

2015 Explanatory Notes
Office of the Chief Economist

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OFFICE OF THE CHIEF ECONOMIST

Purpose Statement

The Office of the Chief Economist (OCE) was created by the Secretary of Agriculture on October 20, 1994, under the authority of the Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. OCE serves as a focal point for the Nation's agricultural economic intelligence and projections; risk analysis; climate change issues; and cost-benefit analysis related to domestic and international food and agriculture. OCE also supports the development of technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management activities; provides analysis for the Department's renewable energy, bioenergy, and biobased product programs; and is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Activities include: policy and program analysis; regulatory reviews; information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; coordination of weather, climate and remote sensing activities; coordination of sustainable development activities; coordination of global climate change research and issues; support for the development of environmental services markets; energy policy analysis and coordination of energy research and issues; and analysis of issues and developments affecting agricultural labor.

OCE produces, on a daily, weekly, and monthly basis, regularly scheduled information releases to advise the Secretary and the public on developments affecting agricultural markets and the rural economy. The office coordinates interagency development of forecasts and projections by drawing together a variety of experts to assure objective and sound analysis. The office uses memos and briefings to advise the Secretary of the consequences of market developments, program changes, and legislative proposals. The office provides economic analysis of Department policy positions to the Congress and the public.

The office participates in the development of reviews, clears all regulatory impact and risk analyses of Departmental significant, economically significant, and major rules to ensure they are based on objective, appropriate, and sound economic and risk analyses.

The office provides economic and policy analysis and helps to coordinate Departmental research in the areas of renewable energy, bioenergy, and biobased products and markets.

The office coordinates USDA's global climate change research program; conducts policy analysis on global climate change issues; supports the development of technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management activities in order to facilitate the participation of farmers, ranchers, and forest landowners in emerging environmental services markets; coordinates activities with other Federal agencies; represents USDA on U.S. delegations to international climate change discussions; oversees Department-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations; and facilitates communication and outreach to producers and agricultural interest groups.

OCE Headquarters is located in Washington, D.C. As of September 30, 2013, there were 49 full-time permanent employees, all stationed in Washington, DC.

OCE did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

OFFICE OF THE CHIEF ECONOMIST

Available Funds and Staff Years (SYs)

(Dollars in thousands)

Item	<u>2012 Actual</u>		<u>2013 Actual</u>		<u>2014 Estimate</u>		<u>2015 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$11,177	49	\$16,008	49	\$16,777	54	\$16,854	54
Mandatory Appropriations.....	1,000	-	-	-	1,000	-	1,000	-
Rescission.....	-	-	-434	-	-	-	-	-
Sequestration.....	-	-	-562	-	-	-	-	-
Total Available.....	12,177	49	15,012	49	17,777	54	17,854	54
Lapsing Balances.....	-80	-	-140	-	-	-	-	-
Obligations.....	12,097	49	14,872	49	17,777	54	17,854	54
<u>Obligations under other USDA appropriations:</u>								
Annual Outlook Forum.....	87	-	90	-	90	-	90	-
Joint Data Procurement	26	-	27	-	27	-	27	-
National Science Foundation	314	-	325	-	400	-	400	-
Climate Change	150	-	150	-	150	-	150	-
Environmental Markets	700	-	700	-	700	-	700	-
Alternative Bioenergy Pathways.....	5	-	110	-	60	-	60	-
Agricultural Policy Research.....	1,300	-	1,300	-	-	-	-	-
Total, Other USDA.....	2,582	-	2,702	-	1,427	-	1,427	-
Total, OCE.....	14,679	49	17,574	49	19,204	54	19,281	54

OFFICE OF THE CHIEF ECONOMIST
Permanent Positions by Grade and Staff Year Summary

Item	<u>2012 Actual</u>			<u>2013 Actual</u>			<u>2014 Estimate</u>			<u>2015 Estimate</u>		
	Wash.		Total	Wash.		Total	Wash.		Total	Wash.		Total
	D.C.	Field		D.C.	Field		D.C.	Field		D.C.	Field	
SES.....	5	-	5	5	-	5	6	-	6	6	-	6
SL.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-15.....	19	-	19	20	-	20	21	-	21	21	-	21
GS-14.....	10	-	10	8	-	8	10	-	10	11	-	11
GS-13.....	4	-	4	4	-	4	4	-	4	3	-	3
GS-12.....	-	-	-	-	-	-	1	-	1	2	-	2
GS-11.....	2	-	2	3	-	3	3	-	3	2	-	2
GS-10.....	3	-	3	3	-	3	3	-	3	3	-	3
GS-9.....	3	-	3	3	-	3	3	-	3	4	-	4
GS-8.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-7.....	-	-	-	1	-	1	1	-	1	-	-	-
GS-6.....	1	-	1	-	-	-	-	-	-	-	-	-
Total Perm. Positions.....	49	-	49	49	-	49	54	-	54	54	-	54
Total, Perm. Full-Time Employment, EOY.....	49	-	49	49	-	49	54	-	54	54	-	54
Staff Year Est.....	49	-	49	49	-	49	54	-	54	54	-	54

OFFICE OF THE CHIEF ECONOMIST

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

- 1 For necessary expenses of the Office of the Chief Economist, [~~\$16,777,000~~] \$16,854,000, of which \$4,000,000 shall be for grants or cooperative agreements for policy research under 7 U.S.C. 3155 [and shall be obligated within 90 days of the enactment of this Act].

The first change in language is for the purpose of deleting restrictive language in the Consolidated Appropriations Act, 2014, that requires Congressional notification prior to funds being obligated after 90 days from the date of enactment.

Lead-Off Tabular Statement

Current Law

Budget Estimate, 2015.....	\$16,854,000
2014 Enacted.....	16,777,000
Change in Appropriation.....	+ 77,000

Summary of Increases and Decreases

(Dollars in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Discretionary Appropriations:					
Office of the Chief Economist.....	\$11,177	+\$3,835	+\$1,765	+\$77	\$16,854

OFFICE OF THE CHIEF ECONOMIST
Project Statement
 Appropriations Detail and Staff Years (SYs)
 (Dollars in thousands)

Program	<u>2012 Actual</u>		<u>2013 Actual</u>		<u>2014 Estimate</u>		<u>Inc. or Dec.</u>		<u>2015 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Office of the Chief Economist.....	\$11,177	49	\$15,012	49	\$16,777	54	+\$77 (1)	-	\$16,854	54
Mandatory Appropriations:										
Biodiesel Fuel Education Program	1,000	-	-	-	1,000	-	-	-	1,000	-
Total Adjusted Approp.....	12,177	49	15,012	49	17,777	54	+77	-	17,854	54
Rescission and Transfers (Net).....	-	-	434	-	-	-	-	-	-	-
Sequestration.....	0	0	562	-	0	0	0	0	0	0
Total Appropriation.....	12,177	49	16,008	49	17,777	54	+77	-	17,854	54
Rescission.....	-	-	-434	-	-	-	-	-	-	-
Sequestration.....	-	-	-562	-	-	-	-	-	-	-
Total Available.....	12,177	49	15,012	49	17,777	54	+77	-	17,854	54
Lapsing Balances.....	-80	-	-140	-	-	-	-	-	-	-
Total Obligations.....	12,097	49	14,872	49	17,777	54	+77	-	17,854	54

Project Statement
 Obligations Detail and Staff Years (SYs)
 (Dollars in thousands)

Program	<u>2012 Actual</u>		<u>2013 Actual</u>		<u>2014 Estimate</u>		<u>Inc. or Dec.</u>		<u>2015 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Office of the Chief Economist.....	\$11,097	49	\$14,872	49	\$16,777	54	+\$77 (1)	-	\$16,854	54
Mandatory Obligations:										
Biodiesel Fuel Education Program	1,000	-	-	-	1,000	-	-	-	1,000	-
Total Obligations.....	12,097	49	14,872	49	17,777	54	+77	-	17,854	54
Lapsing Balances.....	80	-	140	-	-	-	-	-	-	-
Total Available.....	12,177	49	15,012	49	17,777	54	+77	-	17,854	54
Rescission.....	-	-	434	-	-	-	-	-	-	-
Sequestration.....	-	-	562	-	-	-	-	-	-	-
Total Appropriation.....	12,177	49	16,008	49	17,777	54	+77	-	17,854	54

OFFICE OF THE CHIEF ECONOMIST

Justification of Increases and Decreases

Base funds will allow the Office of the Chief Economist (OCE) to continue to advise the Secretary and Departmental Officials on the economic implications of the Department policies, programs and proposed legislation; and serve as the focal point for the Department’s economic intelligence, analysis and review related to domestic and international food and agriculture markets. Additionally, the base funding allows OCE to provide advice and analysis on bioenergy, new uses of agricultural products, sustainable development, agricultural labor, global climate change, and environmental services markets, as well as fund the Agricultural Policy Research Center Program.

(1) An increase of \$77,000 for the Office of the Chief Economist (\$16,777,000 and 54 staff years available in 2014) consisting of:

(a) An increase of \$77,000 for pay costs which includes \$20,000 for annualization of the fiscal year 2014 pay raise and \$57,000 for the anticipated fiscal year 2015 pay raise.

This proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available to continue to provide advice to the Secretary and Department officials on the economic implications of Department policies, programs, and proposed legislation.

Geographic Breakdown of Obligations and Staff Years (SYs)

(Dollars in thousands)

State/Territory	2012 Actual		2013 Actual		2014 Estimate		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$12,097	49	\$14,872	49	\$17,777	54	\$17,854	54
Lapsing Balances.....	80	-	140	-	-	-	-	-
Total, Available.....	12,177	49	15,012	49	17,777	54	17,854	54

OFFICE OF THE CHIEF ECONOMIST

Classification by Objects
(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$6,426	\$6,093	\$7,077	\$7,141
11 Total personnel compensation.....	6,426	6,093	7,077	7,141
12 Personal benefits.....	1,656	1,703	1,912	1,935
13.0 Benefits for former personnel.....	5	12	-	-
Total, personnel comp. and benefits.....	8,087	7,808	8,989	9,076
Other Objects:				
21.0 Travel and transportation of persons.....	239	166	250	185
22.0 Transportation of things.....	2	-	1	1
23.3 Communications, utilities, and misc. charges..	94	80	125	125
24.0 Printing and reproduction.....	11	9	50	50
25 Other contractual services.....	265	302	5,169	5,333
25.1 Advisory and assistance services.....	468	589	450	420
25.2 Other services from non-Federal sources.....	2,619	5,615	2,442	2,363
26.0 Supplies and materials.....	281	277	276	276
31.0 Equipment.....	31	26	25	25
Total, Other Objects.....	4,010	7,064	8,788	8,778
99.9 Total, new obligations a/.....	12,097	14,872	17,777	17,854
Position Data:				
Average Salary (dollars), ES Position.....	\$171,132	\$174,975	\$175,000	\$175,000
Average Salary (dollars), GS Position.....	\$115,054	\$121,216	\$124,000	\$124,000
Average Grade, GS Position.....	14.4	14.6	14.6	14.6

a/ Obligations for the Biodiesel Fuel Education Program are not included in 2013.

OFFICE OF THE CHIEF ECONOMIST

Shared Funding Projects
(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Working Capital Fund:				
Administration:				
Beltsville Service Center.....	\$24	\$18	\$18	\$18
Mail and Reproduction Management.....	62	98	87	76
Integrated Procurement System.....	7	14	14	14
Subtotal.....	93	130	119	108
Communications:				
Creative Media & Broadcast Center.....	31	49	54	58
Finance and Management:				
NFC/USDA.....	10	11	14	13
NFC/Non-USDA.....	-	-	-	-
Controller Operations.....	31	30	12	12
Financial Systems.....	13	14	13	13
Subtotal.....	54	55	39	38
Information Technology:				
NITC/USDA.....	40	21	17	18
Telecommunications Services.....	64	96	101	104
Subtotal.....	104	117	118	122
Correspondence Management.....	31	32	28	33
Total, Working Capital Fund.....	313	383	330	359
Department-Wide Reimbursable Programs:				
1890's USDA Initiatives.....	2	1	1	1
Continuity of Operations Planning.....	1	1	1	1
E-GOV Initiatives HSPD-12.....	3	3	3	3
Emergency Operations Center.....	1	1	1	1
Hispanic-Serving Institutions National Program.....	1	1	1	1
Human Resources Transformation (inc. Diversity Council)..	1	1	1	1
Intertribal Technical Assistance Network.....	1	-	-	-
Medical Services.....	2	2	2	2
Personnel and Document Security.....	1	2	2	2
Pre-authorizing Funding.....	2	2	2	2
Sign Language Interpreter Services.....	4	5	5	5
Virtual University.....	1	1	1	1
Total, Department-Wide Reimbursable Programs.....	20	20	20	20
E-Gov:				
Enterprise Human Resources Intigration.....	1	1	1	1
E-Rulemaking.....	-	-	1	1
E-Training.....	1	1	1	1
Integrated Acquisition Environment - Loans and Grants.....	1	1	1	1
Total, E-Gov.....	3	3	4	4
Agency Total.....	336	406	354	383

OFFICE OF THE CHIEF ECONOMIST

STATUS OF PROGRAM

The Office of the Chief Economist (OCE) advises the Secretary of Agriculture on the economic implications of Department policies, programs, and proposed legislation. OCE serves as the focal point for: the Nation's agricultural economic intelligence and projections related to agricultural commodity markets; risk analysis and cost-benefit analysis related to international food and agriculture; energy issues related to the agricultural economy; sustainable development; agricultural labor; global climate change; and environmental markets. OCE is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop Departmental outlook and situation material.

Current Activities:

OCE provides policy and program analyses and advice for the Secretary on major issues affecting agriculture and rural America. The Immediate Office (IO) addresses issues on: trade agreements and disputes; developments in agricultural commodity markets, such as effects of global weather developments and changes in production and trade patterns; economic issues related to plant and animal diseases; farm programs; crop insurance improvements; sustainable development in agriculture and rural communities; climate change and agriculture; conservation programs; ecosystem services markets; and agricultural labor.

The World Agricultural Outlook Board's (WAOB) primary mission is to provide reliable and objective economic forecasts for farmers and other participants in the food and fiber system. Key WAOB activities are coordinating USDA forecasts of domestic and international agriculture; providing economic analysis related to global commodity markets; monitoring markets and agricultural weather; and disseminating relevant information.

OCE clears all USDA significant, economically significant and major regulations for their regulatory impact analyses and risk analyses. OCE's Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) reviews and approves statutorily required risk assessments for all major USDA regulations. ORACBA is a focal point for Departmental activities related to risk analysis, including: inter-Departmental activities; risk communication; education on risk analysis methods; regulatory reviews to ensure cost-effective, less burdensome regulations; and the integration of economic analysis and risk assessment.

The Office of Energy Policy and New Uses (OEPNU) coordinates the economic analysis of energy issues across USDA and is responsible, with the National Institute of Food and Agriculture (NIFA), for implementing the Biodiesel Fuel Education Program. OEPNU conducts research on biofuel's net energy balance, biobased product markets, life-cycle analyses, and renewable energy technologies. OEPNU, along with other USDA agencies and the Department of Energy, participates in the Biomass Research and Development Initiative. OEPNU also coordinates and provides information, data, production and best management practices, and market and policy expertise for feedstocks being evaluated by the Environmental Protection Agency (EPA) under the Renewable Fuel Standards.

The Climate Change Program Office (CCPO) coordinates the Department's climate change activities, represents the Department with other Federal Departments and Agencies, and provides analysis and advice on issues related to climate change for the Office of the Secretary. As directed under Departmental Regulation 1070-001, CCPO is responsible for producing the USDA Climate Change Adaptation Plan. CCPO coordinates USDA contributions to the U.S. National Climate Assessments, required under the 1990 Global Change Research Act. CCPO works with USDA agencies to integrate climate change and greenhouse gas reduction considerations into their activities, to establish program and research priorities, and to coordinate actions to address the risks of climate change and mitigation responses. CCPO facilitates USDA participation in the U.S. Global Change Research Program.

The Office of Environmental Markets (OEM) supports the Department's efforts to facilitate emerging markets for carbon sequestration, water quality, wetlands, biodiversity, and other ecosystem services. OEM continues to make good progress facilitating the participation of farmers and rural landowners in emerging environmental markets. OEM is working with stakeholders to develop scientifically defensible protocols for quantification of ecosystem service benefits produced and collaborates closely with the Natural Resources and Environment Mission Area, including joint activities with the Forest Service and Natural Resources Conservation Service (NRCS).

Selected Examples of Recent Progress:

Agricultural Policy. IO staff provided assistance and analysis to Departmental agencies implementing commodity, conservation, renewable energy and other programs by reviewing and providing analysis of proposed program regulations, participating in inter-agency working groups, and helping to ensure effective and efficient program development. For example, the IO participated in the development and analysis of Departmental budget proposals; Conservation Reserve Program enrollment alternatives; options to assist dairy producers; sugar and other farm program issues; and the effects of climate change legislation on agricultural production, commodity prices, farm income, and retail food prices. The Chief Economist served on the Department's Farm Bill Task Force, which coordinated Departmental policy regarding the next Farm Bill. IO staff provided assistance to the Department by reviewing and negotiating language for important rulemakings and actions by other agencies that affect agricultural and forest production in the U.S. For example, the Chief Economist and IO staff coordinated research and policy analysis with EPA on the renewable fuel standards. IO staff is responsible for clearing all USDA risk analyses and economically significant rules. The Chief Economist chairs the G20's Agricultural Market Information System initiative, which met twice in 2013 to discuss global supply and demand factors affecting commodity markets.

Agricultural Labor Activities. IO staff provided analyses and information focused on the unique characteristics of agricultural production, including the diversity in the demand for labor across agriculture, the seasonal demand for labor, the number of U.S. jobs attributable to agriculture, and the role of temporary workers in the agricultural sector. IO staff worked with Senate staff to provide input and data used to draft the Border Security, Economic Opportunity, and Immigration Modernization Act (S.744). This bill creates a new agricultural guest worker program that will be operated within USDA. IO staff conducted briefings and analysis on the implications of this bill for agricultural labor to government agencies and outside stakeholders.

World Trade Organization (WTO) and Trade Policy Support. During 2013, IO staff supported USDA WTO activities by providing economic analysis, and position papers, especially in the area of domestic support in key emerging markets, preparations for the Bali Trade Ministerial, and developing a negotiating strategy for 2014. IO staff supported the Office of the United States Trade Representative (USTR) in the Country of Origin Labeling case brought before the WTO and supported the Under Secretary for Farm and Foreign Agricultural Service's Office and USTR in the negotiations with Brazil under the Framework Agreement for resolving the WTO cotton/Export Credit Guarantee Program dispute. IO staff coordinated USDA's response to Peru's trade challenge to U.S. cotton support and the inter-agency process to prepare U.S. domestic support notifications to the WTO.

Analytical Assistance to Congress and Other Federal Agencies. The Chief Economist was chief witness at two Congressional hearings on the 2012 drought and on the effects of biofuels on the agricultural economy. He also accompanied the Secretary at two Congressional appropriations hearings and drafted testimony for two hearings on the Farm Bill and energy policy. A total of 10 Congressional briefings and meetings were conducted in 2013 by the Chief Economist on the Farm Bill, WTO, drought, and economic outlook. IO staff conducted many additional briefings and analyses for Congress on issues such as climate change, WTO disputes, WTO domestic support notifications, weather and market situation and outlook, the 2012 drought and implications for farm income, and biofuels and biobased products.

Crop Insurance. The Chief Economist is the Chairman of the Board of Directors of the Federal Crop Insurance Corporation and presided over six public board meetings during 2013. The board approved a series of new programs and program changes in 2013 including: expansion of existing pilot programs for sesame, silage storage, avocado, specialty corn and specialty-trait soybeans; modifications to the olive pilot program; approval of the Actual Revenue History (ARH) Tart Cherry Pilot Program and approval of the pulse crop revenue endorsement.

Outreach Activities. The IO and Chief Economist made numerous speeches, including to the ABARES (Australian Bureau of Agricultural and Resource Economics and Sciences) Outlook 2013 Conference in Canberra, Organization for Economic Co-operation and Development (OECD), Food and Agriculture Organization (FAO), European Union (EU) Commission, opening session of the USDA Agricultural Outlook Forum, Informa Spring Outlook Conference, American Association of Agricultural Economists Annual Meeting, National Farmers Union and Farm Bureau, as well as presentations to numerous visiting farm groups. The Chief Economist also chaired the steering committee for USDA's 2013 Agricultural Outlook Forum.

Sustainable Development Activities. During 2013, IO staff successfully developed and launched the U.S. Food Waste Challenge. Food waste, which is estimated at approximately 30-40 percent of the U.S. food supply, has an impact on a number of issues of strategic importance to USDA, including food security, natural resource conservation, and climate change. The U.S. Food Waste Challenge calls on entities across the food chain to reduce, recover, and recycle food waste. For the Food Waste Challenge, IO staff convened a cross-department working group to identify USDA commitments to the U.S. Food Waste Challenge, built a partnership with EPA to co-sponsor the Challenge, and worked with high-profile private business and non-governmental organizations to join the Challenge as founding partners. The Food Waste Challenge is one of Secretary Vilsack's priority initiatives.

During 2013, OCE also coordinated the Department's contributions to the interagency process on the United Nation's (UN) post-2015 Development Agenda, the 10-Year Program of Action on Sustainable Consumption and Production, and the Sustainable Development Goals. OCE staff served as the U.S. representative on the Agri-Food Task Force and as the co-representative on the Joint Working Party on Agriculture and the Environment of the OECD. OCE staff created an interagency working group on voluntary sustainability standards (VSS) for food and agriculture to provide better coordination across the Department with respect to how USDA engages on VSS. OCE staff continued to represent the Department on the White House's interagency working group for the Tropical Forest Alliance 2020 (TFA2020), coordinated review of all TFA2020 documents, and helped formulate USDA's position on proposed U.S. Government contributions, such as procurement requirements for sustainable beef and soy.

Climate Change Adaptation Planning. In 2013, CCPO released the USDA Climate Change Adaptation Plan for public comment. The plan is being revised to reflect the status of implementation of actions outlined in the plan and to reflect responses to public comments.

National Climate Assessment. CCPO oversaw the completion and release of six major reports that contributed to the 2013 National Climate Assessment. In 2013, USDA published two major assessments and four technical reports that provided technical input on the following topics: agriculture, forests, rural communities, biogeochemical cycles, land use and land cover change, and regional impacts of climate change. The findings of the USDA reports were adopted for use in the National Assessment. The reports can be found on the CCPO website and are being used across the Department in planning and preparations for climate change. CCPO communicates the findings of these assessments and reports to farm groups and farmer organizations

Climate Change Analysis and Advice. CCPO continued to serve as a Department-wide coordinator for agriculture, rural, and forestry-related climate change issues and activities. CCPO provided leadership by coordinating the establishment of seven Regional Hubs for Climate Risk and Adaptation. The hubs will serve as "one-stop shops" to help USDA field managers and technicians get the information they need to cope with changing climate conditions. CCPO played a large role in designing the Hubs proposal, and helped to craft the scope, governance, terms of

reference, and process for selection. USDA's plans are receiving strong support from farmer groups, universities, and other federal agencies interested in cooperating with USDA. CCPO played a lead role in communicating the plan to USDA stakeholders.

Global Change Task Force. The Director of CCPO continued to chair the USDA Global Change Task Force, utilizing the task force to ensure that all USDA agencies with a responsibility for climate change are kept informed of Departmental and Administration priorities and are included in reviews, assessments, analyses, and communication efforts. Task force participants include the Agricultural Research Service (ARS), Economic Research Service, National Agricultural Statistics Service, NIFA, Forest Service, NRCS, Farm Service Agency, Foreign Agricultural Service (FAS), Risk Management Agency, Animal and Plant Health Inspection Service, and Agricultural Marketing Service, among others.

International Climate Change Negotiations. CCPO continued to represent the Department in international climate change negotiations. CCPO helped to secure U.S. contributions to the Global Research Alliance on Agricultural Greenhouse Gases. This international consortium includes over 30 countries. CCPO led USDA preparations for the 17th Conference of the Parties to the Framework Convention on Climate Change (COP-17) in Doha, Qatar. CCPO initiated efforts to partner with the World Bank and the Governments of the Netherlands and South Africa on efforts to address climate-smart agriculture.

Supply and Demand Monitoring and Reporting. WAOB continued publishing the monthly *WASDE* report providing official world and U.S. supply and utilization estimates and forecasts for grains, oilseeds, and cotton and official estimates and forecasts for U.S. sugar, red meat, poultry, eggs, and milk. All *WASDE* reports were released as scheduled in FY 2013. Under pressure from the growth in electronic trading and the advent of 24-hour trading, WAOB staff has reduced the time needed to post the report to the OCE website from 9 seconds in 2012 to less than 2 seconds by the end of 2013. WAOB staff cleared all USDA economic outlook reports released in 2013. WAOB issued 12 monthly *WASDE* reports, 52 weekly *White House Memos* on the current situation in U.S. agricultural markets, and 250 *Daily Highlights of Agricultural Developments*. Post-lockup briefings were presented monthly to the Secretary and multiple radio interviews were recorded each month by WAOB staff. During 2013, the *WASDE* report was downloaded about 142,000 times per month from the OCE and USDA-Cornell websites (a site operated by Cornell University through a partnership with USDA). In addition, 14,000 subscribers to a Cornell-managed Listserve system received the *WASDE* report every month.

Baseline Projections. In February 2013, WAOB oversaw publication of the inter-agency 10-year baseline economic projections, providing timely insight and strategic planning information for the President's budget, agricultural producers, other agribusinesses, and policy officials.

Briefings and Media Events. The WAOB Chairman recorded approximately 36 interviews for USDA radio and the Berns Bureau Radio, and along with other WAOB staff, delivered numerous speeches and briefings explaining USDA's commodity situation and outlook projections to industry groups. WAOB staff also provided briefings on USDA's commodity analysis program to visiting foreign delegations from Argentina, Bulgaria, Afghanistan, Brazil, China, India, and Pakistan, among others. WAOB meteorological staff also regularly participated in television, radio, and print media interviews on the U.S. drought of 2012-13 and other weather events impacting agriculture.

Weather Analysis. WAOB and the National Weather Service (NWS) jointly prepared and published 52 *Weekly Weather and Crop Bulletins (WWCB)*, while WAOB meteorologists issued 250 *Morning Weather Summaries*, prepared national agricultural weather summaries, and contributed to 52 weekly *U.S. Drought Monitors (USDM)*, produced jointly by WAOB, NWS, and the Drought Mitigation Center in Lincoln, Nebraska. The weather components of the *Daily Agricultural Highlights* and the *Weekly Weather and Economics Briefing* were delivered as scheduled to the Office of the Secretary and other senior USDA staff. During 2013, the *WWCB* was downloaded an average of more than 18,000 times per month from the OCE website and 6,993 times per month from the USDA-

Cornell website, while 6,300 subscribers received the bulletin through the Cornell Listserv service. *Major World Crop Areas and Climatic Profiles* was downloaded an average of 93,000 times per month from the OCE website.

The *USDM* gained additional visibility and utility for drought disaster relief in 2013. Several new *USDM*-triggered initiatives that were introduced in 2012 continued through 2013. Specifically, in July 2012, the Secretary announced a simplified process for secretarial disaster declarations, reducing the time it takes to designate counties affected by drought disasters by an estimated 40 percent. Producers in drought-affected counties nearly automatically qualify for low-interest loans with a *USDM* designation of D3 to D4 (extreme to exceptional drought), or eight consecutive weeks of D2 (severe drought). In 2013, more than a thousand (1,367) U.S. counties—along with 503 contiguous counties and parishes—qualified for a secretarial disaster designation based on the U.S. Drought Monitor depiction.

WAOB meteorologists prepared early warnings and assessments of significant weather events that affected agriculture for the Chief Economist and other senior USDA staff, including: the lingering effects of the historic drought of 2012, which carried into 2013 in some parts of the country; a freeze in California (January 2013); and Spring flooding in the Mississippi Valley (April-June 2013). International highlights included: the impacts of erratic rainfall on the production of Argentine corn and soybeans; the effects of heat and dryness on agriculture in parts of Europe and the Former Soviet Union; the impact of excessive rainfall on Indian soybeans; and, record wheat and canola production in Canada due to nearly ideal growing conditions.

WAOB meteorologists were instrumental in the development of new agreements with the National Oceanic and Atmospheric Administration (NOAA) designed to reinforce the Department's commitment to work with other agencies to combat the impacts of drought on the Nation's agricultural communities. Elements of the agreement are considered vital to the launch of an interagency National Drought Resilience Partnership, which was first outlined in the President's Climate Action Plan in June 2013 as a method for helping communities manage drought-related risks. A key aspect of the agreement is the development of a National Soil Moisture Network, a collaborative effort between USDA, NWS, and the academic community.

WAOB continued to actively support the World Meteorological Organization (WMO) Commission for Agricultural Meteorology (CAgM), which promotes the use of weather and climate information to improve sustainable food production worldwide. A WAOB meteorologist served on the eight-member WMO CAgM Management Group, which formulates commission policy, develops strategic plans, and evaluates program area progress. WAOB also continued as a leading contributor to the World Agrometeorological Information Service, a dedicated web server hosting agrometeorological data, products, and bulletins prepared by WMO member countries.

USDA Agricultural Outlook Forum. WAOB staff planned, coordinated, and chaired the program committee for USDA's 2013 Agricultural Outlook Forum: *Managing Risk in the 21st Century*. Forum registration reached 1,862. The 2-day program included 25 sessions on major issues affecting rural America, including commodity economics, rural communities, conservation, nutrition, food price trends, farm income, organics, and food safety.

Analyses Reviewed. In 2013, ORACBA staff provided substantive reviews of economic analyses and regulations to improve nutrition and cost control in USDA food assistance and school feeding programs, economic analyses and regulations to change the status of various nutrients and minerals used in the National Organic Program (NOP), as well as risk assessments and economic analyses supporting poultry slaughter modernization. ORACBA provided economic and scientific review in support of regulations to modernize poultry slaughter inspection systems, trace livestock in inter-State commerce, revise the nutrients, vitamins, and minerals allowed in the NOP, regulate the retail sale of pets via the Internet, and enable trade and control of invasive species and animal diseases, e.g. importation of bovine and bovine products and firewood. ORACBA staff regulatory reviews supported implementation of new programs and delivery of existing programs across all USDA mission areas. In 2013, ORACBA reviewed analyses for 22 USDA proposed and final rules, 9 EPA proposed and final rules, and scientific

and economic documents, 5 Food and Drug Administration (FDA) proposed rules, scientific and economic documents, and 3 critical habitat designation rules, among others.

Risk Analysis Leadership and Consultation. ORACBA provided guidance to USDA agencies developing risk assessments, National Environmental Policy Act analyses, and economic analyses related to nutrition assistance programs, agricultural marketing programs, foodborne pathogens, and plant and animal diseases, including foot-and-mouth disease. ORACBA participated in the scientific review of the EPA and Forest Service pesticide risk assessments. ORACBA also actively participated in the 18-agency Interagency Risk Assessment Consortium (IRAC) to enhance communication and coordination among the agencies with food safety responsibilities and promote scientific research that will facilitate risk assessments and co-sponsored a food safety workshop with IRAC. ORACBA also supported the Codex Committee on Food Hygiene as members serving on international expert panels on microbial (*Campylobacter* and *Salmonella*) risk assessment and served as a resource to the U.S. delegation to Codex. ORACBA supported the National Advisory Committee on Microbiological Criteria for Foods as members served as risk consultants for the Subcommittee on the Study of Microbiological Criteria as Indicators of Process Control and Insanitary Conditions.

During 2013, ORACBA staff provided scientific expertise and advice in support of food safety and trade; supported agencies conducting risk assessments and cost-benefit analyses; and provided analysis to USDA and other Federal agencies to evaluate environmental issues affecting agriculture and matters pertaining to agriculture and environmental quality (air and water quality), pesticide use, and endangered species. This included reviews of EPA chemical and pesticide risk assessments, environmental effects associated with the FDA Food Safety Modernization Act Produce Rule and dietary exposure assessments for arsenic in various agricultural commodities. ORACBA provided advice on statistical approaches for sampling schemes for microbial pathogens in meat and poultry, and development of standards for assessing invasive species risk mitigation plans for biofuel feedstocks.

Risk Communication and Outreach. ORACBA continued to improve communication among USDA analysts concerning developments in risk assessment and economic analysis. ORACBA conducted seminars, workshops, and consultations on risk analysis for government groups and land-grant universities. ORACBA staff presented risk assessment results and regulatory analyses at professional meetings for government, industry, and university scientists and economists including the annual meeting of the pesticide data program users. ORACBA staff published articles on optimal food safety sampling under budget constraints, the food safety impact of Codex sampling plans for *Listeria monocytogenes* in ready-to-eat foods, and the impact of the precautionary principle in feeding current and future generations.

Risk Assessment Education and Training. At the annual meeting of the Society for Risk Analysis, ORACBA scientists presented research on optimal food safety sampling under budget constraints, retrospective review of the special supplemental nutrition program for women, infants, and children and retrospective regulatory review of pesticide restrictions in endangered species critical habitat. ORACBA worked with the Joint Institute for Food Safety, the University of Maryland, and the FDA to promote both basic and advanced courses in risk assessment methods and collaborated with FAS to provide instructors for risk analysis courses in foreign countries. ORACBA's Science, Policy and Risk Forum provided in person and webinar access to seminars comparing chemical risk assessment in Europe and the U.S., optimal food safety sampling plans, and a day-long workshop on risk analysis in food safety featuring speakers from four federal agencies and three different USDA agencies.

Biobased Products. OEPNU continued its involvement in biobased products research. OEPNU held a workshop for industrial biotechnology industry leaders in conjunction with the Biotechnology Industry Organization (BIO) International Conference on Industrial Biotechnology in Montreal, Canada. The workshop explored challenges and opportunities for industrial biotechnology as a result of abundant and low cost natural gas. A white paper was prepared summarizing the insights gained in the workshop for use in program planning. OEPNU staff provided US

leadership to the OECD’s Task Force on Industrial Biotechnology and Working Party on Biotechnology and demonstrated US leadership in a global forum on the subject. OEPNU staff also continued to provide feedback to USDA’s Departmental Management in the development of its labeling program for biobased products and biobased product designation for federal procurement—the BioPreferred program.

During 2013, OEPNU staff conducted a survey of biobased manufacturers to determine biobased product activity by manufacturers during 2012 and prepared a report discussing market demand for biobased products, proportion of product from a manufacturer that was biobased, the nature of the products produced, and proportion of manufacturer employment engaged in biobased product manufacturing and marketing. OEPNU prepared a second report examining trends for these biobased manufacturers across the 2008, 2010, and 2012 periods. It also finalized and issued a report on development of biobased products for complex assemblies by the automotive industry.

Biodiesel Fuel Education Program. During 2013, OEPNU, along with NIFA, continued to track activities, outcomes, and coordinate efforts under the national Biodiesel Fuel Education Program – a program to educate the public and other stakeholders on the benefits of biodiesel. Twice a year OEPNU convenes a USDA inter-agency panel to review progress on program goals and develop an education outreach system that delivers useful and consistent information about the benefits of biodiesel. A 2013 Biodiesel Training Toolkit was completed and widely distributed at major industry events.

Energy and Bioenergy Analysis. In 2013, OEPNU staff collaborated with academics and non-governmental organizations to provide research and analysis in support of the Chief Economist and the Office of the Secretary. OEPNU also sponsored conferences and workshops in reaching out to and disseminating information to stakeholders, including: co-sponsoring the Life-Cycle Analysis Conference with Argonne National Laboratory; and, in collaboration with Rural Development, Department of Energy, EPA and the Farm Foundation, held the third in a series of bioenergy educational field days—“An Anaerobic Digester Field Day”—which examined technical, environmental and financial factors to consider when installing an anaerobic digester on a livestock operation.

OEPNU published numerous reports, journal articles, and papers under its cooperative research program, including *Factors Affecting the Adoption of Wind and Solar Power-Generating Systems on U.S. Farms; Why are California Farmers Adopting More (and Larger) Renewable Energy Operations?; Reassessment of Life Cycle Greenhouse Gas Emissions for Soybean Biodiesel*; Chapter 4 of a book titled *Advances in Energy Research, Volume II*; and *Assessment of the National Prospects for Electricity Generation from Biomass*.

During 2013, OEPNU coordinated Departmental interaction with the EPA on the 2013 EPA Regulation of Fuels and Fuel Additives (2013 Renewable Fuel Standards [RFS2]) for the Renewable Fuel Standards of the Energy Independence and Security Act of 2007. OEPNU coordinated meetings bringing together USDA subject matter experts for EPA’s feedstock pathways evaluations.

Chesapeake Bay Executive Order. OEM continued to lead environmental market development efforts under the Chesapeake Bay Executive Order Strategy. OEM convened monthly meetings of the Interagency Environmental Markets Team (EMT) to facilitate collaboration among 12 Federal agencies. The EMT promoted increased participation in environmental markets and supported an analysis of the economic impacts of nutrient trading and other policy approaches for reducing agriculture’s nutrient discharge into the Chesapeake Bay watershed. OEM partnered with NRCS to establish a network of the Chesapeake Bay Water Quality Trading Conservation Innovation Grant awardees. The network is focused on developing robust water quality trading programs in the Chesapeake Bay and on reducing uncertainty in trading programs and removing barriers to water quality market development.

Coordination and Collaboration. OEM coordinated efforts within USDA to develop technical guidelines and protocols, research priorities, and other market-related policies. OEM convened monthly meetings of the USDA Environmental Markets Workgroup, and facilitated the development of issue papers on trading ratios, additionality,

and the role of government in water quality markets. OEM worked with NRCS and the NRE mission area to develop a Department-level partnership agreement with the EPA to promote collaboration on water quality credit trading and other ecosystem services markets. OEM coordinated review of and technical input for several publications on environmental markets, including five Technical Memoranda developed by the EPA to inform water quality trading in the Chesapeake Bay. OEM also supported efforts to establish a national water quality trading network to improve consistency, integrity and transparency of water quality markets.

Tools, Guidelines and Analysis. OEM worked with NRCS, ARS and several universities and non-governmental organizations to improve calibration, validation and verification procedures for the Nutrient Tracking Tool. OEM initiated new inter-agency agreements with ARS, EPA, and the United States Geological Survey. The agreements improve existing quantification tools, support the establishment of an information toolkit and roadmap for water quality trading and offset programs, and develop a framework for biodiversity and habitat trading. OEM also sponsored an assessment of opportunities for animal agriculture to participate in environmental markets. The report reviews the science, metrics and nutrient management tools used in animal agriculture, and it identifies opportunities for greater involvement of the animal agriculture sector in environmental markets.

Communication and Outreach. OEM staff made numerous presentations to governmental agencies, commodity groups, farm organizations, and conservation groups on environmental markets-related topics. OEM also cosponsored the conference “A Community on Ecosystem Services and Ecosystem Markets,” bringing together over 600 leaders in government, academia, and the private sector to advance the use of ecosystem services and markets in conservation, restoration, resource management, and development decisions. In addition, OEM improved its web presence, integrating additional content from multiple USDA agencies and improving public access to information on environmental markets.

OFFICE OF THE CHIEF ECONOMIST

Summary of Budget and Performance

Statement of Department Goals and Objectives

The mission of OCE is to advise the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation; to ensure the public has consistent, objective and reliable agricultural forecasts; to promote effective and efficient rules governing Departmental programs; to coordinate Departmental energy policy, programs, and strategies; coordinate Departmental climate change policy, programs, products, and strategies; and foster the development of environmental markets.

OCE has 6 strategic goals and 8 strategic objectives that contribute to all of the Secretary’s strategic goals, but specifically to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving and ensure our national forests and private working lands are conserved, restricted, and made more resilient to climate change, while enhancing our water resources.

OCE Supports All USDA Strategic Goals

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Ensure the Secretary of Agriculture receives timely, independent, objective economic analyses on critical Departmental program and policy issues.	Provide economic intelligence and analysis to support Departmental policy and program decisions.	Chief Economist and Immediate Office (IO)	Senior USDA leadership understands markets and the economic impacts of policy options.
Significant and economically significant regulations affecting the public are based on sound, objective, and appropriate risk assessments and economic analysis.	Review and support regulatory impact analyses and risk assessments for significant and economically significant USDA regulations.	Office of Risk Assessment and Cost-Benefit Analysis (ORACBA)	Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis.

Key Outcome 1: Senior USDA leadership understands markets and the economic impacts of policy options.

Key Performance Measures and Targets:

The Secretary of Agriculture and other senior USDA leadership are satisfied with Chief Economist and IO staff support of Departmental programs across all mission areas. Measurement of the performance of the Chief Economist and IO staff is qualitative and provided by direct feedback to the Chief Economist from the Secretary and other senior leadership. The baseline performance is providing excellent support. The target performance is to continue to provide excellent support.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. Economic policy, program analysis, and advice for the Secretary of Agriculture	N/A						
b. Dollars (in thousands)	\$1,886	\$1,871	\$1,931	\$1,962	\$2,076	\$1,849	\$1,938

Selected Past Accomplishments toward Achievement of the Key Outcome:

The Chief Economist and IO supported Departmental programs across all mission areas by reviewing and providing economic analysis of proposed program regulations, participating in interagency working groups, and helping to ensure effective and efficient program and policy development. Selected past accomplishments include:

- Chief Economist and IO staff provided policy and program analysis and advice to the Secretary in the areas of international trade agreements, risk-sharing institutions, crop insurance, commodity and conservation programs, sustainable development, climate change, agricultural labor, and alternative/renewable energy;
- Chief Economist chaired the Board of Directors of the Federal Crop Insurance Corporation (FCIC), the Capper-Volstead Act Committee, and served on the USDA Energy Council;
- Provided regular oral and written briefings to the Secretary and other key leaders on legislation, market developments, and key economic events affecting agriculture, forestry, and rural America;
- Assisted the Secretary's communication office in developing speech text and in the use of economic information for speeches of top officials and in press releases and provided subcabinet officials with economic intelligence relevant to the administration of their program areas and USDA in general;
- Reviewed Congressional testimony of executive branch officials and Department correspondence for economic content, testified before Congress, and prepared analyses for members of Congress, their staffs, and various Committee staffs on the impacts of legislative proposals;
- Represented the Department on U.S. delegations to international discussions of sustainable development, international trade or other issues and served as a source of objective assessments of the effects of proposals made in international forums that would affect agreements, treaties or other obligations of the Department; and
- Led and coordinated cross-mission area work on sustainable development and agricultural labor markets, including chairing the USDA Council on Sustainable Development, representing USDA in international multilateral environmental negotiations, and other issues as requested by the Secretary.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

The Chief Economist and IO expect to provide substantially the same level of support in 2015 to Departmental programs across all mission areas. Key expected accomplishments are:

- Provide analysis and advice to the Secretary in the areas of commodity and conservation programs, agricultural market conditions, climate change, alternative/renewable energy, biobased chemicals and products, agricultural labor, sustainable development, international trade agreements, risk-sharing institutions, and crop insurance;
- Testify before Congress and prepare analyses when requested for Members of Congress and their staffs on the effects of legislative proposals or other topics of interest;
- Chair the Board of Directors of the FCIC and the Capper-Volstead Act Committee;
- Represent the Department on U.S. delegations to international discussions of sustainable development, international trade, or other issues and provide objective assessments of the effects of proposals made in international forums that would affect agreements, treaties or other obligations of the Department;
- Lead and coordinate cross-mission area work on sustainable development, including chairing the USDA Council on Sustainable Development; and
- Support Departmental efforts on issues related to agricultural labor and immigration reform.

Key Outcome 2: Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis.

Key Performance Measures and Targets:

Review 50 regulatory impact analyses and risk assessments for the Department. The baseline performance is reviewing 50 regulatory impact analyses and risk assessments. The target performance is to continue to review 50 regulatory impact analyses and risk assessments.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. Review cost-benefit analyses and risk assessments	60	60	60	60	50	50	50
b. Dollars (in thousands)	\$805	\$773	\$803	\$689	\$591	\$737	\$751

Selected Past Accomplishments toward Achievement of the Key Outcome:

ORACBA staff reviewed significant and economically significant regulations primarily intended to affect human health, safety or the environment to ensure they are based on appropriate risk assessments and economic analyses that can serve as a basis for selecting cost-effective management options for hazards managed by USDA. Selected past accomplishments include:

- Performed substantive reviews of economic analyses and interim final regulations to establish nutritional standards for all foods sold in schools, economic analyses supporting final regulations to improve food safety, nutrition, and cost control in USDA food assistance and school feeding programs and economic analyses of final regulations to protect health of pets sold over the Internet, prevent trade in endangered species, and economic analyses supporting the Forest Service’s new ecological restoration policy; and
- Provided economic and scientific review in support of final regulations to modernize poultry slaughter inspection systems, trace livestock in inter-State commerce and the economic analysis and risk assessments supporting the final regulations establishing a system for classifying regions as to bovine spongiform encephalopathy risk consistent with the system used by the World Health Organization; and
- Provided analysis to the Department and other Federal agencies to assess food safety risk of emerging hazards and to evaluate environmental issues affecting agriculture and matters pertaining to agriculture and environmental quality (air and water quality), pesticide use, and endangered species. This included reviews of Food and Drug Administration arsenic monitoring results and Environmental Protection Agency (EPA) chemical and pesticide risk assessments and worker protection standards for pesticide use.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

ORACBA expects to provide substantially the same level of support in 2015 to Departmental programs across all mission areas by ensuring that all significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis. Key expected accomplishments are:

- Review approximately 50 cost-benefit analyses and risk assessments; and
- Produce 10 issues of *ORACBA News* and hold periodic risk forum training seminars.

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

Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system.

Objective 1.3: Contribute to the expansion of the bioeconomy by supporting development, production, and consumption of renewable energy and biobased products.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets.	Coordinate release of timely and objective agricultural commodity supply, demand, and price estimates.	World Agricultural Outlook Board (WAOB)	12 monthly World Agricultural Supply and Demand Estimates (WASDE) reports issued.
Support Departmental efforts to develop environmental markets.	Support development of guidelines for establishing a market infrastructure that facilitates market-based approaches to agriculture, forest, and rangeland conservation. Develop national water quality technical metrics for agriculture.	Office of Environmental Markets (OEM)	Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets.
Coordinate Departmental energy policy, programs, and strategies.	Analyze renewable energy, biobased chemicals and products, and bioeconomy policies, programs, and markets.	Office of Energy Policy and New Uses (OEPNU)	Timely, objective energy policy analysis meets the needs of senior USDA leadership.

Key Outcome 3: 12 monthly WASDE reports issued.

Key Performance Measures and Targets:

Issue 12 monthly WASDE reports each year providing timely, comprehensive, objective agricultural commodity supply, demand, and price estimates, providing a benchmark for U.S. and global markets to respond to expected changes in commodity supply and demand and thereby contributing to efficient price discovery in agricultural markets. The baseline and target performances are issuing 12 WASDE reports.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. WASDE reports issued	12	12	12	12	12	11	12
. Dollars (in thousands)	\$3,644	\$3,812	\$3,540	\$3,285	\$3,376	\$3,590	\$3,517

Selected Past Accomplishments toward Achievement of the Key Outcome:

WAOB staff coordinated the development and release of consistent and accurate market-sensitive agricultural commodity estimates in the monthly *WASDE* report, a Principle Federal Economic Indicator. Selected past accomplishments include:

- WAOB staff issued 12 monthly *WASDE* reports, 52 *Weekly Weather and Crop Bulletins*, 52 weekly *White House Memos* on the current situation in U.S. agricultural markets, and nearly 250 *Daily Highlights of Agricultural Developments* and *Daily U.S. Agricultural Weather Highlights*;
- Reviewed and assured consistency across the situation and outlook products issued by other USDA agencies, including written reports, market updates, special analyses, and long-range forecasts;
- Provided an annual comprehensive situation and outlook forum for agriculture that incorporates the viewpoints of and participation by analysts from USDA, academia, and the private sector; and
- Prepared numerous special economic reports and weather assessments for the Secretary and Chief Economist, as well as presenting weekly weather and market briefings to the Office of the Secretary and the Mission Areas. WAOB staff also spoke on U.S. and world agriculture situation and outlook at numerous domestic and international commodity industry meetings. WAOB staff also recorded about 150 radio and television interviews following the release of various WAOB or other key USDA reports.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

WAOB expects to provide substantially the same level of support to the Department in 2015 by serving as USDA's focal point for economic intelligence and the commodity outlook for U.S. and world agriculture. Key expected accomplishments are:

- Issue 12 monthly *WASDE* reports;
- Deliver 52 weekly Weather and Economics Briefing reports to the Chief Economist and senior staff;
- Issue daily national agricultural weather summaries;
- On a rotating basis, prepare issues of the weekly *U.S. Drought Monitor*, produced jointly with the National Weather Service and the National Drought Mitigation Center in Nebraska;
- Organize the annual USDA Agricultural Outlook Forum; and
- Prepare economic assessments of current issues or weather events at the request of the Chief Economist and other senior Department staff.

Key Outcome 4: Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets.

Key Performance Measures and Targets:

- (1) Prepare technical reports on issues related to farmer and landowner participation in emerging environmental markets. The target performance for 2015 is 3 reports.
- (2) Develop national water quality metrics for agriculture. The target performance for 2015 is establishing the program and 20 percent completion of the water quality metrics.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. Technical reports completed on issues related to farmer and landowner participation in emerging environmental markets	N/A	N/A	New Program	Establish Baseline	3	3	3
b. Dollars (in thousands)	-	-	\$339	\$254	\$367	\$702	\$702
a. Percent completion of national water quality technical metrics for agriculture	N/A	N/A	N/A	N/A	N/A	10%	20%
b. Dollars (in thousands)	-	-	-	-	-	\$475	\$475

Selected Past Accomplishments toward Achievement of the Key Outcome:

OEM staff engaged stakeholders to sustain support for the development of uniform standards and market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation. Selected past accomplishments include:

- Led efforts within USDA to ensure technical guidelines and protocols, research priorities, and other market infrastructure to ensure consistent rules and procedures are developed based on sound science through the USDA Environmental Markets Coordination Council;
- Released three papers to assist in the formation of integrated approaches for emerging water quality markets: *Addressing Risk and Uncertainty in Water Quality Trading Markets*; *Approaches for Ensuring Additionality in Water Quality Markets*; and *Current and Potential Roles for Government in Water Quality Markets*;
- Supported inter-agency development and application of tools to quantify water quality benefits of conservation practices;
- Chaired and coordinated 12 meetings of the Interagency Environmental Markets Team, under the Chesapeake Bay Executive Order (EO) Strategy, in order to facilitate collaboration among 12 Federal agencies;
- Completed Phase II of the economic evaluation of the Chesapeake Bay State Watershed Improvement Plans in terms of projected costs, the cost-effectiveness of agricultural best management practices, and the potential for environmental markets;
- Coordinated Departmental review and response to EPA Technical Memoranda on water quality trading in the Chesapeake Bay; and
- Initiated USDA effort to evaluate how public-private partnerships can interact with conservation programs and promote participation in greenhouse gas markets.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

OEM expects to provide substantially the same level of support to the Department in 2015 to accelerate USDA efforts to develop uniform standards and market infrastructure necessary to facilitate market-based approaches to agriculture, forest, and rangeland conservation. Key expected accomplishments are:

- Provide administrative and technical assistance to the Secretary in implementing Section 2709 of the 2008 Farm Bill by supporting the development of guidelines for market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation;
- Catalyze development of the infrastructure for environmental markets; and
- Accelerate integration of shared national water quality and greenhouse gas tools and metrics needed to facilitate environmental markets.

Key Outcome 5: Timely, objective renewable energy and biobased chemicals and products policy analysis meets the needs of senior USDA leadership.

Key Performance Measures and Targets:

The Secretary of Agriculture and other senior USDA leadership are satisfied with OEPNU energy policy analysis and coordination activities. Measurement of the performance of the Office of Energy Policy and New Uses (OEPNU) is qualitative and is provided by direct feedback from the Chief Economist and other senior USDA leadership. The baseline performance is providing excellent energy policy analysis and coordination. The target performance is to continue to provide excellent energy policy analysis and coordination.

Measure	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Target	Target
a. Economic analyses, reports, studies, and conferences on agriculture and energy issues	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Dollars (in thousands)	\$1,321	\$1,290	\$1,115	\$994	\$971	\$965	\$1,023

Selected Past Accomplishments toward Achievement of the Key Outcome:

OEPNU staff supported coordination of Departmental energy policy, programs, and strategies. Selected past accomplishments include:

- Coordinated Departmental energy and biobased chemicals and products policy, programs, and strategies by providing assessments, reports, briefings, speeches, control letters, and analyses;
- Sponsored Industry Workshop to develop paper detailing strategies to move the bioeconomy forward, in conjunction with the Biotechnology Industry Organization’s 10th World Congress on Industrial Biotechnology;
- Published numerous reports, journal articles, and papers from cooperative/sponsored research, covering such topics as wind and solar power-generating systems, renewable energy, reassessing life cycle greenhouse gas emissions from soybean biodiesel, and a survey of biobased manufacturers, among others::
- Established USDA leadership of the OECD’s Working Party on Biotechnology (led U.S. delegation) and Taskforce on Industrial Biotechnology (Chairman);
- Provided direct support to the Office of the Secretary on USDA’s participation in the Defense Production Act initiative, including briefing Senate Agriculture Committee staff;
- Provided leadership to the Departmental group developing the USDA Energy Website and the Bioeconomy Council Coordination Committee (supporting the Office of the Secretary and the Secretary’s Bioeconomy Council);
- Coordinated Departmental interaction with the EPA on the 2013 Renewable Fuel Standards for Renewable Fuel Standard Program (RFS2): Interim and Final Rulemaking of the Renewable Fuels Standards of the Energy Independence and Security Act of 2007; and
- Coordinated Departmental interaction with the EPA on new feedstock pathway analyses (13 considered) including comments on proposed rulemaking.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

OEPNU expects to provide substantially the same level of support to the Department in 2015 serving as the focal point for the bioeconomy, energy and agriculture issues. Key expected accomplishments are:

- Coordinate Departmental energy and biobased chemicals and products policy, programs, and strategies by providing assessments, reports, briefings, speeches, and analyses for senior USDA staff and other policymakers;

- Continue cooperative research activities on renewable energy and biobased products with academic and other institutions, expanding understanding of bioenergy and biobased feedstock markets;
- Continue to work with the EPA on new feedstock pathways for renewable fuels production; and
- Sponsor/help coordinate 1-2 workshops a year that focus on issues impacting the bioeconomy.

USDA Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

Objective 2.2: Lead efforts to mitigate and adapt to climate change, drought, and extreme weather in agriculture and forestry.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Coordinate Departmental climate change policy, programs, products, and strategies.	Coordinate USDA climate change policy, programs, and products. Develop regional climate change decision support tools.	Climate Change Program Office (CCPO)	Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets.

Key Outcome 6: Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets.

Key Performance Measures and Targets:

(1) The Secretary of Agriculture and other senior USDA leadership are satisfied with the Climate Change Program Office (CCPO) climate change policy analysis and coordination activities. Measurement of the performance of CCPO is qualitative and is provided by direct feedback from the Chief Economist and other senior USDA leadership. The baseline performance is providing excellent climate change policy analysis and coordination. The target performance is to continue to provide excellent climate change policy analysis and coordination. (2) Percent completion of development of regional climate change decision support tools. The target performance for 2015 is 60 percent completion of the regional decision support tools.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. Coordinate USDA climate change policy, programs, and products	N/A						
b. Dollars (in thousands)	-	\$665	\$495	\$1,092	\$629	\$690	\$783
a. Percent completion of development of regional climate change decision support tools	N/A	N/A	N/A	N/A	N/A	10%	60%
b. Dollars (in thousands)	-	-	-	-	-	\$605	\$932

CCPO staff coordinated USDA climate change policy, programs and strategies and continued making progress on the program establishing technical guidelines to measure the GHG benefits from conservation and land management activities. Selected past accomplishments include:

- Represented the Department at the 18th Session of the United Nations Framework Convention on Climate Change and made progress addressing issues related to climate change and agriculture; continued to advance the work of the Global Research Alliance; coordinated USDA contributions to the 6th Climate Action Report; and chaired the U.S. Government review of the Agriculture chapter of the 5th IPCC Assessment Report;
- Led development and managed public release of two technical reports synthesizing the current state of scientific understanding of climate change and its potential impacts on the agriculture and forestry sectors. These reports were developed as inputs to the National Climate Assessment;
- Coordinated a high-level Drought Roundtable discussing economic and policy implications of the 2012 drought;
- Continued the multi-year effort to develop science-based methods and technical guidelines for quantifying greenhouse gas sources and sinks in the forest and agriculture sectors;
- Completed work on a contract report that developed farm-level costs of adopting specific GHG mitigating production technologies and land management practices;
- Improved communications with stakeholders through a revamped CCPO web page; and
- Supported the Secretary in announcing major new climate changes initiatives – including the establishment of 7 regional climate change HUBs.

CCPO expects to provide substantially the same level of support to the Department in 2015 providing oversight of USDA-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations, including providing USDA managers and staff with better access to regional climate change information and projections. Key expected accomplishments are:

- Develop user-friendly tools to facilitate easy access to the revised technical greenhouse gas reporting guidelines to meet the needs of voluntary greenhouse gas registries, USDA programs, and a potential federal greenhouse gas offsets market;
- Lead development of a special USDA technical report on food security;
- Support U.S. governments efforts under the United Nations Framework Convention on Climate Change, the Global Research Alliance, and other international venues as requested by the U.S. Department of State;
- Coordinate Departmental climate change policy, programs, strategies, and products;
- Conduct analysis, long range planning, research, and response strategies related to climate change mitigation and adaptation and liaison with other Federal agencies;
- Coordinate with NRCS, Forest Service, and FSA integrating greenhouse gas considerations into USDA conservation programs; and
- Support the Secretary in the coordination and implementation of the 7 regional climate change HUBs.

OFFICE OF THE CHIEF ECONOMIST

Strategic Goal and Objectives Funding Matrix
(Dollars in thousands)

Program/ Program Items	2012 Actual	2013 Actual	2014 Estimate	Change	2015 Estimate
All Department Strategic Goals (Activities that support all Department goals)					
Immediate Office.....	\$2,336	\$6,238	\$6,208	+\$92	\$6,300
Staff Years.....	8	8	8	-	8
Office of Risk Assessment and Cost-Benefit Analysis..	890	783	939	+15	954
Staff Years.....	5	5	6	-	6
Total Costs, All Strategic Goals.....	3,226	7,021	7,147	+107	7,254
Total Staff Years, All Strategic Goals.....	13	13	14	-	14

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Strategic Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system.

World Agricultural Outlook Board.....	4,353	4,486	4,724	-96	4,628
Staff Years.....	25	25	26	-	26
Office of Environmental Markets.....	255	369	1,177	-	1,177
Staff Years.....	2	2	4	-	4
Total Costs, Strategic Objective.....	4,608	4,855	5,901	-96	5,805
Total Staff Years, Strategic Objective.....	27	27	30	-	30

Strategic Objective 1.3: Contribute to the expansion of the bioeconomy by supporting development, production, and consumption of renewable energy and biobased products.

Office of Energy Policy and New Uses.....	2,125	1,101	2,084	+66	2,150
Staff Years.....	5	5	5	-	5
Total Costs, Strategic Objective.....	2,125	1,101	2,084	+66	2,150
Total Staff Years, Strategic Objective.....	5	5	5	-	5
Total Costs, Strategic Goal.....	6,733	5,956	7,985	-30	7,955
Total Staff Years, Strategic Goal.....	32	32	35	-	35

Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

Strategic Objective 2.2: Lead efforts to mitigate and adapt to climate change, drought, and extreme weather in agriculture and forestry.

Climate Change Program Office.....	2,218	2,035	2,645	-	2,645
Staff Years.....	4	4	5	-	5
Total Costs, Strategic Goal.....	2,218	2,035	2,645	-	2,645
Total Staff Years, Strategic Goal.....	4	4	5	-	5
Total Costs, All Strategic Goals.....	12,177	15,012	17,777	+77	17,854
Total FTEs, All Strategic Goals.....	49	49	54	-	54

OFFICE OF THE CHIEF ECONOMIST
Full Cost by Department Strategic Goal
(Dollars in thousands)

All Department Strategic Goals (Activities that support all Department goals)

Program/ Program Items	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
<u>Immediate Office</u>				
Economic Analysis.....	\$1,962	\$2,076	\$1,849	\$1,938
Sustainable Development and Agricultural Labor.....	356	356	359	362
Agricultural Policy Research Centers.....	-	3,751	4,000	4,000
Total Costs.....	2,318	6,183	6,208	6,300
FTEs.....	8	8	8	8
Performance Measure:				
Provide policy and program analysis and advice for the	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	2,318	6,183	6,208	6,300
<u>Office of Risk Assessment and Cost-Benefit Analysis</u>				
Review Regulatory Impact Analyses.....	283	243	303	309
Review Risk Assessments/Economic Analyses.....	406	348	434	442
Risk Seminars, Training, and Research Collaboration.....	195	184	202	203
Total Costs.....	884	775	939	954
FTEs.....	5	5	6	6
Performance Measure:				
Measure.....	60	50	50	50
Cost per measure (unit cost).....	11	12	15	15
Total Costs, All Strategic Goals.....	3,202	6,958	7,147	7,254
Total FTEs, All Strategic Goals.....	13	13	14	14

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Program/ Program Items	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
<u>World Agricultural Outlook Board</u>				
WASDE Reports Issued.....	\$3,285	\$3,376	\$3,590	\$3,517
Weekly Weather and Crop Bulletins Issued.....	363	373	397	389
Weather/Crop Impact Assessments.....	674	693	737	722
Total Costs.....	4,322	4,442	4,724	4,628
FTEs.....	25	25	26	26
Performance Measure:				
WASDE reports issued.....	12	12	11	12
Cost per measure (unit cost).....	274	281	326	293

Program / Program Items	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
<u>Office of Environmental Markets</u>	-	-	-	-
Support Development of Environmental Markets.....	254	367	702	702
Develop national Water Quality Metrics for Agriculture.....	-	-	475	475
Total Costs	254	367	1,177	1,177
FTEs.....	2	2	4	4
Performance Measure:				
Prepare technical reports related to farmer and landowner participation in emerging environmental markets	Establish Baseline	3	3	3
Cost per measure (unit cost).....	254	367	702	702
Percent completion of national water quality technical metrics for agriculture	N/A	N/A	10%	20%
Cost per measure (unit cost).....	-	-	475	475
<u>Office of Energy Policy and New Uses</u>				
Bio-/Renewable Energy/Biobased Product Analysis.....	994	971	965	1,023
Biodiesel Fuel Education Program.....	1,067	65	1,065	1,069
Increase Biobased Product Purchases/Labeling.....	56	54	54	58
Total Costs	2,117	1,090	2,084	2,150
FTEs.....	5	5	5	5
Performance Measure:				
Economic analyses, reports, studies, conferences, and	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	2,117	1,090	2,084	2,150
Total Costs, Strategic Goal.....	6,693	5,899	7,985	7,955
Total FTEs, Strategic Goal.....	32	32	35	35

Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

Program / Program Items	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
<u>Climate Change Program Office</u>				
Coordinate USDA Climate Change Policy, Prgms, Prdcts.....	\$1,092	\$629	\$690	\$783
Climate Change Mitigation Analysis, Advice, Projections....	440	605	695	930
Establish Greenhouse Gas Guidelines, Tools.....	670	781	655	-
Develop Regional Climate Change Decision Support Tools..	-	-	605	932
Total Costs	2,202	2,015	2,645	2,645
FTEs.....	4	4	5	5
Performance Measure:				
Coordinate USDA climate change policy, programs, and	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	1,092	629	690	783
Performance Measure:				
Percent completion of development of regional climate	N/A	N/A	10%	60%
Cost per measure (unit cost).....	-	-	605	932
Cost per measure (unit cost).....				
Total Costs, Strategic Goal.....	2,202	2,015	2,645	2,645
Total FTEs, Strategic Goal.....	4	4	5	5
Total Costs, All Strategic Goals.....	12,097	14,872	17,777	17,854
Total FTEs, All Strategic Goals.....	49	49	54	54