2013 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 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; and facilitates communication and outreach to producers and agricultural interest groups.

OCE Headquarters is located in Washington, D.C. As of September 30, 2011, there were 52 full-time permanent employees, of which 51 were stationed in Washington, DC and one in Mississippi.

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
(Dollars in thousands)

Item	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses:								
Discretionary Appropriations	$13,032	52	$12,032	52	$11,177	53	$12,008	53
Rescission	-	-	-24	-	-	-	-	-
Transfers In	1,000	-	1,000	-	1,000	-	a/	-
Total Available	14,032	52	13,008	52	12,177	53	12,008	53
Lapsing Balances	-383	-	-311	-	-	-	-	-
Obligations	13,649	52	12,697	52	12,177	53	12,008	53
Obligations under other USDA appropriations:								
Annual Outlook Forum	75	-	95	-	100	-	100	-
Joint Data Procurement	33	-	24	-	24	-	24	-
National Science Foundation	199	-	-	-	-	-	-	-
Farm Foundation	160	-	-	-	-	-	-	-
Climate Change and Environmental Markets	-	-	550	-	1,100	-	1,100	-
Total, Other USDA	467	-	669	-	1,224	-	1,224	-
Total, OCE	14,116	52	13,366	52	13,401	53	13,232	53

a/ Subject to reauthorization.

OFFICE OF THE CHIEF ECONOMIST

Permanent Positions by Grade and Staff Year Summary

Item	2010 Actual			2011 Actual			2012 Estimate			2013 Estimate		
	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total
SES	4	-	4	5	-	5	5	-	5	5	-	5
SL	2	-	2	2	-	2	2	-	2	2	-	2
GS-15	22	-	22	21	-	21	23	-	23	23	-	23
GS-14	10	-	10	10	-	10	10	-	10	10	-	10
GS-13	3	-	3	3	-	3	3	-	3	3	-	3
GS-11	2	-	2	2	-	2	2	-	2	2	-	2
GS-10	3	-	3	3	-	3	3	-	3	3	-	3
GS-9	2	1	3	3	1	4	3	-	3	3	-	3
GS-8	1	-	1	1	-	1	1	-	1	1	-	1
GS-7	2	-	2	-	-	-	-	-	-	-	-	-
GS-6	-	-	-	1	-	1	1	-	1	1	-	1
Total Perm. Positions	51	1	52	51	1	52	53	-	53	53	-	53
Unfilled, EOY	2	-	2	-		-			-			-
Total, Perm. Full-Time Employment, EOY	49	1	50	51	1	52	53	-	53	53	-	53
Staff Year Est.	51	1	52	51	1	52	53	-	53	53	-	53

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

Salaries and Expenses:
For necessary expenses of the Office of the Chief Economist, [$11,177,000] $12,008,000.

Lead-Off Tabular Statement

Appropriations Act, 2012	$11,177,000
Budget Estimate, 2013	12,008,000
Change from 2012 Appropriation	+ 831,000

Summary of Increases and Decreases
(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
Office of the Chief Economist	$13,032	-$1,024	-$831	+$831	$12,008

OFFICE OF THE CHIEF ECONOMIST

Project Statement
(On basis of appropriations)
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:										
Office of the Chief Economist	$13,032	52	$12,008	52	$11,177	53	+$831 (1)	-	$12,008	53
Total Adjusted Approp	13,032	52	12,008	52	11,177	53	+831	-	12,008	53
Rescission and Transfers (Net)	-	-	24	-	-	-	-	-	-	-
Total Appropriation	13,032	52	12,032	52	11,177	53	+831	-	12,008	53
Transfers In:										
Biodiesel Fuel Education Program	1,000	-	1,000	-	1,000	-	-1,000	-	a/	-
Rescission	-	-	-24	-	-	-	-	-	-	-
Total Available	14,032	52	13,008	52	12,177	53	-169	-	12,008	53
Lapsing Balances	-383	-	-311	-	-	-	-	-	-	-
Total Obligations	13,649	52	12,697	52	12,177	53	-169	-	12,008	53

a/ Subject to reauthorization.

Project Statement
(On basis of obligations)
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
Office of the Chief Economist	$12,649	52	$11,697	52	$11,177	53	+$831 (1)	-	$12,008	53
Mandatory Obligations:										
Biodiesel Fuel Education Program	1,000	-	1,000	-	1,000	-	-1,000 (2)	-	a/	-
Total Obligations	13,649	52	12,697	52	12,177	53	-169	-	12,008	53
Lapsing Balances	383	-	311	-	-	-	-	-	-	-
Total Available	14,032	52	13,008	52	12,177	53	-169	-	12,008	53
Transfers In:										
Biodiesel Fuel Education Program	-1,000	-	-1,000	-	-1,000	-	+1,000	-	a/	-
Rescission	-	-	24	-	-	-	-	-	-	-
Total Appropriation	13,032	52	12,032	52	11,177	53	+831	-	12,008	53

a/ Subject to reauthorization.

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.

(1) An increase of $831,000 for the Office of the Chief Economist ($11,177,000 and 53 staff years available in 2012) consisting of:

(a) An increase of $33,000 to fund increased pay costs.
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.

(b) An increase of $798,000 to carry out tasks under Section 2709 of the Food, Conservation and Energy Act of 2008.
The Act states that USDA shall prepare technical guidelines that outline science-based methods to measure the environmental service benefits of conservation and land management activities, with an initial emphasis on carbon. OCE is initially focusing on developing new tools that provide a comprehensive, transparent approach to calculating changes in greenhouse gas emissions across all management activities within a farm, ranch, or forest operation. The effort will utilize the latest scientific research to provide methods and user friendly tools and technical guidance so that farmers, ranchers, and forest land owners can quantify the greenhouse gas benefits of management changes in their operations. USDA will use the guidance and tools to assess the performance of conservation programs in providing greenhouse gas ecosystem services.

A 3-year contract was awarded to ICF International in August, 2010 to develop technical estimation tools. The first two years were funded from OCE's 2010 and 2011 appropriations. The project work plan was adjusted in order to conserve funds during 2012, but funding for the final year is required to complete work on the technical estimation tools and to solicit and respond to inter-agency and public comment. Future work will address water and quality, wetland, and biodiversity benefits of land management changes.

Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands)

State/Territory	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Mississippi	$77	1	$85	1	-	-	-	-
District of Columbia	13,572	51	12,612	51	$12,177	53	$12,008	53
Obligations	13,649	52	12,697	52	12,177	53	12,008	53
Lapsing Balances	383	-	311	-	-	-	-	-
Total, Available	14,032	52	13,008	52	12,177	53	12,008	53

OFFICE OF THE CHIEF ECONOMIST

Classification by Objects
(Dollars in thousands)

		2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
Personnel Compensation:					
Washington D.C.		$6,832	$6,753	$6,912	$6,977
Field		55	53	-	-
11	Total personnel compensation	6,887	6,806	6,912	6,977
12	Personal benefits	1,662	1,726	1,767	1,789
13.0	Benefits for former personnel	3	18	-	-
	Total, personnel comp. and benefits	8,552	8,550	8,679	8,766
Other Objects:					
21.0	Travel and transportation of persons	227	227	184	184
22.0	Transportation of things	1	10	1	1
23.3	Communications, utilities, and misc. charges	175	164	169	169
24.0	Printing and reproduction	51	41	42	42
25	Other contractual services	111	248	865	865
25.1	Advisory and assistance services	881	455	224	224
25.2	Other services from non-Federal sources	18	9	9	9
25.3	Other purchases of goods and services from Federal sources	24	-	-	-
25.4	Operation and maintenance of facilities	1,586	850	93	798
25.5	Research and development contracts	1,615	1,829	1,594	633
25.6	Medical care	32	-	-	-
25.7	Operation and maintenance of equipment	3	-	-	-
25.8	Subsistence and support of persons	15	-	-	-
26.0	Supplies and materials	342	281	282	282
31.0	Equipment	16	33	35	35
	Total, Other Objects	5,097	4,147	3,498	3,242
99.9	Total, new obligations a/	13,649	12,697	12,177	12,008
Position Data:					
Average Salary (dollars), ES Position		$171,132	$174,975	$175,000	$175,000
Average Salary (dollars), GS Position		$115,054	$121,216	$123,000	$123,000
Average Grade, GS Position		14.6	14.6	14.6	14.6

a/ Obligations for the 2008 Farm Bill Biodiesel Fuel Education Program included.

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. It 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. Functions include 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 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, energy use in agriculture, life-cycle analyses, and renewable energy technologies. OEPNU, along with other USDA agencies and the Department of Energy (DOE), participates in the Biomass Research and Development Initiative.

The Climate Change Program Office (CCPO) coordinates the Department's climate change activities, represents the Department with other Federal Departments and Agencies, and provides advice and analysis on issues related to climate change for the Office of the Secretary. CCPO assists in the Department's efforts to establish technical guidelines to measure the greenhouse gas benefits from conservation and land management activities and is coordinating USDA contributions to the 2013 National Climate Assessment. CCPO works with USDA agencies to integrate climate change and greenhouse gas reduction considerations into their activities, to establish program and research priorities, and coordinate implementation of actions to address the risks of climate change and mitigation responses. CCPO also facilitates USDA participation in the U.S. Global Change Research Program.

The Office of Environmental Markets (OEM) is working to catalyze the development of markets for ecosystem services and provide administrative and technical assistance to the Secretary in implementing Section 2709 of the 2008 Farm Bill. OEM supports and helps coordinate USDA's efforts to develop guidelines for establishing market infrastructure that will facilitate emerging market-based approaches to agriculture, forest, and rangeland conservation. OEM brings experts and stakeholders together with government agencies to build a robust, accessible, and scientifically credible market system that will protect and enhance America's natural capital into the future.

Selected Examples of Recent Progress:

World Trade Organization (WTO) and Trade Policy Support. During 2011, IO staff supported on-going WTO negotiations by providing economic analysis, position papers, and other staff support, especially in the area of domestic support in key emerging markets. IO staff supported the Office of the United States Trade Representative (USTR) in the Country of Origin case brought before the WTO. IO staff continued to provide support to the Under Secretary's Office and USTR in the on-going negotiations with Brazil under the Framework Agreement for resolving the WTO cotton/GSM dispute. IO staff also coordinated USDA's response to China's trade challenge to U.S. poultry and the inter-agency process to prepare U.S. domestic support notifications to the WTO.

Crop Insurance. As Chairman of the Board of Directors of the Federal Crop Insurance Corporation, the Chief Economist presided over six public Board meetings during 2011. The Board approved a series of new programs in 2011 including: program changes, including premium subsidies, for livestock gross margin insurance for dairy; new crop insurance products for pistachios, olives, popcorn, cottonseed and specialty trait soybeans; and approval of endorsements that would allow trend-adjustment of yield and revenue guarantees. IO staff provided analysis to the Risk Management Agency (RMA) on topics including the Standard Reinsurance Agreement, premium rates, and methods for forecasting indemnities.

Domestic 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 coordinates the Department's policy regarding the 2012 Farm Bill.

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 presence of children in the seasonal labor force, and the role of temporary workers in the agricultural sector. IO staff worked with the Department of Labor (DOL) to amend its regulations on child labor in agriculture. IO staff met with officials from the DOL prior to the release of a notice of proposed rulemaking on child labor regulations, orders and statements of interpretation, child labor violations and civil money penalties.

Analytical Assistance to Congress. In 2011, the Chief Economist was a witness at two Congressional hearings addressing the impacts of Endangered Species Act on agriculture and the effects of regulations on livestock producers. He also appeared four times with the Secretary of Agriculture, including at hearings on the USDA budget and the Farm Bill. OCE staff conducted numerous additional briefings and analyses for Congress on issues such as climate change, WTO disputes, domestic support notifications to the WTO, weather and market situation and outlook, and biobased products.

Sustainable Development Activities. The Director of Sustainable Development chaired the USDA Council on Sustainable Development, which worked to integrate the concepts of sustainable development into USDA policy and programs and served as a clearinghouse for the exchange of information. In 2011, the Director and Council worked to draft and adopt a USDA consensus statement on sustainability, outlining the Department's commitment to a number of sustainability goals and ideals. The Council played a major role in preparing the U.S. Subject Papers in preparation for the UN Conference on Sustainable Development (Rio+20), including the papers on Food and Agriculture, Land Use, Indicators, and Innovation and Science. The Director served as the USDA point of contact on all Rio+20 interagency meetings and represented the Department in preparations for the *Rio+20: Bridging Connection Technologies and Sustainable Development* conference, the premier U.S. Government event in advance of Rio+20. The Director chaired the side-event on the Global Partnership on Nutrient Management at the 2011 UN Commission on Sustainable Development (CSD) meeting. The Director wrote sections of the US Sustainable Consumption and Production, Waste Management, and Chemicals interventions for CSD-19. The Director also assisted the My Community, Our Earth Partnership to prepare for the UN Rio+20 event.

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 USDA's research, programmatic, and policy support. CCPO staff made numerous presentations and speeches to commodity groups, farm organizations, and forest and conservation groups on a wide range of climate change issues. In 2011, CCPO prepared a Departmental Regulation (DR) on Climate Change Adaptation. Under the DR, signed by the Secretary in June, USDA will develop, prioritize, implement, and evaluate actions to minimize climate risks and exploit new opportunities that climate change may bring. CCPO coordinated USDA's responses to White House Council on Environmental Quality questions on climate change adaptation at USDA and oversaw the production of the USDA Preliminary High Level Climate Change Vulnerability Assessment.

In 2011, CCPO published USDA's *Agriculture and Forestry Greenhouse Gas Inventory: 1990-2008*. CCPO also prepared the Climate Change and Biofuels Development Chapter of the *2011 RCA Appraisal*. CCPO also supported the US Government's international climate change actions as well. CCPO made progress in developing new farm level greenhouse gas estimation guidelines. In 2011, CCPO sought public input, selected authors, and developed initial guidelines chapters. The project is on track and within budget.

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 (ERS), National Agricultural Statistics Service (NASS), NIFA, Forest Service (FS), Natural Resources Conservation Service (NRCS), Farm Service Agency, Foreign Agricultural Service, RMA, Animal and Plant Health Inspection Service, and Agricultural Marketing Service (AMS), among others.

International Climate Change Agreement. CCPO continued to represent the Department in international climate change negotiations. CCPO helped negotiate the Charter for the Global Research Alliance on Agricultural Greenhouse Gases. This international consortium includes over 30 countries. CCPO's input helped to ensure that the alliance will include private sector and university experts in a partnership network. CCPO led USDA preparations for the 16th Conference of the Parties to the Framework Convention on Climate Change (COP-16) in Cancun, Mexico, including providing technical support to the Secretary for his participation at COP-16. The Secretary made announcements on a number of new USDA climate change initiatives which were organized by CCPO staff.

Supply and Demand Monitoring and Reporting. WAOB continued to publish the monthly *World Agricultural Supply and Demand Estimates* (*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. WAOB staff cleared all USDA economic outlook reports released in 2011. WAOB staff issued a total of 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*.

End-users reported no errors and no significant criticisms at USDA forecasts. Post-lockup briefings were presented every month to the Secretary and multiple radio interviews were recorded by WAOB for USDA. WAOB staff also participated in the annual NASS Data Users Conference in Chicago.

During 2011, the *WASDE* report was downloaded an average of 90,000 times per month from the OCE website and 21,950 times per month from the USDA-Cornell website, a site operated by Cornell University through a partnership with USDA. In addition, 11,633 subscribers to a Cornell-managed Listserve system received the *WASDE* report every month.

WAOB staff prepared numerous special economic reports and weather assessments for the Secretary, the Chief Economist, and other U.S. Departments and Agencies. For example, WAOB prepared multiple analyses of the Renewable Fuels Standard (RFS) and USDA's baseline ethanol assumption, and the impact of severe flooding on Pakistan's cotton and rice crops, analyses and information on ethanol production and use, ethanol producer margins, blender incentives, production capacity, and capacity utilization. WAOB also prepared weekly (presented bi-weekly) weather and market briefings for staff in the Office of the Secretary and other senior Departmental staff.

Baseline Projections. In February 2011, 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 24 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, China, India, and South Korea, among others.

The USDA-WAOB Chief Meteorologist attended World Meteorological Organization (WMO) sponsored meetings in Slovakia, Geneva, Rome, and Fairfax City, VA. The meeting topics ranged from assessing national drought policy to early warning systems for agricultural meteorology. The Chief Meteorologist also continues to play a leadership role in the activities of the WMO-Commission for Agricultural Meteorology (CAgM).

Weather Analysis. The Joint Agricultural Weather Facility (JAWF), which includes staff from WAOB and the National Weather Service (NWS), published 52 *Weekly Weather and Crop Bulletins (WWCB)*, issued 250 *Morning Weather Summaries*, prepared national agricultural weather summaries, and contributed to 52 weekly *U.S. Drought Monitors*, which is produced jointly by USDA, NWS, and the Drought Mitigation Center in Lincoln, Nebraska. All *WWCB* were released on time and without incident. The weather component of the "Daily Agricultural Highlights" and the "Weekly Weather and Economics Briefing" were delivered as scheduled to the Secretary, Under Secretary for Farm and Foreign Agricultural Services, and other senior USDA staff.

During 2011, the *WWCB* was downloaded an average of 45,000 times per month from the OCE website and 1,281 times per month from the USDA-Cornell website. An additional 4,727 subscribers received the bulletin through the Cornell Listserv service. The weekly *International Weather and Crop Highlights* and *Major World Crop Areas and Climatic Profiles* were downloaded an average of 9,200 times and 57,600 times per month, respectively, from the OCE website.

JAWF prepared numerous early warnings and assessments of significant weather events that affected agriculture for the Chief Economist and other senior USDA staff. These included: freeze duration maps supporting JAWF assessments of an early-season cold outbreak in California citrus areas in November 2010; assessments of the cumulative impact of several freeze episodes in Florida on citrus, strawberries, vegetables, sugarcane, and horticulture crops in December 2010; impact of a severe February freeze on crops in Mexico; maps supporting WAOB assessments of tornado impacts from April 25-29, 2011, on U.S. poultry; weekly updates relating to the late planting and spring flooding in parts of the U.S.; impact analyses of the severe drought and heat in Texas and the July heat wave in the Corn Belt; impact of strong winds and heavy rain from Hurricane Irene on crops in the Atlantic Coast States and New England; and, the impact of heavy rain from Tropical Storm Lee on Delta cotton.

WAOB continued to actively participate in and support the WMO, which promotes agro-meteorological applications for sustainable food production activities. The Chief Meteorologist served on the eight-member WMO-CAgM Management Group, which formulates commission policy, develops strategic planning, and evaluates the progress of all program areas. WAOB also continues to lead participation in the World Agrometeorological Information System (WAMIS), a global web server for advisories, data, and other agricultural weather products hosted by the WMO. Participation in WAMIS has increased from 37 countries in 2008 to 53 in 2011.

USDA Agricultural Outlook Forum. WAOB staff planned, coordinated, and chaired the program committee for USDA's 2011 Agricultural Outlook Forum, "*Today's Strategies & Tomorrow's Opportunities.*" The 2-day program attracted 2,050 attendees and included 25 sessions on major issues affecting rural America, including commodity economics, rural communities, conservation, nutrition, food price trends, farm income, organics, sustainability, food safety, global agricultural commerce, and climate change.

Analyses Reviewed. In 2011, ORACBA staff provided substantive reviews of economic analyses and proposed regulations to improve food safety, nutrition, and cost control in USDA food assistance and school feeding programs, risk assessments and economic analyses supporting implementation of Farm Bill programs. ORACBA provided economic and scientific review in support of regulations to modernize poultry slaughter inspection systems, test beef for non-O157 shiga-toxin producing E. coli, trace livestock in inter-State commerce, and ensure

appropriate and cost-effective risk mitigations and enable trade and control of invasive species, e.g. importation of beef from certain regions in Brazil and importation of plants for planting (nursery stock), and interstate movement of citrus nursery stock. ORACBA staff regulatory reviews supported implementation of new programs and delivery of existing programs across all USDA mission areas. ORACBA reviewed analyses for 28 USDA proposed and final rules and 10 Environmental Protection Agency (EPA) scientific and economic documents during 2011.

Risk Analysis Leadership and Consultation. ORACBA provided guidance to USDA agencies developing risk assessments, National Environmental Policy Act analyses, and economic analyses related to forest planning and land management, nutrition assistance programs, foodborne pathogens, and animal diseases, including foot-and-mouth disease. ORACBA participated in the scientific review of the EPA pesticide risk assessments. ORACBA also actively participated in the 18-agency Risk Assessment Consortium to enhance communication and coordination among the agencies with food safety responsibilities and promote scientific research that will facilitate risk assessments. Such research assists USDA regulatory agencies in fulfilling their specific food-safety risk management mandates. 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 US delegation to Codex.

During 2011, ORACBA staff provided scientific expertise and advice in support of food safety and trade. This includes serving on the Joint Food and Agricultural Organization-World Health Organization expert panel on the food safety implications of nanotechnology in food and agriculture and development of criteria for determining the applicable regulatory standard for *Listeria monocytogenes* in ready-to-eat food; serving on UN's technical committees to reduce the use of ozone depleting substances and adopt sustainable agricultural practices; supporting agencies required to conduct risk assessments and cost-benefit analyses; and providing analysis to the Department and other Federal agencies to evaluate environmental issues affecting agriculture and on matters pertaining to agriculture and environmental quality (air and water quality), pesticide use, and endangered species. This included reviews of the EPA chemical and pesticide risk assessments, and assessing the impact on agriculture from proposed policies regarding the use of nanoscale materials and performance standards for prions. ORACBA staff provided advice on statistical approaches for auditing USDA loan programs, sampling schemes for microbial pathogens in meat and poultry, and served as a risk assessment consultant to the National Advisory Committee on Microbiological Criteria for Food.

Risk Communication and Outreach. ORACBA continued to improve risk communication among USDA analysts concerning developments in risk assessment and economic analysis. ORACBA conducted numerous 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 and published articles on nanotechnology, food safety and invasive species in peer reviewed scholarly journals. ORACBA staff reviewed scientific and economic papers for professional journals and for USDA publications. ORACBA disseminates an electronic newsletter informing approximately 700 subscribers of developments in risk assessment and training opportunities.

Risk Assessment Education and Training. At the annual meeting of the Society for Risk Analysis, ORACBA scientists presented research on microbial food safety risks and applications of nanomaterials to improve agriculture in poor countries. ORACBA worked closely with the Joint Institute for Food Safety, the University of Maryland, and the Food and Drug Administration to promote both basic and advanced courses in risk assessment methods. ORACBA's Risk Forums featured nationally prominent speakers on risk assessment in the fields of risk communication, public health, economics, and ecological risks.

BioPreferred. OEPNU continued its involvement in biobased products research, focusing on better understanding the current use of biobased products in complex assemblies, such as automobiles, powered equipment, building construction, and electronics assemblies. Workshops were held with representatives from the automobile industry, architectural firms, and property developers to better understand the opportunities for biobased components. OEPNU staff continued to provide feedback to USDA's Departmental Management in the development of a labeling program for biobased products.

Biodiesel Fuel Education Program. OEPNU, along with NIFA, continued to track activities, outcomes, and coordinate efforts under the national Biodiesel Fuel Education Program. The primary objective of the program is to

educate the public and other stakeholders on the benefits of biodiesel. Today more than two thirds of Americans are familiar with the benefits of biodiesel, more than twice as many before the program began nine years ago. Twice a year OEPNU convenes a USDA inter-agency panel to review progress on program goals, including the development of an education outreach system that delivers useful and consistent information about the benefits of biodiesel. In recent years, the program has used eXtension to distribute information; from February 1 to June 15, 2011, eXtension articles earned 10,500 unique page views. A priority for 2012 is to further utilize the Agricultural Extension network to increase educational outreach to rural communities. A 4-H curriculum, including 8 lessons, has been developed for children ages 8-12 and other classroom tools are under development for 2012.

Energy and Bioenergy Analysis. In 2011, OEPNU published the research reports *Renewable Power Opportunities for Rural Communities (cooperative agreement with Purdue University), Solar Energy Use on Farms in the United States: Overview and Policy Issues,* and the *Biobased Economy Indicators Report: A Report to U.S. Congress* (transmitted to Congress in 2012). During 2011, OEPNU coordinated Departmental interaction with the EPA on the EPA Regulation of Fuels and Fuel Additives—2011 Renewable Fuel Standards (RFS2)—and will work with EPA on the 2012 interim and final rules for the Renewable Fuel Standards of the Energy Independence and Security Act of 2007. OEPNU staff also reviewed numerous Federal officials' testimonies related to the Deepwater Horizon oil spill, and contributed bioenergy input to the NRCS Soil and Water Resources Conservation Act plan (submitted). With support from OEPNU, in 2011 the Milken Institute released a summary report on a series of workshops: Turning Plants into Products Delivering on the Potential of Industrial Biotechnology. OEPNU participated in and contributed to a number of DOE workshops and conferences, including *Biomass 2011*, and was a reviewer for the update to the *Billion Ton Study* (an inventory of available biomass in the U.S.).

OEPNU reviewed proposed renewable energy legislation and testimonies by administration officials; prepared numerous Departmental correspondences; completed numerous staff analyses for the Office of the Secretary and the Chief Economist, including work on biodiesel, sugar and corn ethanol, fertilizer issues, bioproducts, energy legislation, wind, and energy use; and reviewed a number of requests for funding renewable energy projects for the Rural Development Mission Area. OEPNU staff participated in numerous inter-agency working groups and committees, workshops, and conferences that were sponsored by Federal agencies, academic institutions, and industry organizations. These addressed many energy issues, including biomass production, indirect land use and policy, feedstocks, infrastructure, transportation, investment, and rural wealth. OEPNU contributed to the Climate Change and Biofuels Development chapter of the *RCA Appraisal Soil and Water Conservation Act* released in 2011.

OEPNU staff is working on three papers, based on research conducted jointly through cooperative agreements, which are expected to be released in 2012. The topics include: price coherency, complex assemblies for the automobile industry, and a report identifying the characteristics of biobased manufacturers, which is based on the manufacturers identified in the process of designating qualifying biobased products for inclusion in USDA's BioPreferred Program.

Cooperative Energy Research. In 2011, OEPNU conducted cooperative research work with a number of academic institutions, including Iowa State University, Purdue University, University of Minnesota, and Tuskegee University. Research spanned topics that included life cycle analysis, green jobs, land-use, policy simulations, biobased market analyses, reduction of greenhouse gas emissions associated with indirect land uses, policy, and on-farm greenhouse gas reduction strategies. Cooperative research in 2012 will include the same set of cooperators, as well as the University of Tennessee, University of Idaho, and West Virginia University. The topics to be addressed with the additional cooperators include identification and assessment of critical factors for success of a biomass conversion plant for agricultural waste, power grid infrastructure issues, price volatility, and bioindicators. Output from the research will include reports, chapters in books, journal publications, and conference papers.
OEPNU has produced, under a cooperative agreement with Iowa State University, a report reviewing the approaches of Federal agencies to the identification and collection of data on green jobs. The report also reviews current academic literature regarding this issue. A second report exploring the green job categories that are likely to materialize in the U.S., the work requirements of those jobs, and the skill and educational requirements of persons performing those jobs, is in progress and will be completed in 2012.

Chesapeake Bay Executive Order. USDA has led the formation of a team of more than 12 Federal agencies working together to develop protocols, tools, and guidance for water quality markets and other types of environmental markets. This interagency Environmental Markets Team (EMT) is working to build strong drivers of demand, a

supply of quality credits, a transparent infrastructure, consistent standards and science-based tools to measure and verify environmental performance and define baselines, a platform for registering and tracking measurable environmental benefits over time, and cost-effective systems that bring buyers and sellers of benefits together. Under OEM leadership, the EMT hosted a series of workshops for team members on the Chesapeake Bay total maximum daily load (TMDL), market infrastructure development, mitigation banking, conservation banking, and potential for marine markets. In addition, the EMT finalized a discussion paper outlining issues related to baseline eligibility requirements for water quality credits under the TMDL. The EMT also compiled background information on verification protocols and began framework development for a credit registry. In partnership with the World Resources Institute, the EMT hosted a stakeholder workshop on registry structure and operation.

Coordination and Collaboration. OEM is continuing to coordinate efforts within USDA on technical guidelines and protocols development, research priorities, and other market needs to ensure consistent rules and procedures are developed based on sound science and work for landowners through the USDA Environmental Markets Coordination Council. In partnership with the Natural Resources and Environment mission area, OEM prepared a USDA Strategy for Environmental Markets containing six elements:

1. Ensure that rules and regulations at the Federal, State, and local levels facilitate environmental markets for agriculture and rural lands;
2. Demonstrate, test and finance market-based approaches to conservation;
3. Develop guidance and tools to facilitate landowner participation in environmental markets;
4. Communicate the benefits of market-based conservation;
5. Integrate environmental markets into USDA programs; and
6. Prepare for the next Farm Bill.

OEM is now working with the research agencies to develop a coordinated plan to prioritize research needs associated with supporting environmental markets. OEM continues to hold monthly meetings of the USDA Environmental Markets Working Group to share market information and assist in coordinating activities.

Water Quality Guideline Development. OEM, with the University of Maryland, is synthesizing lessons learned from the Chesapeake Bay and other water quality trading programs to provide a national protocol for metrics development, including key steps such as scientific oversight, procedures for adopting new practices, and rules for discounting and verification. OEM is on track to deliver recommendations for technical guidelines on the establishment of water quality (draft recommendations by February 2012 and a final product by June 2012).

Guidance and Analysis. OEM initiated an economic study of the Chesapeake Bay TMDL costs to agriculture, including evaluating the potential of nutrient trading as a tool to offset pollution control costs. Under a cooperative agreement with OEM, the University of Pennsylvania will summarize State Watershed Implementation Plans for the Chesapeake Bay TMDL, evaluate existing data to identify the most efficient land units for further conservation efforts, develop a model of agricultural nutrient discharge, and estimate the costs of achieving the TMDL load reductions with a focus on effectiveness of a nutrient trading program. OEM is coordinating development of a registries and verification technical paper that draws on USDA experiences to provide guidance on simple, robust, and accurate methods for registering and verifying that conservation and land management activities have been implemented and are performing as designed. OEM is also supporting development of feasibility assessment tools that facilitate landowner opportunity and market participation. OEM is evaluating the Greenhouse Gases Estimation Tool, the CarbOn Management Evaluation Tool, and the NRCS' Nutrient Tracking Tool (NTT) for inclusion in a common platform under NRCS' Conservation Delivery Streamlining Initiative. OEM completed a project with the Texas Institute of Applied Environmental Research at Tarleton State University, providing data and technical services to assist in moving the NTT model to estimate reductions in nutrient loading from conservation practices into full production. OEM is providing additional support to customize NTT for the Chesapeake Bay.

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 7 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.

USDA Strategic Goal	**Agency Strategic Goal**	**Agency Objectives**	**Programs that Contribute**	**Key Outcome**
All USDA Strategic Goals	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)	1: 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)	2: Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis
Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving	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)	3: 12 monthly *World Agricultural Supply and Demand Estimates* (WASDE) reports issued
	Coordinate Departmental energy policy, programs, and strategies.	Analyze renewable energy, biobased product, and bioenergy policies, programs, and markets.	Office of Energy Policy and New Uses (OEPNU)	4: Timely, objective energy policy analysis meets the needs of senior USDA leadership

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources	Coordinate Departmental climate change policy, programs, products, and strategies.	Coordinate USDA climate change policy, programs, and products. Establish technical guidelines measuring GHG benefits from conservation and land management activities.	Climate Change Program Office (CCPO)	5: Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets
	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.	Office of Environ-mental Markets (OEM)	6: Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets

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

Long-term Performance Measure: 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.

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 Agriculture and Appropriations 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, analytical 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 2013 Proposed Resource Level:
The Chief Economist and IO expect to provide substantially the same level of support in 2013 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, 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 Board of Directors of the FCIC and 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.

Long-term Performance Measure: Review 60 regulatory impact analyses and risk assessments for the Department. The baseline performance is reviewing 60 regulatory impact analyses and risk assessments. The target performance is to continue to review 60 regulatory impact analyses and risk assessments.

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:
- Reviewed economic analyses and proposed regulations to improve food safety, nutrition, and cost control in USDA food and nutrition assistance programs;
- Provided substantive reviews of economic analyses supporting implementation of Farm Bill programs;
- Provided economic and scientific review and guidance in support of regulations protecting animal health and improve animal traceability to facilitate disease control;
- Reviewed risk assessments and economic analyses for regulations to protect plant health from spread of localized diseases and importation diseases and plant pests; and
- Provided analysis to the Department and other Federal agencies to evaluate environmental issues affecting agriculture (air and water quality), pesticide use, and endangered species. This included review of the Environmental Protection Agency (EPA) fluoride risk assessment, assessment of the impact on agriculture nanoscale materials, and regulations of soil and structural fumigants.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:
ORACBA expects to provide substantially the same level of support in 2013 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 60 cost-benefit analyses and risk assessments; and
- Produce 12 issues of *ORACBA News* and hold periodic risk forum training seminars.

Key Outcome 3: 12 monthly *WASDE* reports issued.

Long-term Performance Measure: 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.

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 senior staff in the Office of the Secretary and the Mission Areas. WAOB staff also spoke on U.S. and world agriculture situation and outlook at numerous commodity industry annual 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 2013 Proposed Resource Level:
WAOB expects to provide substantially the same level of support to the Department in 2013 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: Timely, objective energy policy analysis meets the needs of senior USDA leadership.

Long-term Performance Measure: 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.

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 policy, programs, and strategies by providing assessments, reports, briefings, speeches, control letters, and analyses;
- Co-sponsored the Life-Cycle Analysis Conference with Argonne National Laboratory, October 2011;
- Sponsored workshop innovation lab through Milken Institute to assess financing needs and potential instruments needed by the biobased product industries;

- Published *Renewable Power Opportunities for Rural Communities (cooperative agreement with Purdue University)*; and *Solar Energy Use on Farms in the United States: Overview and Policy Issues.*
- Delivered *Biobased Economy Indicators: Report to U.S. Congress;*
- Provided leadership to the Departmental group developing the Secretary's Energy Tool; and
- Coordinated Departmental interaction with the EPA on the Interim and Final Rules of EPA Regulation of Fuels and Fuel Additives: 2011 Renewable Fuel Standards (RFS2) of the Renewable Fuels Standards of the Energy Independence and Security Act of 2007.
- Coordinated Departmental interaction with the EPA on new feedstock pathway analyses.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:
OEPNU expects to provide substantially the same level of support to the Department in 2013 serving as the focal point for energy and agriculture issues. Key expected accomplishments are:
- Coordinate Departmental energy 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; and
- Sponsor/help coordinate 1-2 workshops a year supporting infrastructure and finance to increase renewable energy and biobased production and use.

Key Outcome 5: Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets.

Long-term Performance Measures: (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 technical guidelines for measuring the GHG benefits from conservation and land management activities. The target performance for 2013 is 90 percent completion of the technical guidelines.

Selected Past Accomplishments toward Achievement of the Key Outcome:
CCPO staff coordinated USDA climate change policy, programs and strategies and began planning for the new program establishing technical guidelines to measure the GHG benefits from conservation and land management activities. Selected past accomplishments include:
- Represented the Department at the 16th Session of the United Nations Framework Convention on Climate Change and provided support to the Secretary during his formal participation in events;
- 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.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:

CCPO expects to provide substantially the same level of support in 2013 by coordinating Departmental climate change policy, programs and strategies. Key expected accomplishments are:
- Develop revised technical greenhouse gas reporting guidelines that can meet the needs of voluntary greenhouse gas registries, USDA programs, and a potential federal greenhouse gas offsets market;
- 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; and
- Coordinate with NRCS, Forest Service, and FSA integrating greenhouse gas considerations into USDA conservation programs.

Key Outcome 6: Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets.

Long-term Performance Measure: Prepare technical reports on issues related to farmer and landowner participation in emerging environmental markets. The target performance for 2013 is 3 reports.

Selected Past Accomplishments toward Achievement of the Key Outcome:
OEM staff worked to set up the office and began the process of engaging stakeholders in order to initiate the process of supporting the development of uniform standards and market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation. Selected past accomplishments include:

- The agreement with Resources for the Future for an inventory and assessment of federal government activities that support environmental markets was completed in March 2011 and the final report is available on the OCE web site.
- The contract with the Oregon Clean Water Services to assess existing biodiversity market metrics and the need and potential for nationally consistent market standards was completed in April 2011. The final report, "Measuring Up: Synchronizing Biodiversity Measurement Systems for Markets and other Incentive Programs," was posted on the OCE web site.
- The agreement with the University of California, Berkley and EcoAgriculture Partners to develop Farm of the Future case studies and illustrations that profile how environmental markets are working for multi-functional farms, forests, and ranches was completed in May 2011. The five case studies, and accompanying briefs and illustrations, are complete and available on the OCE web site.
- OEM's project with the U.S. Endowment for Forests and Communities to develop a Payment for Watershed Services (PWS) Database and Report to analyze trends, successes, and lessons to apply to future watershed payment programs throughout the U.S. has been fulfilled. The final report and PWS inventory database were completed in May 2011 and a link to the documents is on the OCE web site.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:
OEM expects to provide substantially the same level of support in 2013 in spearheading USDA's efforts to develop uniform standards and market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation. Key expected accomplishments are:

- Catalyze development of the infrastructure for environmental markets; and
- 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.

OFFICE OF THE CHIEF ECONOMIST

Strategic Goal Funding Matrix
(Dollars in thousands)

Program / Program Items	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
All Department Strategic Goals (Activities that support all Department goals)					
Immediate Office	$2,226	$2,286	$2,233	-	$2,233
Staff Years	8	7	8	-	8
Office of Risk Assessment and Cost-Benefit Anal	977	1,010	969	+66	1,035
Staff Years	6	6	6	-	6
Total Costs, All Strategic Goals	3,203	3,296	3,202	+66	3,268
Total Staff Years, All Strategic Goals	14	13	14	-	14
Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.					
World Agricultural Outlook Board	5,082	4,658	4,726	+295	5,021
Staff Years	26	28	27	-	27
Office of Energy Policy and New Uses	2,473	2,253	2,125	-875	1,250
Staff Years	7	5	5	-	5
Total Costs, Strategic Goal	7,555	6,911	6,851	-580	6,271
Total Staff Years, Strategic Goal	33	33	32	-	32
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.					
Climate Change Program Office	2,891	2,151	1,627	+473	2,100
Staff Years	5	5	5	-	5
Office of Environmental Markets	-	339	497	-128	369
Staff Years	-	1	2	-	2
Total Costs, Strategic Goal	2,891	2,490	2,124	+345	2,469
Total Staff Years, Strategic Goal	5	6	7	-	7
Total Costs, All Strategic Goals	13,649	12,697	12,177	-169	12,008
Total FTEs, All Strategic Goals	52	52	53	-	53

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key outcomes and performance measures under each of the agency's strategic goals as outlined below:

All Department Strategic Goals

Key Outcome: USDA leadership understands the economic implications of Department policies, programs, and proposed legislation. The objective of the Chief Economist and IO is to provide an economic foundation to all Departmental program and policy issue considerations and decisions through analysis, briefings, papers, and speeches.

Key Performance Measure: The Chief Economist and IO do not have a quantitative performance measure. The type of work in this program varies year to year depending on the needs of the Office of the Secretary and the Department. Although no quantitative performance measure is appropriate, assessments of program performance are obtained through feedback from the Office of the Secretary.

Key Performance Target:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target
a. Economic policy, program analysis, and advice for the Secretary of Agriculture	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Dollars (in thousands)	$1,655	$1,674	$1,886	$1,871	$1,930	$1,878	$1,878

Key Outcome: Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis. A major regulation concerns human health, safety or the environment and has an annual economic impact of at least $100 million in 1994 dollars. ORACBA conducts a thorough analysis that makes clear the nature of the risk, alternative ways of reducing it, the reasoning that justifies the proposed rule, and compares the likely costs and benefits of reducing the risk.

Key Performance Measure:
- Conduct 60 reviews of cost-benefit analyses or risk assessments.

Key Performance Target:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target
a. Review cost-benefit analyses and risk assessments	60	60	60	60	60	60	60
b. Dollars (in thousands)	$827	$814	$805	$773	$803	$766	$825

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

Key Outcome: 12 monthly *World Agriculture Supply and Demand Estimates* (*WASDE*) reports issued. WAOB coordinates preparation and release of the report, providing comprehensive, timely, and objective estimates of agricultural commodity supply, demand, and prices. This Federal principal economic indicator is a benchmark for U.S. and global markets to assess and respond to expected changes in commodity supply and demand, contributing to efficient price discovery and well-functioning agricultural markets.

Key Performance Measure:
- Issue 12 *WASDE* reports.

Key Performance Target:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target
a. *WASDE* reports issued	12	12	12	12	12	12	12
b. Dollars (in thousands)	$3,636	$3,728	$3,644	$3,812	$3,540	$3,592	$3,816

Key Outcome: Energy analysis meets the needs of senior USDA leadership. OEPNU provides economic and policy analysis and helps to coordinate Departmental research in the areas of renewable energy, bioenergy, and biobased products and markets.

Key Performance Measure: OEPNU does not have a quantitative performance measure. The type of work in this program varies year to year depending on the needs of the Chief Economist and the Office of the Secretary, and the Department. Although no quantitative performance measure is appropriate, assessments of program performance are obtained from feedback from the Chief Economist and Office of the Secretary.

Key Performance Target:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 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)	$1,687	$1,548	$1,321	$1,290	$1,115	$1,001	$1,187

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.

Key Outcome: Increased participation of farmers, ranchers, and forest owners in greenhouse gas markets. CCPO coordinates Department-wide agriculture, rural, and forestry-related climate change policy, programs, and products. CCPO also leads the work of establishing technical guidelines measuring the greenhouse gas benefits from conservation and land management activities.

Key Performance Measures:
- Measure #1: CCPO does not have a quantitative performance measure for its work coordinating USDA climate change policy, programs, and products, as this work varies year to year depending on the Office of the Secretary and the Department. Although no quantitative performance measure is appropriate, performance is assessed by feedback from the Chief Economist and the Office of the Secretary.
- Measure #2: Complete 90% of the development of technical guidelines measuring the GHG benefits from conservation and land management activities.

Key Performance Targets:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target
a. Coordinate USDA climate change policy, programs, and products	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Dollars (in thousands)	-	-	-	$665	$495	$574	$483
a. Percent completion of development of technical guidelines for measuring the GHG benefits from conservation and land management activities	N/A	N/A	N/A	Establish Baseline	50%	65%	90%
b. Dollars (in thousands)	-	-	-	$1,359	$1,011	$400	$987

Key Outcome: Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets. OEM supports Departmental activities in the development of environmental markets, focusing on efforts to develop uniform standards and market infrastructure to facilitate market-based approaches to agriculture, forest, and rangeland conservation.

Key Performance Measure: Prepare 3 technical reports on issues related to farmer and landowner participation in emerging environmental markets.

Key Performance Target:

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target
a. Technical reports completed on issues related to farmer and landowner participation in emerging environmental markets	N/A	N/A	N/A	N/A	New Program	Establish Baseline	3
b. Dollars (in thousands)	-	-	-	-	$339	$497	$369