



**Agricultural
Marketing Service**

**ACHIEVEMENT
REPORT
2016**



Local Success, Global Value

Agriculture Secretary Tom Vilsack and AMS Administrator Elanor Starmer cut the ribbon for the 2016 USDA Farmer's Market in Washington, DC on Friday, May 6, 2016.

AMS: Local Success, Global Value

AMS is a uniquely innovative agency. Our services support the economic success of communities around the country and provide transparency and quality assurance to all who consume agricultural products. Our mission drives us to be responsive to industry needs and loyal to consumers' desire for high-quality choices in the marketplace—whether that marketplace is local or global. This mission requires us to innovate along with our stakeholders. Our employees reflect this commitment with their creativity, dedication, and energy—and that makes AMS a wonderful place to work.

We set our sights high, and this 2016 Annual Report reflects how much we have accomplished. From our grading, auditing, and certification programs, which handle over \$150 billion worth of agricultural products each year, to the financial and technical resources we put to work to help farmers and ranchers access new markets, AMS is a vital partner for the businesses and communities we serve. I am very proud of the many ways AMS supports the economic engines that power communities.

-AMS Administrator **Elanor Starmer**



“ The words I most associate with AMS—
INNOVATION, DIVERSITY,
and **COMMITMENT—**
are the qualities that make us a
vital partner for the businesses and
communities we serve.”

-Elanor Starmer



Communication

Goal 1: Enhance Communication Between Stakeholders & AMS Programs

In 2016, AMS **increased the overall transparency** of our regulatory process by:

- Engaging the public more during rulemaking efforts. Our work with organic stakeholders alone resulted in tens of thousands of public comments on proposed rules and guidance documents.
- Offering more than double the webinars and teleconferences for stakeholders. Our Pesticide Data Program, for example, held its first stakeholder meeting and webinar, gaining insight and expertise from people across the country.

We also **developed stronger relationships** and partnerships with those we serve by:

- Increasing the number of small businesses approved as USDA Foods vendors. Twenty-nine small businesses were approved, including 5 owned by women and 4 owned by Native Americans.
- Facilitating meetings to address industry challenges. For instance, we brought producers, retailers, wholesalers, and key USDA experts to the table to discuss challenges and next steps for American egg producers responding to growing market demand for cage-free eggs.

This year, we also **added useful communication tools**, such as:

- An easy way to get updates via email. We launched our email subscription service (GovDelivery) to allow our customers, stakeholders, and employees to stay informed on the issues that matter most to them.
- Expanded social media channels. AMS is now on Instagram, providing visual insights into the work we do and the people we serve.
- National Farmers Market Week tools. We put together a full communications toolkit to help farmers markets across the country celebrate together.
- New factsheets and outreach materials. Our catalog of printable and downloadable resources grew, including new tools on organic production, cage-free demand, and many other hot topics.

U.S. Marine Corps veteran Calvin Riggleman grows fresh organic produce at his West Virginia farm. Under this Administration,

USDA has invested more than \$1 billion in over 40,000 local & regional food businesses & infrastructure projects.



Providing On-Demand Information & Help

Information is crucial to any business. Getting the right information is essential to success when tracking market trends or following rulemaking. At AMS, we value transparency and openness in our operations and in our work with stakeholders.

We are making it easier to stay up-to-date on the programs and services stakeholders rely on. This year, we added a new email subscription service, allowing industry to get the latest information on the topics that matter. Simply by clicking the red envelope on any of our webpages or by typing in your email address on the homepage, signing up to receive updates on any AMS topics is easy. From press releases and blogs to grade standards and rulemaking—the email

subscription service provides the latest information.

Our website is also mobile friendly—giving full access to information on phones, laptops, or tablets. And AMS is reachable via social media, too. As of August 2016, we are now on Instagram, giving visual insight into our mission and services. We welcome questions, comments, and conversations there and on Twitter.

Stakeholders can join our network of more than 70,000 GovDelivery subscribers at www.ams.usda.gov/subscribe and never miss an important announcement. Stakeholders can also follow us on Twitter (www.twitter.com/USDA_AMS) and on Instagram (www.instagram.com/USDA_AMS).

Market Support

Goal 2: Provide Market Information & Marketing Innovation

In 2016, we took a strategic approach to expanding our services and supporting new markets by:

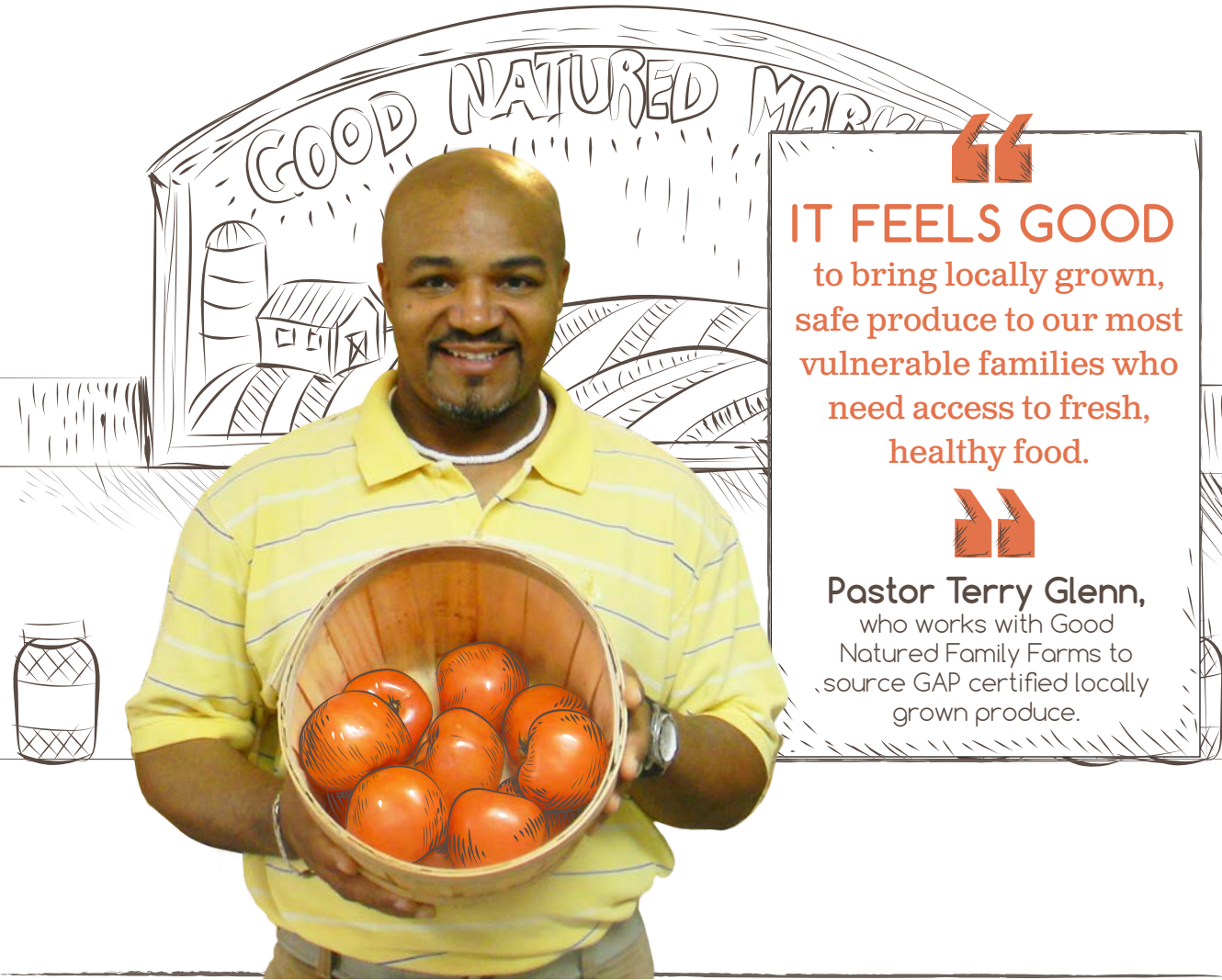
- ⚙️ Adding a Local and Regional Food Systems Policy Advisor as a permanent addition to our team. The new advisor works with stakeholders, policymakers, and experts across Federal agencies to coordinate and unify our efforts to serve this growing sector of agriculture.
- ⚙️ Developing several sets of foreign language guidance documents. Offering regulatory guidance in other languages for programs like Country of Origin Labeling (COOL) helps more producers and businesses across all sectors of agriculture ensure compliance with labeling, marketing order, and other regulations.
- ⚙️ Mobilizing internal experts to begin implementing the National Bioengineered Food Disclosure Labeling legislation. Signed into law over the summer, AMS has developed a time line for implementation, issued a Request for Proposals for the electronic study, and established several communications channels to keep stakeholders informed throughout the regulatory process.
- ⚙️ Collaborating on international efforts to develop animal welfare standards. Through an agreement between the International Organization for Standardization (ISO) and the World Organization for Animal Health (OIE), USDA helped develop the first animal welfare standard of its kind, which will help improve transparency regarding the living conditions of animals raised for food production world-wide.
- ⚙️ Working with research institutions and academic partners to create vital tools and resources. New publications and guidebooks launched in 2016, such as “The Economics of Local Food Systems: A Toolkit to Guide Community Discussions, Assessments and Choices,” help communities and businesses identify community priorities and evaluate options for building economically successful ventures. ▶

- ⚙️ Developing a long-term transportation infrastructure plan to support American agricultural producers. At the request of Congress, AMS experts developed a report that explores how USDA is working with other Federal agencies to ensure the future of transportation for the agriculture sector. We also provided vital insight into the Surface Transportation Board’s study on the impact of allowing competitive switching regulations.
- ⚙️ Coordinating and facilitating international opportunities. This year, we oversaw work by the 22 industry Research and Promotion Boards and 18 industry Marketing Order Boards to collaborate with Cuba on cooperative research and information exchanges to further advance agricultural relations. So far, this initiative has resulted in 12 projects submitted to AMS for approval.

We also revolutionized our data offerings, providing more insight than ever into growing markets, trends, and commodities by:

- ⚙️ Launching Marketing Analysis Reporting Services (MARS), the agency’s first Big Data Initiative. This robust, open-source solution replaces the USDA Market News Information and Communication Systems, enabling the Market News team to more efficiently provide price, sales and supply chain data to the public about more than 1,600 varieties of 196 commodities.
- ⚙️ Enhancing and expanding our data collection. Not only did we use rulemaking to improve our mandatory reporting program for swine and lamb, we also developed several Federal-State cooperative agreements to expand our collection of local, regional, and specialty market data to reach more farmers markets, Farm to School sales, and emerging high-value markets like non-GMO grain and grass-fed beef. As of 2016, AMS Market News also reports on 250 organic products.





Quality Testing

Goal 3: Provide Quality Claims & Analysis to Facilitate Marketing

Opening New Doors for Producers

Good Natured Family Farms (GNFF), a cooperative of 18 Amish family farms in Missouri, is the first group certified under the new, fully established GroupGAP program, a voluntary USDA Good Agricultural Practices (GAP) audit program added in 2016 and managed by AMS. The program allows producers of all sizes to meet buyer requirements for food safety audits by sharing the costs and going through certification as a group, rather than individually.

GroupGAP officially became the newest food safety certification option offered by USDA in

April 2016 after completion of a 2-year pilot. Since then, AMS has conducted 10 GroupGAP audits representing more than 300 operations.

Since 2002, AMS has provided the traditional GAP audit program to the fruit and vegetable industry. This voluntary program verifies that participants are following U.S. Food and Drug Administration (FDA) guidelines and industry best practices to minimize risks of food safety hazards when producing, handling, and storing fruits, vegetables, and other specialty crops. In 2016, AMS conducted nearly 4,000 traditional GAP audits.

Several innovative programs, including instrumentation and automation investments, enabled AMS to **improve our quality grading and auditing services** this year by:

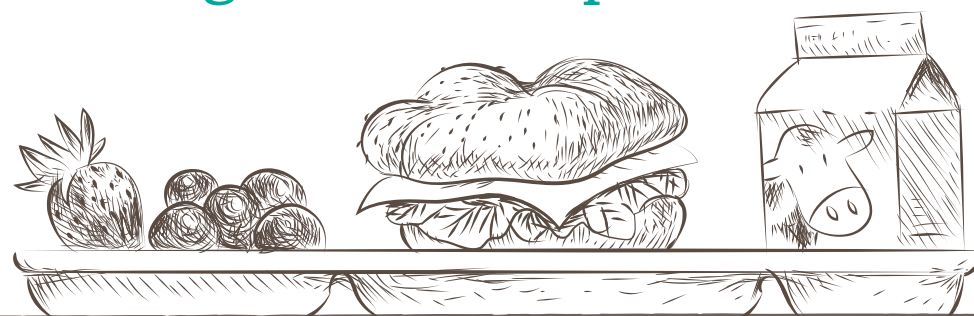
- ✔ Increasing the efficiency of processing and testing. This year we processed more than 1 million cotton samples in the AMS cotton classification facility in Abilene, TX, while decreasing the number of testing instruments needed, saving approximately \$1.5 million compared to previous methods.
- ✔ Responding to consumer and market demands to create new auditing programs. AMS partnered with industry clients to develop ground-breaking consumer marketing programs, including a non-GE/GMO USDA Process Verified Program (PVP) for consumer-facing products and the McDonald's Responsible Antibiotic Use PVP for chicken.
- ✔ Developing enhanced quality controls to protect farmers. Our work to improve the Quality Assurance Program for the Federal milk marketing order laboratory systems helps ensure that dairy farmers are properly paid for milk production that falls under the Federal Order program—a market valued at over \$21 billion. ▶

We also leveraged technology to **improve usability and streamline processes** for our stakeholders by:

- Implementing the first stage of AMS's new Electronic Plant Variety Protection (ePVP) system, which enables staff to issue electronic certificates of intellectual property protection to breeders of new varieties of seeds and tubers, and allows external applicants and brokers to enter application requests and make payments through the Pay.Gov interface.
- Updating the Electronic Trade Document Exchange (eTDE) system that houses approximately 1.5 million export certificates for dairy, meat, poultry, peanut, almond and egg products so that the more than 1,000 exporters in 100 countries who regularly use the system can enter information and search the database in several foreign languages.

AMS issued over **44,000 export certificates** to over **110 countries** affecting approximately **\$5 billion** in international dairy trade and designed and implemented a Chinese compliance certification program for U.S. dairy facilities enabling dairy trade with China valued at over **\$450 million** to continue.

In FY 2015, The United States exported over **\$139 BILLION** in agricultural exports.



Bringing More Transparency to Labeling

Nikki Adams, in the AMS Livestock, Poultry, and Seed Program, is one of a small group of highly qualified AMS auditors who help companies add value to their products through voluntary audit programs, such as the USDA Process Verified Program (PVP).

The backbone of PVP is the International Organization for Standardization's (ISO) guidelines for quality management systems auditing designed to ensure that a production system is operating within the company's parameters.

AMS is committed to the transparency and accountability of our auditing services so that consumers and buyers can make informed decisions about the products they purchase.

That's why School Food FOCUS worked with AMS to create a comprehensive PVP program to verify that companies are meeting the requirements of its Certified Responsible Antibiotic Use (CRAU) standard. In January 2016, AMS and School Food FOCUS announced that PVP auditors, like Nikki, will work with companies to verify that CRAU's requirements, including that the use of medically important antibiotics in raising chicken is rare, well-documented and only with a licensed veterinarian's prescription, are being met.

From farm to market, USDA labels—like the USDA Process Verified shield—will continue to represent the quality, objectivity, and integrity that consumers and stakeholders, such as the school food directors who buy nearly \$1 billion of chicken every year, can rely on.



Oversight

Goal 4: Provide Effective Oversight of Markets & Entities

This year, we continued to **ensure consumer confidence** in the quality and wholesomeness of the foods they buy through:

- Maintaining a COOL compliance level of over 95 percent. This provides U.S. consumers with the confidence and information they need to understand where their food comes from.
- Completing a full launch of the Organic Integrity Database. Starting in 2016, every organic certifier submitted data about organic farms and businesses through the system. As a result, the public is able to track and count certified organic operations more easily than ever before.

AMS also used new processes, procedures and methods to **improve understanding** and compliance with regulatory requirements and proposals by:

- Streamlining the import process for fruits, vegetables, and other specialty crops by implementing the Compliance and Enforcement Management System (CEMS), which automates the integration and analysis of data from the U.S. Customs and Border Protection with AMS inspection certificates. This streamlines the process for imported produce, bringing compliant goods to market more quickly and helping enforce import regulations more uniformly. ▶

- Leveraging strategies and technologies to reach stakeholders impacted by proposed rules. Our dairy team is working to keep California dairy producers and other interested parties informed and involved in the rulemaking related to an industry-requested Federal Milk Marketing Order in California.
- Working with our fellow agencies to ensure products are treated accurately. This year, AMS worked with the USDA Animal and Plant Health Inspection Service (APHIS) to ensure that imported organic products are clearly identified and handled properly. These changes mean that any organic products that have to be treated for pest control purposes at the border will be removed from the organic stream of commerce.

Seeing Results from the 2014 Farm Bill

The AMS National Organic Program ensures that the USDA organic seal is a global standard. Currently, there are more than 31,000 certified organic operations around the world, including 21,000 in the United States. The growing number of organic operations shows that USDA's strong support for the vibrant \$43 billion U.S. organic sector is helping to create jobs and opportunities in rural communities.

The 2014 Farm Bill is funding technology investments in the AMS Organic INTEGRITY Database, which provides current information about organic farms and businesses, and the products they produce. Anyone can conduct market research, confirm an operation's certification status, and identify supply chain connections between buyers and sellers.

Industry and the public can now perform increasingly sophisticated advanced searches by operation status, exact product name, and other criteria. Farms and businesses also can find an organic certifier in their geographic area far more easily.

This year, we added a certifier reporting module to the database. Certifiers can now log in to the database and regularly update the list of organic operations they certify. Every organic certifier submits data about their organic farms and businesses through the system including historical information. As a result, the public is able to track and count certified organic operations more easily than ever before. ▶

Our “Sound and Sensible” initiative helps make organic certification more accessible, attainable, and affordable for producers and businesses by streamlining the process, focusing on enforcement, and working with farmers and processors to correct small issues before they become larger ones. This year, AMS published 44 educational products, generated by 14 partner private-sector organizations, including videos, tip sheets, and training presentations to support certification across the country. AMS also generated a new self-guided training program for organic certifiers about how to conduct an organic inspection based on sound and sensible principles. Check out the full list of resources at: www.ams.usda.gov/reports/sound-sensible.

AMS also oversees organic trade arrangements with several countries, including

Canada, Switzerland, South Korea, Japan, and the members of the European Union. These arrangements benefit U.S. producers and processors by creating new export markets and economic opportunities. In anticipation of a possible organic equivalency arrangement with Mexico, the United States and Mexico established terms for a Joint Organic Compliance Committee in 2016. This committee’s work will strengthen monitoring and enforcement controls and improve the traceability of organic products traded between the two countries. These initiatives support worldwide recognition of the integrity of the USDA organic seal and build market opportunities for U.S. producers and handlers.

With sales of over **\$11 BILLION**
in 2014 & projected growth of 10 % annually,
LOCAL & REGIONALLY PRODUCED
FOOD is the **FASTEST GROWING**
SECTOR of American agriculture.

“**YOU’RE TAUGHT THAT A SEED
ALREADY HAS EVERYTHING IT
NEEDS TO START...**

I think that’s what organic certification’s about—starting off with all the things you need in the very beginning, and then adding just what’s needed to grow the full plant.

Not a whole bunch of other stuff.



Matthew Raiford, co-owner of Gilliard Farms, a Certified Organic Farm



Responsive Solutions

Goal 5: Provide Premier Procurement & Technical Solutions

AMS oversees the food product purchases for the USDA Foods program, a vital component of our Nation's food safety net. In 2016, our improved web-based purchasing and reporting system enabled us to:

- + Act as the purchasing arm for USDA's food assistance programs. We purchased and delivered 2.6 billion pounds of nutritious food products, worth about \$2.3 billion, for programs that serve schools, food banks, Indian Tribal Organizations, and the elderly.
- + Increase access to unprocessed fruits and vegetables. This year, we continued to work with USDA's Food and Nutrition Service (FNS) to manage the 2014 Pilot Project for the Procurement of Unprocessed Fruits and Vegetables (Unprocessed Pilot), which in 2016 delivered approximately \$6.1 million of produce to USDA food programs. ▶

Tiarra McLenore and her son, Matthew George, waiting in line at the Food Pantry in the Grace Lutheran Church in Richmond, California. **AMS purchased and delivered 2.6 billion pounds of food products to support food banks, schools and more in 2016.**



Responsive Solutions

We also continued to **ensure the safety and quality** of the foods we purchase by:

- + Thoroughly testing the meat and egg products we buy. AMS collected and analyzed approximately 70,000 samples of beef, poultry, and egg products.
- + Ensuring that animal welfare standards are adhered to for our meat purchases. This year, we conducted over 50 animal handling and welfare audits at AMS-approved vendors to ensure that animals are being treated humanely.
- + Being open and honest about our testing and audit results. We make the results of all microbiological testing and animal welfare audits available to the public to increase transparency and public awareness of our food safety measures.

Evolving & Innovating to Meet Ag's Needs

Big Data isn't just a buzzword at AMS. It is the driving force behind our effort to make USDA Market News data more useful to the entire agricultural supply chain through the new Market Analysis and Reporting Services (MARS) system. This dynamic, innovative change will assist USDA Market News in collecting and distributing information electronically from remote locations, by combining reporting from all commodity areas into a single platform.

MARS, unveiled in February 2016 at USDA's Agricultural Outlook Forum, moves Market News and its data about more than 600

commodities into the Big Data era. For more than 100 years, agricultural producers of all sizes have used USDA's free Market News service to get timely, unbiased data.

This new system reflects advances in data management, improves market transparency, reduces information disadvantage that may exist between buyers and sellers, and continues USDA's 100-year commitment to use experienced reporters to gather, analyze, and provide unbiased data through cooperative relationships and observation within the agricultural supply chain.

Team AMS

Goal 6: Sustain a Diverse, Dynamic Organization

We are committed to ensuring that AMS employees reflect the **diverse population that we serve**. In 2016, we made strides in building our team by:

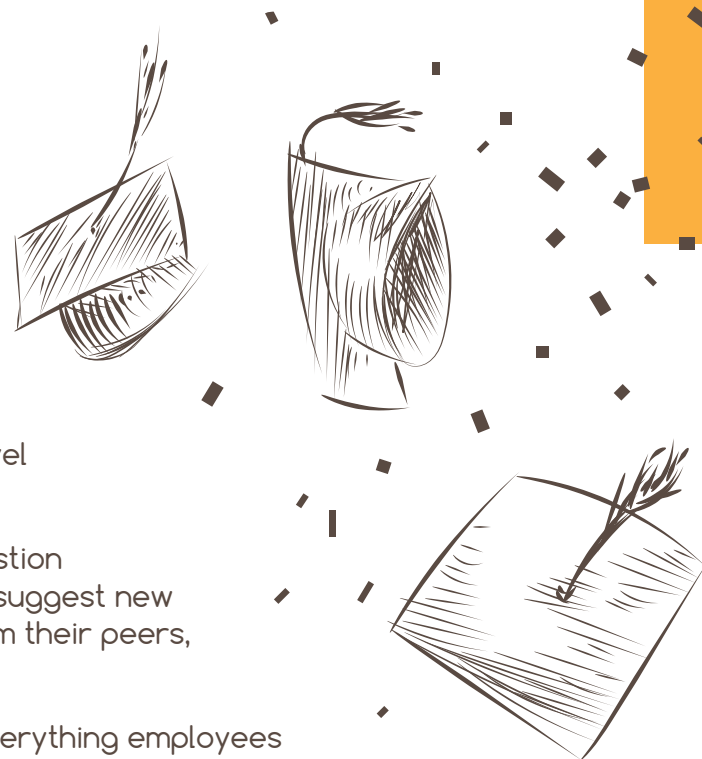
- ★ Hiring 635 talented new employees and conducting 10 recruiting events across the country. These 2016 new employees are more diverse than those hired in 2014 and 2015. In addition, for the first time, AMS's new hires of individuals with non-targeted disabilities exceeded the Federal Government's hiring goal of 10 percent.
- ★ Piloting a new initiative with the U.S. Department of Labor to launch a yearlong apprenticeship program for agricultural commodity graders focused on veterans.

Some examples of the ways we **became more efficient and improved our workflow** this year include:

- ★ Consolidating management of five grant programs that award over \$100 million in Federal funds to approximately 1,200 projects each fiscal year in order to improve grant-related service delivery by AMS employees and the timeliness of grant-related payments and reports.
- ★ Executing Signature Process Improvement Projects for various agricultural product graders and other staff, as well as developing relevant webinars on topics ranging from budget to performance management for both AMS field and headquarters staff.

We also made strides in **engaging our employees** in 2016 by:

- ★ Establishing a headquarters employee engagement advisory committee to advise AMS management and strengthen communications and connectivity at every level within the agency.
- ★ Launching the What a Great Idea (WAGI) employee suggestion program, which provides a mechanism for employees to suggest new ways to strengthen the agency's work, receive votes from their peers, and implement their innovative ideas.
- ★ Creating our first AMS Employee Handbook to provide everything employees need to know about the agency, all in one place.



Forging Partnerships to Ensure Mutual Success

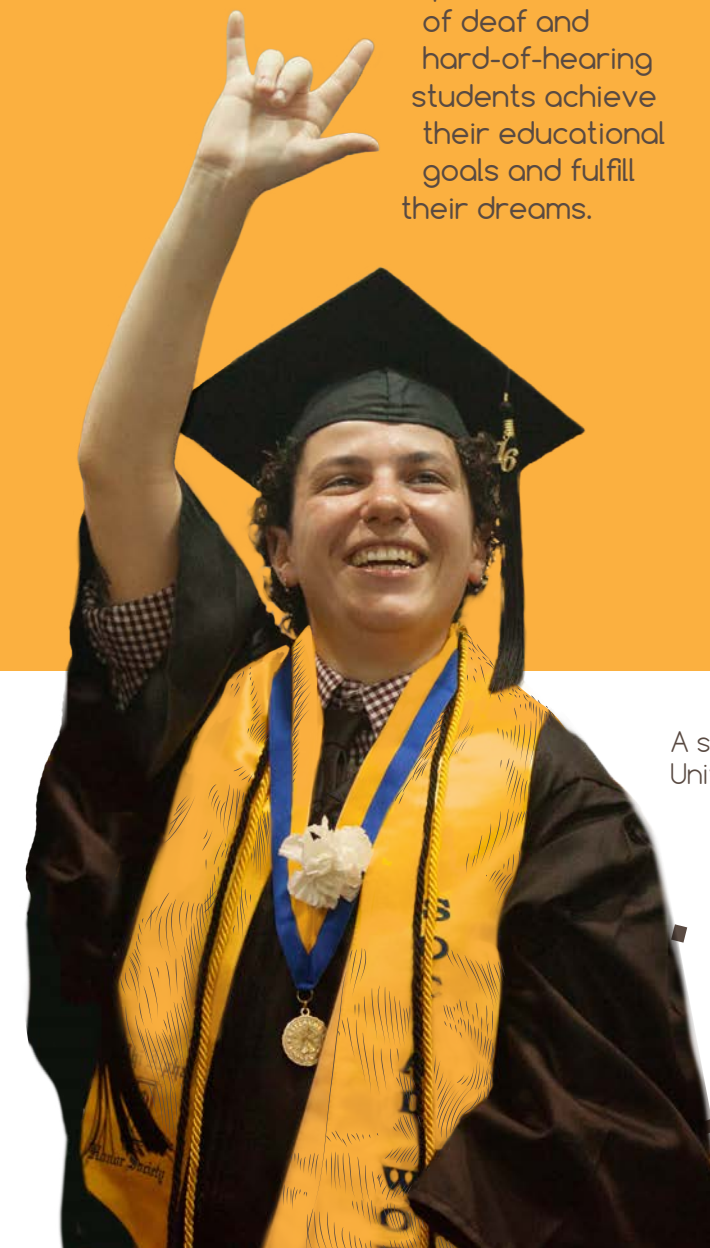
Many know President Abraham Lincoln as our country's leader during the Civil War, one of its most trying times in the 1860s. Fewer people may know that, within 2 years, President Lincoln established both USDA—something he called “The People’s Department”—and Gallaudet University, an institution that has

helped thousands of deaf and hard-of-hearing students achieve their educational goals and fulfill their dreams.

Now, more than 150 years later, these two transformational events converged. In December 2016, AMS signed a Memorandum of Understanding (MOU) with Gallaudet that will help ensure that a diverse group of candidates, including individuals with disabilities and other minorities, are well positioned to enter agricultural fields.

We will work with Gallaudet to provide qualified students with information, advice, and assistance in applying for AMS internships and jobs, building on the legacy of both institutions by encouraging Gallaudet’s students to consider an internship or career at AMS.

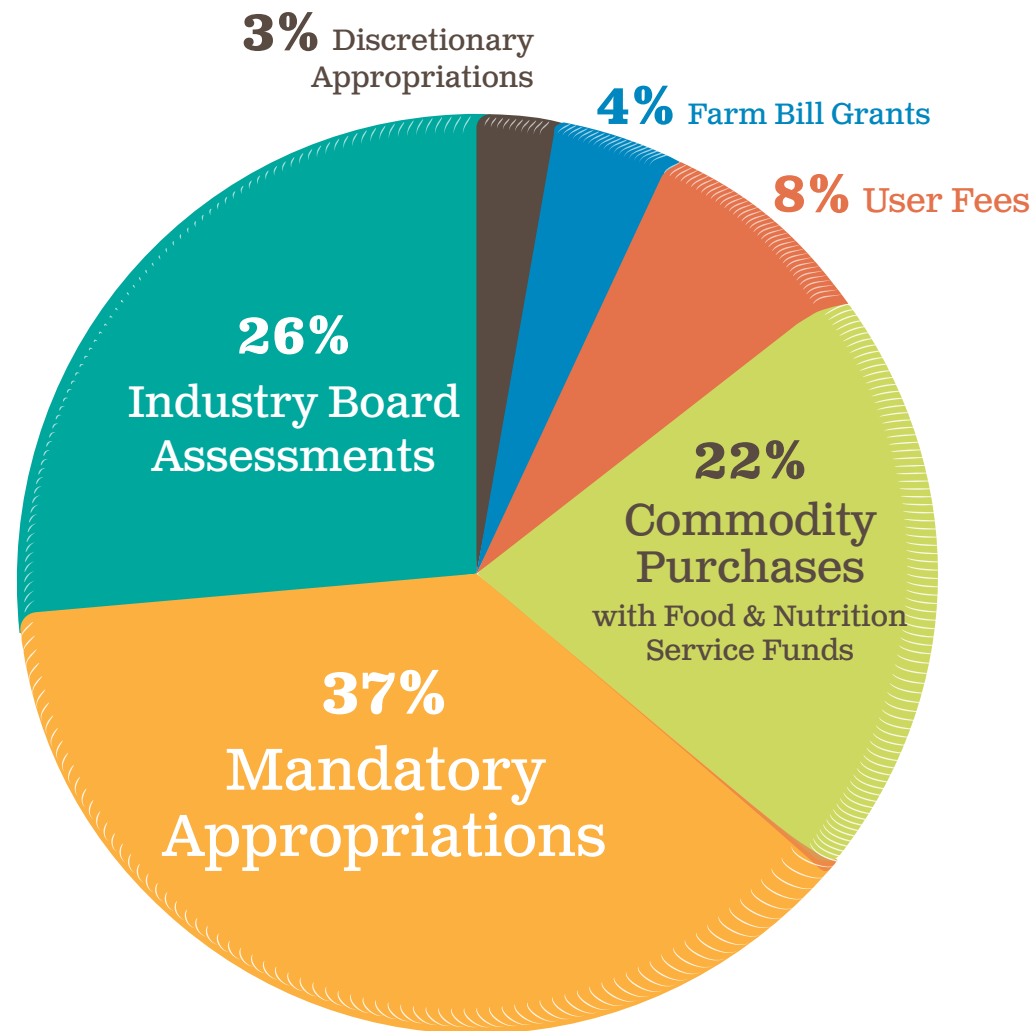
The success of American agriculture is vital to the success of America. And it is vital that USDA, the People’s Department, cultivates a diverse and talented workforce that represents all those we serve.



A student flashes the sign for “I love you” at Gallaudet University’s 2016 graduation ceremony.

AMS Financials

FY2016



Resources

AMS offers a wealth of online resources to meet evolving stakeholder and public needs. Our website provides access to a comprehensive array of publications; site visitors can view, download, and print infographics, forms, reports, and more.

Reports: www.ams.usda.gov/resources

This section hosts in-depth reports and presentations on relevant data, including organic productions, marketing and economic analysis, meat grading, and much more.

Fact Sheets: www.ams.usda.gov/publications/Fact_Sheets

AMS fact sheets condense complex information into useful one-page handouts which can be shared at meetings and public events.

Infographics and Data Visualizations:

www.ams.usda.gov/resources/infographics-data-visualizations

Our engaging infographics cover a range of topics, from tips on buying meat and eggs to current data on farmers markets and food hubs.

Presentations: www.ams.usda.gov/presentations

This archive of video, webinar, and PowerPoint presentations covers many of our programs and services.

AMS Program Areas

- Specialty Crops
- Livestock, Poultry & Seed
- Cotton & Tobacco
- Dairy
- National Organic Program
- Transportation & Marketing
- Science & Technology
- Information Technology Service
- Compliance & Analysis

AMS Staff Offices

- Commodity Procurement
- Public Affairs
- Legislative and Regulatory Review
- Civil Rights

AMS' grading, auditing, certification and inspection services ensure the quality of domestic products - helping American farms and businesses export goods to over 100 different countries.

In 2015, the United States exported nearly

7.1 BILLION LBS. of FRESH FRUITS & VEGETABLES to Canada & Mexico, worth **\$4.2 BILLION.**

In 2016, AMS graded over **26 BILLION LBS. of MEAT & POULTRY & 2.4 BILLION DOZEN SHELL EGGS.**

With USDA's continued support, farmers markets and local food systems have seen tremendous growth. In fact, USDA's National Farmers Market Directory now lists over

8,600 MARKETS, an INCREASE of almost 98% between 2006 and 2016.

Contact Info

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Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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January 2017