

Rulemaking and Policy Update



GRAIN INSPECTION ADVISORY COMMITTEE

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United States Department of Agriculture

Rulemaking



Notice of Proposed Rulemaking - Fees for Commodity Inspection (Excluding Rice) Services and Processed Commodity Analytical Services, and Amendment of the AMA Regulations to Consider Private Agencies as Cooperators.

Notice of Proposed Rulemaking - United States Standards for Barley.

Advance Notice of Proposed Rulemaking - Asking for comment on current services and revisiting DDG's; open standards review on flaxseed, mixed grain, triticale.

Wheat Classing



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	(**) Fiscal Year 14
Revenue	\$2.3	\$2.4	\$3.9	\$2.7	\$2.4	\$2.5	\$2.5**
Obligations	\$2.5	\$2.8	\$3.6	\$2.8	\$2.9	\$2.9	\$3.1**
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	\$1.7	\$1.2**

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



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	\$2.67	\$2.78	\$2.88	\$2.99	\$3.10	\$3.22
Obligations	\$2.95	\$2.84	\$2.94	\$3.04	\$3.14	\$3.25
Gain/ (Loss)	(\$0.28)	(\$0.06)	(\$0.06)	(\$0.05)	(\$0.04)	(\$0.03)
Retained Earnings	\$0.93	\$0.87	\$0.81	\$0.76	\$0.72	\$0.70

*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
- Review by Office of the Under-Secretary
- Prepared a white paper for the Office of the Secretary and Office of the Chief Financial Officer
- 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
- 2 comments received-not yet available to read
- 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-still waiting to hear from OGC



Requests for Public Comment (ANPR)



- **Standards on a 5-year review cycle**
- **Grain standards reviews underway in FY 2014**
 - 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, Soft Red Winter
- Separate classing policy for AZ, CA, NM, NV, and TX
- 30+ year policy
- Spring classed as HRW or HRS based on where grown versus “marketed”
- ~~Similar issue for SRW in Texas~~
- Creates challenges for inspection and certification
- Looking for input on whether to correct the policy or let it stand



Wheat Classing



Policy

- Hard red spring varieties grown in Arizona, California, Nevada, New Mexico and Texas will be classed as hard red winter



Thank you!



United States Department of Agriculture