illicit imports. The program also facilitated monthly meetings of the Interagency Organic Working Group, attended by CBP and other USDA agencies, required by the 2018 Farm Bill.

Enforcement Partnerships: The program continues to support open criminal investigations with the Office of the Inspector General and the U.S. Attorney's Office. One such case (in a U.S. District Court) led to the sentencing of a fraudulent grain handler to 51 months in prison for \$71 million in fraudulent sales in February 2021. The program also built relationships with the Foreign Agricultural Service (FAS) for oversight of foreign suppliers and for local market intelligence; and collaborated with Animal and Plant Health Inspection Service (APHIS) on inter-agency training webinars, to increase collaboration on livestock fraud investigation cases. The program expanded the livestock compliance project by expanding into live animal investigations and live cattle sales surveillance.

International Trade Arrangements: In FY 2021, AMS completed an organic equivalency arrangement with the United Kingdom that went into effect January 1, 2021. In January 2021, AMS worked closely with the Foreign Agricultural Service (FAS) and U.S. Trade Representative (USTR), to fundamentally change the oversight of organic agriculture in India, ending a long-term organic trade arrangement with that country. This initiated an 18-month transition period to bring India organic businesses under USDA oversight and control.

Industry Capacity Building: To address labor challenges in the organic industry because of rapid growth, the program launched a long-term strategic human capital initiative to develop diverse pipelines of organic certifiers and

inspectors. The program worked with stakeholders to identify significant projects that could have the most impact in the long-term, and then awarded nine one-year projects addressing challenges across the human capital pipeline.

Strengthening Organic Enforcement Proposed Rule: AMS has drafted the Strengthening Organic Enforcement final rule to implement 2018 Farm Bill provisions and strengthen organic oversight. This included analyzing over 1,500 public comments on the proposed rule. The revised regulations are expected to reduce the number of uncertified businesses in the organic supply chain; standardize organic certificates; require the use of Import Certificates for imported organic products; increase the minimum number of unannounced inspections; increase inspector qualifications; strengthen fraud prevention procedures; and increase data reporting requirements.

USDA National List Rules and Livestock Regulations: AMS regularly completes routine National List rulemaking actions within 18-24 months of the Board's recommendation. This year, the program published three National List rules and a Sunset renewal notice. The program also prepared and published a notice and reopening of the comment period on the Origin of Livestock rulemaking in May 2021; analyzed 487 comments received; and drafted a final rule. In addition to planned activities, AMS drafted an Organic Livestock and Poultry Standards rule; this rule was added to the priority list in June 2021.

Accreditation Oversight: AMS conducted 44 audits to verify third-party certifier competency and compliance with the USDA organic regulations; 43 of these were conducted remotely. The program designed and implemented a framework for a risk-based audit and accreditation program for overseeing certifiers. NOP also implemented a certifier materials compliance review process and risk-based approach to scheduling certifier material review program audits. Successful enforcement actions included two certifiers surrendering their accreditation; and broad improvements and strengthening certifier organic control systems. NOP has also established and have facilitated a number of collaborative forums through which certifiers now work together and actively share information to both develop and protect the market.

Appeals: AMS receives and handles appeals of proposed adverse actions when the organic rules have been broken; this work is an important component of the program's enforcement mission. The program received 57 appeals in FY 2021; the number of annual appeals has increased over the past three years. This can be attributed to certifier improvements in the non-compliance process, as certifiers are more assertively implementing proposed adverse actions than in the past. Seventy appeals were completed during the year, the average days an appeal was open was reduced to 127 days, and all currently open cases are from FY 2021.

Advisory Board Management--National Organic Standards Board (NOSB): Farmers, processors and handlers, consumers, organic certifiers, environmental and resource conservationists, and scientists all have a seat at the table in setting organic standards. The Board is an important forum for a transparent dialogue with the organic community, under the governance of both the Organic Foods Production Act and the Federal Advisory Committee Act. AMS continued this spirit of dialogue by holding open online comment forums for most of the year, and holding two virtual public meetings of the NOSB in FY 2021, attended by more than 180 people each. AMS also facilitated the onboarding and training of five new Board members, appointed in February 2021.

Outreach and Education: Each year, AMS conducts organic outreach and education with a wide range of stakeholders, including members of the NOSB; certifying agents; non-organic and organic producers, processors and handlers; and consumers. To reach these stakeholders and others, AMS conducts outreach and education through a variety of channels, such as conferences, websites, blogs, training, webinars, and group meetings. The program also published its annual enforcement report for Congress and updated its quarterly enforcement dashboard to increase its information accessibility. In FY 2021, the program completed a strategic review of all public-facing materials, usage data, and stakeholder feedback. The program also conducted a comprehensive review of Program documents available in Spanish and updated translations where needed.

Program Evaluations: Each year, AMS works with the ANSI National Accreditation Board (ANAB) to conduct a Peer Review of the National Organic Program. For the past three years the Peer Reviews concluded that the program is compliant with the USDA organic requirements, its own policies and procedures, and appropriate quality standards for accreditation bodies. Only minor opportunities for improvement were identified in 2020 and 2021.

Technology Modernization: Rapid organic growth has increased the complexity of supply chains that carry organic products from farm to table, requiring organic programs and certification agencies around the world to create new traceability tools that protect organic integrity. The National Organic Program is currently working toward implementing a global organic oversight portfolio to achieve this. The first step of this was to launch the electronic

certificate within Customs and Border Protection's (CBP) Automated Commercial Environment (import system) in 2020. Importers can now enter certificates on a voluntary basis, and over 500 import certificates have been filed to date. This will become mandatory with the Strengthening Organic Enforcement rule. In FY 2021, AMS worked with a range of stakeholders to identify the steps and technology investments needed to fully implement the mandatory certificate without impeding legitimate trade, as industry is not able to access the CBP trade system. Technology solutions to generate the certificates itself to feed into CBP are under development.

National Bioengineered Food Disclosure Standard

Current Activities

Congress amended the Agricultural Marketing Act of 1946 (the Act) on July 29, 2016, and mandated USDA to develop a National Bioengineered Food Disclosure Standard (the Standard). The Act directs the Secretary to establish requirements and procedures necessary to carry out the Standard and creates a nationwide mandatory labeling requirement for foods that are or may be bioengineered. The mandatory compliance date for regulated entities is January 1, 2022.

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

Selected Examples of Recent Progress

Increased automation: In preparation for the mandatory compliance date of January 1, 2022, FDL D launched an automated online Customer Relationship Management system that will allow it to receive, process, and track complaints in a timely manner. The system will generate dashboards, reports, and other data that will enable the FDL D leadership to make strategic decisions and track progress towards objectives in its annual operating plan.

Training: FDL D subject matter experts on the Standard have conducted FDL D wide training on the Standard regulatory requirements to prepare all staff for review of complaints of the Standard.

Outreach: To help regulated entities understand the requirements of the Standard, FDL D continued with outreach including conference presentations and hosting a listening session. The USDA webinar on the Standard has been presented to more than 26 conferences seminars / trade association meetings from FY 20 to present. In December 2020, more than 1200 stakeholders attended one of the webinars on the Standard. In August 2021, AMS held a listening session with 11 members of the Food and Beverage Issue Alliance to receive feedback on the Standard. Feedback was informative for possible updates to the BE Standard FAQ page and/or other communication mechanisms, which FDL D continuously updates to reflect ongoing input the program has received. FDL D worked with groups to provide outreach, including the Institute of Food Technologists, Tribal Nations, American Beverage Association, and other interested parties. In FY 2021, FDL D dramatically reduced its average response time to the 886 questions it received about the Standard. The average response time to answer questions had been reduced from 37 days earlier in the year to 10 days.

Rulemaking activities: On July 24, 2020, FDL D published a Federal Register notice requesting comments on updates to the AMS List of Bioengineered foods (the List). The List identifies the crops or foods that are available in a bioengineered form throughout the world, for which records should be kept, and which may require disclosure. AMS reviews the List on an annual basis and, if necessary, makes any required updates through the rulemaking process. Based on comments received on the Federal Register notice, FDL D has drafted a proposed rule (this is the first rulemaking to update the List) to add insect-resistant sugarcane to the List and to modify the existing entry for summer squash to specify that virus-resistant summer squash would be included on the List. Target for publication of the proposed rule is before spring 2022. FDL D is currently developing an advanced notice of public rulemaking for the next update to the List and will seek comments on the following new foods: dry edible beans, cowpea, GalSafe pig, wheat, cassava, and golden rice.

Transportation and Market Development

Current Activities

AMS's Transportation Services Division (TSD) serves as the definitive source for economic analysis of agricultural transportation from farm to market. AMS experts support domestic and international agribusinesses by providing

market reports, economic analysis, regulatory representation, transportation disruption reports, technical assistance, and outreach to various Federal agencies and industry stakeholders. Tracking developments in truck, rail, barge, and ocean transportation, AMS provides information and analysis on the four major modes of moving agricultural products from farm to table, port to market. AMS also supports and enhances the distribution of U.S. agricultural products, and marketing opportunities for agricultural producers and local food businesses through grant programs, applied research, and technical services. These activities focus on specialty crops, agricultural marketing research, and local food initiatives.

Selected Examples of Recent TSD Progress

Agricultural Transportation Open Data Platform: Released an upgrade to the Agricultural Transportation Open Data platform, AgTransport 3.0, to assist 30,000 subscribers, including farmers, commodity analysts, elevator operators, shippers, and other stakeholders in making data driven decisions about transporting agricultural goods domestically and internationally. In addition to expanded coverage, new datasets, and upgraded dashboards about the four modes used to transport agricultural products, this update includes new information that can help users visualize data about international transport costs, which could be used to better understand international trade competitiveness. New interactive datasets also have been added related to highway infrastructure from the report *The Importance of Highways to U.S. Agriculture* released in December 2020.

The update also includes an online version of the 2021 Compendium of Agricultural Transportation Research. Upgrades include a new rail service dashboard, an enhanced barge dashboard with expanded data and analysis; a new biofuel transportation dashboard; a newly enhanced ocean port profile dashboard with more granular data; a new Brazil transportation data page; and transportation cost indicators showing U.S. competitiveness in transporting grain to Mexico and Japan.

Congressional Directive on Rural Infrastructure, H.Rept. 115-706, 115-232, and 114-531: Accomplishments relevant to FY 2021: USDA's second Ukraine Grain Transportation report, developed through a cooperative agreement.

Published Report on *The Importance of Highways to U.S. Agriculture*: Detailed the movement of agricultural products by truck, the value of these products to the economy, the future projections of ag movements on the highways, best practices used by planning agencies, and the benefit cost ratio of an optimal infrastructure investment scenario based on stakeholder input and actual State freight investment plans. The study's findings showed that state-planned highway freight investments were estimated to produce \$540 million per year in truck operating cost savings. If highway infrastructure investment were to be increased, at a level 2-4 times current state freight plan investment levels, the study found that those investments would still be highly cost-effective.

TSD Program Consultations

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

- **Joint Petition for Rulemaking—Annual Revenue Adequacy Determinations:** AMS submitted comments in support of agricultural transportation stakeholders recommending revenue adequacy be considered within the broader context of arbitration proposed under EP-755 Final Offer Rate Review.
- **First-Mile/Last-Mile Service:** AMS reviewed proposed rulemaking on whether additional metrics to measure such service might have utility that exceeds any associated burden and sought agricultural stakeholder input on how the proposed rule could impact rail service.
- **Rail Merger Review:** AMS reviewed decisions regarding the proposed rail mergers between Canadian Pacific Railway (CP) and Kansas City Southern Railway (KCS) and the competing proposed merger between Canadian National Railway (CN) and KCS for competitive effects, rail costs, and service impacts on agricultural shippers.

2021 National Grain Car Council (NGCC) meeting and Transportation, Elevator, and Grain Merchants Association (TEGMA) Fall Symposium: Participated in the Surface Transportation Board's annual NGCC meeting, where rail carriers discuss their preparedness to transport the 2021 grain harvest with other railroads, grain shippers and receivers, private rail car owners, rail car manufacturers, and the public.

Columbia-Snake River Regional Advisory Committee Meeting: Provided input on research quantifying the economic benefits of the Columbia/Snake River Navigation system.

Container Disruption Stakeholder Listening Sessions: Collaborated with agricultural shippers affected by ocean container disruptions to gather data and information; convened multiple listening sessions with USDA's Office of the Secretary, AMS and FAS Administrators' Offices, DOT's Office of the Secretary, and numerous stakeholder organizations; shared information to support stakeholders and remained in close contact with senior leaders from the Federal Maritime Commission; and kept other USDA agencies informed of developments from ongoing disruptions through periodic updates and briefings.

Maritime Minds Roundtable: Participated in an event hosted by Oregon's economic development agency to bring together Federal, State, and regional associations to focus on economic trends, trade patterns, data, and reports that influence transportation along the Columbia-Snake River System.

Tabletop Exercise: Contributed to Marine Transportation System's exercise to promote understanding of situations which may impact the maritime supply chain by requiring a coordinated response from multiple federal authorities within a relatively short time frame. Participants from DOT, DHS, DOC, FMC, CBP, and DOE attended.

U.S. Committee on the Marine Transportation System: Served as USDA representative at several board meetings concerning harbor maintenance, dredging, navigation, locks, dams, supply chain, environment, alternative fuels, and arctic transportation.

Federal Motor Carrier Safety Administration's Broker Freight Listening Session: Participated to hear from truckers, brokers, and motor carrier stakeholders regarding the issue of broker transparency with motor carriers.

United Nations' Inland Transport Committee's Working Party on the Transport of Perishable Foodstuffs: Represented the United States at the virtual meeting to promote the facilitation of international transport of perishable foodstuffs through harmonizing relevant regulations, rules, administrative procedures, and documentation.

Hurricane Ida Transportation Disruption Analysis: Provided daily transportation disruption reports following Hurricane Ida to AMS and other USDA agencies.

Foreign Ownership in the Grain Industry Analysis: Provided analysis to USDA leadership for policy development.

Ransomware Attacks Analysis: Provided analysis to AMS, MRP, and USDA's Office of Homeland Security showing scale of impact on affected grain elevators from different ransomware attacks.

DOJ Merger Analysis: Assisted the Department of Justice in evaluating the competitive effects of a proposed acquisition affecting grain elevators along the Mississippi River. Provided economic analysis and data on market concentration that supported DOJ's ruling.

Transportation and Food Prices: Responded to USDA and White House requests on analysis of food transportation modes and how issues in transportation modes, particularly in truck and rail, may be affecting food prices domestically

Transportation Research Board (TRB) Annual Meeting: Demoeed Agricultural Transportation Open Data Platform before TRB's Agriculture and Food committee.

Transportation Research Forum: Presented research and moderated panel discussions (university researchers, government officials, consultants, carriers, and shippers) on agricultural transportation.

Transportation Research Publications: Released seven research publications through cooperative agreements providing data, analysis, and best practices to stakeholders related to emerging trends and market conditions for agricultural transportation.

Hours of Service of Drivers: Supported the USDA Office of the Secretary in corresponding with stakeholders by providing data on the number of truck drivers impacted by the agricultural exemption to the Hours of Service (HOS) rules as well as safety of agricultural commodity movements/trucking.

Agriculture Transportation Coalition Ag Shipper Workshops: Co-sponsored sixteen virtual Ag Shipper Workshops through a cooperative agreement with the Agriculture Transportation Coalition (AgTC), facilitating discussion of ocean, rail, and truck regulatory, rate, and service issues for agricultural and forest product shippers and exporters,

with a particular focus on challenges to the export supply chain and actions by the ocean carriers inhibiting U.S. agricultural exports.

Selected Examples of Recent Marketing Services Activities

AMS' Marketing Services Division (MSD) works to improve market access for producers and develop new markets through its three main roles as a researcher, a convener, and a technical assistance provider. These activities support USDA's goal to support increased market opportunities for local and regional food producers, businesses, and communities.

Convening: AMS leveraged internal and external partnerships, acting as a central node for networks to collaborate across the local and regional food system sector. Below are two examples of how AMS brings the sector together to amplify its impact:

- *Local and Regional Food Systems Response to COVID-19:* Brought together diverse three universities and 17 organizations and built a network of networks that collaborated across market channels, product sectors, and geography that allowed robust multi-directional communication with university researchers, practitioners, and government. The research team developed an array of research-based technical assistance materials including 17 innovation briefs, 30 impact assessments, eight webinars, eight consumer food insights, and a resource hub with more than 180 resources, which together share the impacts and opportunities for long-term resilience for local and regional food systems. AMS leveraged the network built through this agreement to provide funds to 11 organizations to provide quick response technical assistance to LAMP grant applicants which was particularly timely given the influx of funding available in FY2021. This project is continuing into a second phase with a focus on recovery and resilience, which will have three pillars: sharing data and metrics for local food systems, developing a resilience playbook, and amplifying the network of networks approach. Given the project's success, and the continued relevance of its resources for the LRFS community, the agreement was extended to run through 2022.
- *Realizing the Promise of Urban Agriculture:* Convened a project team that includes urban farmers, food system planners, food system non-profits, and urban agriculture Extension educators to share best practices on urban agriculture and education. Through a collaboration between researchers, practitioners, and planners, AMS is turning the Promise of Urban Agriculture recommendations into meaningful and practical training and educational resources. Training materials are in development and will be pilot tested in late 2021 and early 2022.

Research: In FY 2021, AMS partnered with land-grant universities, Federal agencies and non-profits to research, develop, and support the growth of local and regional food systems. Recent partnerships and deliverables include:

- *Food Systems Core Competencies with Iowa State University:* Under a cooperative agreement between AMS and Iowa State University Extension and Outreach, the project brought together a diverse set of U.S. food systems practitioners to collectively identify core competencies that those practitioners deemed essential to food systems development work. In FY2021, the team deployed a food systems core competencies national searchable database for both practitioners and educational resources.
- *AMS Grant Applicant Technical Assistance with Underserved Community Focus:* MSD established a new groundbreaking agreement during FY2021 with two 1890s university cooperators, Florida A&M University and University of Maryland Eastern Shore for work to be performed over the next two years. The objectives for this undertaking are three-fold: 1) Evaluate barriers to AMS grant opportunities for black, indigenous, and people of color (BIPOC) and other underserved communities; 2) invest in rebuilding confidence between these communities and the USDA to overcome historic tensions and mistrust; and 3) take action to rectify inequalities in program access through targeted outreach, training, and technical assistance.
- *Removing Barriers in USDA GAP Programs:* AMS partnered with NASDA (National Association of State Departments of Agriculture) Foundation to further USDA's efforts to garner more participation in USDA Good Agricultural Practice (GAP) Programs. The NASDA Foundation will use the information collected through a previous AMS Buyer Acceptance Project to develop and pilot an outreach and education program to address barriers, including impacts on diverse local food markets nationwide, with an emphasis on underserved small farmers and the Group GAP Program.

- *Empowering Local and Regional Protein Processing in the Upper Midwest:* AMS partnered with the Agricultural Utilization Research Institute to help ensure a viable small and local protein processing industry through various support mechanisms. Using the upper Midwest as a learning laboratory, the project will develop resources and training to increase the competitiveness of small and mid-sized meat processing plants across the country.

Architectural Design Support: While AMS does not provide funding for the construction of marketing facilities, AMS routinely develop architectural plans and offers design assistance to local municipalities and food businesses to improve the efficiency and availability of permanent food markets.

Local Foods, Local Places: AMS continued to serve as the USDA lead in the interagency initiative Local Foods, Local Places (LFLP), housed within the EPA Office of Community Revitalization. Under this initiative, AMS employees participated in 13 technical assistance workshops in FY 2021. The workshops were designed to help community stakeholders use local and regional food system development as a strategy for generating local business growth and improvements in community quality of life. Since its launch in 2014, the LFLP initiative has helped 122 communities across the country develop local food enterprises, such as farmers markets, community gardens, and cooperative grocery stores, that improve environmental, economic and health outcomes. AMS architects are an essential component of these workshops offering design and planning expertise. The communities most recently receiving assistance are Las Vegas, Nevada; Sacramento, California; Wyandotte, Oklahoma; Chattanooga, Tennessee; Jefferson City, Missouri; East St. Louis, Illinois; Jersey City, New Jersey; Ft. Collins, Colorado; King County, Washington; New Bedford, Massachusetts; Norfolk, Virginia; Culebra, Puerto Rico; Tulsa, Oklahoma.

Acer Access and Development Program

Current Activities

The Acer Access and Development Program was authorized by section 12306 of the Agricultural Act of 2014 (Pub. L. No. 113—79) and amended under section 12501 of the Agriculture Improvement Act of 2018 (Pub. L. No. 115—334) (7 U.S.C. §1632c) (Act). The Act authorizes grants to States, Tribal governments, and research institutions for the purposes of market development and promotion projects that improve consumer, producer, and landowner awareness and understanding of the American maple syrup and maple-sap industry and related products and production. The FY 2021 budget provided \$6 million for program grants and administration.

Selected Examples of Recent Progress

In FY 2021, AMS received 21 applications requesting almost \$10 million. AMS awarded over \$5.4 million to 11 projects in September 2021. In FY 2021, AMS also managed 29 Acer grant agreements amounting to almost \$13.8 million that consisted of grants awarded from FY 2017 to FY 2020. Information on the projects funded is available at www.ams.usda.gov/acer. Examples of current projects include:

- The University of Rhode Island is using FY 2020 funds to partner with The International Maple Syrup Institute and other stakeholders to increase consumer awareness of maple water products. Maple sap (maple water) products are produced from sap tapped directly from maple trees. There is confusion and lack of industry consensus and consumer knowledge as to what constitutes ‘authentic’ maple water. This project will generate unique compositional chemistry findings of maple water which will help define, authenticate, and distinguish it from other functional beverages thereby positioning the maple industry for promotion and growth in the maple syrup market. This project is expected to be completed by FY 2023.
- Ohio State University is examining syrup production potential, climate adaptability, and resilience to forest pests of Freeman’s maple (*Acer freemanii*) – a naturally occurring Acer hybrid (red x silver maple) – in Ohio’s woodlands. The project will evaluate Freeman’s maple’s viability within the maple syrup industry. Examining *Acer freemanii* to expand tapping potential and considering other factors to ensure future forest resilience and optimized production practices are foci of the proposal. The project is expected to be completed in FY 2023.

Dairy Business Innovation Initiatives (DBI)

Current Activities

The Dairy Business Innovation (DBI) Initiatives was authorized by section 204(b) of the Agricultural Marketing Act of 1946 as supplemented by section 12513 of the Agriculture Improvement Act of 2018 (Pub. L. No. 115—334), (7 U.S.C. § 1632d). DBI Initiatives support dairy businesses in the development, production, marketing, and distribution of dairy products. DBI Initiatives provide direct technical assistance and grants to dairy businesses,

including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep, and goat milk.

These initiatives specifically focus on:

- Diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products.
- Promoting business development that diversifies farmer income through processing and marketing innovation.
- Encouraging the use of regional milk production.

In FY 2021, AMS was appropriated \$20 million for equal disbursement to the three existing initiatives. The FY 2021 awards were intended to continue work already started under the previous awards. Entities will be expected to submit subsequent applications during their tenure as a host Initiative for each fiscal year when funding for DBI Initiatives is available. AMS was also appropriated an additional \$2 million for at least one new initiative, which was awarded through a competitive process to California State University – Fresno to support a Pacific Coast Coalition. AMS used a portion of the appropriated funds for administration and outreach for the program.

Selected Examples of Recent Progress

In FY 2019, AMS competitively awarded funding to three initiatives in Tennessee, Wisconsin, and Vermont. These initiatives expanded their scope and territory through increased subsequent appropriations in both FY 2020 and FY 2021, amounting to an additional \$6.13 million each fiscal year. The initiatives are highlighted below:

The University of Tennessee’s Center for Profitable Agriculture provides educational opportunities and sub-grants to dairy farms and businesses in the southeast (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia). Specifically, the University of Tennessee was awarded a grant to provide additional educational opportunities for value-added dairy producers while continuing to support initiatives from Phase 2 such as expanding the Dairy Gauge and on-farm assessments. Individuals wanting to begin or continue a value-added dairy business in Kentucky, Tennessee, West Virginia, Virginia, North Carolina, South Carolina, Arkansas, Louisiana, Mississippi, Alabama, Georgia, and Florida are the intended audience. This program will include:

- Identifying and providing targeted support to underrepresented population dairy business owners in the southeast.
- Providing targeted support to small ruminant (sheep and goat) dairy business owners in the southeast.
- Conducting surveys on consumer preferences surrounding cosmetic and shelf stable products.
- Conducting a value-added dairy conference in 2024.
- Recruiting a cohort of peers for MILK (Mastering Individual Leadership Knowledge) workshops including STRENGTH FINDERS, KAI, managing different personalities, transition planning, and managing stress and mental health.
- Developing and deploying a Value-Added Dairy Business Gauge and identifying vital Key Performance Indicators.
- Developing peer groups in Kentucky and Tennessee for dairy businesses focused on financial management.
- Deploying eye tracking technology on value-added dairy businesses to determine consumer purchasing habits.
- Providing scholarships for in-depth reviews with the Kentucky Center for Agriculture and Rural Development.
- Conducting workshops centered around sensory properties and business management.
- Expanding the MarketReady program to include social media and digital marketing strategies
- Providing a Competitive Subaward Program for Southeast Value-Added Dairy Businesses.
- Creating Extension fact sheets, publications, and video resources to aid value-added dairy producers in their decision-making.

The University of Wisconsin’s Dairy Business Innovation Alliance (DBIA) works with regional collaborators across five states (Wisconsin, Minnesota, Iowa, South Dakota, and Illinois) to provide expertise, resources, and insights to support dairy business innovation. Specifically, the University of Wisconsin was awarded a grant to continue to:

- Provide financial and technical assistance to small dairy entrepreneurs & processors in their efforts to add value to their milk.

- Increase the support for their select Dairy Business Innovation Alliance (DBIA) cohort in the development and growth of their business efforts by expanding the scope of grants and technical assistance across marketing, financial planning, and technical expertise.
- Encourage existing Industry to address critical needs across new technology, sustainability, and marketing innovation.

The DBIA, established in 2019, is a partnership between the Center for Dairy Research (CDR) and the Wisconsin Cheese Makers Association (WCMA). Together with regional collaborators across five states (WI, MN, IA, SD, IL) the DBIA provides access to expertise, resources, and insights to support dairy business innovation. The DBIA 2021 proposal expands and consolidates the previous programs to create a sustainable, replicable model that promotes business innovation within the dairy industry. The initiative will continue to build upon the previous grant infrastructures and complete a pipeline of efforts designed to enable dairy farmers/processors to get their ideas off the ground and into existing and new markets and grow their business. The DBIA will continue to work with regional and national collaborators as it develops programs with the potential for scalable application across the country.

Vermont Agency of Agriculture, Food and Markets’ (VAAFMM) Northeast Dairy Business Innovation Initiative focuses on direct assistance to farmers, consumer engagement, and value-added production and processing, and has expanded to include the states in the northeast region - Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, and Rhode Island. Specifically, VAAFMM was awarded a grant to positively impact producers and/or food businesses throughout the 10-state region of VAAFMM’s DBII through a combination of direct technical and business assistance, education, access to resources, and grants. The Northeast Dairy Business Innovation Center (NE-DBIC) is taking a targeted and intentional approach to supporting community and climate forward dairy production across Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. With a marketplace still in flux from the pandemic and a consumer base that is taking a more critical eye to product impacts, the time is right for the NE-DBIC to invest higher levels of funding in technical assistance and grants that can move regional dairy forward towards a more resilient future. Both farmers and processors will continue to directly benefit from grant-funded opportunities: from receiving education on how to best grow forage crops and thus reduce reliance on imported feeds to grant funding that will develop sustainable alternative packaging suitable for use for the region’s small-scale processors. Over half of total grant funds are allocated for innovation – bringing emerging ideas and strategies into the mainstream and making them accessible to farmers and processors at all scales across the region. When these grant opportunities are paired with the research and development currently underway in from previous awards, the NE-DBIC will be able to continue to support a strategic and cohesive approach to positioning the Northeast as the leading producer of dairy products that support rural communities, have a climate forward approach, and lay the foundation for long-term success.

In FY 2021, AMS competed the additional appropriation of \$2 million to select an initiative in a region that is not currently covered by the existing DBI Initiatives. AMS received 10 additional applications, requesting a total of \$12 million in funding. AMS awarded one new initiative to an entity which was ranked highly by a rigorous panel of external reviewers:

California State University, Fresno will lead a collaborative effort to host a Pacific Coast Coalition that will provide direct technical assistance to dairy businesses through hands-on value-added product development, consultancy, workshops and conferences, learning opportunities and webinars, and university student internships, as well as provide direct subawards to dairy businesses. The initiative will support dairy businesses in California, Washington and Oregon. A collaborative effort supporting regional dairy businesses in the development, production, marketing, and distribution of dairy products is desperately needed. As such, California State University, Fresno will lead a collaborative effort leveraging existing dairy industry resources, including institutions of higher education; state dairy promotion programs; research organizations; and industry stakeholders, among others, to achieve the project goal of spurring regional dairy innovation by assisting dairy businesses in developing higher value uses for their milk, diversifying their markets and income, and realizing increased returns.

Information on the initiatives funded is available at <http://www.ams.usda.gov/dbi>.

Packers and Stockyards Program Current Activities

The Packers & Stockyards Division (PSD) administers and enforces the Packers and Stockyards Act of 1921 (P&S Act), and enforces the Agricultural Marketing Act, Food Security Act, Truth-in-Lending Act, Fair Credit Reporting

Act, and the Agriculture Fair Practices Act as they relate to regulated entities under the P&S Act. The P&S Act promotes fair business practices and competitive markets in the livestock, poultry and meat packing industries and prohibits unfair, deceptive, and fraudulent practices by market agencies, livestock dealers, packers, swine contractors and live poultry dealers. The P&S Act affords specified financial protections to livestock sellers and poultry growers. PSD's work protects consumers and members of the livestock, meat and poultry industries and helps sustain the economic viability of meat production in the United States.

PSD conducts two broad types of activities – regulatory and investigative. Regulatory activities are monitoring activities that determine if a regulated entity is complying with the P&S Act and result in the correction of identified deficiencies. Investigations are conducted when there is reason to believe a violation of the P&S Act is occurring or has occurred.

PSD conducts investigations in three broad categories: competition, financial and trade practice. Competition investigations often involve preferential treatment, restrictions of competition, and price manipulation. Examples of financial violations include misuse of custodial accounts, failure to pay for livestock/poultry, and failure to pay when due for livestock/poultry. Trade practice violations include unfair and deceptive practices, failure to register, tariff misrepresentation and misuse of scales and improper weighing practices.

USDA requested a \$10.2 million permanent budget increase in PSD's FY 2023 appropriation to support President Biden's July 2021 Executive Order (E.O. 14036), "[Promoting Competition in the American Economy](#)" by providing compliance enforcement for new statutory requirements, improving price transparency for cattle and swine producers, and enhancing oversight of livestock packers and poultry processors to ensure fair, competitive, and efficient markets for producers. President Biden's EO directed USDA to, among other things, "address the unfair treatment of farmers and improve conditions of competition in the markets for their products" under the P&S Act. PSD is responsible for leading USDA's efforts to implement this renewed emphasis on stronger anti-trust and competition analysis, and increased oversight and enforcement among beef and swine packers and poultry processors.

The \$10.2 million increase in appropriated funding will provide PSD the ability to fill critically needed positions (economists, marketing specialists, auditors, and legal specialists/attorneys) to enhance enforcement of fair and competitive markets for livestock and poultry. Economists provide critical support for PSD's Competition Branch to monitor livestock prices and investigate anti-competitive behavior. A stronger Competition Branch will boost its investigative focus on packer/processor concentration at the local and regional levels. Also, the Competition Branch will have the ability to enhance existing and develop additional price monitoring systems for fed cattle and hogs. Additional marketing specialists and auditors will provide much needed assistance on anti-competitive investigations and enhance PSDs ability to ensure that producers receive full, accurate, and timely payment for livestock sales. Legal specialists/attorneys provide critical support for all PSD investigations. In conjunction with attorneys in the USDA Office of the General Counsel, legal specialists develop the legally necessary and sufficient evidence for violations.

Thorough and effective rulemaking is also critical to keep pace with changes and advancements in the livestock and poultry industries. Rulemaking must remain timely and responsive to changing industry conditions and the needs of stakeholders, requiring PSD to utilize the expertise of its economists, marketing specialist, auditors, and legal specialists to promulgate new and revised regulations to ensure fair and competitive markets for all industry stakeholders.

Selected Examples of Recent Progress

In FY 2021, PSD opened 2,166 investigations. Most investigative work focused on the livestock sector, with financial investigations accounting for 42 percent of the total and trade practice investigations comprising about 57 percent. Competition investigations accounted for the remaining investigative work. The total number of competition investigations is small compared to the overall number of financial and trade practice investigations; however, competition investigations tend to be more complex, resource intensive, and have broader industry implications.

PSD closed 1,768 investigations in FY 2021. Of the investigations closed, 25 cases were referred to PSD Headquarters for further legal action, 59 closed with informal compliance, about 358 resulted in Notices of Violation, and the remaining had no action or no violation. During FY 2021, PSD Headquarters stipulated 28 cases and received penalty payments totaling \$81,165. PSD closed 40 investigations after referral to OGC for further legal action. From the cases referred to OGC, respondent entities were ordered to pay a total of \$1,886,363 in civil penalties. Through

PSD's enforcement activities, in FY 2020 and FY 2021, PSD generated over \$32M and \$10M in financial recoveries to livestock sellers and poultry growers, respectively.

Table AMS 21. Packers and Stockyards Act Enforcement

Investigations Opened / Closed in Regional Offices during FY 2021				
	Competition	Financial	Trade Practices	Totals
Opened	15	906	1,245	2,166
Closed	18	908	842	1,768

In February 2022, USDA and the Department of Justice (DOJ) launched a joint portal at farmerfairness.gov to allow farmers, ranchers, and other producers and growers to submit complaints or tips about potential violations of the Packers and Stockyards (P&S) Act and other antitrust laws. The laws and regulations relating to competition in the meat and poultry industries confer separate and overlapping jurisdiction to USDA and DOJ. Farmers and other interested persons may not be aware of this and may not know to whom or how to file a complaint or tip if they suspect a violation of those laws or regulations. This joint complaint portal allows those farmers and interested persons to go to one website to submit information and USDA and DOJ will determine the appropriate jurisdiction and any follow up actions. Also, while the public already had a phone number and email address to submit P&S complaints, the portal allows for the submission of anonymous complaints or tips.

The Agricultural Marketing Service's (AMS) Packers and Stockyards Division (PSD) is responsible for leading USDA's efforts to implement this emphasis on stronger antitrust and competitive analysis as well as increased oversight and enforcement among beef and swine packers and poultry processors. The complaints and tips received through the portal in the first month dwarf the complaints PSD has typically received in 1 year through the hotline and email address. To investigate all actionable complaints and tips received through the joint USDA/DOJ farmerfairness.gov web portal, requires a permanent increase in funding to hire additional economists, investigators, and legal specialists (attorneys).

Division Evaluations

PSD measures overall performance by reviewing targeted operations at randomly selected entities. PSD calculates the percentage of regulated entities in compliance by using random samples designed to provide an estimate with a 90-percent confidence level for the estimated population. The performance measure encompasses activities that directly or indirectly influence compliance. PSD's overall performance rate is a composite index of five program-wide audit and inspection activities.

In FY 2021, the index included: 1) poultry contract compliance and prompt payment for poultry; 2) financial audits of custodial accounts; 3) financial reviews of prompt payments for livestock; 4) inspection of scales and weighing practices at markets, dealers, and live poultry dealers; and 5) inspection of all dynamic scale systems and a random sample of scales, trolleys and weighing practices at packing plants that purchase more than 1,000 head of livestock per year.

In FY 2021, the industry compliance rate slightly decreased to 84.6 percent from 84.9 percent in FY 2020. Most components increased from the prior year except prompt pay which declined from 89.3 percent to 82.3 percent and poultry contract compliance declined from 85.2 percent to 69.4 percent. In reviewing poultry contracts, PSD Agents determine whether contracts properly disclose information required by the P&S Act and whether poultry dealers pay for poultry or poultry grower services within the time required. PSD works with live poultry dealers to ensure that their contracts with growers comply with the P&S Act and regulations. Inspection of scales at market, dealer, and poultry entities improved most, from 85 percent to 100 percent. The compliance rate for packer's scales inspection increased to 95.3 percent from 93.2 percent in the prior year. Audits of custodial accounts showed an improvement to 76.2 percent up from 71.8 percent in FY 2020. The overall industry compliance rate of 84.6 percent in FY 2021 exceeded the PSD target of 84 percent compliance.

Additional Accomplishments

The December 2020 Consolidated Appropriations Act amended the P&S Act to establish a “Dealer Statutory Trust” for the benefit of unpaid cash sellers. Livestock sellers who do not receive timely payment from a dealer may file claims on the dealer statutory trust. To be valid, trust claims must be filed within 30 days of the final date for making payment, or within 15 business days after the seller receives notice of a dishonored payment. Dealers who receive a trust claim notice are required to give notice within 15 days to anyone holding a lien on the livestock held in the trust. PSD is currently drafting regulations to fully implement the dealer statutory trust provisions. The Livestock Dealer Statutory Trust is an unfunded mandate. PSD estimates between 10 to 15 dealer trusts to administer each year. Investigating and resolving livestock dealer trust requires several staff per trust claim and significant resources.

On July 9, 2021, President Biden issued an Executive Order, 14036, on Promoting Competition in the American Economy which recognized that over the last decade, key agriculture markets have become more concentrated and less competitive. In response to this Executive Order and to facilitate effective enforcement, USDA is conducting three rulemakings, led by PSD. The first rule will address unfair and deceptive practices in the poultry industry. The rule is intended to promote transparency in poultry production contracting and to give poultry growers relevant information with which to make business decisions. The second rule will address unfair practices by packers, swine contractors and live poultry dealers. This proposed rule will inform the industry and the public that certain preferences and prejudices are unlawful under the Act. The third rule will clarify that parties do not need to demonstrate harm to competition to bring an action under section 202(a) and 202(b) of the Packers & Stockyards Act.

Hemp Production Program

Current Activities

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

Selected Examples of Recent Progress

Since passage of the 2018 Farm Bill, AMS has drafted both interim and final regulations to meet a 2018 Farm Bill mandate to allow commercial hemp production in the United States. AMS assumed primary responsibility for establishment of the USDA Domestic Hemp Production Program to oversee State and Tribal hemp production programs and to administer a USDA licensing program for producers located in States and Tribal Territories not administering their own plans. Since publication of the Final Rule in January 2021, AMS has reviewed and approved 75 State and Tribal hemp production plans and issued approximately 600 USDA licenses. AMS has recently completed building the online information sharing system Hemp eManagement Platform (HeMP). HeMP is an online system for USDA producers, States, Tribes, testing laboratories, and sampling agents to manage and submit certain information to USDA as required under the 2018 Farm Bill. HeMP also facilitates the sharing of location and licensing information with verified law enforcement officials nation-wide.

Grain Regulatory Program

Current Activities

FGIS facilitates the marketing of U.S. grain and related products by establishing standards for quality assessments, regulating handling practices, and managing a network of Federal, State, and private agencies that provide impartial official inspection and weighing services.

Data Visualization: FGIS collects a wide range of inspection data points as inspection and weighing services are being performed. FGIS is developing a FGIS Data Visualization Project to make grain inspection data more accessible, discoverable, useable and shareable by deploying data visualizations on a public-facing website where interested stakeholders can gain actionable insights and improve decision making.

Grain and Commodity Standards Review: In FY 2021, FGIS closed out standard reviews for U.S. Standards for Beans (Blackeye beans), U.S. Standards for Lentils, and U.S. Standards for Peas, U.S Standards for Sorghum, U.S. Standards for Beans (Garbanzo), and U.S. Standards for Canola.

Audits: In FY 2021, FGIS conducted a stunning 22 virtual audits of official service providers (OSP). This is more than at any other time in recent history. The new virtual program was developed due to the continuing Covid-19 pandemic and is seen as very successful within FGIS, and it has been lauded by the industry. The virtual audit methodology allowed FGIS to avoid employee virus exposure while also completing critical mission objectives, in addition to, saving nearly \$70,000 in projected travel costs. The process and pace of designation audits this year has

enabled AMS decision makers to see detailed audit results in a timely fashion in order to make decisions on future OSP territory assignments.

Selected Examples of Recent Progress

Tilletia controversa Kühn (TCK) – In FY 2021, the wheat export industry asked FGIS to expand TCK testing to south Texas in anticipation of loading Peoples Republic of China-bound wheat shipments from the gulf region. FGIS collaborated with the USDA’s Agricultural Research Service (ARS) to provide the service. After FGIS procured equipment and supplies, ARS provided working instructions and training for FGIS personnel. Within six months TCK testing was being performed by FGIS staff and was made available at the League City, Texas Field Office. Following that, the National Grain Center, Kansas City, Missouri, established TCK testing capacity. While TCK testing is required on all wheat exported to China, it is also available for any sample of wheat (rail, submits, bin samples, other destinations, etc.). Accordingly, FGIS is now providing TCK testing services to customers in the south Texas gulf with same day results. Further, the National Grain Center can deliver Board appeal testing services and proficiency testing.

Warehouse and Commodity Management

Current Activities

AMS’ Warehouse and Commodity Management Division (WCMD) supports the agricultural community through a variety of programs which are essential to promoting agricultural production and food security. WCMD fosters fair trade practices by strengthening agricultural commodity industry controls, operating a grain price documentation system, and by providing reliable protections for producers storing products in USWA-licensed or CCC-approved warehouses. Via legislation provided in the U.S. Warehouse Act of 1916 (USWA) and certain provisions of the Commodity Credit Corporation (CCC) Charter Act of 1933, WCMD’s mission is to oversee the formulation of national policies and procedures to administer a nationwide warehousing system, establish posted county prices for major farm program commodities, and manage CCC commodity inventories and cotton economic assistance programs.

Our function includes acquiring, bartering, selling, and managing CCC-owned inventories; routinely analyzing locations, conditions and quantity of the stocks as part of its quality assurance processes; and, establishing the Posted County Prices (PCPs). PCPs are utilized for several different functions within the Department including calculations of the County and Regional Loan Rates, Loan Deficiency Payments (LDPs), and Marketing Assistance Loans (MAL). WCMD also operates the Upland Cotton Economic Adjustment Assistance Program (EAATM) for Textile Mills, and the Special Competitive Provisions Program for Extra Long Staple (ELS) cotton.

Selected Examples of Recent Progress

CCC-owned Inventories, Storage, and Handling: In FY 2021, WCMD, on behalf of the CCC, sold 67.5 tons of peanuts and 2,438 bales of cotton for a total of \$830,000 in revenue. The total amount of storage paid in FY 2021 by the WCMD for the Peanut Price Support program was \$2,436. The total amount of storage and handling paid in FY 2021 by WCMD for the Cotton Price Support program was \$89,637.

Upland Cotton Economic Adjustment Assistance for Textile Mills (EAATM) Program: The Agriculture Improvement Act of 2018 authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2021, \$36,327,653 was paid to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: In FY 2021 the ELS Program paid \$5,327,653 to domestic users of ELS to support U.S. manufacturing infrastructure.

Information Technology: During FY 2021, \$1.03 million was designated to support a major information technology modernization project in which seven legacy IT systems were consolidated into a new streamlined system in support of USDA’s IT Modernization Initiatives and USDA cyber security requirements. WCMD also converted approximately 2.2 million pages of files to electronic records to save space, improve access to records, and comply with Office of Management and Budget Memorandum M-19-21.

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

Examination/Compliance Activity: The Examination Branch completed 1,498 examinations composed of 1,083 subsequent, 319 amendment, 75 special, and 21 original examinations. Of the 1,498 examinations, 1,153 examinations were for the USWA this fiscal year. The average time between subsequent examinations is currently at 315 days. The examinations broken down by type were 965 examinations at grain warehouses, 351 at cotton warehouses, 7 at dry edible bean warehouses, 50 at EFAC warehouses, 61 at sugar warehouses, 56 at Peanut warehouses, and one examination of a cottonseed warehouse, and 5 Upland Cotton Reviews completed in eWCMD. Over the course of FY 2021, AMS collected \$3.7 million in user fees under the U.S. Warehouse Act in support of the program.

Labor Management: WCMD was able to promote and add staff consistent with the Fair Trade Practices Program hiring plan and projected program long-term goals. Two additional Supervisory Warehouse Examiners were hired, and these positions were transferred to a field assignment to promote employee engagement. Three Agricultural Marketing Specialist were hired to backfill positions. The Examination Branch successfully reclassified the Warehouse Examiner 1850 series, formerly classified as GS-11, to a promoted GS-12. Continued evaluation and proper classification of positions and the ability to fill staff positions allows WCMD to move toward its staffing objectives and employee engagement initiatives.

International Food Procurement

Current Activities

AMS' Commodity Procurement Program (CPP) is responsible for coordinating the procurement of domestic agricultural products and services for distribution through international food aid programs. AMS procures foods for international food aid programs for overseas use to meet FAS and USAID program requirements. CPP supports three primary international food aid programs including:

Food for Peace: Title II of the Food for Peace Act: Emergency and Private Assistance Programs—provides for the direct donation of U.S. agricultural commodities for emergency relief and development programs.

Food for Progress: Section 3105 of the 2008 Farm Bill provides for purchases by USDA under the Food for Progress Act of 1985 helps developing countries and emerging democracies modernize and strengthen their agricultural sectors. U.S. agricultural commodities donated to recipient countries are sold on the local market and the proceeds are used to support agricultural, economic or infrastructure development programs.

McGovern-Dole International Food for Education and Child Nutrition Program: The McGovern-Dole International Food for Education and Child Nutrition Program helps support education, child development and food security in low-income, food-deficit countries around the globe. The program provides for the donation of U.S. agricultural commodities, as well as financial and technical assistance, to support school feeding and maternal and child nutrition projects.

Selected Examples of Recent Progress

Food Purchases for International Food Aid: In FY 2020, CPP procured more than 2.4 million metric tons (5.4 billion pounds) of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas, and lentils), empty bags, and other products valued at approximately \$1.1 billion for food assistance programs throughout the world.

Pursuit and Recovery of Food Aid Losses: CPP recovered \$112,076.50 for lost and/or damaged commodity intended for needy recipients overseas. There is another \$622,309.82 pending recovery. Monies recovered are redirected back to the program agency (FAS, USAID) for re-programming.

Research and Promotion Programs

Current Activities

AMS provides administrative oversight to 22 industry-funded commodity research and promotion (checkoff) programs with \$1 billion in industry assessments in 2021. Industry research and promotion (R&P) boards collect assessments from producers, feeders, seed stock producers, exporters, packers, importers, processors, manufacturers, and handlers. These pooled resources are used to establish, finance, and carry out a coordinated program of research, consumer information, nutrition, and promotion to improve, maintain, strengthen, and develop new markets both domestically and internationally for agricultural products.

AMS' role is to oversee research and promotion boards to ensure fiscal accountability and regulatory compliance. AMS reviews and approves all commodity promotional campaigns including advertising, consumer education

programs, and other promotional materials prior to their use. AMS also approves the boards' budgets and marketing plans and attends all board meetings.

Funding of R&P program activities occurs via collection of mandatory assessments from the industries they serve; there are no tax dollars involved in the establishment, operation, or oversight of the programs. R&P programs reimburse AMS for the cost of administrative oversight activities.

Selected Examples of Recent Progress

Contract Development Guidance and Standard Operating Procedures Evaluated and Revised: During FY 2021, AMS created and distributed two contract guidance documents to all R&P Boards to assist the boards in the development of contracts. The documents – Contract Development Information and Service Contract Flow Chart – complement information contained in the USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs (AMS Guidelines) and provide terms, sample language, and provisions required in board contracts. AMS also continued its review of R&P Standard Operating Procedures (SOPs) and updated the Management Review and Finance SOPs to ensure continued alignment with the AMS Guidelines and improve consistency in operations and strengthen oversight for the R&P boards.

Industry Research and Promotion Activities:

Beef: The Cattlemen's Beef Promotion and Research Board (CBB) continues to use innovative ways to increase the demand for beef. CBB succeeded in promoting U.S. beef globally through new sales channels such as ecommerce, live streaming, and in direct sales through group buying. The marketing environment has grown much more complex as consumers are immersing themselves in ecommerce "experiences" to buy products, leading to the rise in livestreaming and gamification and viable new sales channels. A recent live commerce broadcast in partnership with key account, Mr. Meat, and collaborating with one of the most famous "live-streamers" in China and the world, Austin Li. Mr. Li reached an audience of 6.5 million viewers, resulting in an equally impressive selling of \$1.56 million in U.S. beef in just ten minutes.

CBB worked with four major national retailers to support online retail beef sales for the 2021 summer grilling season by exposing them to inspirational beef messaging and imagery at the digital point-of-purchase using the Beef. It's What's for Dinner. brand. CBB worked with these retailers to strategically target message placement to those who are already shopping for beef, other proteins, and complimentary products, like hamburger buns or condiments. Those partners included Walmart, Target, Kroger and Sam's Club. The Sam's Club partnership was able to achieve more than 4 million impressions, more than 1.5 million in incremental sales, and 13 percent of ad-exposed buyers were new to the beef category.

Cotton: Major top-level priorities for the program include: traceability and transparency for cotton textiles and apparel; sustainability and circularity from cotton production to apparel manufacturing to end-of-product life options, such as recycling; producer profitability in light of increasing input costs at the producer level; and, plastic contamination in U.S. cotton which threatens existing price premiums for the U.S. product.

The Cotton R&P is prioritizing the development of supply chain transparency tools and standards for cotton to help companies eliminate the impact of forced labor from their cotton supply chain. These actions will also protect the fiber's worldwide reputation and help protect cotton's long-term market share. The Program is developing a Supply Chain Transparency Plan intended to build on past efforts regarding product traceability by developing analyses of cotton flow in the international supply chain, identification of traceability tools and origin verification tools available to brands and retailers, and an educational component composed of seminars, webinars, online learning tools, and resource information.

The Blue Jeans Go Green™ denim recycling program diverts denim garments from landfills and upcycles them into UltraTouch™ Denim Insulation. A portion of the home and building insulation is then donated to organizations like Habitat for Humanity to help communities in need. Since the program began in 2006, Blue Jeans Go Green™ has diverted nearly 4 million pieces of denim waste from the nation's landfills, while manufacturing more than 7 million square feet of home insulation.

The Cotton R&P believes that cotton is for everyone - all bodies, all people – and amplified this message through its creative work for more than 25 years. The Cotton R&P represents a range of ethnicities, body types, lifestyles, and cotton clothing (both styles and prices). The Cotton R&P worked with small business retailers, born out of the impact COVID-19 had on the industry at-large. With the many small shops shuttering across the country, Cotton developed a

program to support and rally this special sector. Cotton’s Small business Retail Campaign supported three key pillars: Female-owned, Black-owned, and Sustainability-focused.

The Cotton R&P completed its peer-reviewed 5-year econometric study and reports an return of investment of \$6.40 per dollar invested by producers over the long term of the program (\$2.40 per dollar over the most recent 5-year period) and \$17.40 per dollar invested since importers joined the program (\$14.20 per dollar over the most recent 5-year period).

Dairy Products: The Dairy R&P Program continued its commitment to sustainability and climate change research through its Net Zero Initiative (NZI). The NZI is an industry-wide effort dedicated to achieving greenhouse gas neutrality, optimize water usage, and improve water quality by 2050. The effort is designed to help dairy farms of all sizes and geographies learn about and put sustainable production practices and technologies into place on their farms. The Foundation for Food and Agriculture (FFAR) awarded a \$10 million grant to advance science and data in support of the NZI goals. The FFAR grant will be matched by contributions from other NZI partners, including Nestlé and Starbucks. During 2021, the Dairy R&P Program also published its 2020 U.S. Dairy Sustainability Report. The report highlights U.S. dairy’s accomplishments in environment, food security, animal care, and workforce development.

The Dairy R&P Program continues to partner with quick service restaurants to create and launch new menu items containing dairy products. Domestically, partners grew overall sales between 3 to 6 percent and international pizza partnerships helped fuel U.S. cheese growth. The Dairy R&P Program also launched partnerships with Amazon, Instacart, and Kroger to develop new channels for sales through e-commerce. Milk and cheese sales increased 24 percent and 16 percent, respectively, over the previous year.

Fluid Milk: The Fluid Milk Processor Education Program (MilkPEP) launched their new “You’re Gonna Need Milk for That” campaign in 2021, prior to the Summer Olympic games in Tokyo, Japan. This new campaign ignited reconsideration of milk and its status as the original sports drink. Backed by science and updated nutritional claims, a glass of real dairy milk offers 13 nutrients proven to help with hydration, replenishment, and recovery. The program launched with the release of the awe-inspiring video, “The Wall!”, by filmmaker Jimmy Chin, featuring professional climber Kai Lightner recovering with milk after scaling a rock wall on top of a 30-story building, elevating milk from an everyday drink to an exceptional sports drink. With the introduction, prior to the Summer Olympics, of the Team Milk athletes representing Karate, Softball, Skateboarding, BMX cycling, and more, MilkPEP earned over 1.4 billion impressions. In July 2020, MilkPEP launched the Fridge, demonstrating the importance of milk in an elite athlete’s training routine, by positioning Olympic athletes working out and recovering with milk behind the dairy case in grocery stores. This wide-scale shopper experience included digital and in-store experiences for the consumer and garnered over 40 million total impressions. Team Milk members, including Olympic athletes Cat Ostermann and Hannah Roberts, made over 677 million impressions, including their features in Outside magazine’s cover on Olympic diets, reinforcing the 13 essential nutrients in dairy milk. Reaching the teenaged consumer, MilkPEP reached every teen user on TikTok at least once and 56 percent of the U.S. teen user base on Snapchat with their “You’re Gonna Need Milk for That” campaign messaging. MilkPEP continues to promote and utilize their iconic “got milk?” campaign on the national stage, including CNN, the Associated Press, Dairy Foods, and more, to a new generation of social-savvy, milk drinkers.

Eggs: With the leadership of a new Chief Executive Officer in June 2020, the American Egg Board (AEB) is transforming its staff, organization, and programs. AEB is focusing on five areas: consumer insights; data and intelligence; nutrition; sustainability; and innovation. AEB is building out an advanced data and insights hub that collects, collates, and analyzes various data to yield a crystal-clear concept of current and future consumers. AEB continues to invest in and strengthen the Egg Nutrition Center both in its research and in the dissemination of the facts and science. Sustainability is a value that America’s egg farmers have held dear since the early days of modern agriculture. AEB is focused on science that showcases the industry’s animal care, sustainability and food safety practices and confidently demonstrates the high standards by which America’s egg farmers operate their farms and care for their hens, land, and people every day. AEB seeks to spark innovation by integrating cutting-edge insights and cultivating partnerships. AEB seeks to increase awareness, maximize return on investment, and secure additional resources for the Checkoff.

Pork: The National Pork Board (NPB) continues to develop its trust and image brand, Real Pork, by partnering with award-winning actor Eric Stonestreet to dispel common misconceptions about pork production through a series of social media videos and to tell the story of how pig farmers are committed to doing what’s right for people, pigs and the planet. This campaign demonstrated the value of storytelling to build consumer trust, while also having scientific

evidence and providing accurate information to the public and decision-makers on their concerns and questions. NPB continues its leadership in the area of foreign animal disease prevention and preparedness with the implementation of AgView. The AgView platform is designed to help the industry contain an outbreak, verify animal disease status and recover much more quickly than could be achieved otherwise. NPB worked with producers to participate in Checkoff-funded On-Farm Sustainability Reports. The On-Farm Sustainability Reports help measure and document producers' continuous improvement efforts. National aggregate data from the reports can be shared with customers and key decision makers to demonstrate U.S. pork producers' commitment to sustainability.

Lamb: Consumer demand for American Lamb has stayed strong in 2021. There have been tight supplies of American Lamb due to increases in retail sales and increases in nontraditional lamb sales including ethnic markets, farmers markets, and direct to consumer online sales.

The American Lamb Board (ALB) continues to focus on marketing and promotions to build awareness and demand for American Lamb. ALB works with more than twenty food influencers to develop and share recipes, photos, and videos through social media. ALB has moved away from hosting and sponsoring large consumer facing events and is now hosting more intimate virtual workshops and will be producing a series of on farm/ranch tours for media and influencers to share sustainability/grazing messages. In 2021, the American Lamb Board launched a new promotional campaign – Outdoor Adventures with American Lamb - giving consumers all kinds of great reasons to use American Lamb in their outdoor cooking, whether that be on the grill, open fire, or smoker.

Sorghum: In 2021, the United Sorghum Checkoff Program (USCP) delivered three herbicide-tolerant sorghum technologies that will directly benefit sorghum producers. Partnered with Pheasants Forever and Quail Forever to offer conservation cost-share opportunities for sorghum producers in western Kansas. The Sorghum Checkoff joined a campaign called Powerful Pairings with USA Pulses and the National Pork Board to highlight the National Family Meals Movement. USCP created videos and other innovative marketing efforts to remain engaged with International end-users. China continues to buy U.S. sorghum, and demand has not slowed. With an estimated 7.3 million acres, up 24 percent from the previous year, and a strong yield, the 2021 sorghum crop will be the most valuable in history worth over \$2.7 billion.

Soybean: In 2021, the United Soybean Board (USB) continued its investments in industrial uses for soy, with newly developed products ranging from soy-based dust suppressant for dirt roads and PoreShield, a soy-based concrete durability enhancer developed in collaboration with the Indiana Soybean Alliance, and was recognized by the Indiana Department of Environmental Management Governor's Award for Environmental Excellence in the Pollution Prevention category, to a continued partnership with Goodyear Tire and Rubber Company who has committed to source sustainably produced U.S. soybean oil and phasing out petroleum-derived oils from its products by 2040.

The United Soybean Board provided promotional support to the National Biodiesel Board, who funded a study that demonstrated switching to biodiesel resulted in a number of significant health benefits such as decreased cancer risk, fewer premature deaths, and reduced asthma attacks. The fuel research was conducted at 13 sites in the U.S. exposed to high rates of petroleum diesel pollution, including diverse, underserved communities near airports, ports, and railyards. The study found that switching to 100 percent biodiesel in the home heating oil and transportation sectors would provide immediate community health improvements that can be measured in reduced medical costs and health care benefits. Additionally, USB providing key learnings on sustainability and performance of soy-based products in USDA Rural Development's report An Economic Impact Analysis of the U.S. Biobased Products Industry. The report recognized USB as a forward-looking leader in bioproducts.

Internationally, the U.S. Soy Sustainability Assurance Protocol (SSAP), partially funded by USB, hit over 100 million metric tons of verified soy exports between 2014-2021, with 65 U.S. exporters issuing SSAP certificates for 25.8 million metric tons in the 2021 marketing year alone. SSAP has also been recognized as compliant with the European Feed Manufacturers' Federation (FEFAC) Soy Sourcing Guidelines, the Olympic and Paralympic Games Tokyo 2020 Organizing Committee's sustainable sourcing code for agricultural products, the Consumer Goods Forum, and the Global Seafood Alliance's Best Aquaculture Practices for the Olympic and Paralympic Games.

Peanuts: Increasing awareness of the National Institute of Allergy and Infectious Diseases (NIAID) Guidelines for early introduction of peanuts to help prevent peanut allergy remained a priority for the National Peanut Board (NPB) in 2021. This includes peanut allergy communication and education, ensuring that information about early introduction of peanuts to infants reaches parent influencers like pediatricians and the Nutrition Program for Women, Infants, and Children (WIC).

NPB's 2021 consumer campaign, "Grow It Yourself" or GIY, launched in May of 2021 with the first activation (PlantKween) proving successful. Some highlights were a total engagement at 63,800, favorable sentiment at 100 percent (positive and neutral) and total impressions at 50.1 million. These initial results and overwhelmingly positive sentiment showed that the "GIY" campaign resonates with consumers, helping to keep peanuts in the forefront of their hearts and minds. NPB also engaged in outreach to Millennials and Generation Z with appropriate messaging to grow love of peanuts and peanut butter.

The NPB contributes to the industry's sustainability efforts through its partnership with the American Peanut Council. These efforts include measurement of sustainability in farming methods to quantify efforts, and the communication of sustainability as it is a major driver in purchase decisions for food (only behind flavor and cost).

Mangos: The National Mango Board (NMB) was recently awarded the Produce Business Marketing Excellence Award for its campaign "Mango: A Nutrition Powerhouse." This program focused on sharing mango's powerful nutrition story, at a time when health and immunity are of the utmost concern to consumers. The NMB has also just completed a redesign of its logo and website, which was revealed in October of 2021.

NMB has commissioned an independent evaluation of its impact on the U.S. demand for mangos. The study, carried out by Dr. Ronald Ward, found that between 2013 and 2020, the Board's overall return-on-investment (ROI) based on cumulative expenses was \$11.53. This means that every dollar invested in the NMB has returned \$11.53 in net profit to the industry. This study was recently submitted to AMS for review and will be posted on the NMB's website once approved.

Due to the majority of frozen mango importers voting against the continuation of frozen mango as a covered commodity in the 2020 referendum, NMB began the process of amending the Mango Promotion, Research, and Information Order (Order) to remove the provisions of frozen mango from the Order. On June 25, 2021, a final rule was published in the Federal Register, adopting an interim final rule that removed frozen mangos as a covered commodity under the Order, discontinued the collection of assessments on frozen mangos, and removed frozen mango entity representation on the Board. The effective date of this rule was July 26, 2021. The next referendum will be held in 2025.

Mushrooms: In August of 2021, The Mushroom Council received the Produce Business Breakthrough Marketing Excellence Award in recognition of The Mushroom Council's demonstrated perception of its customers as people, and not just dollars, during the Covid-19 pandemic.

The Mushroom Council works with experts to develop science-based resources. This ensures that health professionals can understand the latest mushroom research and educate the public on how mushrooms can support the body's immune system. Key areas for published and emerging mushroom research include the immune system, heart health, and healthy lifestyles. The Mushroom Council is working to create and inspire different recipes to help consumers enjoy mushrooms and to promote the nutrients and flavor that mushrooms contain. The Council is also working hard to inspire more recipes using mushrooms to drive volume in foodservice venues. The Council is partnering year-round with marketers and retailers to promote mushrooms with both brick-and-mortar and online retailers as well as schools and universities.

In partnership with major meat processors, the mushroom industry has created a new category of meat/mushroom products available for school and commercial foodservice. The concept is called "The Blend," which the Mushroom Council trademarked in 2021. The meat/mushroom blends are lower in calories and fat per serving, compared to similar all-meat options. Rather than replacing students' favorite foods, "The Blend" concept develops meal options that use mushrooms as a substitute for a portion of the traditional meat component. Examples of foods that can be modified include fajitas, chili, meatballs, burgers, and tacos. The Mushroom Council is also promoting "The Blend" to consumers and the food service industry. In June 2021, the Mushroom Council and The Food Network hosted the third annual Blended Burger contest. One home cook and one professional chef were each awarded \$10,000 for their winning original blended burgers. The Food Network announced the winners in October 2021.

Paper and Paper Based Packaging: The Paper and Packaging Board focuses all marketing efforts on paper's sustainability story through its Be a Force for Nature campaign. The campaign's goal is to promote paper as part of the environmental solution, conveying the sustainability benefits of choosing paper products and recycling those products. As of mid-2021, the campaign's videos have garnered over 37 million video views and promote sustainability on popular podcasts and magazines.

The Board commissioned an independent evaluation of its marketing campaign between 2015 and 2018, carried out by Dr. Harry Kaiser of the Gellert Family Professor of Applied Economics and Management at Cornell University. The study concluded that over the four-year period, the industry spent a total of \$105.2 million on the Paper and Packaging Board campaign, which returned a total of \$1.41 billion over this period. The net ROI was 12.41:1—that is, every dollar invested in the Paper and Packaging Board campaign returned \$12.41 in net profit to the industry.

Every 5 years the industry votes on the P+PB’s continuation. USDA oversaw the latest referendum in 2021, and 64 percent of the manufacturers and importers representing 76 percent of the volume of paper and paper-based packaging voted to support continuation. The next referendum will take place in 2026.

Popcorn: The Popcorn Board continues to promote popcorn as a healthy, whole grain snack that can be enjoyed year-round. The Board has worked extremely hard to showcase the versatility of popcorn, thinking outside of the “butter and salt” box. The Board is currently rolling out their Pep Club Contest that promotes Popcorn in schools through a network of 7,500 educators.

The Board typically receives around \$500,000 in Market Access Program (MAP) and Agricultural Trade Promotion Program (ATP) funds to promote U.S. popcorn internationally. The Board is currently spending MAP and ATP funds to promote U.S. popcorn in Mexico, Columbia, Costa Rica, and Southeast Asia. The Board’s international marketing strategy revolves around introducing customers to the nutritional benefits and quality of U.S. popcorn.

Despite the impacts of the COVID-19 pandemic, 2020 was found to be the strongest year for the global popcorn market in the last five years, with global sales reaching \$5.6 billion USD. This represented a 7.9 percent increase from the prior year. Americans today consume 15 billion quarts of popped popcorn each year. That averages to about 47 quarts per person. Popcorn represents 6.6 percent of the savory snack category and has increasingly been outperforming the overall category. Retail value sales of popcorn in the U.S. grew by 4 percent in 2019.

Softwood Lumber: The five-year evaluation (2016-2020) conducted by Prime Consulting found, that the Softwood Lumber Board delivered a benefit to cost ratio ranging from \$33.79 to \$36.07 to the domestic manufacturers and importers of softwood lumber who funded it. Calendar year 2021 is on track for US lumber consumption to break 50 billion board feet expected to be marketed in the U.S. According to SLB, their marketing efforts have increased the demand for softwood lumber with 12 percent year over year growth.

The primary objective of the Softwood Lumber Board is to increase the demand and use of softwood lumber. The Board funds four “centers of excellence”: (1) Research on wood standards conducted by the American Wood Council (AWC); (2) a communications program (Think Wood), which includes continuing education courses for architects, web and print messaging, and use of industry influencers (e.g., presentations given by known architects); (3) a construction and design program (WoodWorks) that provides technical support to architects and structural engineers about using wood; and (4) a retail program designed to increase sales of softwood lumber products in retail channels. The Board also funds research on using wood to build tall buildings.

Through increased collaborations under a new MOU with USDA, SLB looks to promote USDA Biopreferred® products. While it continues to further efforts of mitigating and adapting to climate change through responsible material selection by promoting environmental benefits of forest products as found through expanding research and development in wood building products and their applications, they look to reduce energy consumption by supporting innovation in the wood products sector.

SLB is working in partnership with the Forest Service to focus on creating jobs in rural communities through expanding wood use in construction and strengthening the connection between softwood lumber forest management.

Hass Avocados: The Hass Avocado Board (HAB) has formed the Avocado Sustainability Center (ASC) to provide sustainability research, data and information for the avocado industry. The ASC will be governed by an Avocado Sustainability Advisory board that will report directly to the HAB.

The HAB launched BOLD in 2021, the avocado industry’s first Board leadership development program. BOLD brings out the best in its participants by developing knowledgeable, skilled, confident, and board-ready candidates for the HAB, California Avocado Commission, and importer associations. The yearlong program features training at University of California at Davis, mentorships, seminars, and a potential trip to USDA in Washington D.C.

The HAB has built the most comprehensive body of scientific evidence to support the health benefits associated with the consumption of Hass avocados. HAB created and implemented Love One Today, HAB’s nutrition-focused

communications strategy that leverages science to convey a positive story about the health benefits of consuming avocados. Using peer-reviewed data, Love One Today educates Health Professionals which are the people who educate consumers about their health, nutrition, and wellness.

Hass avocado consumption records in 2021 are on track to break records, with 2.9 billion pounds of fruit expected to be marketed in the United States. The Hass Avocado Board previously noted increased U.S. avocado consumption to 8.1 lbs. per capita in 2018, up from an average of 2.26 lbs. per capita in 2000, an increase of 258 percent.

Christmas Trees: The Christmas Tree Promotion Board (CTPB) has funded over \$1.2 million in Christmas tree research. The CTPB has an annual grant cycle funding to address research priorities of genetic improvement; environmental and socio-economic benefit of real trees; insect/pest management; improved technology; and disease management/resistance. CTPB recently added to their website a research library of all their funded research to benefit their industry.

CTPB had tremendous campaign success for Holiday 2020 and are hoping for another good season this year. CTPB has added a “tree locator” feature to their website, to help consumers locate a real Christmas tree for their homes.

Real Christmas tree demand in the U.S. demonstrated a substantial rise over the 2016-2019 study period. The study suggests that one more dollar invested in CTPB promotion activities can be expected to generate an additional \$13.11 in grower profit in the short term, and \$21.70 in the long term.

Watermelons: The National Watermelon Promotion Board (NWPB) recently added a Nutrition Research Library on their website, Watermelon.org. The Library sources scientific research papers providing details on the role that watermelon may play in promoting good health. NWPB also established a partnership in 2021 with Healthy School Recipes to reach K-12 Foodservice, and increased overall paid media to get educational and inspirational messages in front of foodservice decision-makers. Watermelon also recently earned an American Heart Association “heart checkmark certification” for fresh watermelon PLUs: seedless, seeded, and mini watermelon.

The 4th of July continues to be the busiest time of year for the watermelon industry, and 2021 was no exception. Data from the AMS Market News Portal indicates that movement was around 653 million pounds shipped, representing a lift of 0.7 percent from the five years prior. Fresh cut watermelon sales during this period increased by 12 million pounds, to place at a series-high 54 million pounds. Whole watermelon prices were up 6 percent at \$4.02 per each, with most markets across the nation reflecting this uptick.

NWPB conducted a 6-month survey and study to evaluate the feasibility and value of integrating sustainable practices in the watermelon industry. This study sought to understand the current practices in the watermelon industry concerning water and fertilizer management on the production side, and the potential sustainability benefits of consumer use of the entire watermelon. Watermelon is 100 percent edible, including the seeds and the rind. This means watermelon is a zero-food waste food. The green skin is even edible, but it needs to be cooked. A key deliverable of this study was the creation of a messaging framework that can be used as a guide to create cohesive and compelling marketing messages. Framework concepts included water conservation, resource efficiency, and food waste reduction.

Potatoes: Marketing year 2021 showed that US potato imports continue to grow with an increase in demand of potatoes leading to a 12 percent increase in imported potatoes by fresh weight volume and 16 percent by value. Total US potato exports increased 4 percent in volume and 1 percent in value. A total of 480,000,000 cwt was marketed in 2021 and an expected volume of over 493,333,333 cwt is expected in FY 2022.

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

Potatoes USA works to develop and strengthen consumption of US potatoes worldwide. Potatoes USA international programs include activities such as undertaking market access efforts for seed potatoes for seed trials in Cuba, market research and evaluation including recipe and menu development in China, securing the necessary import permits for

U.S. potato exports to Indonesia and other markets, and addressing technical regulatory issues affecting phytosanitary certificates and other paperwork requirements for U.S. potato exports.

Blueberries: “Grab a Boost of Blue” is the new marketing campaign of the United States Highbush Blueberry Council (USHBC). It was built to speak to all that’s good about blueberries, helping to inspire and motivate consumers to enjoy more of the fruit. Blueberries fit into every consumer’s life, all day long, creating limitless opportunities to enjoy the boost they provide.

USHBC works with experts to develop science-based resources. This enables health professionals to understand the latest blueberry research and to educate the public on how blueberries can boost healthy eating. Key areas for published and emerging blueberry research include heart health, brain health, diabetes, and healthy lifestyles.

USHBC’s export program exists to help the industry more effectively export and market all forms of blueberries in countries and regions with the highest volume potential. The Council works with trade entities, government authorities and the industry to move blueberry volume in new markets.

Every 5 years the blueberry industry votes on the USHBC’s continuation. USDA conducted USHBC’s referendum in 2021, and the majority of producers and importers voted for the blueberry program to continue. A notice to trade was published announcing the results.

USHBC promotion efforts have had a significant positive impact on blueberry consumption with a 14 percent increase in average annual blueberry consumption from 2014-2018, and a 571-million-pound increase in blueberry demand from 2014-2018, according to *An Economic Analysis of Domestic Market Impacts of the U.S. Highbush Blueberry Council*, Harry M. Kaiser, Cornell University, February 1, 2020. Blueberries had the highest percent retail dollar growth in 2019, and 2020 showed a similar trend.

Honey: The National Honey Board (NHB) wrapped up National Honey Month in September by promoting the Honey Saves Hives program. This is the second year the NHB brought back the program as a way to directly provide consumers a way to support research that helps honey bees. Participating companies like Justin’s Nut Butters, Purely Elizabeth’s Granola, and Lost Cause Meadery donated a portion of their sales during the month of September to Project Apis m (PAm). The NHB is continuing the Celebrating Beekeeping promotional campaign, which spotlights the good work beekeeping organizations and individual beekeepers are doing to better the industry. One example being the Appalachian Beekeeping Cooperative (ABC). This organization helps out-of-work coal miners in West Virginia find a new passion in Beekeeping. The ABC not only supplies new beekeepers with bees, equipment and the knowledge of how to get started, but they also educate the importance of honeybee health and sustainability. The Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order requires the NHB to allocate 5 percent of the total budget for Production Research. This year the Board voted to continue a production research project with PAm. The mission of PAm is to “fund and direct research to enhance the health and vitality of honeybee colonies while improving crop production.” The NHB remains committed to finding ways to help beekeepers maintain the health of their bees.

Pecans: The Pecan Promotion, Research and Information Order became effective on February 12, 2021. The American Pecan Promotion Board (APPB), which is composed of 17 members – 10 producers and 7 importers, met for the first time on September 15, 2021. The purpose of the program is to strengthen the position of pecans in the marketplace, maintain and expand markets for pecans, and develop new uses for pecans. The program is financed by an assessment on domestic producers and importers of pecans. The initial assessment rate is \$0.02 per pound on inshell pecans and \$0.04 per pound on shelled pecans. Handlers will collect assessments from producers based on pounds of pecans received and importers will pay assessments on pecans when they enter the United States. Now that assessments are beginning, the APPB will work on various functions of the board and potentially begin working on a marketing program.

AMS Table 22. Research and Promotion Program Assessments

**Research and Promotion Program Industry Assessment Revenue
FY 2021 Estimate (Dollars in Millions)**

Commodity	Estimated Assessment Revenue (Millions)
Cotton	\$81.3
Dairy	\$364.2
Fluid Milk	\$85.1
Beef	\$42.6
Lamb	\$1.7
Pork	\$94.4
Soybeans	\$118.6
Sorghum	\$8.5
Eggs	\$23.3
Blueberries	\$10.8
Christmas Trees	\$1.7
Hass Avocado	\$72.5
Honey	\$7.0
Mango	\$8.3
Mushroom	\$5.0
Paper and Packaging	\$22.0
Peanut	\$9.7
Popcorn	\$.6
Potato	\$14.4
Softwood Lumber	\$17.5
Pecans	\$9.4*
Watermelon	\$3.3
Total	\$1,001.8
<p><i>Note: The boards' fiscal year coincides with the calendar year for the blueberry, cotton, dairy, egg, fluid milk, Hass avocados, honey, mangos, mushroom, paper and packaging, pork, popcorn, and softwood lumber boards. The other boards operate under different 12-month fiscal periods.</i></p> <p><i>*Anticipated revenue</i></p>	

Auditing, Certification, Grading, Testing, and Verification Services (Fee Services)***Current Activities***

AMS provides impartial services verifying that agricultural products meet specified requirements. These services are voluntary, with users paying for the cost of the requested service. These AMS services include grading programs, under which products are evaluated according to U.S. standards for classes and grades. AMS also offers audit-based assessment programs in response to the industry’s growing need for independent analysis of products and processes to facilitate the marketing of agricultural products. The agency’s laboratory services provide analytical testing for AMS commodity purchase programs, other Federal agencies, and the agricultural and food community, to ensure products meet food safety and quality requirements.

Selected Examples of Recent Progress

Dairy Products Grading – The Dairy Grading Branch continues to provide buyers and sellers with an impartial evaluation of product quality, so businesses and consumers can buy with confidence. The marketing of dairy products worldwide continues to be the on-going mission of the Dairy Grading Program.

Fees and Charges in Effect in 2020:

<u>Services Performed</u>	<u>Fees</u>
Continuous Resident Grading Service	\$80.00 per hour
Nonresident and Intermittent Grading Service	90.00 per hour

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

- Developing a new IT electronic export certificate program, the Agricultural Trade Licensing & Attestation Solution (ATLAS) and providing employee and customer training to prepare for the system’s official launch that occurred in June 2021,
- Implementing a Quality Management System (QMS) resulting in 87 approved documents and 47 documents under development,
- Developing and implementing online technical training courses for employees and State Cooperators, to date 14 courses with over 60 hours of training materials have been implemented,
- Increasing stakeholder engagement in service delivery methodologies; and
- Restructuring program leadership

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

- Refining export certificate processes, including persuading the European Union to accept scanned certificates instead of paper certificates, to continue to facilitate the export of more than \$1.728 million worth of trade in dairy products during a 6-month period;
- Resolving a 20 percent increase in trade issues related to COVID-19 by successfully interacting with either foreign governments and/or importers; and
- Implementing a new remote desk audit process to verify information for U.S. companies exporting dairy products during the pandemic, resulting in an increase of more than 200 percent in completed audits and a savings of approximately \$142,000 to the industry and USDA over the 6-month period.

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

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

- Restructuring program leadership

In FY 2021, the Dairy Grading program issued more than 58,000 export certificates despite supply chain constraints due to COVID-19. AMS contributed to the negotiations for new export certificates with South Korea and Brazil by providing technical expertise to trade negotiators and obtaining approval of a final negotiated certificate for implementation in July and August, respectively. Completion of these certificates facilitates continued trade to South Korea, the 5th largest U.S. dairy export market valued at about \$370 million annually and Brazil which represents \$44 million in dairy trade annually. AMS also participated in an interagency US-UK Trade and Investment Working Group to ensure undisrupted access for all AMS program products, with a focus on dairy. After the Working Group adjourned, AMS continued to participate in an interagency working group to negotiate implementation of new UK export certificates. These efforts led to a reasonable transition to the new UK certificates in September and continued to facilitate dairy trade to the UK valued at over \$26 million annually.

Specialty Crops Inspection – This program offers both grading and audit-based verification services for the food industry. In FY 2021, the program inspected and certified 11 billion pounds of processed fruit and vegetable products and 53.4 billion pounds of fresh fruits and vegetables. These totals include fresh and processed fruit and vegetable items purchased for USDA’s school lunch, COVID-19 relief, Section 32, and other USDA purchase programs, and product purchased under the Unprocessed Fruit and Vegetable Pilot Program for the 2021 school year. The program also inspected military combat rations to ensure the quality of the military’s food components. Grading and inspection services were provided by 535 Federal employees at 28 Federal receiving markets, 378 processing facilities, and 44 SCI locations. AMS coordinates with the FDA, U.S. Customs and Border Protection, the Canadian Food Inspection Agency, and other government entities and public associations on issues related to specialty crops inspection and marketing.

Third Party Verification Audits – AMS conducts independent, third-party verification audits throughout the supply distribution chain for primary producers, food service and retail organizations, processors, and State and Federal government agencies. These audits are generally used to meet commercial or government contractual requirements as a condition of sale and address quality, food safety, sanitation or traceability of products.

The USDA Good Agricultural Practices (GAP) Audit Program – The GAP Program enhances participants’ ability to conform to generally recognized “best practices” outlined in the FDA Guide to Minimize Microbial Hazards of Fresh Fruit and Vegetables that minimize the risk of food safety hazards contaminating fruits, vegetables, and other specialty products during the production, harvesting, packing, transportation and storage of the product. In 2021, AMS and its licensed auditors conducted more than 4,000 food safety audits on more than 100 different commodities in all 50 States, Puerto Rico, and Canada.

In addition to the on-farm food safety/GAP audits, AMS conducted:

- 469 Food Defense surveys in support of USDA food purchases. The surveys verify the measures that operators of food establishments take to minimize the risk of intentional tampering or contamination of food.
- 3 Department of Defense/Defense Logistics Agency (DLA) prime vendor audits, which assess the quality of fresh and processed fruits and vegetables supplied by DLA vendors, and may include surveys of facility compliance with DLA contract requirements.
- 47 Domestic Origin Verification audits at facilities to confirm products supplied for USDA food purchases were of domestic origin.
- 4 Plant Systems audits to assess an operation’s quality assurance system.
- 1 Identity Preservation audit to assess a marketing claim about a unique characteristic of a product.
- Reviewed for approval 761 label applications under the Child Nutrition (CN) Labeling program, which is managed by AMS; conducted outreach; and provided training to CN manufacturers and school food service professionals on program and procedures.

USDA Foods Support – In FY 2021, AMS inspected 1.4 billion pounds of fresh and processed fruit, vegetable, and tree nut items valued at \$3.1 billion for school lunches, COVID-19 relief, Section 32, and other USDA purchase

programs. AMS developed and implemented 10 new or revised vendor requirements covering more than 100 individual commodities for USDA Foods purchases of fruits, vegetables, and tree nuts. USDA Food purchases must be of domestic origin. AMS develops and implements vendor requirements and reviews applications for the USDA Pilot Project for Procurement of Unprocessed Fruits and Vegetables, which bought \$8.3 million in product for the 2020-2010 school year. Mandated by the 2014 Farm Bill, the pilot allows State distribution agencies to buy unprocessed fruits and vegetables for school lunches. In FY 2021, SCI conducted 30 vendor audits to verify vendor compliance with program requirements.

Military Support-Combat Ration Inspection – During FY 2021, AMS coordinated the inspection of 4,865 lots, or 241 million servings, of military combat rations at 17 processing plants nationwide and in American Samoa to ensure the quality of the military’s food components.

Under this program, AMS in-plant graders serve as the Department of Defense’s (DoD) quality assurance representatives, inspecting and certifying daily production at contractors’ facilities to ensure that only top-quality food components are used in DoD Operational Rations. AMS graders inspect a wide range of products for this program, including meat, poultry, tuna, and vegetarian entrees; bakery items; peanut, fruit, and cheese spreads; and, beverage powders, including those used for fruit-flavored drinks, protein drink mixes, and flavored coffees. These items are used in a variety of DoD Operational Rations for both combat and training purposes, including Meals, Ready-to-Eat (MRE), considered the DoD’s essential combat ration. AMS also coordinates with DoD to review food specifications for ration production and inspection and participates in projects to improve rations and reduce costs, including by ensuring packaging integrity, enhancing product shelf life, and streamlining inspections.

AMS is developing a new automated business platform for specialty crops inspections and audits. The new system will replace existing legacy systems and other feeder programs.

Fees and Charges in Effect for Processed Fruit and Vegetable Grading in 2021:

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

Fees and Charges in Effect for Fresh Fruit and Vegetable Grading in 2021:

<u>Service Performed</u>	<u>Fees</u>
Quality and Condition Inspections for Whole Lots	\$210.00 per lot
Condition-Only Inspections for Whole Lots	174.00 per lot
Inspections for Additional Lots of the Same Product	96.00 per lot
Inspections for All Hourly Work	93.00 per hour
Audit Services	115.00 per hour

Livestock and Poultry Program Audit Services: AMS provides a variety of audit-based verification services for livestock, meat, poultry, and other agricultural industries, utilizing a team of 18 highly qualified auditors. Although demand for this service slowed due to the COVID-19 pandemic, AMS quickly implemented contingencies in March 2020 to deliver timely services to facilitate the movement of America’s food supply. That included transitioning the verification services for clients from onsite audits to off-site virtual audits. These virtual audits were conducted in the same manner as the normal on-site audits following the established audit processes to ensure uniformity. This temporary measure remained in effect through the end of FY 2020 and ensured AMS could continue to provide uninterrupted service to customers of the USDA Process Verified Program, USDA Export Verification Programs, Commodity Procurement and other quality systems verification programs (QSVP). Consequently, in FY 2021, AMS conducted 1,639 audits for 1,243 firms and received 185 new service requests representing a 15 percent decrease in request for services over the year prior.

USDA Process Verified Program: Built upon the International Organization for Standardization (ISO) 9001 Quality Management Systems Standard, the USDA Process Verified Program (PVP) allows companies to develop their own standards and marketing claims regarding products and production practices that are then meticulously verified by USDA auditors. Transparency being a cornerstone of the program, approved USDA PVPs are detailed on the AMS

website, and companies must maintain their standard(s) on a public forum, such as their website. In FY 2021, AMS audited 150 PVPs covering a wide variety of claims. Production claims (e.g., grass-fed beef cattle, poultry raised without antibiotics) continue to be a focus area for USDA PVP utilization, as are systems related to traceability and source verification, as consumer demands for these claims continue to grow. The variety of products covered by USDA PVPs is diversifying, from pork, poultry (chicken and turkey), beef, veal and lamb, to grains, feed, and feed ingredients. In FY 2021, AMS began to expand PVP offerings beyond the traditional commodities typically covered under the program to encompass all commodities covered under the Agricultural Marketing Act. Additionally, FY 2021 saw industry interest in developing various USDA PVPs for low carbon beef, sustainability, non- GMO, human grade pet food, and the U.S. Farm-Raised Catfish Environmental Sustainability Certification Program.

Export Verification: AMS facilitates the international marketing of domestic livestock products through its audit-based Export Verification (EV) Program, which bridges the gap between what FSIS can attest to (wholesomeness, safety) and what an importing country may require (e.g., production practices, age or source requirements). AMS EV audits verify that these processes are followed throughout the entire supply chain and that only eligible products are exported.

AMS conducted approximately 321 EV audits during the fiscal year. In FY 2021, AMS – along with other USDA agencies – demonstrated the robustness of these export-facing systems to other countries to assure continued access. For example, AMS assisted in the change to the EV program for Taiwan to allow beef from all ages of cattle, including both domestic and Canadian cattle. Toward the end of FY 2021, AMS began actively assisting in developing export programs for products destined for or through the European Union.

USDA Commodity Purchasing: AMS audit services support USDA’s purchases for domestic nutrition assistance programs in several ways—from determination of technical eligibility of potential suppliers to post-award contract compliance verification through routine audits. The program approved 21 new vendors for domestic entitlements, Section 32, and CARES Act programs.

FY 2021 AMS Audit Rates:

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

Livestock and Poultry Program Meat Grading Service: In FY 2021, AMS provided grading services to 216 meat packing and processing plants, including the addition of 41 new companies requesting grading service. A total of 21.6 billion pounds of beef, 55.1 million pounds of lamb, and 15.2 million pounds of veal/calf products were graded using USDA quality standards (e.g., Prime, Choice, Select) or evaluated against various company or trade-developed specifications. Roughly 95 percent of beef steers/heifers, 49.5 percent of lamb, and 30 percent of veal commercially slaughtered in the U.S. was voluntarily graded. Additionally, AMS certified approximately 8.84 billion pounds of beef, lamb, and veal for various certified meat programs, such as the “Certified Angus Beef” program.

Use of Technology in Grading Services: In FY 2021, AMS conducted an evaluation and approval of updated camera technology that offers USDA graders and beef plants a better tool to assess quality. AMS also approved two more facilities to use instruments – expanding the use to 18 facilities that grade 62 percent of all beef offered for grading. In FY 2021, AMS also partnered with Purdue University and the Agricultural Research Service to conduct four in-plant trials with an egg producer partner and equipment manufacturer on the use of egg grading technology in the application of official USDA grades (i.e., Grade AA, Grade A eggs).

Regional Cattle and Carcass Correlation and Training Centers: In FY 2021, AMS coordinated with three USDA Cattle and Carcass Training Centers (CCTCs) established by the 2018 Farm Bill to conduct four virtual educational events for cattle industry members. The four-day event included expert speakers from several organizations, as well as the CME Group, covering an array of topics to broaden participants’ understanding of how live cattle and carcasses are evaluated for quality and yield, how these factors play into CME specifications for live deliveries and carcass deliveries, and the relationship between cattle production practices, the grading and acceptance process, and producer prices.

FY 2021 Meat Grading Rates:

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

Poultry and Shell Egg Grading Services: During FY 2021, AMS graded over 6.9 billion pounds of poultry and 2.8 billion dozen shell eggs at 537 poultry and shell egg plants across the U.S. AMS received new requests for service from 120 poultry and shell egg grading companies in FY 2021; grading services covered about 25 percent of the turkeys slaughtered, 12 percent of the broilers slaughtered, and 35 percent of the shell eggs produced in the United States.

AMS issued export certificates for over 144.9 million dozen shell eggs, assuring foreign buyers that their requirements for product quality are met. Further supporting U.S. exports, AMS collaborated with other USDA agencies to gain shell egg market access to El Salvador.

FY 2021 Poultry and Egg Grading Rates:

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

Innovative Technology Administrative Improvements: AMS developed a robotic technology solution to reduce the amount of time over 600 graders spent entering time and attendance information, both eliminating redundant data entry and reducing errors, with a savings of approximately 8,450 hours, or \$256,035 annually. By the end of FY 2021, the robotics were completely developed and tested, with full rollout scheduled for early FY 2022. In addition, AMS made progress on a Smart Apps solution to facilitate grading data collection in plants, allow for offline data entry and later upload, and facilitate data retrieval. The Smart Apps implementation will be implemented in FY 2022 and expanded.

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

Even preceding the COVID-19 pandemic, a combination of several factors—including a competitive private-sector job market, an uptick in Federal retirements, and the increased difficulty in finding qualified candidates—had led to a severe shortage of front-line meat and poultry grading staff nationwide. In FY 2021, AMS continued to leverage strategies to generate improved hiring results including direct hiring authority for GS-1980 Agricultural Commodity Grader (ACG) positions and offering hiring incentive payments for ACG positions in chronically understaffed and hard-to-fill work locations. These strategies have had real impact on operational costs for these programs, as well. AMS estimates that for every dollar spent on recruitment incentives, 9 dollars was saved from reducing the need to provide relief coverage.

Voluntary Seed Testing – AMS offers seed inspection and certification services to users for a fee. Most of the users of this service are seed exporters. During FY 2021, AMS conducted 2,224 tests and issued 997 Seed Analysis Certificates. Most of the samples tested and certificates issued represent seed scheduled for export. Fees collected for these activities in 2021 totaled \$130,237.

Fees and Charges in Effect in 2021:

<u>Service Performed</u>	<u>Fees</u>
Laboratory Testing	\$58.00 per hour
Administrative Fee	14.50 per certificate

Administration of Organization for Economic Cooperation and Development (OECD) Seed Schemes – AMS is responsible for the administration of U.S. participation in the OECD Seed Schemes, an international program through which seed companies export seed certified for varietal purity. AMS collects a fee to operate the program that is based on the amount of seed shipped. During FY 2021, official state seed certifying agencies under cooperative agreement with AMS, approved the shipment of approximately 167 million pounds of seed.

Cotton Grading – AMS classed 14.0 million bales of cotton under the grower-classing program in FY 2021, with all cotton classed by the HighVolume Instrument (HVI) method. This represents a 27.1 percent decrease from the FY 2020 level of 19.2 million samples submitted. Classing information is provided electronically to owners of the cotton. In FY 2020, the Cotton Program disseminated classing data for over 50.88 million bales. This data represents multiple crop years or multiple requests for the same bale.

Futures Certification – The AMS Cotton and Tobacco Program provided classification/certification services on 226,134 bales of cotton submitted for futures certification during FY 2021.

Fees and Charges in Effect in 2020:

<u>Service Performed</u>	<u>Fees</u>
Form 1 Grading Services or Review	\$2.30 per bale <i>a/</i>
Form A, Form C, Form D	2.30 per bale
Certification of Futures Contract (grading)	4.25 per bale
Foreign Growth	6.00 per bale

a/ A discount of five cents per bale is awarded to producers who are billed through voluntary central agents (e.g., cotton gins and warehouses).

Tobacco Grading – During FY 2021, AMS graded 4.5 million kilograms of imported tobacco up from 4.3 million in FY 20. The Program graded no export tobacco in FY 2021. Cotton and Tobacco Program performed sampling for pesticide testing on 11.0 million kilograms of tobacco to ensure that pesticide residue levels are within acceptable tolerance. In addition, 7.1 million pounds of tobacco were graded under a Memorandum of Understanding with USDA’s Risk Management Agency (RMA), a decrease of 69.9 percent from FY 2020. RMA provides producers with crop insurance services. Cotton and Tobacco Program provides RMA and the producer with a quality grade, which is used by RMA to assign a quality loss adjustment for crop insurance rates and value to the crop.

Fees and Charges in Effect in 2020:

<u>Service Performed</u>	<u>Fees</u>
Domestic Permissive Inspection & Certification	\$55.00 per hour
Export Permissive Inspection & Certification	0.0025 per lb
Grading for Risk Management Agency	0.015 per lb
Pesticide Retest Sampling	115.00 per sample and 55.00 per hour
Import Inspection and Certification	0.0170 per kg or .0080 per lb

AMS Laboratory Approval and Testing Division (LATD) – AMS provides lab testing and approval (audit) services to AMS commodity programs and to the agricultural community in order to facilitate domestic and international marketing of food and agricultural commodities. Specifically, AMS:

- Approves, or accredits, labs to perform testing services to enhance and expand market access for U.S. agricultural commodities.
- Provides scientific and market advice to federal partners to assist in negotiating and establishing trade requirements and policies.
- Administers laboratory approval programs which verify that the analysis of products meets country or customer-specified requirements.
- Provides analytical testing services, via the National Science Laboratories (NSL) in the fields of chemistry, microbiology, and molecular biology on a fee-for-service basis.

- Serves AMS commodity programs, other Federal agencies, such as the Department of Defense (DOD), academia, research institutions, and industries, with analytical testing in support of grading, commodity purchases, exports, compliance, product specifications, and research.
- Establishes high level of quality assurance and is ISO/IEC 17025:2005 accredited.
- Analyzes commodities such as food products, juice products, canned and fresh fruits and vegetables, eggs and egg products, honey, meats, milk and dairy products, military and emergency food rations, oils, peanuts and other nuts, organic foods and products, and tobacco.

During FY 2021, AMS administered laboratory approvals for four overarching programs: Export of Meat and Poultry, Aflatoxin Testing in Nuts, Microbiological Testing for the Federal Purchase Program, and Milk Payment Testing for Federal Milk Marketing Orders. In total, 71 labs participate in these four programs. In administering these programs, AMS conducted virtual or onsite lab audits, desk audits, managed two proficiency test programs, and monitored each lab's proficiency data. Throughout the COVID-19 pandemic, AMS nimbly customized auditing operations, using audio/visual communication applications to perform audits in a remote and virtual environment.

NSL operated without any stoppages throughout the entire pandemic. Impacts to the lab are actively monitored and mitigated to minimize the effect on customers, including supply chain issues. In FY2021, AMS continued to expand its adulteration and additive testing section by adding tests, customers, and commodities (e.g., types of juices). In FY 2021, the pandemic reduced the number of samples AMS NSL received from federal and state agencies, academia, and operational rations. AMS NSL reported results for over 30,218 samples and over 349,266 analyses of various agricultural commodities. NSL implemented a new data analytics strategy to better monitor and manage laboratory operations including finances, staffing, sample load. This new strategy was critical for understanding the full impact of the pandemic and lead to cross-utilization of staff in areas with the highest sample load. The NSL provided analytical testing services to other Federal programs, including DOD, NOP, ARS, and APHIS as well as private customers.

Fees and Charges in Effect in 2021:

<u>Service Performed</u>	<u>Fees</u>
Laboratory Testing Services	\$98.00 per hour
Laboratory Approval Services	188.00 per hour

Plant Variety Protection Act

Current Activities

The Plant Variety Protection (PVP) Act provides legal and intellectual property rights protection to developers of new varieties of plants that are sexually reproduced, tuber propagated, or asexually reproduced. This voluntary program is managed by the Plant Variety Protection Office (PVPO) and funded through application fees for certificates of protection. Each developer of a new variety is assessed a fee of \$5,150 to cover the cost of filing, searching, issuing, informing the public, and maintaining plant variety protection certificates.

Selected Examples of Recent Progress

More than 200 species of plants are currently protected under the PVP Act. In FY 2021, AMS received 500 applications for plant variety protection of new seed, vegetative, and tuber propagated agricultural and ornamental plant varieties. PVPO conducted examinations on 450 applications to determine whether the plant constituted a new variety. PVPO continues to process applications from receipt to issuance within 1.5 years or less. More than 8,350 certificates of protection are in force.

PVPO completed the 6th version of the electronic Plant Variety Protection (ePVP) system to revise the bulk upload routines for corn and soybean applications, add customer-generated application reports, and application search options. The PVPO is a member of The International Union for the Protection of New Varieties of Plants (UPOV) and participated in all technical and administrative meetings held during FY 2021. The PVPO also hosted the UPOV Biochemical and Molecular Techniques (BMT) meeting on September 20-24, 2021, by videoconference.

Farm Bill Initiatives***Sheep Production and Marketing Grant Program (SPMGP)******Current Activities***

The Sheep Production and Marketing Grant Program was authorized under section 209 of the Agricultural Marketing Act of 1946, as amended by section 12102 of the Agricultural Act of 2014 (Pub. L. No. 113—79) and amended under section 12102 of the Agriculture Improvement Act of 2018 (Pub. L. No. 115—334) (7 U.S.C. 1627a). SPMGP strengthens and enhances the production and marketing of sheep and sheep products in the United States including the improvement of infrastructure, business, resource development and the development of innovative approaches to solve long-term needs.

Selected Examples of Recent Progress

In September 2019, AMS announced the award of one grant totaling approximately \$1.9 million to the National Sheep Industry Improvement Center (NSIIC). Over a 5-year period, the NSIIC will fund subgrants that meet the priorities established by the industry to assist its long-term needs. Each year, the NSIIC will identify the most pressing needs from major segments of the industry, identify stakeholders, and prioritize the long-term needs. A yearly call for proposals will be published. Proposals will be reviewed and recommended by the Sheep Center Board of Directors. All subgrants established under this competitive process are then monitored by the program manager to assure that project goals are being met and that activities are on target as outlined in their proposals.

The NSIIC funded 8 two-year projects in October 2020. A current project example is with Katahdin Hair Sheep International. They will employ the use of genomically enhanced estimated breeding values (GEBVs) that will strengthen and enhance the production of lamb meat and wool in the United States by increasing the rate of genetic improvement. The University of Wyoming is another recipient. This project's research is demonstrating that ewes have a community of microbes harbored in the mammary gland suggesting subclinical mastitis to be a complex disease. This project will identify the extent and duration of the negative impacts on lamb performance, including growth and survival.

More information about the program can be found at www.ams.usda.gov/spmgp.

Local Agricultural Market Program (LAMP)

The Local Agriculture Market Program (LAMP) consists of three grant programs: AMS manages the Regional Food Systems Partnerships (RFSP) and the Farmers Market and Local Food Promotion Program (FMLFPP). The USDA's Rural Business-Cooperative Service manages the Value-Added Producer Grant Program. LAMP is authorized by subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. § 1621 et seq.) as amended under section 10102 of the Agriculture Improvement Act of 2018, Public Law 115-334 (2018 Farm Bill). In FY 2021, AMS received approximately \$77 million for FMLFPP, including \$47 million in funding from the Consolidated Appropriations Act of 2021 (H.R. 133) ([Pub. L. No. 116—260](#)).

Regional Food System Partnerships***Current Activities***

RFSP supports partnerships that connect public and private resources to plan and develop local or regional food systems and encourages food economy viability and resilience. AMS was appropriated approximately \$15.3 million to issue competitive awards, including \$10 million in funding from H.R. 133.

Selected Examples of Recent Progress

In FY 2021, AMS published a Request for Applications (RFA) and conducted the competitive review process for 158 applications. AMS funded 30 projects totaling approximately \$14.8 million dollars across 23 states.

AMS anticipates announcing the next RFA in FY 2022 for approximately \$5 million.

More information about the program, including funded projects, can be found at www.ams.usda.gov/rfsp.

Farmers Market and Local Food Promotion Program***Current Activities***

FMLFPP was authorized in previous Farm Bills and reauthorized as part of the LAMP in the 2018 Farm Bill. The Farm Bill authorizes AMS to issue competitive grants to develop, coordinate, and expand local food markets across the U.S to help increase access to and availability of locally and regionally produced agricultural products. AMS implements this authorization through two funding opportunities: the Farmers Market Promotion Program (FMPP) and the Local Food Promotion Program (LFPP).

FMPP grants support farmer-to-consumer direct marketing projects such as farmers markets, community-supported agriculture (CSA) programs, roadside stands, and agritourism.

LFPP grants support local and regional food business enterprises that serve as intermediaries to process, distribute, aggregate, and store locally or regionally produced food products.

The FY2021 FMLFPP funding was based on three funding sources: 1) Agriculture Improvement Act of 2018, Public Law 115-334 (2018 Farm Bill) provided \$22.5M available until expended; 2) The FY 2021 Annual Appropriations Funding (Annual Appropriations) provided \$7.4 million which must be awarded in FY 2021; and 3) H.R.133 – the Consolidated Appropriations Act (H.R. 133 Stimulus Funding) provided \$47 million, available until expended. The funds were divided equally between FMPP and LFPP.

Selected Examples of Recent Progress

In FY 2021, AMS received 489 applications requesting almost \$201.8 million. Individually, FMPP received 220 applications requesting \$87.8 million, while LFPP received 269 applications requesting \$113.9 million. AMS awarded \$75 million, distributed evenly between the two programs. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluate the applications based on criteria published in the Requests for Applications. This review serves as the bases for establishing multi-year grant agreements with the highest-ranking applications.

Information on the amounts awarded and the projects funded is available at: www.ams.usda.gov/fmpp (FMPP) and www.ams.usda.gov/lfpp (LFPP).

AMS ensures that grant recipients fulfill the purpose of the program and abide by Federal assistance laws and regulations by requiring and analyzing financial and performance reports, select source documentation for payment requests, and technical assistance for grant recipients. In FY 2021, AMS managed a total of 278 existing FMLFPP grant agreements (148 FMPP and 1130 LFPP) totaling almost \$76.7 million. Over the course of FY 2021, AMS closed 57 previously awarded grant agreements.

One recently completed LFPP planning grant that closed in FY 2021 was Downtown ABQ MainStreet Initiative in New Mexico, which built a network of 60 local food producers supplying produce, dairy, and meat to city programs, hosted the first annual indoor winter Farmers Market at Three Sisters Kitchen providing direct-to-consumer sales opportunities for 20 local producers, and established a baseline of local sales for participating producers. By grant end, over \$250,500 in sales was generated for local producers, and 30 new and developing businesses will incorporate at least one locally sourced ingredient for their products. This project continued to revise and test the Food Business Training curriculum, incorporating food safety modules, COVID-19 safety practices, emerging regulatory compliance standards, aspiring value-added producers with local sources for raw ingredients, and promoted understanding of the realities of local and seasonal sourcing including good agricultural practices. Outreach efforts to local agricultural aggregators and producers, including farm visits, resulted in the maintenance and growth of procurement relationships with over 70 local producers (including 5 aggregators/distributors, 2 dairies, 26 farmers and ranchers, and 37 value-added producers – including 17 program graduates). In addition, they procured locally grown and produced foods for inclusion in their Healthy Food Access Program serving 150-200 households bi-weekly, community cooking education activities, Home Health Aide Training Program, catering, online Local Foods Shop, and local Farmers' Markets, resulting in the generation of \$122,239.61 in new revenue for local producers, and tracked new sales for Food Business Training Program graduates, with over \$672,179 in reported sales over the grant period.

Another LFPP implementation grant that concluded in FY 2021 was to Catholic Charities of Northeast Kansas. This project helped increased marketing opportunities and income for farmers through growth in the New Roots CSA program; increased the number of customers who consume locally grown products through the New Roots CSA program; increased food safety practices at refugee farm sites; and increased marketing and agritourism activities to drive business growth.

Technical Assistance:

AMS continued to implement administrative relief, as provided by OMB Memoranda M-21-20, for grant recipients affected by the loss of operational capacity and increased costs due to the COVID-19 pandemic. AMS staff worked with grant recipients and applicants to consider flexibilities on a case-by case basis to ensure success of grant projects, diminish the risk of exposing individuals to COVID-19, and ensure successful submission of applications.

AMS hosted the USDA AMS Grant Recipient Virtual Conference in March 2021 in partnership with the National Association of State Department of Agriculture (NASDA) Foundation. The conference included recipients from all AMS grant programs with 444 registrants and was an important opportunity to provide outreach, technical assistance, and roll out AMS’s new grant program performance measures. Topics included financial management and internal controls, data collection, post-award monitoring, performance measures, and general program overviews for the AMS grant programs. In addition, two pre-conference trainings (Grants Refresher and Grants 101) were held, which enabled 112 participants.

In alignment with the establishment and purpose of LAMP in 7 U.S.C. 1627c, AMS partnered with the U.S. Department of Health and Human Services’ (HHS) GrantSolutions to simplify and streamline application and reporting processes. In FY 2021, AMS integrated its processes and procedures into GrantSolutions, which included using the system’s Application Review Module (ARM) and Grants Management Module (GMM). This effort focused on improving processes and engagement with external stakeholders, including applicants, external application reviewers, and recipients. AMS further coordinated with GrantSolutions to through developing customized online performance progress reports that align with AMS’ new performance measures, an interface with the USDA’s financial accounting system, access to a risk assessment for agreements, and the development of a public facing award dashboard for AMS grants. AMS anticipates full integration by October 2022.

LIMITATION ON ADMINISTRATIVE EXPENSES (COTTON AND TOBACCO)

Appropriations Language

Not to exceed [\$61,786,000] \$62,596,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: *Provided*, that if crop size is understated and/or other uncontrollable events occur, the agency may exceed this limitation by up to 10 percent with notification to the Committees on Appropriations of both Houses of Congress.

Table AMS-23. Lead-Off Tabular Statement (In dollars)

Estimate, 2022	\$61,786,000
Change in Appropriation	+810,000
Budget Estimate, 2023	<u><u>62,596,000</u></u>

ACCOUNT 2: PAYMENTS TO STATES AND POSSESSIONS

APPROPRIATIONS LANGUAGE

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

LEAD-OFF TABULAR STATEMENT

Table AMS-24. Lead-Off Tabular Statement (In dollars)

Federal-State Marketing Improvement Program

Item	Amount
Estimate, 2022	\$1,235,000
Change in Appropriation	-
Budget Estimate, 2023	<u>1,235,000</u>

PROJECT STATEMENT

Table AMS-25. Project Statement Appropriations (thousands of dollars, FTE)

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.
Discretionary Appropriations:										
Federal-State Marketing Improvement Program	\$1,235	1	\$1,235	-	\$1,235	-	\$1,235	-	-	-
Micro-grants for Food Security (Gen. Provision)	5,000	-	5,000	-	5,000	-	-	-	-\$5,000	-
Subtotal.....	6,235	1	6,235	-	6,235	-	1,235	-	-5,000	-
Mandatory Appropriations:										
Specialty Crop Block Grants.....	85,000	9	85,000	5	85,000	9	85,000	9	-	-
Modernization Technology, NOP.....	-	-	-	-	-	-	-	-	-	-
Subtotal Appropriations.....	85,000	9	85,000	5	85,000	9	85,000	9	-	-
Supplemental Appropriations:										
Specialty Crop Block Grants Supplemental	-	-	100,000	6	-	-	-	-	-	-
Subtotal.....	-	-	100,000	-	-	-	-	-	-	-
Total Appropriation.....	91,235	10	191,235	11	91,235	9	86,235	9	-5,000	-
Sequestration.....	-5,015	-	-4,845	-	-4,845	-	-4,845	-	-	-
Recoveries, Other	729	-	22	-	-	-	-	-	-	-
Bal. Available, SOY.....	13,676	-	14,415	-	111,543	-	14,224	-	-97,319	-
Lapsing Balances.....	-261	-	-379	-	-	-	-	-	-	-
Bal. Available, EOY.....	-14,415	-	-111,543	-	-14,224	-	-14,224	-	-	-
Total Obligations.....	<u>85,949</u>	<u>10</u>	<u>88,905</u>	<u>11</u>	<u>183,709</u>	<u>9</u>	<u>81,390</u>	<u>9</u>	<u>-102,319</u>	<u>-</u>

Table AMS-26. Project Statement Obligations (thousands of dollars, FTE)

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.
Discretionary Obligations:										
Federal-State Marketing Improvement Program	\$1,209	-	\$1,204	-	\$1,235	-	\$1,235	-	-	-
Micro-grants for Food Security.....	154	-	9,206	-	5,304	-	-	-	-\$5,304	-
Subtotal.....	1,363	-	10,411	-	6,539	-	1,235	-	-5,304	-
Mandatory Obligations:										
Specialty Crop Block Grants.....	84,586	9	75,285	5	80,155	9	80,155	9	-	-
Modernization Technology, NOP.....	-	-	225	-	-	-	-	-	-	-
Subtotal Obligations.....	84,586	9	75,510	5	80,155	9	80,155	9	-	-
Supplemental Obligations:										
Specialty Crop Block Grants Supplemental....	-	-	2,985	6	97,015	-	-	-	-	-
Subtotal.....	-	-	2,985	6	-	-	-	-	-	-
Total Obligations.....	85,949	9	88,905	11	183,709	9	81,390	9	102,319	-
Sequestration.....	5,015	-	4,845	-	4,845	-	4,845	-	-	-
Recoveries, Other	-729	-	-22	-	-	-	-	-	-	-
Bal. Available, SOY.....	13,676	-	14,415	-	-111,543	-	-14,224	-	+97,319	-
Lapsing Balances.....	261	-	379	-	-	-	-	-	-	-
Bal. Available, EOY.....	14,415	-	111,543	-	14,224	-	14,224	-	-	-
Total Appropriations.....	91,235	9	191,233	11	91,235	9	86,235	9	-5,000	-

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE**Table AMS-27. Discretionary Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)
Federal-State Marketing Improvement Program**

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
District of Columbia	\$100	-	\$111	-	-	-	-	-
Georgia	249	-	-	-	-	-	-	-
Kansas	243	-	-	-	-	-	-	-
Minnesota	235	-	-	-	-	-	-	-
New Jersey	98	-	-	-	-	-	-	-
New Mexico	135	-	-	-	-	-	-	-
New York	-	-	250	-	-	-	-	-
Oregon	149	-	-	-	-	-	-	-
Tennessee	-	-	219	-	-	-	-	-
Texas	-	-	250	-	-	-	-	-
Vermont	-	-	129	-	-	-	-	-
Virginia	-	-	246	-	-	-	-	-
Distribution Unknown	-	-	-	-	\$1,235	-	\$1,235	-
Obligations	1,209	-	1,204	-	1,235	-	1,235	-
Lapsing Balances	26	-	31	-	-	-	-	-
Total, Available	1,235	-	1,235	-	1,235	-	1,235	-

Table AMS-28. Specialty Crop Block Grants - Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**Multi-State Grants**

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Arizona	\$488	-	-	-	-	-	-	-
California	3,849	-	-	-	-	-	-	-
District of Columbia	340	-	\$142	-	-	-	-	-
Florida	851	-	-	-	-	-	-	-
Michigan	923	-	-	-	-	-	-	-
Rhode Island	445	-	-	-	-	-	-	-
Texas	949	-	-	-	-	-	-	-
Virginia	998	-	-	-	-	-	-	-
Washington	994	-	-	-	-	-	-	-
Obligations	9,836	-	142	-	-	-	-	-
Bal. Available, EOY	5,102	-	9,960	-	\$14,960	-	\$19,960	-
Total, Available	5,000	-	5,000	-	5,000	-	5,000	-

Annual Specialty Crop Block Grants

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Alabama	\$517	-	\$526	-	\$482	-	\$482	-
Alaska	252	-	253	-	260	-	260	-
American Samoa	283	-	269	-	285	-	285	-
Arizona	1,414	-	1,765	-	1,559	-	1,559	-
Arkansas	361	-	359	-	355	-	355	-

2023 USDA EXPLANATORY NOTES – AGRICULTURAL MARKETING SERVICE

California	23,844	-	23,888	-	22,990	-	22,990	-
Colorado	861	-	818	-	840	-	840	-
Connecticut	442	-	397	-	437	-	437	-
Delaware	345	-	350	-	360	-	360	-
District of Columbia	2,505	9	2,486	5	2,481	12	2,481	11
Florida	3,563	-	3,814	-	4,335	-	4,335	-
Georgia	1,349	-	1,421	-	1,238	-	1,238	-
Guam	244	-	246	-	278	-	278	-
Hawaii	497	-	479	-	581	-	581	-
Idaho	2,034	-	2,085	-	2,136	-	2,136	-
Illinois	591	-	590	-	721	-	721	-
Indiana	479	-	485	-	518	-	518	-
Iowa	350	-	354	-	354	-	354	-
Kansas	332	-	339	-	384	-	384	-
Kentucky	323	-	256	-	351	-	351	-
Louisiana	414	-	409	-	422	-	422	-
Maine	598	-	611	-	650	-	650	-
Maryland	443	-	484	-	525	-	525	-
Massachusetts	454	-	458	-	435	-	435	-
Michigan	1,992	-	1,956	-	2,209	-	2,209	-
Minnesota	1,334	-	1,344	-	1,368	-	1,368	-
Mississippi	435	-	426	-	434	-	434	-
Missouri	426	-	429	-	460	-	460	-
Montana	3,072	-	3,077	-	1,535	-	1,535	-
N. Mariana Islands	243	-	154	-	243	-	243	-
Nebraska	823	-	821	-	735	-	735	-
Nevada	269	-	274	-	310	-	310	-
New Hampshire	250	-	299	-	308	-	308	-
New Jersey	749	-	757	-	840	-	840	-
New Mexico	584	-	599	-	614	-	614	-
New York	1,231	-	1,235	-	1,388	-	1,388	-
North Carolina	1,260	-	1,268	-	1,357	-	1,357	-
North Dakota	3,287	-	3,272	-	2,958	-	2,958	-
Ohio	594	-	573	-	745	-	745	-
Oklahoma	590	-	601	-	625	-	625	-
Oregon	2,056	-	2,071	-	2,166	-	2,166	-
Pennsylvania	1,097	-	1,056	-	1,152	-	1,152	-
Puerto Rico	518	-	484	-	525	-	525	-
Rhode Island	272	-	274	-	278	-	278	-
South Carolina	595	-	602	-	545	-	545	-
South Dakota	393	-	402	-	345	-	345	-
Tennessee	536	-	554	-	563	-	563	-
Texas	1,589	-	1,590	-	2,148	-	2,148	-
Utah	368	-	368	-	340	-	340	-
Vermont	323	-	326	-	344	-	344	-
Virgin Islands	243	-	245	-	243	-	243	-
Virginia	542	-	551	-	555	-	555	-
Washington	4,652	-	4,627	-	4,793	-	4,793	-
West Virginia	302	-	310	-	300	-	300	-
Wisconsin	1,291	-	1,267	-	1,387	-	1,387	-
Wyoming	341	-	193	-	365	-	365	-
Obligations	74,750	9	75,143	5	75,155	12	75,155	11
Lapsing Balances	235	-	12	-	-	-	-	-
Sequestration	5,015	-	4,845	-	4,845	-	4,845	-
Total, Available	80,000	9	80,000	5	80,000	12	80,000	11

CLASSIFICATION BY OBJECTS**Table AMS-29. Federal-State Marketing Improvement Program Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Payment To States and Possessions					
Personnel Compensation:					
	Washington D.C.	\$33	\$34	\$42	\$42
11	Total personnel compensation	33	34	42	42
12	Personal benefits	11	13	12	12
	Total personnel compensation and benefits	44	47	54	54
23.3	Communications, utilities, and misc. charges	1	2	3	3
25.4	Operation and maintenance of facilities	55	61	69	69
41.0	Grants, subsidies, and contributions	1,109	1,094	1,109	1,109
	Total, Other Objects	1,165	1,157	1,181	1,181
99.9	Total, new obligations	1,209	1,204	1,235	1,235
Position Data:					
	Average Salary (dollars), GS Position	\$109,088	\$109,088	\$109,088	\$109,088
	Average Grade, GS Position	13	13	13	13

STATUS OF PROGRAMS**Payments to States and Possessions*****Federal-State Marketing Improvement Program (FSMIP) – Discretionary - Annual******Current Activities***

The Federal-State Marketing Improvement Program was authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)). It provides dollar-for-dollar matching funds to State departments of agriculture, State agricultural experiment stations, and other appropriate State agencies to help them explore new market opportunities for U.S. food and agricultural products, and to encourage research and innovation aimed at improving the efficiency and performance of the marketing system.

Selected Examples of Recent Progress

In FY 2021, AMS received 17 applications requesting \$2.9 million and awarded approximately \$1.1 million to support five of those projects in September 2021. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluated the applications based on criteria published in the Requests for Applications. This review serves as the basis for establishing 3-year grant agreements with the highest-ranking applications. Information on the projects awarded is available at www.ams.usda.gov/fs mip.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports, select source documentation for payment requests, and providing technical assistance for grant recipients. In FY 2020, AMS managed a total of 36 FSMIP grant agreements amounting to almost \$4 million that consisted of grants awarded from FY 2016 to FY 2019. AMS closed 12 of those grant agreements.

One of the closed projects was the University of Hawaii at Manoa, Maui County office of the College of Tropical Agriculture and Human Resources (CTAHR), Cooperative Extension and 4-H partnered with the Maui County Farm Bureau, the Hawaii Farmers Union United, the County of Maui Office of Economic Development (OED) and Maui Economic Opportunity (MEO) and implemented and evaluated comprehensive, first (Core Four) and second-stage (Be Strategic) business courses, to fill the huge gap that existed in providing small business vendors with adequate knowledge and skills to be able to market and grow their businesses; 2) They developed, enhanced and evaluated a selected number of individual agri-preneur small business websites to enhance the marketing of their products in a 24/7 marketing environment. The OED sponsored the annual Made in Maui County Festival event, which brought together vendors who have developed agricultural value-added products with purchasers, including consumers,

wholesalers, buyers and distributors. Participating vendors met specific criteria to participate, including having their business based in Maui County, products being offered for sale met a minimum of 51 percent of their value added in Hawaii, and their headquarters had to be located one of the islands of Maui, Molokai or Lanai. Many of these small businesses have been so focused on product development that they have not been able to develop the marketing side of their business, nor able to attain the knowledge and skills needed to expand their businesses beyond a small operation into a business with the ability to meet market demand both among the islands of Hawaii, as well as nationally and internationally in the future.

Micro-Grants for Food Security (MGFSP) – Discretionary - General Provision

Current Activities

The Micro-Grants for Food Security Program (MGFSP) is authorized by section 4206 of the Agriculture Improvement Act of 2018 (Pub. L. No. 115—343), ([7 U.S.C. § 7518](#)). MGFSP assists agricultural agencies or departments in eligible states and territories to increase the quantity and quality of locally grown food in food insecure communities through small-scale gardening, herding, and livestock operations by competitively distributing subawards to eligible individuals and entities.

Selected Examples of Recent Progress

The funding for this award program is appropriated for two years. In FY 2021, AMS awarded grants to five eligible states and territories through a non-competitive application process in the amount of \$4.6 million. These grants will assist agricultural agencies in Alaska, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, and the United States Virgin Islands increase the quantity and quality of locally grown food through small-scale gardening, herding and livestock operations. The six award recipients receiving funding will competitively distribute subawards to eligible entities in communities within their areas that have significant levels of food insecurity and import a significant quantity of food. The performance period for agreements is four years, and recipients will conduct the competitive subaward process during the first year of the grant. Remaining funds will be offered in FY 2021.

AMS staff is continuously working with the eligible applicants and other entities to diminish the burden associated with administering this program. In FY 2021, AMS met with multiple stakeholders, including the Alaskan and Hawaiian Congressional delegations, to consider both administrative flexibilities and legislative solutions focusing on resolving implementation challenges and diminishing burden on the program's beneficiaries. More information about the program can be found at www.ams.usda.gov/mgfsp.

Specialty Crop Block Grant Program (SCBGP) (Farm Bill Funded) – Mandatory Annual, plus No-Year Supplemental Pandemic Relief Funding

Current Activities

The Specialty Crop Block Grant Program was authorized by the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note). It provides non-competitive, formula funds to the State departments of agriculture to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture).

Selected Examples of Recent Progress

In FY 2021, AMS received 56 applications from the State departments of agriculture and awarded funds to implement 654 projects amounting to \$72.9 million in Farm Bill. In addition, AMS awarded \$97 million in Consolidated Appropriations Act funding to 56 States and territories for four-year agreements. AMS encouraged States to prioritize projects that respond to COVID-19 impacts. Funds for this program are issued through a non-competitive process in which applications are reviewed to ensure that projects meet the purpose of the program and align with Federal assistance regulations and laws. This review serves as the basis for establishing 3-year grant agreements for Farm Bill projects and 4-year grant agreements for appropriated projects.

Information on the amounts awarded and the projects funded is available on www.ams.usda.gov/scbgp.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports, select source documentation for payment requests, and by providing technical assistance for grant recipients. In FY 2021, AMS managed approximately 224 SCBGP grant agreements amounting to over \$277 million that implemented almost 3,000 projects. Those agreements consisted of grants awarded from FY 2017 to FY 2020. In addition, AMS closed 40 of these grant agreements.

One project that was completed in FY 2021 came from the [Hawaii Department of Agriculture](#), which awarded funding to the University of Hawaii to evaluate chickpea suitability for mechanical planting and harvesting and agronomical treatments (spacing and fertilization) in different locations in Hawaii. Ten field trials were successfully conducted on five varieties and ten genotypes of legumes. Results of these trials and benefits of the specialty crops were disseminated through twenty public presentations during various events on different islands, and an increase in acres that will be planted was identified. Local farmers gained knowledge from the trials and have indicated their plans to increase planting of these crops.

Another example is a project concluded in FY 2021, in which the [Arizona Department of Agriculture](#) distributed SCBGP funds to the Ajo Center for Sustainable Agriculture to implement comprehensive outreach programming to increase awareness, access to and knowledge of production and consumption of the draught-tolerant and highly nutritious heirloom crops of the Sonoran Desert. This was accomplished by implementing a multi-tiered growers-, citizen- and organization- participation crop preservation program including community outreach and education, organizational outreach and education (train-the-trainer), preserving the genetic stock, revitalization of the dry-land “ak chin” farming, and sharing best practices with other growers and communities through an on-line resource library, social media campaign, and growers networking opportunities, including the annual AZ Small Producers Forum organized in collaboration with Local First Arizona.

Performance Measures

In FY 2021, AMS completed to work with the National Association of State Departments of Agriculture (NASDA) Foundation and Grant Thornton to finalize the SCBGP’s and other AMS grant programs’ performance measures. Published in July 2021, these measures will provide short- and long-term impact indicators, more accurately reflect grant recipients’ accomplishments, reduce burden on grant applicants and recipients, improve AMS’ ability to report on the impact of its grant programs, and standardize measures across grant programs, where appropriate. This critical achievement will enable AMS to perform future program evaluations pursuant to section 10107 of the Agriculture Improvement Act of 2018 (Pub. L. No. 115—334). The updated performance measures will be incorporated into future funding opportunities and mechanized through AMS’ grants management system, GrantSolutions. GrantSolutions is a grants management Federal shared service, which is overseen by the U.S. Department of Health and Human Services (HHS).

Program Evaluation

The U.S. Department of Agriculture’s (USDA) Specialty Crop Block Grant Program (SCBGP) [audit](#) conducted by the USDA’s Office of the Inspector General (OIG) was finalized in October 2020. As part of this audit, USDA OIG conducted site visits to three State Departments of Agriculture regarding their management of the SCBGP. There were two findings with two recommendations each related to the management of the program. AMS has addressed these recommendations with revisions to relevant sections of the grant Terms & Conditions and communications with the recipients.

Specialty Crop Multi-State Program (SCMP) – Mandatory No-Year Current Activities

The Specialty Crop Multi-State Program (SCMP) was authorized by the Specialty Crop Competitiveness Act of 2004 (7 U.S.C. 1621 note), as amended by the Agriculture Improvement Act of 2018 (Pub. L. No. 115—334). It issues grants to State departments of agriculture and entities in non-participating states to enhance the competitiveness of specialty crops by funding collaborative, multi-state projects that address regional or national level specialty crop issues. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture). SCMP grants are funded from a portion of the SCBGP funds, which remain available until expended.

Selected Examples of Recent Progress

In FY 2021, SCMP published a Request for Applications (RFA) to award \$10 million for eligible entities and their multi-state partners to help develop solutions to problems affecting the specialty crop industry across State boundaries. The RFA’s application due date is December 6, 2021, and applications will be awarded in FY 2022. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluate the applications based on criteria published in the RFA. This review serves as the basis

for establishing multi-year grant agreements with the highest-ranking applications. AMS announced awards in Spring of 2020.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports, select source documentation for payment requests, and technical assistance for grant recipients. In FY 2021, AMS managed a total of 22 SCMP grant agreements funded at approximately \$16.5 million, consisting of grants awarded since FY 2018.

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

In another project that closed in FY 2021 from the Pennsylvania Department of Agriculture which partnered with The U.S. Sweet Potato Council, Inc., collaborating with the Louisiana Sweet Potato Commission, North Carolina Sweet Potato Commission, Mississippi Sweet Potato Commission, California Sweet Potato Council, and Alabama Sweet Potato Association. The project goal was to enhance the competitiveness of sweet potatoes by studying the effectiveness of targeted messages and marketing in relation to customer expectations. Researchers determined who consumes sweet potatoes and how they use them; determined the driving motivation to buy sweet potatoes; explored what happens in the potato retail category; and identified the most popular form of consumption – fresh, canned or frozen. The project was able to identify baseline sales dollars, volume and all commodity volume distribution for measuring sales increases by dollar, percentage lifts, distribution increases and consumer purchasing trends. Industry stakeholders found this information to be extremely helpful as it further narrowed their focus for market, development, and expansion.

Information on projects funded through the SCMP is available at www.ams.usda.gov/scmp.

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

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

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

Item	Amount
Estimate, 2022	\$55,000,000
Change in Appropriation	-
Budget Estimate, 2023	<u>55,000,000</u>

PROJECT STATEMENT**Table AMS-31. Project Statement Appropriations (thousands of dollars, FTE)**

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.	Chg Key
Mandatory Appropriations:											
Limitation on Fee Funded Inspection, Weighing, and Examination Services.....	\$38,248	318	\$41,846	360	\$55,000	421	\$55,000	421	-	-	
Subtotal.....	38,248	318	41,846	360	55,000	421	55,000	421	-	-	
Sequestration return.....	2,996	-	2,581	-	2,493	-	2,493	-	-	-	
Sequestration holding.....	-2,581	-	-2,493	-	-2,493	-	-2,493	-	-	-	
Total Appropriation.....	38,663	318	41,933	360	55,000	421	55,000	421	-	-	-
Recoveries, Other	756	-	986	-	-	-	-	-	-	-	
Bal. Available, SOY.....	25,857	-	18,030	-	15,371	-	15,371	-	-	-	
Total Available.....	65,276	318	60,949	360	70,371	421	70,371	421	-	-	-
Bal. Available, EOY.....	-18,030	-	-15,371	-	-15,371	-	-15,371	-	-	-	
Total Obligations.....	<u>47,246</u>	<u>318</u>	<u>45,578</u>	<u>360</u>	<u>55,000</u>	<u>421</u>	<u>55,000</u>	<u>421</u>	<u>-</u>	<u>-</u>	

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

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.
Mandatory Obligations:										
Limitation on Fee Funded Inspection, Weighing, and Examination Services	\$47,246	318	\$45,578	360	\$55,000	421	\$55,000	421	-	-
Subtotal Mandatory Obligations	47,246	318	45,578	360	55,000	421	55,000	421	-	-
Balances Available, EOY	18,030	-	15,371	-	15,371	-	15,371	-	-	-
Total Available	65,276	318	60,949	360	70,371	421	70,371	421	-	-
Sequestration return	-2,996	-	-2,581	-	-2,493	-	-2,493	-	-	-
Sequestration holding	2,581	-	2,493	-	2,493	-	2,493	-	-	-
Recoveries, Other	-756	-	-986	-	-	-	-	-	-	-
Bal. Available, SOY	-25,857	-	-18,030	-	-15,371	-	-15,371	-	-	-
Total Appropriation	38,248	318	41,846	360	55,000	421	55,000	421	-	-

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS**Table AMS-33. Limitation on Fee Funded Inspection and Weighing, and Examination Services (Mandatory No-Year)
Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Arkansas	\$2,319	26	\$2,226	23	\$2,550	26	\$2,550	26
District of Columbia	8,980	6	9,123	25	12,180	57	12,180	57
Illinois	246	1	315	2	238	1	238	1
Louisiana	19,123	155	18,378	168	22,684	148	22,684	148
Missouri	3,274	18	1,754	18	3,793	67	3,793	67
North Dakota	852	7	-	6	682	11	682	11
Ohio	2,026	19	2,282	22	2,039	19	2,039	19
Oregon	2,821	25	3,375	29	3,176	31	3,176	31
Texas	7,470	60	7,970	66	7,510	60	7,510	60
Washington	135	1	155	1	148	1	148	1
Obligations	47,246	318	45,578	360	55,000	421	55,000	421
Lapsing Balances	-	-	-	-	-	-	-	-
Bal. Available, EOY	16,504	-	15,371	-	4,845	-	4,845	-
Total, Available	63,750	318	60,948	360	59,845	421	59,845	421

CLASSIFICATION OF OBJECTS**Table AMS-34. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
	Personnel Compensation:				
	Washington D.C.	\$8,964	\$5,485	\$6,270	\$6,350
	Personnel Compensation, Field	21,036	23,981	29,243	29,450
11	Total personnel compensation	30,000	29,466	35,513	35,800
12	Personal benefits	9,949	9,695	8,750	8,800
13.0	Benefits for former personnel	78	68	80	80
	Total, personnel comp. and benefits	40,027	39,229	44,343	44,680
	Other Objects:				
21.0	Travel and transportation of persons	923	929	1,160	1,043
22.0	Transportation of things	7	10	90	90
23.1	Rental payments to GSA	303	311	85	85
23.2	Rental payments to others	515	347	786	786
23.3	Communications, utilities, and misc. charges	1,101	929	703	703
24.0	Printing and reproduction	48	66	109	89
25.1	Advisory and assistance services	1	-	-	-
25.2	Other services from non-Federal sources	-	666	3,321	3,321
25.3	Other goods and services from Federal sources	2,616	1,875	900	900
25.4	Operation and maintenance of facilities	-	-	1,100	1,100
25.7	Operation and maintenance of equipment	293	201	920	920
26.0	Supplies and materials	704	790	653	653
31.0	Equipment	686	123	800	600
33.0	Investments and loans	-	-	30	30
41.0	Grants, subsidies, and contributions	-	100	-	-
42.0	Insurance Claims and Indemnities	20	-	-	-
43.0	Interest and Dividends	-	2	-	-
	Total, Other Objects	7,218	6,349	10,657	10,320
99.9	Total, new obligations	47,246	45,578	55,000	55,000
	Position Data:				
	Average Salary (dollars), ES Position	\$104,000	\$190,878	\$195,650	\$201,519
	Average Salary (dollars), GS Position	\$27,900	\$43,279	\$44,361	\$45,692
	Average Grade, GS Position	5.0	7.0	7.0	7.0

STATUS OF PROGRAMS**LIMITATION ON FEE-FUNDED INSPECTION AND WEIGHING SERVICES****Federal Grain Inspection Service*****Current Activities***

Federal Grain Inspection Service (FGIS) provides inspection and weighing services authorized under both the U.S. Grain Standards Act (USGSA) and the Agricultural Marketing Act (AMA). The USGSA requires the mandatory inspection and weighing of grain at export ports by FGIS personnel or delegated State agency personnel, and the permissive inspection and weighing of grain at domestic locations by designated State and private agency personnel. The USGSA also requires FGIS personnel to supervise all grain official inspection and weighing activities. Under the AMA, FGIS performs inspections of rice and related commodities on a voluntary request basis.

Selected Examples of Recent Progress

In FY 2021, FGIS conducted 3.3 million official inspections of grain resulting in 348.5 million metric tons (MMT) of standardized grain officially inspected under the U.S. Grain Standards Act (USGSA). This total includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.

Table AMS 35. Official Grain Inspections

Standardized Grain Officially Inspected	Quantity in MMT 2021	Percentage of Total
Domestic	197.4	56.6
Export by FGIS	90.7	26.0
by Delegated States	41.3	11.9
by Designated Agencies	19.1	5.5
Total	348.5	100.0

ACCOUNT 4: PERISHABLE AGRICULTURAL COMMODITIES ACT FUND**LEAD-OFF TABULAR STATEMENT****Table AMS-36. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2022	\$11,099,000
Change in Appropriation	+ 289,000
Budget Estimate, 2023	<u>11,388,000</u>

PROJECT STATEMENT**Table AMS-37. Project Statement Appropriations (thousands of dollars, FTE)**

Item	2020		2021		2022		2023		Inc. or Dec.	FTE Inc. or Dec.
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE		
Mandatory Appropriations:										
Perishable Agricultural Commodities Act	\$10,947	57	\$11,302	61	\$11,099	69	\$11,388	69	+\$289	-
Subtotal.....	10,947	57	11,302	61	11,099	69	11,388	69	+289	-
Sequestration return.....	665	-	643	-	623	-	623	-	-	-
Sequestration holding.....	-643	-	-623	-	-623	-	-623	-	-	-
Total Appropriation.....	10,969	57	11,322	61	11,099	69	11,388	69	+289	-
Recoveries, Other	107	-	238	-	-	-	-	-	-	-
Bal. Available, SOY.....	17,401	-	17,732	-	18,154	-	17,752	-	-402	-
Total Available.....	28,477	57	29,292	61	29,253	69	29,140	69	-113	-
Bal. Available, EOY.....	-17,732	-	-18,154	-	-17,752	-	-17,752	-	-	-
Total Obligations.....	10,745	57	11,138	61	11,501	69	11,388	69	-113	-

PROJECT STATEMENT**Table AMS-38. Project Statement Obligations (thousands of dollars, FTE)**

Item	2020		2021		2022		2023		Inc. or Dec.	FTE Inc. or Dec.
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE		
Mandatory Obligations:										
Perishable Agricultural Commodities Act.	\$10,745	57	\$11,138	61	\$11,099	69	\$11,388	69	+\$289	-
Subtotal Mandatory Obligations.....	10,745	57	11,138	61	11,099	69	11,388	69	+289	-
Balances Available, EOY.....	17,732	-	18,154	-	17,752	-	17,752	-	-	-
Total Available.....	28,477	57	29,292	61	28,851	69	29,140	69	+289	-
Sequestration return.....	-665	-	-643	-	-623	-	-623	-	-	-
Sequestration holding	643	-	623	-	623	-	623	-	-	-
Recoveries, Other	-107	-	-238	-	-	-	-	-	-	-
Bal. Available, SOY.....	-17,401	-	-17,732	-	-18,154	-	-17,752	-	+402	-
Total Appropriation.....	10,947	57	11,302	61	10,697	69	11,388	69	+691	-

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS**Table AMS-39. Perishable Agricultural Commodities Act Fund – No Year – Mandatory Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Arizona	\$1,822	11	\$1,644	11	\$1,890	11	\$1,907	11
District of Columbia	6,158	27	6,559	37	6,341	37	6,581	37
Texas	1,387	9	1,468	10	1,439	10	1,460	10
Virginia	1,378	9	1,467	11	1,429	11	1,440	11
Obligations	10,745	56	11,138	69	11,099	69	11,388	69
Bal. Available, EOY	17,732	-	18,154	-	17,732	-	17,732	-
Total, Available	28,477	56	29,292	69	28,831	69	29,120	69

STATUS OF PROGRAMS**Perishable Agricultural Commodities Act*****Current Activities***

The Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (7 U.S.C. 491 et seq.) are designed to protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities, and to prevent the unwarranted destruction or dumping of farm products.

AMS' PACA Division enforces these Acts and is funded by license and user fees paid by commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce. The law provides a forum for resolving contract disputes and a mechanism for the collection of damages from anyone who fails to meet contractual obligations. In addition, PACA provides for prompt payment to fruit and vegetable sellers and may place sanctions and/or civil penalties against firms or principals who violate the law's standards for fair business practices.

AMS investigates violations of PACA, resulting in:

- 1) informal agreements between two parties;
- 2) formal decisions ordering payments to injured parties;
- 3) suspension or revocation of licenses and/or publication of the facts; or (4) monetary penalty in lieu of license suspension or revocation.

PACA also imposes a statutory trust that attaches to perishable agricultural commodities received by regulated entities, products derived from the commodities, and any receivables or proceeds from the sale of the commodities. The trust benefits produce suppliers, sellers, or agents that have not been paid, increasing the likelihood that they will recover money owed to them.

Selected Examples of Recent Progress

In FY 2021, AMS was contacted by members of the fruit and vegetable industry for assistance in resolving 780 informal commercial disputes valued at over \$38.8 million. AMS resolved approximately 90 percent of those disputes informally within four months. AMS suspended the licenses of 54 produce firms and imposed sanctions or employment restrictions for failure to pay more than \$2.9 million for multiple shipments of produce. In addition, the PACA Division assisted 1685 callers needing immediate assistance involving produce transactions valued at over \$46.4 million. The PACA Division's "PACA Search" function provides real-time information on a company's PACA license and complaint history, assisting the industry in making informed business decisions.

Fees and Charges in Effect in 2020:

Basic License Fees:	\$995 per year
Branch License Fees:	\$600 per location
Number of Licensees:	13,141

Industry Outreach – AMS continued its efforts to inform the produce industry of their rights and responsibilities under the PACA, providing virtual PACA training presentations and resuming essential travel to ensure PACA license compliance and enforcement. During FY 2021, AMS conducted a large-scale industry pulse-check of the produce industry, contacting over 850 individuals across the industry. AMS asked industry stakeholders whether PACA was currently meeting industry needs and sought input on how PACA should prepare to meet future needs and challenges of the industry. Industry feedback was positive and indicated satisfaction with the services provided by PACA.

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

Funds available under Section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [\$20,817,000]~~\$21,501,000~~ for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937 and the Agricultural Act of 1961.

LEAD-OFF TABULAR STATEMENT**Table AMS-40. Lead-Off Tabular Statement (In dollars)****Funds for Strengthening Markets, Income and Supply (Section 32)**

Permanent Appropriation, 2022.....	\$21,679,259,652
Prior Year Appropriation Available, start of year.....	6,491,590
Less annual transfers to:	
Department of Commerce.....	-253,668,845
FNS, Child Nutrition Programs.....	-19,968,082,397
Farm Bill Spending Authority, 2022.....	1,464,000,000
Less Sequester.....	-72,789,000
Total AMS Budget Authority, 2022.....	1,391,211,000
Less FNS transfer for the Farm Bill FFVP.....	-187,000,000
Total Available for Obligation, 2022.....	1,204,211,000
 Budget Estimate, 2023	
Permanent Appropriation, 2023.....	27,123,377,552
Less annual transfers to:	
Department of Commerce.....	-362,610,964
FNS, Child Nutrition Programs.....	-25,199,766,588
Total, Transfers	-25,562,377,552
Farm Bill Spending Authority, 2023.....	1,561,000,000
Less Sequester.....	-77,691,000
Total AMS Budget Authority, 2023.....	1,483,309,000
Less FNS transfer for the Farm Bill FFVP.....	-198,000,000
2023 Request, Including Proposed Legislation.....	1,285,309,000
Change in Appropriation.....	81,098,000

PROJECT STATEMENT

Table AMS-41. Project Statement Appropriations (thousands of dollars, FTE)

Program	2020 Actual	FTEs	2021 Actual	FTEs	2022 Estimate	FTEs	2023 Estimate	FTEs	Inc. or Dec.	FTE Inc. or Dec.
Mandatory Appropriations:										
Funds for Strengthening Markets, Income, and Supply (Sec. 32)	\$15,123,425	119	\$22,733,332	134	\$21,685,752	154	\$27,123,378	154	+\$5,437,626	-
Sequestration.....	-72,275	-	-71,136	-	-72,789	-	-77,691	-	-	-
Transfers Out.....	-13,899,792	-	-21,485,332	-	-20,408,752	-	-25,760,378	-	-5,351,626	-
Total.....	1,151,358	119	1,176,865	134	1,204,211	154	1,285,309	154	+81,098	-
Balance Available, SOY.....	500,084	-	390,630	-	375,465	-	-	-	-	-
Recoveries of Prior Year Obligations	68,529	-	66,738	-	-	-	-	-	-	-
Total Available.....	1,719,971	119	1,634,233	134	1,579,676	154	1,285,309	154	+81,098	-
Mandatory Obligations:										
Commodity Purchases.....	1,274,553	-	1,204,298	-	1,522,049	-	1,226,630	-	-295,419	-
Administrative Funds.....	54,788	119	54,469	134	57,627	154	58,679	154	+1,052	-
Total Obligations.....	1,329,341	119	1,258,767	134	1,579,676	154	1,285,309	154	-294,367	-
Balances Available, EOY:	390,630	-	375,465	-	-	-	-	-	-	-
Total Available.....	1,719,971	119	1,634,232	134	1,579,676	154	1,285,309	154	-294,367	-

Table AMS-42. Project Statement Obligations (thousands of dollars, FTE)

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.
<u>Section 32</u>									
Mandatory Obligations:									
Commodity Purchases.....	\$1,274,553	-	\$1,204,298	-	\$1,522,049	-	\$1,226,630	-	-\$295,419
Administrative Funds.....	54,788	119	54,469	134	57,627	154	58,679	154	+1,052
Total Obligations.....	1,329,341	119	1,258,767	134	1,579,676	154	1,285,309	154	-294,367
Balances Available, EOY:	390,630	-	375,465	-	-	-	-	-	-
Total Available.....	1,719,971	119	1,634,232	134	1,579,676	154	1,285,309	154	-294,367
Less:									
Total Transfers In.....	15,123,425	-	22,696,566	-	21,679,260	-	27,123,378	-	-
Total Transfers Out.....	-13,899,792	-	-21,485,332	-	20,408,752	-	-25,760,378	-	-5,351,626
Prior Year Appropriation, Available.....	1,367	-	36,766	-	6,492	-	-	-	-
Sequestration.....	-72,275	-	-71,136	-	-72,789	-	-77,691	-	-4,902
Recoveries, Other	68,529	-	66,738	-	-	-	-	-	-
Bal. Available, SOY.....	498,717	-	390,630	-	375,465	-	-	-	-375,465
Total Appropriation.....	1,719,971	119	1,634,232	134	1,579,676	154	1,285,309	154	-5,731,993

JUSTIFICATIONS:

An increase in administrative funding for pay costs of \$1,052,000 for 2023.

This increase supports a 2023 4.6 percent Cost of Living pay increase. Without this increase AMS will have to reduce program services that support agricultural markets, producers, and nutrition assistance.

All administrative cost increases are offset within AMS’ Section 32 funding, which is adjusted annually based on the Consumer Price Index-Urban, as authorized by the Farm Bill. The inflationary adjustment increased the amount available for 2023 by \$81 million.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS**Table AMS-43. Funds for Strengthening Markets, Income, and Supply (Sec. 32) – No Year – Mandatory Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)**

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Program Spending	\$1,274,553	-	\$1,204,298	-	\$1,522,049	-	\$1,226,630	-
Administrative Obligations:								
California	843	6	720	5	880	8	890	8
District of Columbia	51,543	100	51,613	116	54,924	135	55,947	135
Florida	851	6	869	6	837	5	845	5
Oregon	1,332	6	1,032	6	778	5	785	5
Texas	2	-	-	-	-	-	-	-
Virginia	218	1	234	1	208	1	212	1
Subtotal, Administrative	54,788	119	54,469	134	57,627	154	58,679	154
Total Obligations	1,329,341	119	1,258,767	134	1,579,676	154	1,285,309	154
Bal. Available, EOY	390,630	-	375,465	-	-	-	-	-
Total, Available	1,719,971	119	1,634,232	134	1,579,676	154	1,285,309	154

STATUS OF PROGRAMS**Funds for Strengthening Markets, Income, and Supply – Section 32*****Commodity Purchases******Current Activities***

AMS Commodity Procurement Program (CPP) is responsible for coordinating Agency-wide procurement activities of domestic agricultural products and services for distribution and use in domestic nutrition and international food aid programs. In FY 2021, CPP purchased over \$6.1 billion worth of U.S. product that was shipped overseas for foreign assistance efforts and to domestic outlets such as schools and foodbanks. The program conducts contracting, program analysis, and other support functions for use in the formulation and execution of programs, all of which are related to the procurement of agricultural products and the overall AMS mission to create marketing opportunities. The program also coordinates all Agency activities related to the Web-Based Supply Chain Management system (WBSCM), which is the mission-critical system USDA relies on to manage its commodity supply chain operations, including the order, purchase, storage, and delivery of American agricultural products to customers.

Selected Examples of Recent Progress***Farmers to Families Food Box Program***

As the COVID-19 outbreak occurred, the closure of schools, restaurants, and other foodservice establishments created an excess of agricultural products on the market. Amidst reports of farmers dumping fruits and vegetables and milk, animals being euthanized, distributors laying off employees, estimates of billions of dollars in losses, and an increased need for food among Americans, Commodity Procurement developed an emergency procurement program to link farmers, produce distributors, and people in need. CPP implemented the new, additional purchase program for Farmers to Families Food Box purchases. The program continued into fiscal year 2021, with CPP purchasing an additional \$1.9 billion in agricultural products that supported farmers and fed people across America. The program distributed over 74 million boxes of American agricultural food products to nonprofit organizations across the country through May 31, 2021.

Food Bank Network (FBN) Cooperative Agreement Program

CPP developed the Food Bank Network (FBN) Cooperative Agreement Program. The program will provide up to \$400 million for cooperative agreements to increase access to local food and improve supply chain resiliency by building partnerships with local and regional farmers and producers, socially underserved farmers and producers, and underserved communities. The funding will be awarded to interested state and local governments, and tribal organizations to purchase healthy nutritious food from local, regional, and socially underserved farmers for

distribution to rural, remote, and underserved communities. The funding is provided through the American Rescue Plan and will begin early in FY 2022.

Mixed Fresh Produce Boxes

As the Farmers to Families Food Box Program came to an end in May 2021, CPP purchased mixed fresh produce boxes for the Emergency Food Assistance Program. These pre-packaged boxes contained a variety of fresh fruits and vegetables. In FY 2021, CPP procured over 1.7 million boxes valued at over \$13.0 million.

Nutrition Assistance and Agricultural Support Purchase Programs

CPP total purchases for FNS, FAS, USAID, and market support programs in fiscal year 2021 were \$3.6 billion. Section 32 purchases, valued at \$705.6 million, were delivered to food banks and soup kitchens and supported 39 agricultural markets. CPP delivered food to provide \$66,564 in disaster assistance for the wildfires in Oregon. CPP approved 127 new vendors to participate in our normal purchase programs; developed 6 new products to support agricultural markets; and reformulated 4 current products to meet customer needs. Commodity Procurement successfully purchased an additional \$658.7 million in agricultural food products for food banks, the Food Distribution Program on Indian Reservations and the Commodity Supplemental Food Program utilizing COVID-19 funding.

Marketing Agreements and Orders

Current Activities

Section 32 funds support AMS administrative expenses to oversee Federal marketing agreements and marketing orders, which help to establish orderly marketing conditions for dairy products and specialty crops that encompass fruits, vegetables, nuts and related commodities. Marketing agreements and orders enable dairy farmers and specialty crop producers to work together in their respective commodity groups to solve marketing problems that they cannot solve individually, by balancing the availability of quality product with the need for adequate returns to producers and the demands of consumers. Twenty-nine marketing orders are currently active for specialty crops, and they are customized to meet the needs of a particular industry and may have provisions that: (1) impose mandatory grading and inspection services to meet minimum grade levels; (2) standardize the packaging and labeling of containers; (3) sponsor production research projects; (4) create market research and product promotion activities; and (5) increase or decrease the amount of product allowed into commercial channels during periods of exceedingly high or low volume. Eleven regional marketing orders are currently active for milk and dairy products to ensure orderly marketing conditions and an adequate supply of fluid milk for public consumption.

Selected Examples of Recent Progress

Specialty Crops Program

AMS programs help U.S. producers and handlers remain competitive in domestic and global markets. To respond to industry needs, AMS personnel met with marketing order representatives from numerous industries to discuss matters of industry concern and to consider broad scale regulatory changes responsive to recent trends in production volume and handling practices. AMS shifted to attending more than 140 marketing order board/committee meetings virtually due to the pandemic and approved 29 operating budgets. AMS specialists reviewed more than 2,000 promotional pieces and 355 board/committee contracts to ensure board/committee messaging was compliant with USDA guidelines. AMS also reviewed proposals for dozens of research projects funded by industry assessments, each of which is designed to address issues like pest management and post-harvest handling. Specialty crop marketing orders directly affect and benefit more than 60,000 U.S. farmers.

Referenda

In accordance with marketing order requirements, AMS conducts rulemaking referenda among producers to change or add regulations under marketing orders. Most notable actions in FY 2021 involved: the restoration of credit back authority and reporting requirements changes to the California Walnut Board; conforming votes changes to coincide with quorum changes for the Florida Tomato Committee; changes to the subcommittee size and addition of term limits for the Cherry Industry Administrative Board; modification of handling regulations for fresh pears; the suspension of reporting and assessment requirements of the Washington Potato Committee; the restoration of borrowing authority for the Raisin Administrative Committee; and the modification of assessment allotment for research, promotion and administration of the Cherry Industry Administrative Board...

In its capacity overseeing formal and informal rulemaking actions recommended by marketing order committees. AMS processed 25 work plans, 20 proposed/interim rules, 16 final/final interim rules, 25 notices to trade and press releases, 5 continuance referenda, and 7 amendatory referenda during FY 2021.

Enforcement

AMS is responsible for the enforcement of 29 Federal specialty crop marketing orders and 14 section 8e import regulations, as well as export regulations for apples and grapes (export requirements for plums are suspended) and the U.S. Peanut Standards. Industry administrative committees are responsible for conducting initial investigations and reporting complaints of possible violations to AMS.

Compliance Reviews – In response to COVID-19 related travel restrictions, AMS replaced onsite compliance reviews with remote desk reviews. During FY 2021, AMS conducted 16 desk reviews, approved 22 e-compliance plans, and followed up on 4,780 inspections for failing section 8e entries. For importers not complying with section 8e, AMS issued 41 official warning letters and 7 stipulation agreements, including civil penalties exceeding \$15,500. AMS granted 7,791 SC-6 exemptions for 8e commodities used for processing, donated to charity, or other exempted outlets and showed a 199 percent increase year to year.

In ongoing support of the International Trade Data System, AMS further effectuated a streamlined process for ensuring import compliance using the Compliance Enforcement Management System (CEMS) that received over 60,000 electronic filings from Custom's Automated Commercial Environment, with 96 percent automatically reconciling and returning "May Proceed" messages back to Customs. CEMS processed 7,791 SC-6 Commodity Exemption certificates while AMS issued approximately 41 warning letters to ensure compliance for section 8e commodities and Pistachio Aflatoxin Project imports, accumulated over \$15,500 in stipulation agreed to by importers violating 8e import requirements and Pistachio Aflatoxin Project importers violating the Aflatoxin testing requirement. Compliance also conducted seven webinars and participated in 11 stakeholder presentations to inform global trade participants about reporting requirements that AMS put into place in September through rulemaking. AMS also collaborated throughout the year with the National Onion Association to mitigate onions being imported from Canada without required inspections.

Legal Cases

The Cavesson class action settlement is not final until it is approved by the Court of Federal Claims under Rule 23 of the Court's Rules. Plaintiffs agreed to settle their \$1.3 billion in class action claims and reached agreement on terms, and a settlement agreement for between \$85 million and \$88 million. Lion Farms' \$21 million in claims will be settled for \$7.5 million plus 2.7 percent interest from March 1, 2019, through payment. AMS is awaiting word from the Office of the General Counsel concerning the Administrative Law Judge's acceptance of the terms of the settlement. On September 15, 2021, the Office of the General Counsel informed AMS that there have been no new developments to report on the settlement and are working with the class action firm to ensure that all growers that may be eligible to file claims are notified.

Dairy Program

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

Fluid Milk Processor Bankruptcies: Two major U.S. milk processors filed for bankruptcy during FY 2020. AMS collaborated closely with USDA's Office of the General Counsel (OGC) and Department of Justice (DOJ) attorneys to develop a plan to collect money on behalf of dairy producers. AMS coordinated the Proof of Claim process for 13 FMMO and Dairy Program offices to recover monies owed to USDA and dairy producers through the bankruptcy process and provided guidance and technical expertise to DOJ as it represented USDA and producer interests. Debt owed between the two bankruptcies totals more than \$41 million owed to dairy producers and \$1.2 million owed to USDA. Collected and dispersed \$29 million, 90 percent of the money owed, to dairy farmers in post-petition debt

received from one bankruptcy settlement. Negotiated and collected 100 percent of the bankruptcy monies owed to dairy farmers from the second bankruptcy settlement.

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

Dairy Donation and Milk Donation Reimbursement Programs: AMS leveraged existing staff and technology resources to ensure cost -savings to implement and manage \$400 million available under the new Dairy Donation Program (DDP) and \$19 million available under the Milk Donation and Reimbursement Program (MDRP). Administration of MDRP was absorbed through the new DDP system to ensure a seamless and efficient method of stakeholder participation, as well as administrative cost efficiencies. Through this integrated approved, 143 MDRP participants were automatically enrolled into the new DDP program, and an additional 30 participants have applied for DDP since October 2020. AMS estimates once fully operational, the programs could expend up to \$67 million annually. To maximize stakeholder participation, AMS partnered with the USDA Office of Outreach as well as numerous dairy trade associations and feeding programs to conduct a coordinated outreach effort to advertise the purpose and benefit of the two programs.

PERFORMANCE MEASURES

The following performance measure represents the key performance indicator of operational efficiency through delivery of quality services.

AGENCY-WIDE PERFORMANCE AND EVALUATION**Introduction**

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

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

Alignment to Strategic Plan

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

Strategic Goal 2: Ensure America's Agricultural System is Equitable, Resilient, and Prosperous

Objective 2.2: Build Resilient Food Systems, Infrastructure, and Supply Chain

Summary of Performance

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

Table AMS 44. Performance Indicators

Strategic Objective 2.2		<u>Baseline</u>	<u>2022</u>	<u>2023</u>
Graders Time (Poultry)	Results	95	-	-
Recover 83 percent of graders' time through customer billing	Target	-	83	83

Strategic Objective 2.2		<u>Baseline</u>	<u>2022</u>	<u>2023</u>
Graders Time (Livestock)	Results	95	-	-
Recover 83 percent of graders' time through customer billing	Target	-	83	83

Progress Toward the Achievement of Strategic Objectives in FY 2021

- *Supported Local and Regional Markets and New Agricultural Stakeholders through Significant Investments and Expanded Coordination by:*
 - 1) developing and deploying expanded and new grant programs and cooperative agreements in response to an increase from \$159M to \$1.8B in funds, driven by pandemic assistance authorized by Congress for local and regional food systems, agricultural workers, and supply chain resiliency; and,
 - 2) convening three universities and 17 organizations to build a network of networks for local food systems and COVID response, collaborating across market channels, product sectors, and geography and enabling robust multi-directional communication with university researchers, practitioners, and government.
- *Enhanced Livestock Market Transparency and the Department's initiatives for Executive Order 14036 on Promoting Competition in the American Economy* through publication and dissemination of new cattle market reports that provide critical insight into formula trades and provided time-sensitive market intelligence for the Office of the Chief Economist and the Secretary's office during on competition, which were then parlayed into Administration's actions to address near-term supply chain challenges and market growth.

Challenges

Deployment of a significant increase in federal funds to support increased agricultural opportunities and expanded markets requires rapid onboarding of new staff, build out of new systems, and additional auditing support to ensure financial accountability. The staff and systems often lag behind the need to deploy pandemic-related resources to stakeholders in a timely fashion.

COVID-19 Impact

As a result of the pandemic, hiring to support these activities remains a challenge, and the difficulties have been exacerbated due to the overall labor/workforce situation across government and nationally.

Expected Progress at the 2023 Proposed Resource Level

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

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

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