

Service Delivery Update



GRAIN INSPECTION ADVISORY COMMITTEE

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United States Department of Agriculture

Agenda



- **AMA Cooperative Agreements**
- **Centralization of Monitoring**
- **Rulemaking Update**
- **California HRW Classing**
- **Field Office Activity**



AMA Background



- **Agricultural Marketing Act of 1946 (AMA)**
- **FGIS administers and enforces inspection and standardization activities**
 - Rice, pulses, lentils, and processed grain products (e.g., flour and corn meal) as well as other agricultural commodities.
- **Services under the AMA are performed upon request on a fee basis for domestic and export shipments**



AMA Background



- **Services performed by:**
 - FGIS employees;
 - Individual contractors;
 - States or private Official Agencies under cooperative agreements
- **FGIS has 41 agreements with States and private agencies**
 - provide sampling services
 - inspection services
 - ✦ miscellaneous processed commodities, graded commodities, or rice under the AMA



Former AMA Co-op Agreement Structure



- **States:** 10% of total fees collected and remitted to GIPSA on a quarterly basis.
- **Private Agencies:** various arrangements and set fees with a remitted of fees to GIPSA on a monthly basis:
 - \$0.011 – Phytosanitary inspection, Aflatoxin, and weighing
 - \$0.055 – AMA Services
 - \$3.50 – Sanitation and stowage examinations
 - \$5.50 – Aflatoxin testing



Revised Structure



- **Replaced current fee structures with a standardized 4% of revenues collected under the AMA Fee Schedule**
 - excludes mileage, per diem, taxes, and mailing costs.
- **New structure applies to all States and Private Agencies, with one exception.**
- **GIPSA fees are now remitted monthly for all States and Private Agencies.**
- **Change became effective January 1, 2015.**
- **GIPSA will review the standardized rate every 3 years along with the agreements.**



Centralization of Monitoring



- QACD task force
- Domestic Inspections Operations Office (DIOO) - Field Office responsible for the supervision and monitoring of all Designated Agencies
- Grading Services Lab (GSL) will be aligned under DIOO; serve as quality assurance body for DIOO
- No immediate changes; will fulfill vision of centralized monitoring



Commodity Inspection Fees



- Fees for inspection of graded commodities (not rice)
- Fees for processed commodity analytical services
- Revenue must cover obligations--2013 OIG audit
- The existing fee schedule does not generate sufficient revenue to cover program costs.
- Retained Earnings (RE): unencumbered funds to operate a program in the event of disruption of revenue stream
- Administrative Directive: 3-6 months of RE



Commodity Inspection Fees



Commodity Program Financial Analysis (Million Dollars)*

	(Actual) Fiscal Year 08	(Actual) Fiscal Year 09	(Actual) Fiscal Year 10	(Actual) Fiscal Year 11	(Actual) Fiscal Year 12	(Actual) Fiscal Year 13	(Actual) Fiscal Year 14
Revenue	\$2.3	\$2.4	\$3.9	\$2.7	\$2.4	\$2.5	\$2.8
Obligations	\$2.5	\$2.8	\$3.6	\$2.8	\$2.9	\$2.9	\$2.9
Prior Year Adjustments	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5	\$0.1	(\$0.1)
Retained Earnings	\$1.7	\$1.5	\$2.0	\$2.0	\$2.0	\$1.6	\$1.4

*Figures may not sum due to rounding.



Commodity Inspection Fees



- Fees for graded commodities static since May 2001
- Fees for commodity testing lab static since Feb 2004
- GIPSA began work on this fee increase in March 2008 but placed on back burner in order to work on the export user fee docket.
- Calculated new fees using projections of:
 - employee salaries and benefits,
 - future costs to replace/maintain aging commodity testing equipment,
 - IT upgrades to improve certification efficiency and program management



Commodity Inspection Fees



- Harmonize fees for grain and commodities on same or similar testing services
- Fee schedule: delete tests no longer offered; include tests added since last fee review
- 5 % increase in first year
- 4 % increases in out years through 2020
- Reduce obligations by reducing headcount through attrition due to retirement and moving personnel to other revenue producing positions



Commodity Inspection Fees



Future Year Projections: Commodity Program (Million Dollars)*

	FY15	FY16	FY17	FY18	FY19	FY20
Revenue	\$2.90	\$2.94	\$3.04	\$3.16	\$3.27	\$3.39
Obligations	\$2.97	\$3.03	\$3.09	\$3.15	\$3.21	\$3.28
Gain/ (Loss)	(\$0.07)	(\$0.09)	(\$0.05)	\$0.01	\$0.06	\$0.11
Retained Earnings	\$1.33	\$1.24	\$1.19	\$1.20	\$1.26	\$1.37

***Figures may not sum due to rounding.**



Commodity Inspection Fees



- Proposed Rule docket approved for legal sufficiency by the USDA-Office of the General Counsel
- Proposed Rule now under Departmental review
- 30-day comment period; review comments; draft a Notice of Final Rulemaking; 30 day effective date



US Standards for Barley



- Requested by industry
- Published the Notice in *Federal Register* July 25, 2014 proposing barley standards amendments
- Comment period closed Sept 23, 2014
- Comments under review
- Final Rule to follow pending stakeholder comments
- Effective date one year after Final Rule publication



Requests for Public Comment (ANPR)



- 90-day comment period
- Services currently offered or needed to facilitate the marketing of grain and related products
- Grains, oilseeds, rice, pulses, related products
- Follow-up to 2007 ANPR: Co-products of Ethanol Production (a.k.a. DDG's)
- Docket submitted for clearance – under Departmental review



Requests for Public Comment (ANPR)



- **Standards on a 5-year review cycle**
- **Grain standards reviews underway in FY 2015**
 - Flaxseed- established 1934, last amended 1987
 - Mixed Grain -established 1934, last amended 1987
 - Triticale- established 1977, last amended 1987
- **Standards reviews planned for FY 2015:**
 - Oats
 - Rye
 - Sorghum



Wheat Classing



- Hard Red Winter, Hard Red Spring
- Separate classing policy for AZ, CA, NM, NV, and TX
- 30+ year policy
- Spring classed as HRW or HRS based on where “marketed”
- Creates challenges for inspection and certification
- Cal Wheat Commission & US Wheat – good discussion in DC
- Pros/Cons of policy as it exists today



Field Office Activities



- New “Recent Graduate” Program
- Leadership Development, Mentoring Programs

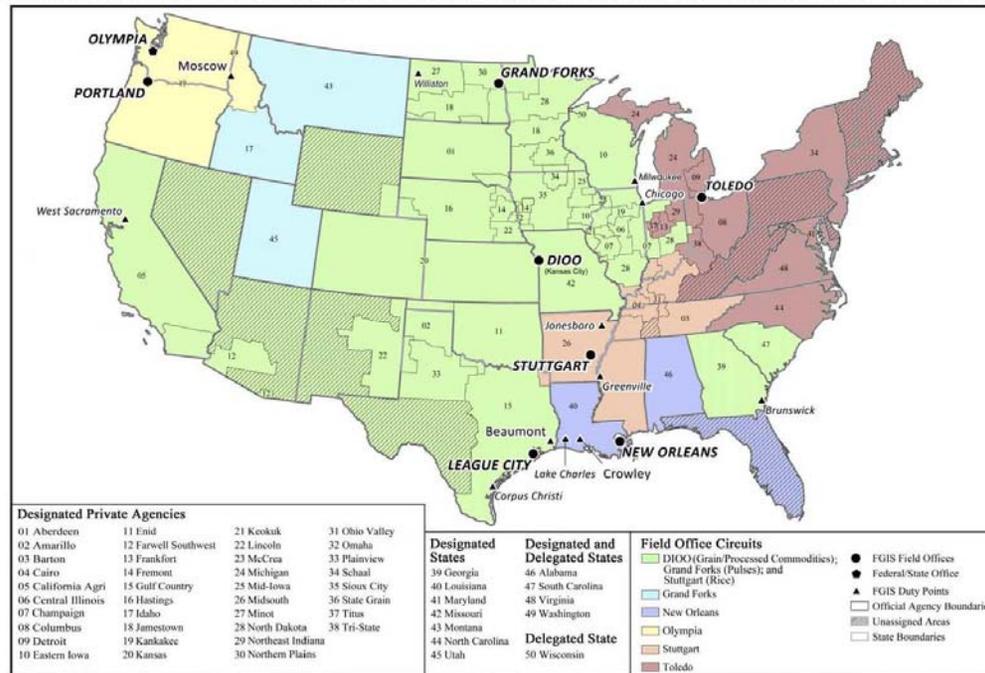


United States Department of Agriculture
Grain Inspection Advisory Committee, May 2015

Field Office Activities



OFFICIAL AGENCY GEOGRAPHIC AREAS AND FGIS FIELD OFFICES



- League City Field Office – providing service in unassigned area



Field Office Activities



- **Portland new (old) elevator, New FOM**



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Thank you!



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