



United States General Accounting Office  
Washington, DC 20548

Resources, Community, and  
Economic Development Division

B-285338

June 15, 2000

The Honorable John R. Kasich  
Chairman, Committee on the Budget  
House of Representatives

Subject: Food and Commodities: Federal Purchases and Major Regulations That Potentially Affect Prices Paid

Dear Mr. Chairman:

Each year the federal government purchases a large volume of food and commodities for its domestic, international, and military programs. These purchases are made for diverse purposes, such as supporting commodity prices in domestic markets, providing nutritious meals for children, supplying humanitarian food aid, and feeding U.S. military personnel worldwide. Federal agencies make purchases through various means and at various levels in the marketplace. Bulk commodities, such as unprocessed grain, are procured directly from producers or processors through competitive bidding and commodity support programs. Food, such as ground beef, fruit products, and infant formula, may be purchased directly for specific items or, as is often the case, under contracts with vendors for broad categories of items that a program or facility may need. The prices federal agencies pay for these purchases are influenced by general market conditions that are also applicable to other consumers of food and commodities. Among the many conditions affecting the prices at each level of the food distribution chain—from the farm gate to the dinner table—are federal regulations. The regulations are issued for a variety of purposes, such as implementing agricultural programs, regulating agricultural production, ensuring food safety, and protecting the environment.

Concerned about the impact of federal regulations on the prices of food and commodities that the federal government purchases, you requested that we provide (1) details about federal agencies' purchases of food and/or agricultural commodities from fiscal year 1997 through fiscal year 1999 and (2) information on major regulations that may affect the prices paid by these agencies for these products. To respond to the first objective, as agreed with your office, we identified federal agencies that individually purchased at least \$50 million in food and/or commodities annually. To address the second objective, we agreed to review the cost-benefit analyses for major regulations issued during the last 4 years—March 29, 1996 through March 31, 2000—that relate to food or agriculture. These analyses are required by Executive Order 12866.<sup>1</sup> Under this order, an agency must conduct an economic analysis of a regulation determined to be economically significant.<sup>2</sup> The analysis should estimate the costs and benefits of the proposed regulation to consumers and/or

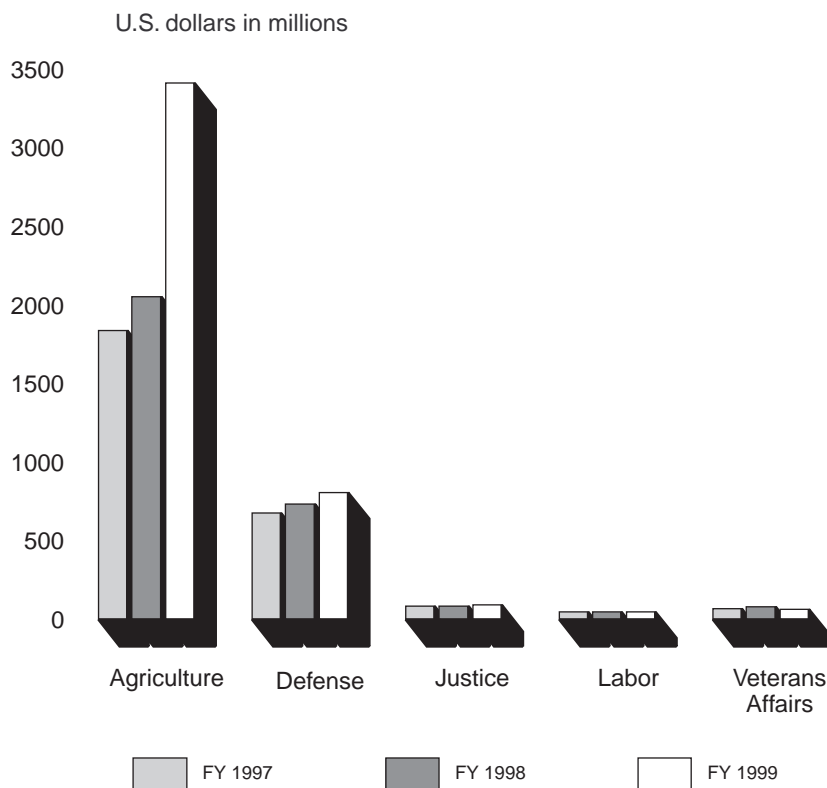
<sup>1</sup> *Regulatory Planning and Review*, Sept. 30, 1993.

<sup>2</sup> In general, an economically significant or major regulation is one estimated to have an annual effect on the economy of \$100 million or more.

other sectors of the economy. While the Office of Management and Budget's (OMB) guidance on economic analysis indicates that estimates of costs and benefits in terms of dollars are preferred, OMB recognizes such estimates may not always be possible. Estimates of the impact of proposed regulations on prices may or may not be presented in the economic analyses because the focus of the executive order is on presenting the overall costs and benefits of the regulations.

In summary, we found the following:

- Five agencies—the departments of Agriculture, Defense, Justice, Labor, and Veterans Affairs—made large direct purchases of food and/or commodities from fiscal year 1997 through fiscal year 1999, as indicated in figure 1. For example, purchases by these agencies totaled about \$4.5 billion in fiscal year 1999 for items ranging from bulk, unprocessed commodities such as grain and soybean meal to ready-to-eat cereal, canned goods, fruits and vegetables, dairy products, and military field rations. These purchases were made for agency programs or for basic mission-related objectives. For example, Agriculture purchased food to feed children under the National School Lunch Program, and Veterans Affairs purchased food for the patients in its 172 medical facilities. In addition, some of these agencies made food or commodity purchases on behalf of other agencies. For example, Agriculture made purchases on behalf of the Department of State's Agency for International Development and Defense made purchases on behalf of over 20 other agencies. Enclosure I provides further details on these purchases.

**Figure 1: Federal Agency Purchases of Food and/or Commodities, Fiscal Years 1997-99**

Note: Agriculture officials said that their food purchases increased significantly from 1998 to 1999, primarily because of the Farm Service Agency's procurement of surplus domestic commodities such as bulgur, corn, cornmeal, dried milk, flour, and wheat under the Section 416(b) program for the Foreign Agricultural Service to donate overseas.

Source: GAO's analysis of agencies' data.

- Of the 23 major regulations we identified as potentially related to food or agriculture, 11 had impacts on food and/or commodity prices, according to the required cost-benefit analyses. The Department of Agriculture issued all 11 of these regulations. The anticipated price effects of these regulations vary depending on the regulation and the food or commodity involved. For example, of the 11 analyses, 4 expect price increases, 1 expects both an increase and a decrease, 2 expect prices to be unchanged, and 4 expect prices to decrease. In most cases, the effects identified in the analyses were on prices that producers or processors could expect to pay or receive for food or commodities before the products are sold at the retail level. For instance, a regulation setting long-term policy for Agriculture's Conservation Reserve Program was expected to increase processors' per-bushel prices of barley, corn, oats, sorghum, soybeans, and wheat. However, in some cases, the analyses discussed effects on the retail prices of food or commodities. For example, a regulation on importing fresh pork products from Mexico was expected to decrease the retail price of those products by 7 to 16 cents per pound. Enclosure II provides further details on the anticipated price impacts of these 11 regulations.
- The 12 regulations and related cost-benefit analyses that did not provide information on food or commodity price impacts were issued by Agriculture, the Environmental Protection Agency, or the Food and Drug Administration. Enclosure III provides a list of these regulations.

- In general, each of the 23 major regulations we reviewed was issued by agencies to accomplish purposes and programs mandated by the Congress in order to benefit the nation. For example, a 1996 rule on hazard analysis and critical control point systems issued by Agriculture's Food Safety and Inspection Service establishes requirements for slaughterhouses to reduce the numbers of pathogenic microorganisms on meat and poultry products. As a result of this regulation, the economy is expected to receive benefits estimated at \$7.1 to \$26.6 billion over 20 years due to a reduction in foodborne illnesses.<sup>3</sup>

### **Agency Comments**

We provided a draft of this report to the departments of Agriculture, Defense, Justice, Labor and Veterans Affairs for review and comment. The agencies generally agreed with the facts presented in the report. Four of the agencies—Agriculture, Justice, Labor, and Veterans Affairs—provided minor technical suggestions, which we incorporated into the report as appropriate.

### **Scope and Methodology**

To provide details about federal agencies' purchases of food and/or commodities, we first identified agencies with at least \$50 million in food and/or commodity purchases in fiscal year 1999. We did this by reviewing available reports and documents; interviewing Department of Agriculture officials, including food procurement experts and Economic Research Service staff; and asking officials in each agency we contacted to identify other agencies that purchase food and/or commodities. We then asked the agencies identified to provide detailed information on the amounts, types, purposes, and beneficiaries of their food and/or commodity purchases, including outlays made for these purchases from fiscal year 1997 through fiscal year 1999. We instructed these agencies to exclude programs, such as Food Stamps, that provide resources to clients to make their own food purchases. We also asked these agencies to exclude food purchases intended for retail sale in cafeterias or commissaries.

To identify major federal regulations that affect the prices paid by federal agencies for food and/or commodities, we considered 241 major regulations issued during the period from March 1996 through March 2000 that were submitted to GAO's Office of General Counsel for review in accordance with provisions of the Small Business Regulatory Enforcement Fairness Act of 1996.<sup>4</sup> Of these, we determined that 23 potentially relate to food or agriculture. For each of these 23 regulations, we then performed a detailed review of the regulation and the related cost-benefit analysis to determine what, if any, food and/or commodity price impacts were identified. Our analysis was limited to the information published in the regulations and associated analyses. Although the cost-benefit analyses for a number of these regulations do not address food and/or commodity price effects, this does not necessarily mean that the regulations have no effect on these prices. Rather, these effects were not among those analyzed by the agencies responsible for preparing the analyses.

We conducted our review from December 1999 through June 2000 in accordance with generally accepted government auditing standards. We did not independently verify the data provided by the

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<sup>3</sup>This range of benefits results from uncertainty in the estimates of the number of cases of foodborne illness and death attributable to pathogens that enter the meat and poultry supply at slaughterhouses.

<sup>4</sup>P.L. 104-121, Mar. 29, 1996. Under this act, GAO's role is to provide the Congress with a quick review of all "major" rules submitted to determine if the promulgating agencies have complied with the procedural steps governing the regulatory process. GAO must provide its report within 15 calendar days. See GAO's testimony before the Subcommittee on Commercial and Administrative Law, House Committee on the Judiciary, (*Congressional Review Act* GAO/T-OGC-97-29, Mar. 6, 1997) for further explanation.

B-285338

agencies on their food and/or commodity purchases. Similarly, we did not independently verify the data contained in the cost-benefit analyses we reviewed, nor did we assess the appropriateness of the variables or assumptions used in these analyses.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will provide copies to the appropriate congressional committees; interested Members of Congress; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable William S. Cohen, Secretary of Defense; the Honorable Janet Reno, Attorney General; the Honorable Alexis M. Herman, Secretary of Labor; the Honorable Togo D. West, Jr., Secretary of Veterans Affairs; the Honorable Jacob J. Lew, Director, Office of Management and Budget; and other interested parties.

If you have any questions about this report, please contact Jim Jones, Assistant Director, or me at (202) 512-5138. Other key contributors to this report were Triana Bash, Carol Bray, John Scott, and Sheldon Wood.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lawrence J. Dyckman". The signature is fluid and cursive, with the first name being particularly prominent.

Lawrence J. Dyckman  
Director, Food and  
Agriculture Issues

**Five Federal Agencies That Directly Purchase Food or Commodities**

Dollars in millions

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
Department of Agriculture, Farm Service Agency (FSA) <sup>6</sup>	Food and Nutrition Service	National School Lunch Program/ National School Lunch Act of 1946	Food and Nutrition Service coordinates the distribution of commodity foods to over 94,000 public and private nonprofit schools providing meals to students. FSA's commodity purchases represent about 15 to 20 percent of the market value of the food that schools serve in their lunch and breakfast programs.	Dairy products, corn, cereal, pasta, peanuts, rice, flour, vegetable oil	\$159.8	\$149.9	\$188.2
	Food and Nutrition Service	The Emergency Food Assistance Program/The Emergency Food Assistance Act of 1983	Commodities are available to nonprofit organizations, such as soup kitchens and shelters, for preparing meals for the needy. Other nonprofit organizations, such as food banks, distribute commodities to the needy for household use. Each state establishes eligibility criteria for determining participation in the program.	Dairy products, corn, cereal, pasta, peanuts, rice, vegetable oil	39.5	33.0	55.9
	Food and Nutrition Service	Child Care and Adult Care Food Program	Commodities are available to approved day care centers serving meals and snacks to children and adults, and to family and group day care homes for children. These centers and homes have the option of receiving cash in lieu of commodities, since the commodity pack sizes are too large for most of them.	Dairy products, cereal, pasta, peanuts, rice, flour, vegetable oil	1.1	1.1	1.1

<sup>5</sup>The five federal departments listed in this column purchased at least \$50 million in food or commodities in fiscal year 1999.

<sup>6</sup>The Farm Service Agency makes some of its purchases on behalf of the Commodity Credit Corporation (CCC), which is a government-owned and -operated entity created to stabilize, support, and protect farm income and prices.

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
	Food and Nutrition Service	Commodity Supplemental Food Program	Food packages are distributed monthly to supplement the nutritional needs of low-income pregnant, postpartum, and breast-feeding women; infants; children up to age 6; and persons at least 60 years old residing in the service areas. A variety of commodities are provided in household-size containers. Women, infants, and children must be eligible for benefits under an existing federal, state, or local health or welfare program for low-income persons. Elderly persons must have incomes at or below 130 percent of federal poverty income guidelines.	Dairy products, corn, cereal, pasta, peanuts, rice	36.3	34.0	16.1
	Food and Nutrition Service	Summer Food Service Program	Commodities are made available to sites serving needy children during summer vacations from school. These sites include schools, colleges, and universities participating in the National Youth Sports Program, nonprofit summer camps for migrant children, and centers for homeless children. All children receive meals free, and the Department reimburses local sponsoring organizations for a portion of the meals served.	Dairy products, cereal, pasta, peanuts, rice, flour, vegetable oil	0.5	0.6	0.4
	Food and Nutrition Service	Food Distribution Program on Indian Reservations	Program is an alternative to the Food Stamp Program for meeting the nutritional needs of households living on or near an Indian reservation or in designated service areas in Oklahoma. Households qualify for the program on the basis of their income and resources. Participants receive a monthly food package that contains a variety of commodities to help them maintain a balanced diet.	Dairy products, corn, cereal, pasta, peanuts, rice, flour, vegetable oil	22.4	24.4	19.5

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
	Food and Nutrition Service	Nutrition Program for the Elderly/Area Agencies on Aging	Program provides nutritious meals for older adults, either in congregate meal settings or through home delivery. The Department provides cash and commodities to state agencies on aging and tribal organizations.	Dairy products, cereal, pasta, peanuts, rice, flour, vegetable oil	0.2	0.0	0.1
	Food and Nutrition Service	Disaster Feeding	Food and Nutrition Service makes commodities available for distribution to disaster relief agencies, such as the Red Cross, when the President declares a disaster, as well as in other situations of distress. The commodities are provided to disaster victims through congregate meal services and direct distributions to households.	Dairy products, corn, cereal, pasta, peanuts, rice, flour, vegetable oil	0.2	0.0	0.7
	Foreign Agriculture Service	Sec. 416(b)/Agricultural Act of 1949	Program provides for overseas donations of surplus commodities acquired by the CCC. Donations may not reduce the amounts of commodities that are donated traditionally to domestic feeding programs or agencies and may not disrupt normal commercial sales.	All-purpose and bread flour, bulgur, corn, cornmeal, varieties of wheat, dried milk	0.0	0.0	1,155.5 <sup>7</sup>
	U.S. Agency for International Development	Title II, P.L. 480--Emergency and Private Assistance	Program provides for the donation of U.S. agricultural commodities to meet emergency and nonemergency food needs. Agricultural commodities donated by the U.S. government for emergency needs may be provided under government-to-government agreements; through public and private agencies, including intergovernmental organizations; and through other multilateral organizations. Nonemergency assistance may also be provided through private voluntary organizations, cooperatives, and intergovernmental organizations.	Feed grains, rice, vegetable oil, wheat	\$721.5 <sup>8</sup>	\$825.4 <sup>9</sup>	\$893.3 <sup>10</sup>

<sup>7</sup>Includes \$361.8 million for freight costs, which are contracted for separately.

<sup>8</sup>Includes \$308.4 million for freight costs.



Purchasing agency <sup>9</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
	U.S. Agency for International Development	Title III, P.L. 480--Food for Development	Program provides for government-to-government grants to support long-term growth in the least developed countries. Donated commodities are sold in the recipient country, and the revenue generated is used to support economic development programs.	Wheat	40.5 <sup>11</sup>	32.5 <sup>12</sup>	21.3 <sup>13</sup>
	Foreign Agriculture Service	Food for Progress (Title I, P.L. 480)/ Food for Progress Act of 1985	Program provides commodities to support countries that have made commitments to expand free enterprise in their agricultural economies.	Wheat, wheat flour, soybean meal, soybeans, vegetable oil	40.1 <sup>14</sup>	63.7 <sup>15</sup>	264.2 <sup>16</sup>
	Foreign Agriculture Service	Food for Progress (CCC-funded)/ Food for Progress Act of 1985	Program provides commodities to support countries that have made commitments to expand free enterprise in their agricultural economies.	Tallow, flour, rice, varieties of seeds, varieties of corn products, varieties of oils, varieties of wheat, beans, peas, dried milk, pink salmon, varieties of pork products, soybean meal	76.0 <sup>17</sup>	108.6 <sup>18</sup>	93.3 <sup>19</sup>
<b>Subtotal--FSA</b>					<b>\$1,138.2</b>	<b>\$1,273.2</b>	<b>\$2,709.6</b>

<sup>9</sup>Includes \$357.6 million for freight costs.

<sup>10</sup>Includes \$412.2 million for freight costs.

<sup>11</sup>Includes \$12.4 million for freight costs.

<sup>12</sup>Includes \$11.2 million for freight costs.

<sup>13</sup>Includes \$7.6 million for freight costs.

<sup>14</sup>Includes \$25.4 million for freight costs.

<sup>15</sup>Includes \$22.8 million for freight costs.

<sup>16</sup>Includes \$28.9 million for freight costs.

<sup>17</sup>Includes \$11.7 million for freight costs.

<sup>18</sup>Includes \$24.7 million for freight costs.

<sup>19</sup>Includes \$22.2 million for freight costs.

Purchasing agency <sup>b</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
Department of Agriculture, Agricultural Marketing Service (AMS)	Agricultural Marketing Service	Purchases for the National School Lunch Program under section 32 of the act of August 24, 1935	These expenditures are part of a permanent appropriation that sets aside a share of the tariff duties collected by the U.S. Customs Service. These funds are used to encourage domestic consumption of agricultural commodities and fulfill the entitlement mandate of section 6 of the National School Lunch Act.	Frozen and bulk fruit juice; fresh, frozen, and canned fruit; fresh, frozen, canned, dehydrated, and dried vegetables; fresh and frozen chicken; fresh, frozen, and dried egg products; canned poultry; fresh and frozen turkey; frozen beef; frozen pork; canned fish; and canned meat.	399.0	398.0	396.0
	Agricultural Marketing Service	Contingency purchases under section 32 of the act of August 24, 1935	The contingency purchases support the removal of surplus commodities from the market. Such removal is in the form of one-time emergency purchases to relieve short-term or rapidly developing market surpluses. Section 32 contingency purchases also support Food Assistance for Disaster Relief, a program that (1) takes foods from other programs for states and disaster assistance organizations to give to disaster victims and (2) reimburses the other programs with section 32 funds.	Frozen and canned fruit juice; fresh, frozen, canned, and dried fruit; frozen, canned, dehydrated, and dried vegetables; nuts; fresh and frozen chicken; canned poultry; fresh and frozen turkey; frozen beef; frozen pork; frozen and canned fish; canned meat; and frozen bison and frozen lamb.	96.0	193.0	135.0
	Food and Nutrition Service	National School Lunch Program/ Section 6 of the National School Lunch Act of 1946	Section 6 of the National School Lunch Act provides funds for agricultural commodities to be made available to states and schools for child nutrition programs, including commodity foods for child and adult day care centers. Section 6 prescribes a level of support (by formula) that is to be provided to states in commodities as entitlement.	Fresh, frozen, and canned fruit; fresh, frozen, canned, dehydrated, and dried vegetables; fresh and frozen chicken; fresh and frozen egg products; fresh and frozen turkey; frozen beef; and frozen pork.	58.0	59.0	51.0

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
	Food and Nutrition Service	The Food Distribution Programs on Indian Reservations/ Section 4a of the Agriculture and Consumer Protection Act of 1973.	Program distributes food packages to households on Indian reservations when they elect to receive commodities in lieu of food stamps.	Canned fruit juice; canned and dried fruit; fresh, canned, dehydrated, and dried vegetables; syrup; fresh and frozen chicken; fresh, frozen and dried egg products; canned poultry; frozen beef; canned fish; and canned meat.	28.0	31.0	30.0
	Food and Nutrition Service	Nutrition Program for the Elderly/ Section 311 of the Older Americans Act of 1965.	Program provides commodity support to senior citizen meal sites.	Frozen fruit juice; fresh, frozen, and canned fruit; fresh, frozen, and canned vegetables; fresh and frozen chicken; fresh, frozen, and dried egg products; canned poultry; fresh and frozen turkey; frozen beef; frozen pork; and canned meat.	4.0	3.0	3.0
	Food and Nutrition Service	Commodity Supplemental Food Program/ Section 17 of the Child Nutrition Act of 1966	Program provides food packages to pregnant and postpartum women and children who are at nutritional risk.	Canned fruit juice; canned fruit; fresh, canned, dehydrated, and dried vegetables; dried egg products; canned poultry; canned fish; and canned meat.	35.0	32.0	34.0
	Food and Nutrition Service	The Emergency Food Assistance Program/ The Emergency Food Assistance Act of 1983	Program provides food to the homeless and other needy individuals through food banks and soup kitchens.	Canned fruit juice; fresh, canned, and dried fruit; fresh, canned, dehydrated, and dried vegetables; syrup; fresh and frozen chicken; dried egg products; canned poultry; fresh and frozen turkey; frozen beef; frozen pork; canned fish; and canned meat.	84.0	69.0	59.0

Purchasing agency <sup>b</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
<b>Subtotal—AMS</b>					\$704.0	\$785.0	\$708.0
<b>Subtotal—Agriculture (FSA + AMS)</b>					<b>\$1842.2</b>	<b>\$2,058.3</b>	<b>\$3,417.6</b>
<b>Department of Justice, Bureau of Prisons</b>	96 federal correctional institutions	Subsistence program to support basic mission of the institutions	Program purchases food for prisons on primarily a local, and sometimes a regional, basis depending on item involved. Some institutions purchase eggs, dairy, and bread products through Department of Defense contracts. During fiscal year 1999, 546,554 staff and inmates were served meals in Bureau of Prisons institutions.	Subsistence items such as canned foods, spices, and jellies; meats, dairy, eggs, and bread products	87.2	86.9	\$94.8
<b>Subtotal—Justice</b>					\$87.2	\$86.9	\$94.8

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
Department of Defense, Defense Supply Center Philadelphia	The military services	Program purchases food to support the U.S. military worldwide.	The food is used by military services in dining halls and aboard ships for peacetime feeding and is used by the services for field feeding during exercises, for contingencies and/or in support of humanitarian efforts.	Dairy, breads and bakery items, coffee, tea, soda, meats, fresh fruits and vegetables, juices, meals ready to eat (MREs), and other operational rations.	676.6	731.7	801.3
	Various federal agencies	Program makes food purchases for other agencies through its existing programs and contracts.	The other agencies taking part in the Defense food program include Agriculture's School Lunch and Native American Support programs; Department of Commerce; Department of the Interior; Department of Justice/Bureau of Prisons; Department of Labor/Job Corps; Department of State; Department of the Treasury; Department of Veterans Affairs; General Services Administration; Federal Emergency Management Agency; Department of Health and Human Services; National Aeronautics and Space Administration; U.S. Soldiers' Home; District of Columbia Public Schools; U.S. Information Agency; Agency for International Development; U.S. Congress and miscellaneous organizations; U.S. Postal Service; Federal Aviation Agency; Department of Energy.	Mostly fresh fruit and vegetables, but some agencies order rations and prime vendor products	3.8 <sup>20</sup>	5.2	9.8
<b>Subtotal—Defense</b>					<b>\$680.4</b>	<b>\$736.9</b>	<b>\$811.1</b>
Department of Veterans Affairs	Office of Acquisition and Materiel Management	Program purchases food for 172 Veterans Affairs facilities	The food is purchased primarily through the Subsistence Prime Vendor program and used by all Veterans Affairs medical centers and other facilities. Other purchases are made through local vendors.	All types of food available through prime vendors, and other items including fresh and dried milk and other dairy products, fresh and frozen bread, produce, and dietary supplements	70.3	75.5	70.9

<sup>20</sup>Defense's purchases for other agencies in fiscal year 1997 and subsequent years have been adjusted to eliminate duplication of purchases for Agriculture, Justice, Labor and Veterans Affairs that are reported elsewhere in this table.

Purchasing agency <sup>5</sup>	Administering agency	Program	Description	Type of food	FY 1997 purchases	FY 1998 purchases	FY 1999 purchases
		Other government activities	50 other government facilities have joined the Veterans Affairs prime vendor contract to purchase food for their operations: state veteran homes, Indian health facilities, and Defense health care facilities.	All types of food available through the vendors, including fresh and dried milk, other dairy products, fresh and frozen bread, produce, and dietary supplements	0.0	5.9	11.5
<b>Veterans Affairs—Subtotal</b>					<b>\$70.3</b>	<b>\$81.4</b>	<b>\$82.4</b>
<b>Department of Labor</b>	Employment and Training Administration/ Job Corps	Job Corps Centers provide employment and training for severely disadvantaged youths	The 118 centers provide youths with a comprehensive array of services, generally in a residential setting. The services include basic education, vocational skills training, social skill instruction, counseling, health care, room and board, and recreation. While private and nonprofit contractors operate the majority of the centers, the departments of the Interior and Agriculture operate 28 as Civilian Conservation Corps programs. About 66,000 youths participate in the program each year in 48 states and the District of Columbia and Puerto Rico. Program operators make purchases through prime vendor programs of Defense and Veterans Affairs and through other vendors.	Proteins, vegetables and fruits, grain products, and dairy products	48.9 <sup>21</sup>	50.1 <sup>22</sup>	51.0 <sup>23</sup>
<b>Subtotal—Labor</b>					<b>\$48.9</b>	<b>\$50.1</b>	<b>\$51.0</b>
<b>Total</b>					<b>\$2,728.9</b>	<b>\$3,013.6</b>	<b>\$4,456.9</b>

<sup>21</sup>Purchases listed are for the Job Corps' program year ending June 30, 1997.

<sup>22</sup>Purchases listed are for the Job Corps' program year ending June 30, 1998.

<sup>23</sup>Purchases listed are for the Job Corps' program year ending June 30, 1999.

**Source:** GAO's compilation of agencies' data on programs and purchases.

**Eleven Major Federal Regulations With  
Information on Their Effect on Food and Commodity Prices**

<b>Rule title/ agency/ date/ Federal Register citation</b>	<b>Purpose and statutory authorization of the rule as published in the Federal Register</b>	<b>Food or commodity</b>	<b>Existing price (baseline)</b>	<b>Projected price</b>	<b>Quantitative and/or qualitative conclusion about price change</b>
Pathogen Reduction: Hazard Analysis and Critical Control Point (HACCP) Systems/ Food Safety and Inspection Service, Department of Agriculture/ July 25, 1996/ 61 Fed. Reg. 38805	Sets requirements for meat and poultry slaughter establishments designed to reduce the occurrence and numbers of pathogenic microorganisms on meat and poultry products and reduce the incidence of food-borne illness associated with the consumption of those products. The rule provided a new framework for modernizing the current system of meat and poultry inspection. 21 U.S.C. 451-470, and 601-695 and 7 U.S.C. 1901-1906	Meat and poultry	Not provided	Not provided	4-year implementation of the rule would increase prices \$0.0011 per to \$0.0013 per pound at retail level. The annual recurring price increase would be \$0.0015 to \$0.0018 per pound based on 1993 production.
Dairy Tariff-Rate Import Quota Licensing/ Department of Agriculture/ Oct. 9, 1996/ 61 Fed. Reg. 53001	Revises regulations governing the administration of the import licensing system for certain dairy products that are eligible for in-quota tariff rates. The rule incorporates Uruguay Round Agreement commitments relating to increased market access for dairy articles. The United States agreed to end quantitative restrictions, replacing them with tariff-rate quotas under which a limited level of imports are permitted at a low tariff rate and any imports beyond that level are assessed a tariff at a higher rate. 19 U.S.C. 1202, 3513 and 3601	Imported cheese and licensed dairy products	Import license cost of \$0.00138 per pound of imported cheese in 1995	Import license cost of \$0.0016 to \$0.0017 per pound of imported cheese in 1998	Increased cost of import license fees is about \$0.0003 per pound and basically would have no impact on prices. The rule is not expected to affect prices and market share for the U.S. dairy industry as a whole because access to the U.S. market is limited by the tariff-rate quota system.



Rule title/ agency/ date/ Federal Register citation	Purpose and statutory authorization of the rule as published in the Federal Register	Food or commodity	Existing price (baseline)	Projected price	Quantitative and/or qualitative conclusion about price change	
Conservation Reserve Program—Long-Term Policy/ Farm Service Agency and Commodity Credit Corp., Department of Agriculture/ Feb. 19, 1997/ 62 Fed. Reg. 7601	Amends the Conservation Reserve Program to cost-effectively target it to more environmentally sensitive acreage. Revises the terms and conditions for enrolling acreage, updating other program eligibility requirements, and consolidating and reorganizing the program's regulations. 16 U.S.C. 3801-3847	Barley	\$2.57 per bushel in 1997	\$2.63 per bushel	Increase of \$0.06 per bushel	Overall, the price increases are due to an increase of program acreage from 28 to 36.4 million acres. Continued enrollment of environmentally sensitive cropland in the program results in reduced production, higher prices, increased producer incomes, and higher prices to processors. Projected changes in consumer prices were not provided.
		Corn	2.81 per bushel in 1997	\$2.88 per bushel	Increase of \$0.07 per bushel	
		Oats	\$1.66 per bushel	\$1.75 per bushel	Increase of \$0.09 per bushel	
		Sorghum	\$2.57 per bushel	\$2.63 per bushel	Increase of \$0.06 per bushel	
		Wheat	\$4.18 per bushel	\$4.43 per bushel	Increase of \$0.25 per bushel	
		Soybeans	\$6.57 per bushel	\$6.73 per bushel	Increase of \$0.16 per bushel	

Rule title/ agency/ date/ Federal Register citation	Purpose and statutory authorization of the rule as published in the Federal Register	Food or commodity	Existing price (baseline)	Projected price	Quantitative and/or qualitative conclusion about price change
Karnal Bunt Disease: Domestic Plant-Related Quarantine, Final Rule; and Karnal Bunt: Compensation for the 1995-96 Crop Season, Final Rule/ Department of Agriculture, Animal and Plant Health Inspection Service/ Oct. 4, 1996 and May 6, 1997/ 61 Fed. Reg. 52190 and 62 Fed. Reg. 24746	The final rule establishes criteria for levels of risk for areas with regard to Karnal bunt, a fungal disease of wheat, and for the movement of regulated articles based on those risk areas. It provides for compensation for certain growers and handlers, owners of grain storage facilities, and flour millers to mitigate losses because of Karnal bunt in the 1995-96 crop season. 7 U.S.C. 150bb, 150dd, 150ee, 150ff, 161, 162, and 164-167	Wheat	\$3.85 per bushel	The most likely price would be \$3.63 per bushel if quarantine was not implemented	The most likely decrease of 10 percent in exports due to Karnal bunt would cause a \$0.22-per-bushel drop in wheat prices. The losses estimated nationwide would have been \$500 million. Under the quarantine, the loss to affected wheat producers was estimated at \$44 million.
Amendment to the Peanut Poundage Quota Regulations/ Farm Service Agency, Department of Agriculture/ May 9, 1997/ 62 Fed. Reg. 25433	The amendments to the final rule involve (1) eliminating the national poundage quota floor; (2) eliminating the undermarketing carryover provisions; (3) establishing temporary seed quota allocations; (4) establishing the ineligibility of certain farms for quota allocations; (5) authorizing the intercounty transfer of farm poundage quotas in all states, subject to certain limitations in some states; (6) eliminating the special allocations of increased quotas for certain Texas counties; (7) establishing new provisions for "considered produced" credit with respect to a farm whose quota has been transferred; and (8) other minor clarifying and technical changes. 7 U.S.C. 1301, 1357 et seq. 1372, 1373, 1375 and 7271	Peanuts and peanut products	\$0.30 per pound for crop year 1996-97 to \$0.3264 for crop year 2002-03	\$0.27 per pound for crop year 1996-97 to \$0.2763 for crop year 2002-03	\$0.03-0.05 per-pound decrease in the price of peanuts to farmers over the period. The agency projects that consumers would save about \$75 million on peanut products annually.

Rule title/ agency/ date/ Federal Register citation	Purpose and statutory authorization of the rule as published in the Federal Register	Food or commodity	Existing price (baseline)	Projected price	Quantitative and/or qualitative conclusion about price change
Importation of Pork from Sonora, Mexico/ Department of Agriculture, Animal and Plant Health Inspection Service/ May 9, 1997/ 62 Fed. Reg. 25439	Amendment of regulations on importation of animal products to allow, under certain conditions, the importation of fresh, chilled, or frozen pork from the state of Sonora, Mexico. 7 U.S.C. 147a, 150ee, 161, 162 and 450; 19 U.S.C. 1306; 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136, and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332.	Fresh pork products	Not provided	\$0.07 to \$0.16 less per pound retail	Increased supplies of Mexican fresh pork would lead to lower prices, and consumer savings could range from \$10.7 million to \$24.5 million, depending on the volume of Mexican imports and the sensitivity of U.S. supply and demand.
Importation of Beef from Argentina/ Department of Agriculture, Animal and Plant Health Inspection Service/ June 26, 1997/ 62 Fed. Reg. 34385	Amended the regulations on the importation of animal products in order to prevent the introduction of foot-and-mouth disease and to allow under certain conditions the importation of fresh, chilled, or frozen beef from Argentina. This change is in keeping with provision of trade agreements entered into by the United States by removing unnecessary restrictions on these imports. 7 U.S.C. 147a, 150ee, 161, 162, and 450; 19 U.S.C. 1306; 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136 and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332	Beef products in U.S. market	Wholesale price of \$4,402.17 per metric ton <sup>24</sup> of carcass weight equivalent in 1995	Wholesale price of \$4,393.90 per metric ton of carcass weight equivalent	Wholesale price decline of \$8.27 per metric ton of carcass weight equivalent. Due to the increased imports of beef from Argentina, consumer savings would be about \$89.2 million annually for beef products if 20,000 metric tons were imported.
Pseudorabies in Swine; Payment of Indemnity, Interim Rule / Department of Agriculture, Animal and Plant Health Inspection Service/ Jan. 15, 1999/ 64 Fed. Reg. 2545	Interim rule establishes the animal health regulations to provide for the payment of indemnity for the voluntary depopulation of herds of swine (hogs) known to be infected with pseudorabies and, therefore, will reduce the risk of other swine becoming infected with the disease. 21 U.S.C. 111-113, 114, 114a, 114a-1, 120, 121, 125 and 134b	Pork products	Not provided	Not provided	By reducing the number of hogs, the rule will result in increased prices to hog producers. The agency had insufficient information to estimate the effect on market prices.
Milk in the New England and Other Marketing Areas; Order Amending the Orders/ Department of Agriculture, Agricultural Marketing Service/ Sept. 1, 1999/ 64 Fed. Reg. 47898	To consolidate the number of federal milk marketing orders from 31 to 11 and add some counties into the new marketing order areas. 7 U.S.C. 601-674 and 7253	Fluid milk (Class I)	On average \$16.22 per hundred-weight	\$0.06 more to \$0.09 less per gallon on avg. for all areas	On average \$0.02 less per gallon for all areas over 6 years. Overall, consumers will save \$80.4 million on fluid milk prices annually. The price decrease is expected because of an increase in the quantity of milk to be made available for fluid uses.

<sup>24</sup> 2204.62 pounds

Rule title/ agency/ date/ Federal Register citation	Purpose and statutory authorization of the rule as published in the Federal Register	Food or commodity	Existing price (baseline)	Projected price	Quantitative and/or qualitative conclusion about price change
		Milk for soft manufactured products (Class II)	On average, \$13.95 per hundred-weight	On average, \$0.50 more per hundred-weight	Overall, the increase in the price of these manufactured products will cost consumers \$77.6 million more annually. The price increase is due to a decrease in the quantity of milk available for soft manufactured products.
		Milk for cream and other cheeses (Class III)	On average, \$13.65 per hundred-weight	On average, \$0.01 more per hundred-weight	On average, prices may be virtually unchanged over the 6-year period.
		Milk for butter and milk powders (Class IV)	On average, \$13.76 per hundred-weight	On average, the price would be unchanged	On average, prices may be virtually unchanged over the 6-year period.
Irradiation of Meat Food Products/ Food Safety and Inspection Service, Department of Agriculture/ Dec. 23, 1999/ 64 Fed. Reg. 72150	To amend regulations to permit the use of ionizing radiation for treating refrigerated or frozen, uncooked meat, meat byproducts and certain other meat food products to reduce the level of food-borne pathogens and to extend shelf life. Federal Meat Inspection Act and Poultry Inspection Act. 7 U.S.C. 138f, 450; 21 U.S.C. 451-470	Ground beef	Not provided	\$0.02 to \$0.06 more per pound	The annual cost of meat irradiation is estimated to range from \$35 million to \$105 million (1995 dollars).
1999 Crop and Marketing Loss Assistance/ Farm Service Agency, Department of Agriculture/ Feb. 16, 2000/ 65 Fed. Reg. 7942	Implement requirements of the 2000 appropriations acts related to crop and market loss assistance for agricultural producers and other provisions related to crop or market loss provisions. 15 U.S.C. 714b and 714c	Nonfat dried milk	Not provided	No change	With this program, domestic prices would not change because the program's purchase price provides a floor under the current market price. If the program were not extended, prices would be expected to fall \$0.10 per pound.
		Honey	Not provided	No change	The analysis does not expect the program to have an effect on domestic prices.

Rule title/ agency/ date/ Federal Register citation	Purpose and statutory authorization of the rule as published in the Federal Register	Food or commodity	Existing price (baseline)	Projected price	Quantitative and/or qualitative conclusion about price change
		Livestock	Not provided	No change	No measurable effect on market prices is expected because the program helps disaster-affected producers to feed livestock rather than send them to slaughter.
		Peanuts	Not provided	No change	No measurable effect for consumers is expected because the program supports peanut producer incomes rather than market prices.

Source: Text of major regulations as published in the Federal Register and supporting regulatory impact analyses as submitted to GAO under the Small Business Regulatory Enforcement Fairness Act of 1996.

**Twelve Major Federal Regulations Without  
Information on Their Effect, If Any, on Food and Commodity Prices**

Twelve of the 23 major regulations and associated cost-benefit analyses we reviewed did not provide information on food and/or commodity price impacts. However, this does not necessarily mean that the regulations have no effect on these prices. Rather, these effects were not among those analyzed by the agencies responsible for preparing the cost-benefit analyses.

**List of the 12 Regulations**

“Catastrophic Risk Protection Endorsement,” Final Rule, Department of Agriculture, Federal Crop Insurance Corporation, Aug. 20, 1996, 61 Fed. Reg. 42979.

“Environmental Quality Incentives Program,” Final Rule, Department of Agriculture, Natural Resources Conservation Service, May 22, 1997, 62 Fed. Reg. 28258.

“Substances Prohibited From Use in Animal Food or Feed; Animal Proteins Prohibited in Ruminant Feed,” Final Rule, Department of Health and Human Services, Food and Drug Administration, June 5, 1997, 62 Fed. Reg. 30936.

“General Administrative Regulations, Subpart U; and Catastrophic Risk Protection Endorsement; Regulations for the 1999 and Subsequent Reinsurance Years and General Administrative Regulations, Subpart T—Federal Crop Insurance Reform, Insurance Implementation; Regulations for the 1999 and Subsequent Reinsurance Years; and the Common Crop Insurance Regulations; Basic Provisions; and Various Crop Insurance Provisions,” Interim Rules, Department of Agriculture, Federal Crop Insurance Corp., July 30, 1998, 63 Fed. Reg. 40630 and 40632.

“Solid Wood Packing Material From China,” Interim Rule, Department of Agriculture, Animal and Plant Health Inspection Service, Sept. 18, 1998, 63 Fed. Reg. 50100.

“National Primary Drinking Water Regulations: Disinfectants and Disinfection By-products,” Final Rule, Environmental Protection Agency, Dec. 16, 1998, 63 Fed. Reg. 69390.

“National Primary Drinking Water Regulations: Interim Enhanced Surface Water Treatment,” Final Rule, Environmental Protection Agency, Dec. 16, 1998, 63 Fed. Reg. 69478.

“Livestock Assistance Program,” Final Rule, Department of Agriculture, Commodity Credit Corp., Mar. 19, 1999, 64 Fed. Reg. 13497.

“Phase 2 Emission Standards for New Non-road Spark-Ignition Non-handheld Engines at or Below 19 Kilowatts,” Final Rule, Environmental Protection Agency, Mar. 30, 1999, 64 Fed. Reg. 15208.

“1998 Single-Year and Multi-Year Crop Loss Disaster Assistance Program,” Final Rule, Department of Agriculture, Farm Service Agency, Apr. 15, 1999, 64 Fed. Reg. 18553.

“Persistent Bioaccumulative Toxic (PBT) Chemicals; Lowering of Reporting Thresholds for Certain PBT Chemicals; Addition of Certain PBT Chemicals; Community Right-to-Know Toxic Chemical Reporting,” Final Rule, Environmental Protection Agency, Oct. 29, 1999, 64 Fed. Reg. 58666.

“National Pollutant Discharge Elimination System—Regulations for Revision of the Water Pollution Control Program Addressing Storm Water Discharges,” Final Rule, Environmental Protection Agency, Dec. 8, 1999, 64 Fed. Reg. 68722.

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