

Grain Inspection, Packers and Stockyards Administration

Strategic Plan (FY 2000-2005)

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Grain Inspection, Packers and Stockyards Administration

Agency Overview

The Grain Inspection, Packers and Stockyards Administration (GIPSA), along with its United States Department of Agriculture (USDA) sister agencies, the Agricultural Marketing Service (AMS), and the Animal and Plant Health Inspection Service (APHIS), in the Marketing and Regulatory Programs (MRP) mission area, is working to ensure a productive and competitive global marketplace for U.S. agricultural products.

GIPSA helps promote fair business practices and an open, competitive environment for the marketing of livestock, meat, and poultry. Through its oversight activities, including investigations, audits, and monitoring programs, GIPSA works to foster fair and open competition, provide payment protection, and guard against deceptive and fraudulent practices affecting the movement and price of meat animals and their products. GIPSA's work in this area is directed at protecting consumers and members of the livestock, meat, and poultry industries.

U.S. grain flows from farm to elevator to destinations around the world. To facilitate the trading of U.S. grain, GIPSA establishes official U.S. grading standards for grains, oilseeds, rice, lentils, dry peas, and a variety of edible beans. These official U.S. grades and standards simplify numerous attributes into a single descriptive term, thereby reducing transaction costs, increasing market efficiency, facilitating consumer choice, and providing a means for dissemination of readily understandable market information. Because of their importance in facilitating the trading of U.S. grain, these standards cannot remain static. GIPSA continuously reviews and revises the standards to ensure their relevance to American agriculture and to meet the needs of a quality-conscious global marketplace. The standards, along with supporting methodologies and procedures, are applied uniformly within the official grain inspection and weighing system. This system—a unique public-private partnership that includes Federal, State, and private laboratories—provides cost-effective and responsive official inspection and weighing services to the domestic and export trade. Overall, GIPSA provides American agriculture—farmers, handlers, processors, and exporters alike—with the services and information they need to effectively market U.S. grain. Through its programs and services, GIPSA protects and promotes the domestic and global marketing of America's grain. Additional information regarding GIPSA's programs can be found in the GIPSA Strategic Plan and on the Agency's website at: <http://www.usda.gov/gipsa>. This plan was developed exclusively by Federal employees.

Agency Mission

GIPSA facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promotes fair and competitive trading practices for the overall benefit of consumers and American agriculture.

GIPSA's mission is carried out in two different segments of American agriculture. The Packers and Stockyards Programs, as represented in Goal 1 of this strategic plan, promotes fair, open, and competitive markets in the livestock, meat, and poultry segments of American agriculture. This program is authorized by the Packers and Stockyards Act of 1921, as amended (PSA). The grain inspection and weighing program provides the U.S. grain market with Federal quality standards and a uniform system for applying them. The Grain program, as represented in Goal 2, is carried out under the authority of the United States Grain Standards Act (USGSA) and the Agricultural Marketing Act of 1946 (AMA). It is predominantly user-fee funded and accounts for approximately 62 percent of GIPSA's total funding.

Strategic Goals and Objectives

GIPSA has established two goals, and supporting objectives, which set the strategic direction of the Agency's work.

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

This goal, and the accompanying objectives, supports USDA's Goal 1, Objective 1.1, Provide an effective safety net and promote a strong, sustainable U.S. farm economy; and Objective 1.2, Expand market opportunities for U.S. agriculture.

Objectives and Strategies to Achieve the Goal

Objective 1.1: Deter individuals and firms from engaging in anti-competitive behavior that violates the Packers and Stockyards Act, and initiate appropriate corrective action when there is evidence of anti-competitive behavior in violation of the Packers and Stockyards Act.

Strategies to Achieve the Objective:

- Monitor and analyze new and evolving procurement and sales practices to prevent anti-competitive behavior in violation of the Packers and Stockyards Act.
- Strengthen the ability to identify and reduce anti-competitive practices in the livestock, meat, and poultry industries.

Performance Measures:

- Number of investigations.
- Percentage of violations corrected/issues resolved within 1 year of investigation's starting date.
- Monetary recovery to livestock producers and poultry growers resulting from enforcement of the Packers and Stockyards Act.

Means for Achieving Goal 1 and its Corresponding Objectives: The Agency has expanded its economic, legal, and computer expertise to address industry structure and competition issues, and provide greater flexibility and efficiency in enforcing the trade practice and payment protection provisions of the Packers and Stockyards Act. Investigations focusing on preventing anti-competitive behavior in procurement and sales practices, and other practices that may limit or restrict competition, are complex and often demand sophisticated econometrics analysis. Timely completion of these types of investigations requires significant human and capital resources. Nearly 90 percent of Packers and Stockyards Programs' funding is expended on employee pay, benefits, and investigative travel.

Objective 1.2: Deter individuals and firms from engaging in unfair, deceptive, or unjustly discriminatory trade practices in the livestock, meat, and poultry industries that violate the Packers and Stockyards Act, and initiate appropriate corrective action when there is evidence of trade practices in violation of the Packers and Stockyards Act.

Strategies to Achieve the Objective:

- Investigate trade practices of packers, live poultry dealers, livestock dealers, and market agencies to detect fraudulent, discriminatory, or unfair practices.
- Ensure weighing and accounting procedures for the purchase and sale of livestock, meat, and poultry are accurate.

Performance Measures:

- Percentage of violations corrected/issues resolved within 1 year of investigation's starting date.
- Monetary recovery to livestock producers and poultry growers resulting from enforcement of the Packers and Stockyards Act.

Objective 1.3: Deter individuals and firms from failing to provide financial protection to livestock and poultry producers by ensuring subject firms and individuals comply with the payment, custodial, trust, bonding, and financial provisions of the Packers and Stockyards Act, and initiate appropriate corrective action when there is evidence of financial practices in violation of the Packers and Stockyards Act.

Strategies to Achieve the Objective:

- Investigate financial conditions and payment practices of market agencies, dealers, packers, and live poultry dealers.
- Maintain the integrity of the statutory trust for cash sellers of livestock and poultry by performing applicable audits.
- Maintain the integrity of custodial accounts established for the benefit of livestock sellers by conducting audits.
- Obtain adequate surety bonds from market agencies, dealers, and packers.

Performance Measures:

- Percentage of violations corrected/issues resolved within 1 year of investigation's starting date.
- Monetary recovery to livestock producers and poultry growers resulting from enforcement of the Packers and Stockyards Act.

Goal 2: Facilitate the marketing of U.S. grain for the benefit of American agriculture.

This goal and the accompanying objectives support USDA's Goal 1, Objective 1.2, Expand market opportunities for U.S. agriculture.

Objectives and Strategies to Achieve the Goal

Objective 2.1: Increase the efficiency of U.S. grain marketing.

The efficiency of the market is best measured by the transaction costs for buying and selling grain. By having reliable standards and quality assessments and a national system to apply them, buyers and sellers can efficiently and confidently communicate what they want to buy or sell. However, measuring transaction costs is impractical. Consequently, GIPSA will measure the efficiency with which it provides inspection and weighing services and how effectively it evaluates and introduces new or improved testing technology to better measure grain quality characteristics.

Strategies to Achieve the Objective:

- Improve the accessibility of inspection and weighing information.
- Develop new, streamlined inspection and weighing processes.
- Develop new or improved objective measures to determine grain quality.

Performance Measures:

- Percentage of critical grain quality measurement methods evaluated for improvement.
- Number of new or improved grain quality measurement methods implemented.

Means for Achieving the Goal and Objective: GIPSA allocates resources under this performance goal into two primary activities. First, GIPSA must maintain the technical reliability of over 2,200 testing methods. This includes improving the reliability and efficiency of these existing test methods. Secondly, GIPSA must: [a] identify the changing grain quality information needs of the market, [b] develop the technology to obtain the needed information, and [c] assess the impact of new quality information on market structure and performance.

Objective 2.2: Provide a standardized framework for trade in the U.S. grain marketing system.

Standardization of grain quality and quantity measurement improves market efficiency. Likewise, the use of grades and standards improves market efficiency if the grades and standards communicate the quality characteristics relevant to the market. GIPSA directly controls the standardization of the official inspection system and influences the standardization of the commercial market. Measuring the use of grades and standards by the commercial market is impractical, since nearly all those buying or selling grain use the grades and standards to one degree or another. GIPSA will limit its measurement to the accuracy of the official inspection system and adequacy of grades and standards.

Strategies to Achieve the Objective:

- Facilitate trade by setting official standards that provide a common language for the trading of U.S. grain domestically and in international markets.
- Maintain and enhance the standardization of the U.S. grain marketing system through uniform application of official standards, methods, and procedures.
- Foster adoption and understanding of U.S. standards, methods, and procedures in international and domestic markets.

Performance Measures:

- Statistical accuracy of original inspection results (%).
- Standards under review.

Means for Achieving the Goal and Objective: GIPSA's standardization funding is used: a) to maintain the skills of inspection personnel on subjective grading skills, b) to performance test and standardize pieces of inspection equipment, c) to monitor new crop quality, and d) to monitor service accuracy for a variety of quality tests. GIPSA also uses these funds to maintain the grading standards under the United States Grain Standards Act and the Agricultural Marketing Act of 1946.

Objective 2.3: Provide cost-effective and responsive official grain inspection and weighing services.

Strategies to Achieve the Objective:

- Provide mandatory inspection and weighing services on U.S. grain exports at export port locations.
- Provide, upon request, official inspection and weighing services on U.S. rice, commodities, and grain traded in domestic commerce.

Performance Measures:

- Maintain cost of official export grain inspection and weighing service per metric ton.
- Improve customer satisfaction ratings.

Means for Achieving the Goal and Objective: Emerging technologies, vertical integration and related industry streamlining, international trade influences, and supply and demand fluctuations are the leading external factors which shape how GIPSA's customers do business and, in turn, challenge GIPSA to continually improve the efficiency and effectiveness of its programs and services. These external factors, often working in tandem, are often unpredictable and necessitate that the Agency ever strive to be more efficient. GIPSA is working to keep pace with the rapid changes taking place by applying emerging technology to the official system (as reflected in Objective 2.1), automating communications and testing methodologies, and taking innovative approaches to service delivery.

Objective 2.4: Protect the integrity of U.S. grain marketing for the U.S. grain trade.

Strategies to Achieve the Objective:

- Maintain the integrity of the Official Grain Inspection and Weighing System through a monitoring and review process.
- Maintain the integrity of the U.S. grain marketing system through a monitoring and review process.

Performance Measures:

- Statistical accuracy of Official Agency inspection results (%).
- Complaints and violation reports investigated (#).
- Trade issues resolved (#).

Means for Achieving the Goal and Objective: GIPSA designates/delegates state and private agencies to provide official grain inspection and weighing services throughout the United States. To monitor the accuracy of Official Agency inspection and weighing results, GIPSA reviews a randomly selected number of samples inspected by the agencies (i.e., statistical accuracy of Official Agency inspection results). GIPSA also monitors grain facilities to ensure compliance with applicable laws, and investigates complaints (foreign and domestic) and reported violations.

Management Initiatives

Management Initiative 1: Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.

This management initiative supports USDA Goal 5, Objective 5.1, Ensure that USDA provides fair and equitable service to all customers and upholds the civil rights of its employees.

This management initiative is intended to ensure that all customers and employees are treated fairly and equitably, with dignity and respect. This initiative will provide a comprehensive management process to develop a working environment where all employees are supported to reach their full potential. Consistent with the recommendations of the Secretary's Civil Rights Action Team, the Agency's workforce diversity objectives include, among others, providing workforce diversity training (awareness and skill building) to all GIPSA employees, and developing a diverse, team-based organization.

Performance Measure:

- Annual assessments of the Agency's progress in achieving affirmative employment goals.

Management Initiative 2: Ensure prudent financial management throughout the Agency.

This management initiative supports USDA Goal 5, Objective 5.2, Improve organizational productivity, accountability, and performance.

GIPSA will make every effort to ensure that resources are managed effectively and efficiently, and that there are sufficient controls in place to guard against fraud, waste, and abuse.

Performance Measure:

- Number of deficiencies and/or nonconformances.

Linkage of Agency Goals to the Department-wide Goals

GIPSA's Goal 1, Ensure fair, and competitive marketing for livestock, meat, and poultry, supports USDA's Goal 1, Objective 1.1, Provide an effective safety net and promote a strong, sustainable U.S. farm economy; and Objective 1.2, Expand market opportunities for U.S. agriculture.

GIPSA's Goal 2, Facilitate the marketing of U.S. grain for the benefit of American agriculture, supports USDA's Goal 1, Objective 1.2, Expand market opportunities for U.S. agriculture. The Agency's two management initiatives also support USDA's Goal 5, Operate an efficient, effective, and discrimination-free organization.

Linkage of Agency Goals to the Annual Performance Plan

GIPSA expects to use most of the key performance outcome measures used in this strategic plan in the annual performance plan. However, additional or different measures may be used in any given year to report on priority concerns related to the goal or to make use of new data that has become available.

The annual performance plan will be used to help direct resources in implementing key strategies and to help identify specific efforts needed to achieve GIPSA goals and objectives. Each annual plan will include estimated staff years and program costs required to achieve the GIPSA goals. Upon completion of the fiscal year for which the annual performance plan is prepared, a report to Congress will be made defining achievement of the goals.

Goal 1 is linked to the Packers and Stockyards Programs' budget activity: Goal 2 is linked to the Grain Inspection Program which is composed of four key activities: Methods Development, Standardization, Compliance, and Grain Inspection and Weighing.

Program Evaluation

Periodically, the Agency conducts surveys of customers of the official inspection and weighing system to ascertain customer satisfaction. The Statistics Branch of the Department's Agricultural Marketing Service (AMS) has been used to compile, process, and analyze all customer survey data. GIPSA relies upon the expertise of the AMS statisticians to ensure the credibility of the data. In the future, the Agency will use in-house statisticians to compile, process, analyze, verify, and validate survey data. Pending clearance, the Agency plans to conduct similar surveys in the future.

The Office of the Inspector General's evaluation report, "Evaluation of Agency Efforts to Monitor and Investigate Anti-Competitive Practices in the Meat Packing Industry," played an important role in the development of Goal 1 of this strategic plan. Customer, supplier, stakeholder, and employee input were also essential in the preparation of this plan. Internal Agency procedures are used to track each investigation. This ongoing tracking process begins when an investigation is opened by a regional office and concludes when the investigation is closed. Goal 1 is further supported by the September 2000 GAO report to Congressional Committees entitled "Packers and Stockyards Programs-Actions Needed to Improve Investigations of Competitive Practices."

GIPSA continues to build upon the 1999 reorganization by increasing its economic and legal staff and resources; formalizing the investigative process, which includes coordination between economists and legal specialists within the Agency and attorneys within the Office of the General Counsel; and promulgating regulations that promote fair competition.

In formulating the Agency's strategic plan, GIPSA relied upon the Council for Agricultural Science and Technology

report on the quality of U.S. agricultural products which, in part, evaluated USDA established grades and standards. The Agency intends to continue to evaluate whether its grades and standards reflect customers' needs. Internal Agency procedures will be used to track method evaluations which are completed and the number of new and/or improved methods or tests. At the start of each fiscal year, the Agency's Technical Services Division (TSD) establishes a prioritized list of those methods which, in its assessment, need to be evaluated. Throughout the year, TSD tracks whether the listed methods have been evaluated and calculates the percentage of planned evaluations which have been completed.

Key External Factors

Biotechnology has accelerated the rate of change in agriculture with new varieties meeting both the agronomic needs of the farmer and the specific quality attributes of the end-user. The entire infrastructure of agriculture including production, transportation, storage, handling, processing, distribution, and marketing is being influenced. The emergence of biotech grains and the need for uniform assessments of those products directly impacts the marketing of U.S. grain and producers' bottom lines.

GIPSA must effectively respond to the fluid and dynamic business environments in which the grain and livestock industries operate. Like many segments of American agriculture, these industries are experiencing rapid changes such as mergers, acquisitions, vertical integration, and increasingly automated operations. The changes continue to shape how GIPSA operates.

GIPSA plays a critically important role in facilitating the marketing of U.S. agricultural products domestically and abroad. The Agency's overall efficacy is influenced not only by a commitment to organizational effectiveness and efficiency, but it is also governed by a variety of external forces, ranging from supply and demand fluctuations and mergers in the livestock, meat, and poultry markets to market prices, crop quality and quantity, and international trade influences in the grain sector.

New technology, such as E-Commerce, and increasingly sophisticated buyers (both domestic and international) are creating new opportunities for products and services and for opening new markets. Emerging technologies are also continuously changing the way businesses operate, as well as the tools and procedures needed to provide service and monitor compliance with the PSA, USGSA, and AMA.

The Agency will take appropriate steps to monitor these and other factors which might impact achieving its goals and objectives. Appropriate action will be taken to mitigate the impact of any such factors which adversely affect progress in meeting these goals and objectives. GIPSA intends to increase its use of information technology to educate, and provide information to its customers.

Consultations and Coordination with External Entities

GIPSA coordinates its program activities with a number of government entities. Within USDA, GIPSA works with the Animal and Plant Health Inspection Service and Agricultural Marketing Service on marketing issues; the Foreign Agricultural Service on international trade issues and programs; the Agricultural Research Service and the Economic Research Service for research support; and the Office of the Inspector General on investigative matters. Further, GIPSA cooperates with various non-USDA entities, including the Food and Drug Administration on food safety issues; the Environmental Protection Agency on pesticide residue programs; and the Department of Justice and the Commodity Futures Trading Commission, on investigative matters.