



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Meeting Summary Grain Inspection Advisory Committee

**November 28-29, 2007
Denver, Colorado**

**GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION
GRAIN INPSECTION ADVISORY COMMITTEE MEETING MINUTES**

**WESTIN TABOR – DENVER, COLORADO
NOVEMBER 28-29, 2007**

WELCOME

Tim Paurus, Chairperson, opened the meeting with a welcome and introductions.

**ACCEPTANCE OF MEETING MINUTES FROM
JUNE 12-13, 2007**

The Committee approved the minutes of the June 12-13, 2007, meeting as presented.

REVIEW AND ACCEPTANCE OF NOVEMBER 28-29, 2007, MEETING AGENDA

The Committee accepted the agenda as presented.

MEETING ATTENDEES

Committee Members

Tim Paurus, CHS Inc.
Chester Boruff, Association of Official Seed Certifying Agencies
William J. Cotter, Port of Corpus Christi
William Crockett, Mound Bayou Public Schools
William Dumoulin, Producer, Illinois
Kenneth L. Dalenberg, Production Agriculture Farmer, Illinois
Curtis Engel, The Scoular Company
Mark Fulmer, Lincoln Inspection Service
Nicholas Friant, Cargill
Jerry Gibson, Bunge North America
John Hewitt, California Farm Bureau Federation
Edgar Hicks, Hurley/FC Stone LLC
Daniel Kidd, Producer, Montana
Dutt Vinjamoori, Martek Biosciences

GIPSA

James E. Link, Administrator, Grain Inspection, Packers and Stockyards Administration (GIPSA)
David Shipman, Deputy Administrator, Federal Grain Inspection Service (FGIS), GIPSA
John Sharpe, Director, Technical Services Division (TSD), FGIS, GIPSA
John Giler, Director, Field Management Division (FMD), FGIS, GIPSA
Pat Donohue-Galvin, Director, Budget and Planning Staff (BPS), GIPSA
Marianne Plaus, Chief, Market and Program Analysis Staff (MPAS), FGIS, GIPSA
John Pitchford, Director, Office of International Affairs, FGIS, GIPSA

Terri Henry, Management Support Staff, GIPSA
Monica Alexander, Management Support Staff, GIPSA
Bob Lijewski, Assistant Director, Policies and Procedures Branch, FMD, FGIS, GIPSA
John Barthel, Director, Western Regional Office, Packers and Stockyards Program, GIPSA
Cleve Ellis, Portland Field Office, FMD, FGIS, GIPSA
Ron Hill, Union Representative

Other Attendees

David Ayers, Champaign-Danville Grain Inspection
Larry Kitchen, Missouri Department of Agriculture
Randy Deike, Washington State Department of Agriculture
Tom Dahl, Sioux City Inspection and Weighing Service Company
Tom Meyer, Kansas Grain Inspection Services, Inc.
Robert Peterson, American Association of Grain Inspection and Weighing Agencies
Fraser Gilbert, SGS North America, Agriculture
Jess McCluer, Director of Regulatory Affairs, National Grain and Feed Association

ADMINISTRATOR'S WELCOME and FARM BILL UPDATE

James E. Link, Administrator, GIPSA, welcomed the Committee and attendees. He reported on the Administration's 2007 Farm Bill proposals and updates.

The Administration's 2007 Farm Bill proposals represent a reform-minded and fiscally responsible approach to supporting America's farmers and ranchers in today's global marketplace. Congress' work on the Farm Bill so far this year has added several amendments that would impact GIPSA directly. The Administration opposes several of these amendments, specifically, an amendment that would establish a Special Counsel for Agricultural Competition and an amendment that would ban packer ownership of livestock. The legislative process, which may be complete in spring 2008, must yield a new Farm Bill that does not contain provisions that make it difficult to defend farm programs against trade challenges and eliminate unrealistic program sunsets that mask \$22 billion in hidden costs to the taxpayer. The Administration is eager to sign a Farm Bill that includes significant farm program reform similar to the Administration's proposal, which was released in January 2007.

Mr. Link closed by thanking the attendees for taking part in the Committee meeting.

FGIS KEY INITIATIVES

David Shipman, Deputy Administrator, FGIS, GIPSA, reviewed the resolutions from the June 2007, meeting and provided the Committee with an overview of several FGIS initiatives. He noted that the resolutions would be addressed by other speakers in detail.

1. **Resolution #1** – The Committee recommends that GIPSA continue the contracting pilot program and provide periodic reviews on the progress and clearly define the parameters of the program for full implementation. (will be discussed by John Giler at this meeting)
2. **Resolution #2** – The Committee recommends that GIPSA offer the ethanol industry and stakeholders their expertise in developing standardized methods for testing appropriate qualities in corn and the by-products produced (will be discussed by Marianne Plaus at this meeting)
3. **Resolution #3** – The Committee recommends that GIPSA explore the possibilities of partnering with a university or other entities in offering a short course or internship in FGIS inspection, grading, and services preferably at Kansas State University, due to the school's proximity to the Technical Center (will be discussed by John Sharpe at this meeting)

Mr. Shipman then discussed the following initiatives in detail:

- Modernization of business practices
 - *FGISonline*
- Centralization of domestic oversight and general FGIS operations in Kansas City
- Improved effectiveness of phytosanitary certification
- Standards
 - Harmonization in international market
 - New products, e.g., DDGS
 - Current commodities, e.g., soybeans and sorghum
- Improved methods to measure crop value
 - Wheat functionality
 - Mycotoxins
- Improved delivery of daily inspection and weighing services
 - Workforce planning (recruitment, development, transition)
 - Pilot testing greater use of contractors
 - Modernization of business practices

Following Mr. Shipman's presentation, the Committee asked what funding source(s) would support the renovation of the Technical Center in Kansas City and how new positions would be filled at the National Grain Center (formerly the Technical Center). Mr. Shipman responded that appropriated funds are supporting the renovation and that most positions at the National Grain Center would be filled by relocating existing FGIS staff as offices are consolidated.

For additional details, please see the attached PowerPoint, *FGIS Key Initiatives*.

CUSTOMER SURVEY

Marianne Plaus, Chief, Market and Program Analysis Staff, FGIS, GIPSA, briefed the Committee on the current FGIS Customer Survey and results of previous surveys.

Lessons learned from the 1996 survey:

- Need to maintain an accurate customer database;
- Customers most satisfied with timeliness and overall quality of service;
- Customers least satisfied with cost of services and the accuracy and consistency of results; and
- Responses to open-ended question suggest dissatisfaction with consistency of results and with costs.

Lessons learned from the 2000 survey:

- Much improved customer database contributed to a 50% response rate;
- Greatest customer satisfaction with timeliness and overall quality of service;
- Least customer satisfaction with cost of services and the accuracy and consistency of results; and
- Responses to open-ended question expressed a desire for electronic access to results and for testing for biotech content.

Preliminary 2007 survey results:

- Customer Base: OAs and F/O service points
- Surveys Mailed Out 1018
- Surveys Not Delivered 49 (5%)
- Surveys Successfully Delivered 969 (95%)
- Response Rate 505 (52%)

Ideas for future surveys: Future Approaches

- Administer survey through link on GIPSA website
- “Pop-up” survey every “X” number of clicks in the Information Data Warehouse (IDW)
- E-mail
- Hardcopy mailing

For comments or ideas on the survey, please contact Idelisse Rodriguez (Idelisse.Rodriguez@usda.gov) or Marianne Plaus (Marianne.Plaus@usda.gov).

For additional details, please see the attached PowerPoint, *Customer Survey*.

INSPECTOR TRAINING

John Sharpe, Director, Technical Services Division, FGIS, GIPSA, briefed the Committee on GIPSA’s inspector training program, as well as GIPSA’s response to Resolution #3 from the June 2007 meeting regarding inspector training at Kansas State University. GIPSA currently provides on-line, CD-ROM, and individualized instruction.

There was a lengthy discussion of this approach-generally participants had a favorable impression of the success of on-line training efforts, both by GIPSA and by others. There was general agreement that GIPSA could be more aggressive in marketing its inspector training options.

In response to Resolution #3 from the June 2007 meeting, Mr. Sharpe stated that the Agency does provide individualized training upon request and provides grading seminars at a cost of \$64 an hour. There are also limited on-line training programs available, including e-learning, grain trainers, and practice exams.

Current initiatives underway:

- Plans for a training area at the new facility
- Expansion of interpretive images for training
- Review of training fees, and
- Exploration of possible partnerships for enhanced distance learning.

For additional details, please see the attached PowerPoint, *Inspector Training*.

PHYTOSANITARY INSPECTIONS

Robert Lijewski, Assistant Director, Policies and Procedures Branch, FMD, FGIS, GIPSA, gave an update on GIPSA's phytosanitary inspection program. GIPSA has a memorandum of understanding (MOU) with the USDA/Animal and Plant Health Inspection Service (APHIS) that authorizes GIPSA to inspect exported grain for the presence of insects and other plant pests (e.g., weed seeds). In July 2007, the agencies revised the agreement to include the inspection of **all** products for which GIPSA is responsible for under the U.S. Grain Standards Act and Agricultural Marketing Act. APHIS and GIPSA participated in extensive outreach activities to explain the changes to stakeholders.

As a result of the increase in volume of grain exported in containers and APHIS' policy change concerning the inspection of processed products, FGIS official agencies have experienced a significant increase in requests for phytosanitary inspection service. Mr. Lijewski provided additional clarifying information about the certification and inspection processes in response to questions from the Committee.

For additional details, please see the attached PowerPoint, *Phytosanitary Inspections*.

MECHANICAL DIVERTER SAMPLERS

Robert Lijewski, Assistant Director, Policies and Procedures Branch, FMD, FGIS, GIPSA, provided a briefing on mechanical diverter (D/T) samplers. FGIS has identified some issues related to the use of these samplers in the field. FGIS found that official personnel at several export loading facilities were not maintaining complete control of D/T sampling systems. At railcar loading facilities in the interior service points, some existing approved D/T sampling systems have been altered without the knowledge and approval of FGIS. Power to the D/T sampling system is

sometimes being interrupted by a “plugged spout” sensor. These modifications to the D/T sampling systems do not comply with two provisions of the *Mechanical Sampling Systems Handbook*. The problems are limited to only a few elevators, but to preclude potential tampering with sampling system operation at any location, FGIS is establishing new procedures. FGIS will enforce its authority to maintain complete control of the sampling systems and has proposed several options to correct the situations found at export and domestic locations. FGIS will work with industry to align the sampling systems with FGIS requirements.

For additional details, please see the attached PowerPoint, *Mechanical Diverter Samplers*.

STANDARDS REVIEW

Marianne Plaus, Chief, Marketing and Program Analysis Staff, FGIS, GIPSA, provided an update on FGIS standards activities. GIPSA published two Advance Notices of Proposed Rulemaking (ANPR) within the past 7 months. The first sought public feedback on GIPSA’s role in the ethanol market; the comment period closed December 4, 2007 (i.e., after the Advisory Committee meeting). The ethanol ANPR addresses Resolution #2 from the June 2007 Committee meeting. The second ANPR opened the soybean standards to a full review; the comment period has ended. Based on the comments received and other available information, GIPSA anticipates announcing what, if any, regulatory actions will be taken early in 2008.

Ethanol: At the time of the Advisory Committee meeting, the public comments suggested that GIPSA does not need to assist in the revision of existing definitions for ethanol co-products, establish standards for the co-products, or offer standardized tests for grain going into ethanol production or the resulting co-products, with one exception. Some commenter’s recommended that GIPSA’s expertise in verifying the performance of commercial test kits might be applied to the marketing of the co-products. GIPSA will thoroughly review all comments and summarize the findings. GIPSA will also continue to remain actively engaged with the ethanol co-products industry and will support the industry, as appropriate, in its efforts to successfully market ethanol co-products.

Soybeans: Ms. Plaus reported that GIPSA published an ANPR in the *Federal Register* on May 1, 2007, initiating a review of the U.S. Standards for Soybeans to determine their effectiveness and responsiveness to current market needs. The comment period closed on August 20, 2007. GIPSA review of the comments received is underway and will conclude in fiscal year 2008. Thus far, our analysis indicates that the most contentious issue was foreign material grade limits. The American Soybean Association, and other similar entities, asked that the limits for foreign material in No. 2 soybeans be reduced from 2.0 to 1.0 percent. The National Grain and Feed Association, North American Export Grain Association, and Grain Elevator and Processing Society saw no reason to change the current limits. Ms. Plaus noted one possible response to the diversity of comments would be for GIPSA to collect at least 3 years of data from its soybean farm gate survey before making a determination about appropriate foreign material grade limits. Other topics raised in the ANPR did not generate much public interest.

Sorghum: At the request of the Committee, Ms. Plaus provided a brief overview of impending amendments of the U.S. Standards for Sorghum. On July 20, 2007, GIPSA published a final rule in the *Federal Register* announcing changes to the U.S. Standards for Sorghum. Effective June 1,

2008, GIPSA will amend the sorghum standards to change the definitions of the classes Sorghum, White sorghum, and Tannin sorghum, and to amend the definition of nongrain sorghum. GIPSA is amending the grade limits for broken kernels and foreign material (BNFM), and the subfactor foreign material (FM). Additionally, GIPSA is inserting a total count limit for other material into the standards and revising the method of certifying test weight (TW).

Further, GIPSA is changing the inspection plan tolerances for BNFM and FM. The changes will facilitate the marketing of sorghum by imposing tighter limits on BNFM and FM; limiting the allowable amount of sample grade determining material, which is consistent with other food grains; and improving the perception of U.S. grown sorghum due to the removal of references to tannin content.

For additional details, please see the attached PowerPoint, *Standards Review*.

WHEAT FUNCTIONALITY

John Sharpe, Director, Technical Services Division, FGIS, GIPSA, provided an update on wheat functionality initiatives. The Agency has two major efforts underway. The first is to standardize the farinograph test, which is the most widely used measure of dough (gluten) strength. Since the last Advisory Committee meeting, GIPSA has been studying causes of farinograph variation. GIPSA plans to continue its efforts to evaluate the significance of error sources, and develop a strategy for standardizing the farinograph to reduce marketing difficulties.

GIPSA's second focus is on developing a rapid test that can be used effectively and efficiently throughout the marketing chain to predict dough strength.

For additional details, please see the attached PowerPoint, *Wheat Functionality*.

THIRD PARTY CONTRACTING

John Giler, Director, FMD, FGIS, GIPSA, provided an update on GIPSA's third party contracting pilot project which included:

- Update on contract status;
- Program support cost analysis; and
- Lessons learned to date.

Update on Contract Status

- California – no export activity
- Milwaukee – 25 vessels (May 2006-Jan 2007); 1
– 7 vessels (April 2007 – October 2007)
- Toledo – 48 vessels (Jan 2007 – October 2007)
- Chicago – No Contracts (Jan 2007 – October 2007)
- Portage – 3 vessels (Jan 2007 – October 2007)

Program Support Cost Analysis

Cost of Service Comparison
(excludes tonnage rates)

		Milwaukee Export Services	
	Contract with FGIS Oversight	FGIS Services from Toledo	FGIS Services from Milwaukee
Service Labor	0.425	0.631	0.509
Oversight	0.128	--	--
Travel	0.050	0.281	--
Total	0.603	0.912	0.509

Cost of Service Comparison
(excludes tonnage rates)

		Toledo & Portage Export Services	
	Contract with FGIS Oversight	Local FGIS Services [Toledo & Chicago]	
Service Labor	0.298	0.476	
Oversight	0.104	-	
Travel	--	--	
Total	0.402	0.476	

Questions To Be Answered

- Are qualified private companies interested in providing export grain?
- What is the best way to select and use private companies at export?
- How do we best oversee performance of private companies?
- Are real efficiencies gained through use of private companies?

In answer to questions from the Committee, he clarified that during the pilot, FGIS is helping the contractors ensure that there is no decline in quality of service to customers as a result of the pilot.

For additional details, please see the attached PowerPoint, **Third Party Contracting Pilot Update**.

INTERNATIONAL AFFAIRS

John Pitchford, Director, Office of International Affairs, FGIS, GIPSA, discussed GIPSA's international activities. The issues presented included:

- StarLink Corn
- LLRICE 601
- Outreach and coordination with Mexico
- Malathion Maximum Residue Levels – Korea and Taiwan
- Asia Collateral Duty Officer Program
- Containers and Complaints
- Biosafety Protocol
- Other Initiatives, including collecting pesticide residue samples for Japan, a farm gate survey of weed seed content, and initiatives to achieve Japan's recognition of U.S. reconditioning procedures for aflatoxin in corn.

For additional details, please see the attached PowerPoint, *International Update*.

FINANCIAL UPDATE

Pat Donohue-Galvin, Director, Budget and Planning Staff, GIPSA provided an overview of GIPSA's fiscal year (FY) 2006 and 2007 budgets, as well as projections for FY 2008. GIPSA is currently operating under a Continuing Resolution.

Ms. Donohue-Galvin reported that with the centralization of administrative functions (e.g., training, regulatory management, safety and health, labor relations/outsourcing, issuance management) into a Management Support Staff had an overall impact of +\$472,000 on the grain program.

GIPSA FY 2007 Financial Report User Fee Programs (Dollars in Millions)

	Grain I&W	Official Agencies	Rice Inspection	Commodity Inspection	TOTAL
Reserve - Oct '06	2.3	1.4	(0.1)	1.9	5.5
<i>Revenue</i>	<i>31.4</i>	<i>2.3</i>	<i>3.4</i>	<i>2.0</i>	<i>39.1</i>
<i>Expenses</i>	<i>30.5</i>	<i>1.8</i>	<i>4.0</i>	<i>2.4</i>	<i>38.7</i>
<i>Margin</i>	<i>0.9</i>	<i>0.5</i>	<i>(0.6)</i>	<i>(0.4)</i>	<i>0.4</i>
Prior Year	0.4	0.1	0.1	0.3	0.9
Reserve - Oct '07	3.6	2.0	(0.6)	1.8	6.8
Target Reserve	7.3	0.5	1.2	0.6	9.6

**FY 2008 Financial Forecast
User Fee Programs**

	Grain I&W	Official Agencies	Rice Inspection	Commodity Inspection	TOTAL
Revenue	\$ 32.8	\$ 2.3	\$ 4.2	\$ 2.0	\$ 41.3
Expenses	\$ 31.1	\$ 1.8	\$ 4.2	\$ 2.4	\$ 39.5
Margin	\$ 1.7	\$ 0.5	\$ 0.0	\$ (0.4)	\$ 1.8
Reserve - Sep '08	\$ 5.3	\$ 2.5	\$ (0.6)	\$ 1.4	\$ 8.6
FY 08 Fee Review	Yes	--	--	Yes	--

**FY 2007 Financial Report
Grain Appropriated Programs
(Dollars in Millions)**

	Standards	Methods	Compliance	TOTAL
Appropriation	\$ 4.4	\$ 6.7	\$ 6.5	\$ 17.6
Obligations	\$ 4.3	\$ 6.5	\$ 6.7	\$ 17.5
Balance to Treasury	\$ 0.1	\$ 0.2	\$ (0.2)	\$ 0.1
Percent Obligated	97.7%	97.0%	103.1%	99.4%

Committee members expressed concern over a continued increase in support costs for the user-fee funded programs. Discussion also addressed the use of WASDE export forecasts to predict user fee revenues. Ms. Donohue-Galvin stated that the WASDE data has proven valuable to forecast revenue for the current fiscal year (about 12 months out), but has not proven to be reliable for long-term, multi-year forecasting.

For additional details, please see the attached PowerPoint, *Financial Update*.

GRAIN INSPECTION AND WEIGHING FEES

John Giler, Director, Field Management Division, FGIS, GIPSA, discussed GIPSA's current grain inspection and weighing fees, which have not been adjusted in 3½ years.

- Overall, the grain export program is operating with a positive margin.
- Hourly rates (contract and non-contract) are covering expenses and contributing toward the 3-month reserve.
- Tonnage rates are not covering support expenses.
- Grain export fees are not operating as designed to cover specific costs of the program.

Mr. Giler briefed the Committee on headquarters support costs.

- FY 2004 – Reorganization of Information Technology Staff and reassessment of costs to Agency programs added \$440,000 cost to grain program.
- FY 2005 – Reassessment of headquarters support costs from tons to staff years shifted \$630,000 cost from domestic program to export program.
- FY 2007 - Reorganization of administrative functions added \$380,000 cost to program.

Mr. Giler outlined planned actions for the Grain Export Program.

- Closely monitor export program
 - Tonnage
 - Revenues and Costs
- Initiate action to stabilize/reduce support costs
 - Field
 - Headquarters
- Continue to rebuild 3-month operating reserve

For additional details, please see the attached PowerPoint, *Grain Inspection and Weighing Fees*.

RESOLUTIONS

Following discussions, the Committee resolved the following:

1. The Committee recommends that GIPSA continue to explore new methods of training and licensing official personnel for inspector licenses.
2. The Committee recommends that GIPSA explore the possibility of joining efforts with GEAPS and Purdue, through their distance learning programs, to promote education related to the U.S. Grain Standards and grain grading procedures.
3. The Committee recommends that GIPSA continue the Farm Gate Survey to determine the quality of U.S. soybeans coming off the farm. In the interest of the soybean industry, GIPSA needs to sample and maintain a database of Farm Gate acquired samples for all factors, including protein, oil, linolenic acid, and other factors. The Committee recommends GIPSA partner with other organizations that may be collecting similar data. This survey, at a minimum, needs to be a 5-year baseline with preference for a continuing database.
4. The Committee recommends that GIPSA continue the contracting pilot program and provide industry with periodic reviews regarding the progress. The Committee also recommends that FGIS expand the third-party contracting program to additional export ports where it is economically beneficial to industry and FGIS. Any plans for expansion should be presented at the next Advisory Committee meeting.

5. The Committee recommends that GIPSA continue performing the customer survey, and sharing the findings of the survey with industry, including sharing the actions GIPSA has taken to improve the satisfaction of its customers.
6. The Committee recommends that GIPSA continue to work with APHIS to ensure the Memorandum of Understanding is meeting the needs of industry and that there is a free flow of information and documentation between the two agencies. The Committee also recommends that GIPSA share with APHIS its process for issuing certificates with electronic signatures, helping them establish a similar system to meet industry's needs.
7. The Committee recommends that GIPSA continue to make itself available to help the ethanol industry develop necessary analytical tools.
8. The Committee recommends that GIPSA continue to explore ways to measure wheat functionality and develop, alone or in partnership with a third party, a rapid and repeatable test(s) for determining wheat functionality.
9. The Committee recommends expanding Farm Gate Surveys to include separation and identification of all weed seeds occurring in the samples.

CERTIFICATES TO OUTGOING MEMBERS

GIPSA presented certificates to and thanked the following outgoing members for their 3 years of service to the Committee: William Cotter, Daniel Kidd, and Dutt Vinjamoori. Outgoing member not present was Gene Ackerman; and alternate members Kevin Bredthauer, Duti Fritz Gallagher, and Ricky Fruth.

NEXT MEETING

The next meeting of the Grain Inspection Advisory Committee is tentatively scheduled for late April 2008 in Minneapolis, Minnesota.

#

FGIS Key Initiatives

David R. Shipman
Deputy Administrator

Key Initiatives

- Modernization of business practices
 - **FGISonline**
- Centralization of domestic oversight and general FGIS operations in Kansas City
- Improved effectiveness of Phytosanitary certification
- Standards
 - Harmonization for international market
 - New products e.g. DDGS
 - Current commodities e.g. soybeans and sorghum
- Improved methods to measure crop value
 - Wheat functionality
 - Mycotoxins
- Improved delivery of daily inspection and weighing services
 - Workforce planning (recruitment, development, transition)
 - Pilot testing of greater use of contractors
 - Modernization of business practices

Key Initiatives

- ✓ **Modernization of business practices**
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 - Pilot testing of greater use of contractors
 - Modernization of business practices


Modernization of business practices


FGISonline

- A portfolio of online business applications
 - Changing the way FGIS does business,
 - Improving internal business operations, and
 - Better serving the customers of the official grain inspection and weighing service
 - Program-wide involvement

FGISonline



 In development

 Deployed, in use

FGIS*online*

- **Delegation, Designation & Exporter Registration**
 - Deployed September 2006
 - Designations
 - 2007 - 63% use
 - Exporter Registrations
 - 2007 – 10% use

FGISonline

- **Certificate Program**
 - Deployment began March 2007
 - Current Status
 - All FGIS field offices
 - 2 official agencies
 - 45,000+ certificates issued

FGISonline

- **Inspection Data Warehouse**

- 49,000+ records transmitted to IDW
- All FGIS field offices, contractors, and 2 official agencies using CRT to generate IDW records
- OA records begin Jan 2008
- Transitioning customers from NQDB to IDW

FGISonline

- **Inspection, Testing, and Weighing**
 - Cu-Sum, Single lot, Submitted, Supervision
- **Equipment Check Testing**
 - Streamlined process, enhanced recordkeeping, improved performance (reduces layering of tolerances)
 - Official Inspection System includes 559 active service locations
 - 91 FGIS locations
 - 468 State and private locations
 - 38% of equipment testing scheduled for centralization is currently centralized in KC. 100% scheduled for centralization by 2009

FGISonline

- **Quality Assurance and Control**
 - Brings data to OSP, interfaces with IDW, ECT and Licensing
 - Official Inspection System includes 876 authorized or licensed grain graders
 - 231 FGIS
 - 645 State and Private
 - Monitoring the performance of all graders
 - Each service location will maintain quality assurance programs
 - Central KC facility will monitor overall performance
- **Licensing**
 - Streamlined process to improve efficiency, on-line testing, enhanced recordkeeping, interfaces with ITW, CRT and QAQC
- **Laboratory Information Management System**
 - Expanded functionality, interfacing with other FGIS systems

FGIS*online CD*

- Introduction
- Accessing **FGIS***online*
- Managing Your Data
- Inspection Data Warehouse
- Designations
- Exporter Registration


Centralization of domestic oversight and general FGIS operations in Kansas City

- Centralization of Oversight
- National Grain Center


Centralization of Oversight

Centralization of Oversight			
Technical Services Division		Field Management Division	
Board of Appeals / Grading Services	Equipment Testing Services	Quality Assurance and Control Staff	Field Operations and Support Staff

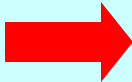
CENTRALIZATION OF OVERSIGHT OF FGIS PROGRAMS

TECHNICAL SERVICES DIVISION		FIELD MANAGEMENT DIVISION	
 BOARD OF APPEALS AND GRADING SERVICES	EQUIPMENT TESTING SERVICES	QUALITY ASSURANCE AND CONTROL STAFF	FIELD OPERATIONS AND SUPPORT STAFF
<p>Board of Appeals</p> <ul style="list-style-type: none"> ▪ Directly monitor field office and agency QASs in order to measure their accuracy. ▪ Directly monitor the Grading Services Laboratory to measure their accuracy. ▪ Provide technical training when required. ▪ Analyze foreign complaint samples ▪ Approve all interpretative line prints. ▪ Perform Board Appeals <p>Grading Services</p> <ul style="list-style-type: none"> • Inspect and input data for limited and targeted selected samples from service locations as a means to monitor performance of local quality plans. • Prepare testing and training materials for the official system, when needed. • Grade and score practical exam separations returned after tests are taken (assuming sample separations are used instead of test strips which will have answer keys developed by Grading Services Lab). • Provide appeal inspection services. • Provide opinion services to official service providers. 			


CENTRALIZATION OF OVERSIGHT OF FGIS PROGRAMS

TECHNICAL SERVICES DIVISION		FIELD MANAGEMENT DIVISION	
BOARD OF APPEALS AND GRADING SERVICES	 EQUIPMENT TESTING SERVICES	QUALITY ASSURANCE AND CONTROL STAFF	FIELD OPERATIONS AND SUPPORT STAFF
	<ul style="list-style-type: none"> • Develop, implement, and administer the equipment checktesting program. • Provide equipment checktesting for all GIPSA and official agencies. • Provide guidance to field offices and the Field Operations Staff regarding Diverter Type (DT) Samplers. • Maintain the DT sampler database. • Approve equipment types for use in the official inspection system. 		

CENTRALIZATION OF OVERSIGHT OF FGIS PROGRAMS

TECHNICAL SERVICES DIVISION		FIELD MANAGEMENT DIVISION	
BOARD OF APPEALS AND GRADING SERVICES	EQUIPMENT TESTING SERVICES	 QUALITY ASSURANCE AND CONTROL STAFF	FIELD OPERATIONS AND SUPPORT STAFF
		<ul style="list-style-type: none"> • Develop, implement, and oversight of the quality assurance and control process. • Review adequacy of local quality control processes and monitor conformance of the local plans. • Analyze quality assurance data and, working with other internal and external groups, recommend action to resolve issues regarding the performance of the official system. • Adjust monitor sample selections based on performance information. Default sample selections should be generated by IDW and QAQC data based on rules developed by GIPSA. • Troubleshoot quality issues. • Assure accuracy of periodic and annual reports of performance measures. • Ken Critchfield 	

CENTRALIZATION OF OVERSIGHT OF FGIS PROGRAMS

TECHNICAL SERVICES DIVISION		FIELD MANAGEMENT DIVISION	
BOARD OF APPEALS AND GRADING SERVICES	EQUIPMENT TESTING SERVICES	QUALITY ASSURANCE AND CONTROL STAFF	 FIELD OPERATIONS AND SUPPORT STAFF
			<ul style="list-style-type: none"> • Administer the licensing program. • Administer the FGISonline applications assigned to FMD. • Administer financial aspects for FMD (official agency billing, budget preparation and execution, monitor revenue/costs and prepare reports for FMD, administration of purchases and payments, and serve as liaison with the Budget and Planning Staff and other associated activities). • Coordinate and manage Resident Agents in the grain program. • Provide policy and procedural support to official service providers. • Provide support for human resources in the field. • Review and respond to compliance reviews and coordinate actions in response to these reports. • Serve as primary contact for official service providers. • Diane Palecek

CENTRALIZATION OF OVERSIGHT OF FGIS PROGRAMS

TECHNICAL SERVICES DIVISION		FIELD MANAGEMENT DIVISION	
BOARD OF APPEALS AND GRADING SERVICES	EQUIPMENT TESTING SERVICES	QUALITY ASSURANCE AND CONTROL STAFF	FIELD OPERATIONS AND SUPPORT STAFF
<p>Board of Appeals</p> <ul style="list-style-type: none"> • Directly monitor field office and agency QASs in order to measure their accuracy. • Directly monitor the Grading Services Laboratory to measure their accuracy. • Provide technical training when required. • Analyze foreign complaint samples • Approve all interpretative line prints. • Perform Board Appeals <p>Grading Services</p> <ul style="list-style-type: none"> • Inspect and input data for limited and targeted selected samples from service locations as a means to monitor performance of local quality plans. • Prepare testing and training materials for the official system, when needed. • Grade and score practical exam separations returned after tests are taken (assuming sample separations are used instead of test strips which will have answer keys developed by Grading Services Lab). • Provide appeal inspection services. • Provide opinion services to official service providers. 	<ul style="list-style-type: none"> • Develop, implement, and administer the equipment checktesting program. • Provide equipment checktesting for all GIPSA and Official Agencies. • Provide guidance to field offices and the Field Operations Staff regarding Diverter Type (DT) Samplers. • Maintain the DT sampler database. • Approve equipment types for use in the official inspection system. 	<ul style="list-style-type: none"> • Develop, implement, and oversight of the quality assurance and control process. • Review adequacy of local quality control processes and monitor conformance of the local plans. • Analyze quality assurance data and, working with other internal and external groups, recommend action to resolve issues regarding the performance of the official system. • Adjust monitor sample selections based on performance information. Default sample selections should be generated by IDW and QAQC data based on rules developed by GIPSA. • Troubleshoot quality issues. • Assure accuracy of periodic and annual reports of performance measures. 	<ul style="list-style-type: none"> • Administer the licensing program. • Administer the FGISonline applications assigned to FMD. • Administer financial aspects for FMD (official agency billing, budget preparation and execution, monitor revenue/costs and prepare reports for FMD, administration of purchases and payments, and serve as liaison with the Budget and Planning Staff and other associated activities). • Coordinate and manage Resident Agents in the grain program. • Provide policy and procedural support to official service providers. • Provide support for human resources in the field. • Review and respond to compliance reviews and coordinate actions in response to these reports. • Serve as primary contact for official service providers.

Building the Grading Services Lab

- FY 2007 - Wichita Field Office
 - Six highly qualified inspectors overseeing 38% of all inspections
 - Transition to TSD Grading Services Laboratory in 2008

NATIONAL GRAIN CENTER

- Spring 2007 – signed contract to
 - renovate current Technical Center
 - construct second building onsite

NATIONAL GRAIN CENTER

- NGC will be home to...
 - Technical Services Division
 - Including Grading Services Laboratory
 - Field Management Division
 - Field Operations and Support Staff
 - Quality Assurance and Control Staff
 - Other Staff Personnel
 - FGIS Market and Program Analysis Staff
 - FGIS Compliance Division
 - GIPSA Information Technology Staff

NATIONAL GRAIN CENTER

- Facility also will be used for...
 - Technical training
 - International trade team briefings
 - Continuity of Operations Center

GIPSA/FGIS Customer Survey

Marianne Plaus, Chief
Market & Program Analysis Staff
GIPSA Advisory Committee
November 28, 2007
Denver, CO

OUTLINE

- Past Surveys
- Present Survey: Results Overview
- Future Surveys: New Approach?

Customer Survey

Please indicate the appropriate response.

	<u>Strongly Disagree</u>	<u>Disagree</u>	<u>No Opinion</u>	<u>Agree</u>	<u>Strongly Agree</u>
1. I receive results in a timely manner.	1	2	3	4	5
2. I receive official certificates in a timely manner.	1	2	3	4	5
3. Official results are accurate.	1	2	3	4	5
4. Official results are consistent.	1	2	3	4	5
5. The service is of good value for the cost.	1	2	3	4	5
6. The services provided meet my needs.	1	2	3	4	5
7. Inspection personnel are courteous.	1	2	3	4	5
8. Inspection personnel are knowledgeable.	1	2	3	4	5
9. Overall, the quality of official service I receive is satisfactory.	1	2	3	4	5
10. I primarily request service for:	<input type="checkbox"/> Rice <input type="checkbox"/> Barley		<input type="checkbox"/> Processed Commodities <input type="checkbox"/> Graded Commodities		
	<input type="checkbox"/> Flaxseed <input type="checkbox"/> Mixed Grain		<input type="checkbox"/> Canola <input type="checkbox"/> Corn		
	<input type="checkbox"/> Sorghum <input type="checkbox"/> Soybeans		<input type="checkbox"/> Oats <input type="checkbox"/> Rye		
	<input type="checkbox"/> Wheat		<input type="checkbox"/> Sunflower Seed <input type="checkbox"/> Triticale		
11. What percent of your product is officially inspected?	<input type="checkbox"/> <25% <input type="checkbox"/> 25-50% <input type="checkbox"/> 51-75% <input type="checkbox"/> >75%				
12. I would use the following new/existing services if they were offered/available: (Please attach additional sheet if necessary.)	<hr/> <hr/> <hr/>				

Please feel free to contact your local agency/office with requests for new services, questions, and/or comments. If you would rather speak with a GIPSA customer service representative, please call 202-720-5688, or send electronic mail to Idelisse.Rodriguez@usda.gov.

1996 Survey

- What we learned...
 - Importance of an accurate customer database
 - Greatest satisfaction with timeliness and overall quality of service
 - Least satisfaction with cost of services and the accuracy and consistency of results
 - Responses to open-ended question also suggested dissatisfaction with consistency of results and cost

2000 Survey

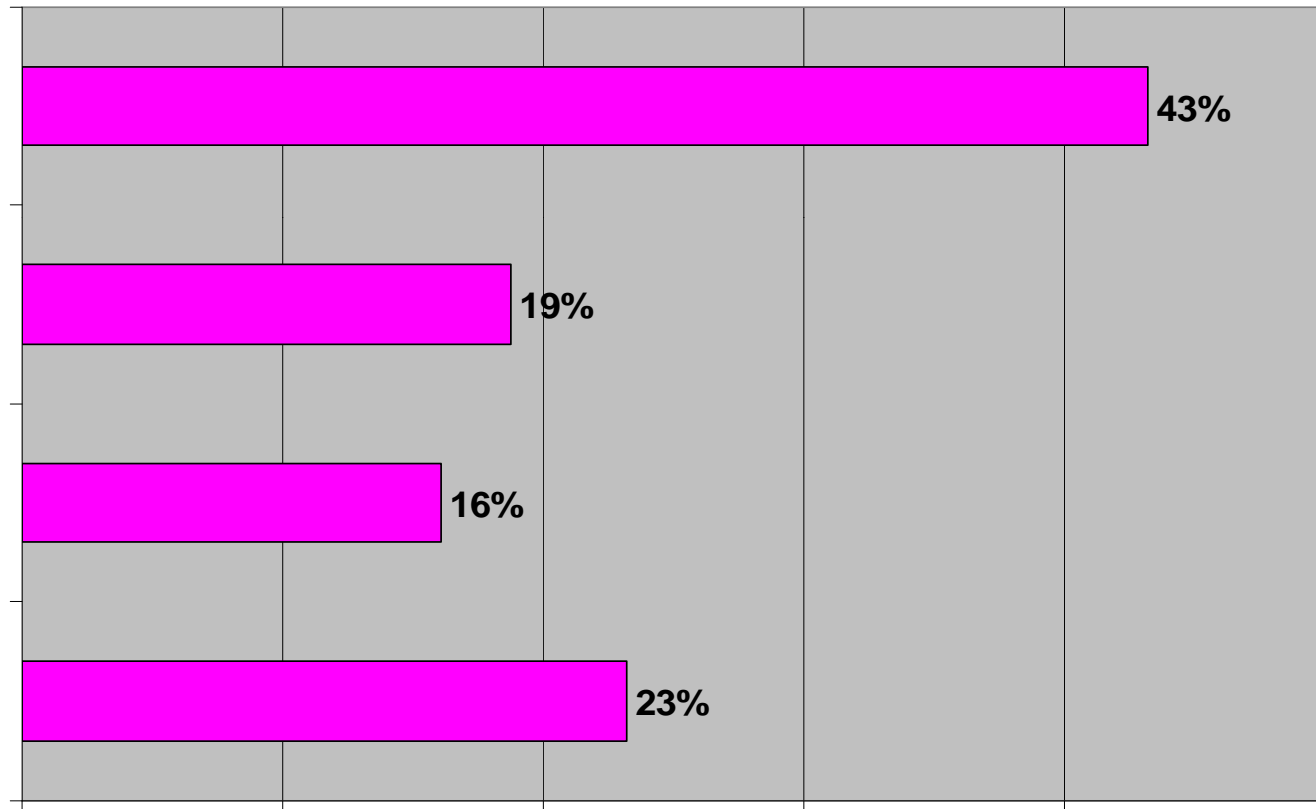
- What we learned...
 - Much improved customer database contributed to a 50% response rate
 - Greatest satisfaction with timeliness and overall quality of service
 - Least satisfaction with cost of services and the accuracy and consistency of results
 - Responses to open-ended question expressed a desire for electronic access to results and testing for biotech content

2007 Survey

Details

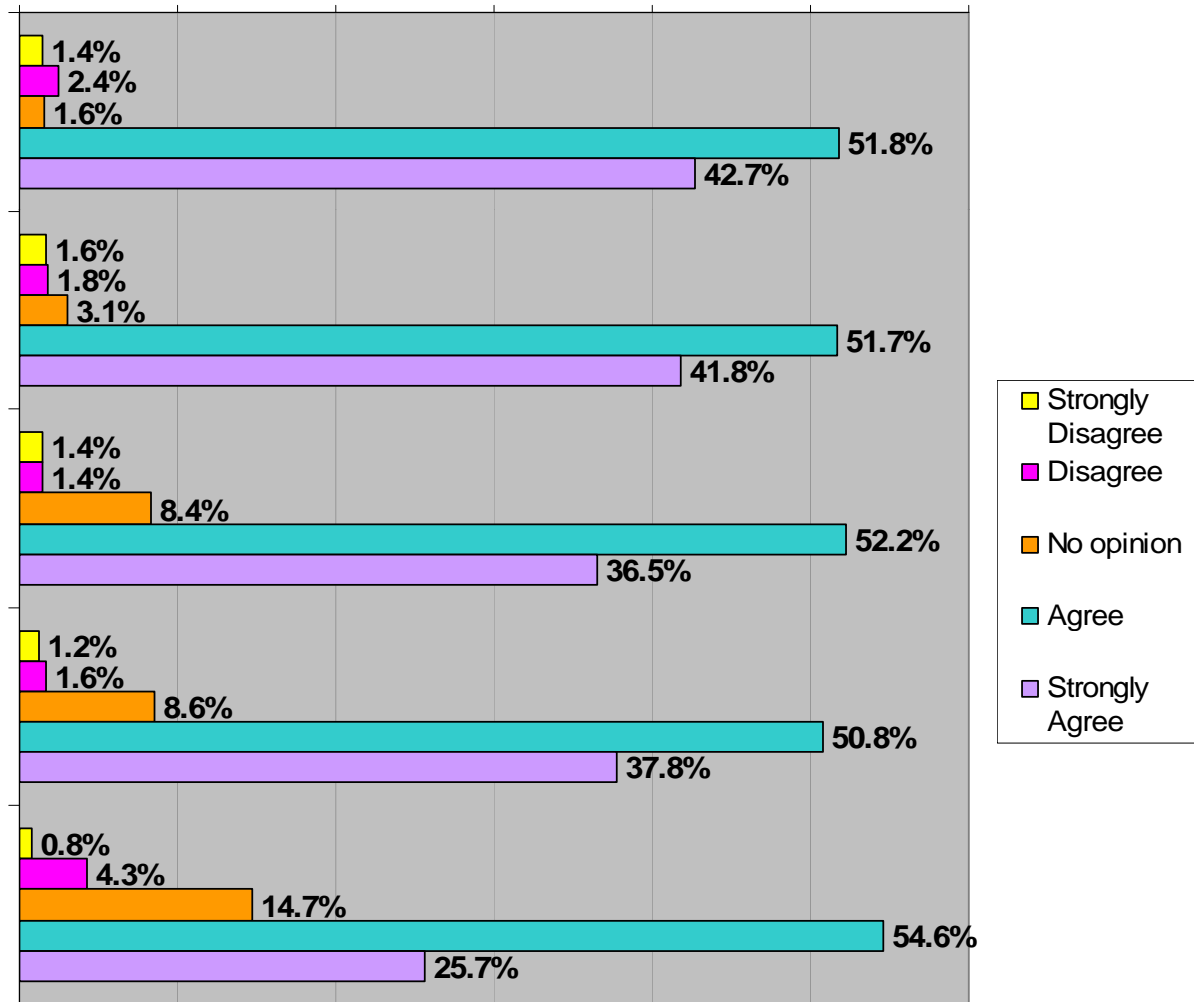
- Customer Base: OAs and F/O service points
- Surveys Mailed Out 1018
- Surveys Not Delivered 49 (5%)
- Surveys Mailed Out 969 (95%)
(excluding not delivered)
- Response Rate 505 (52%)

2007 Survey



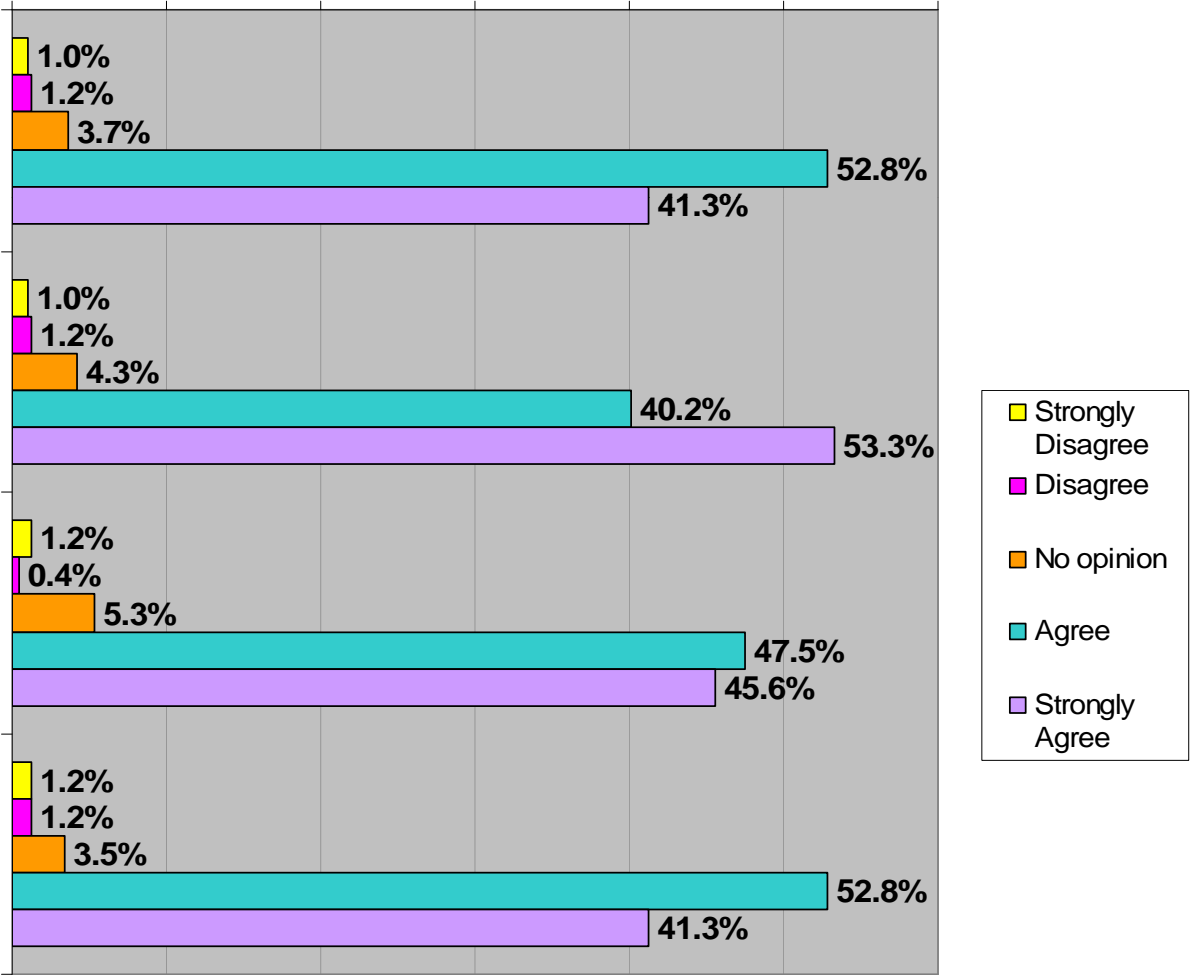
2007 Survey

FGIS Customer Survey Overall Results



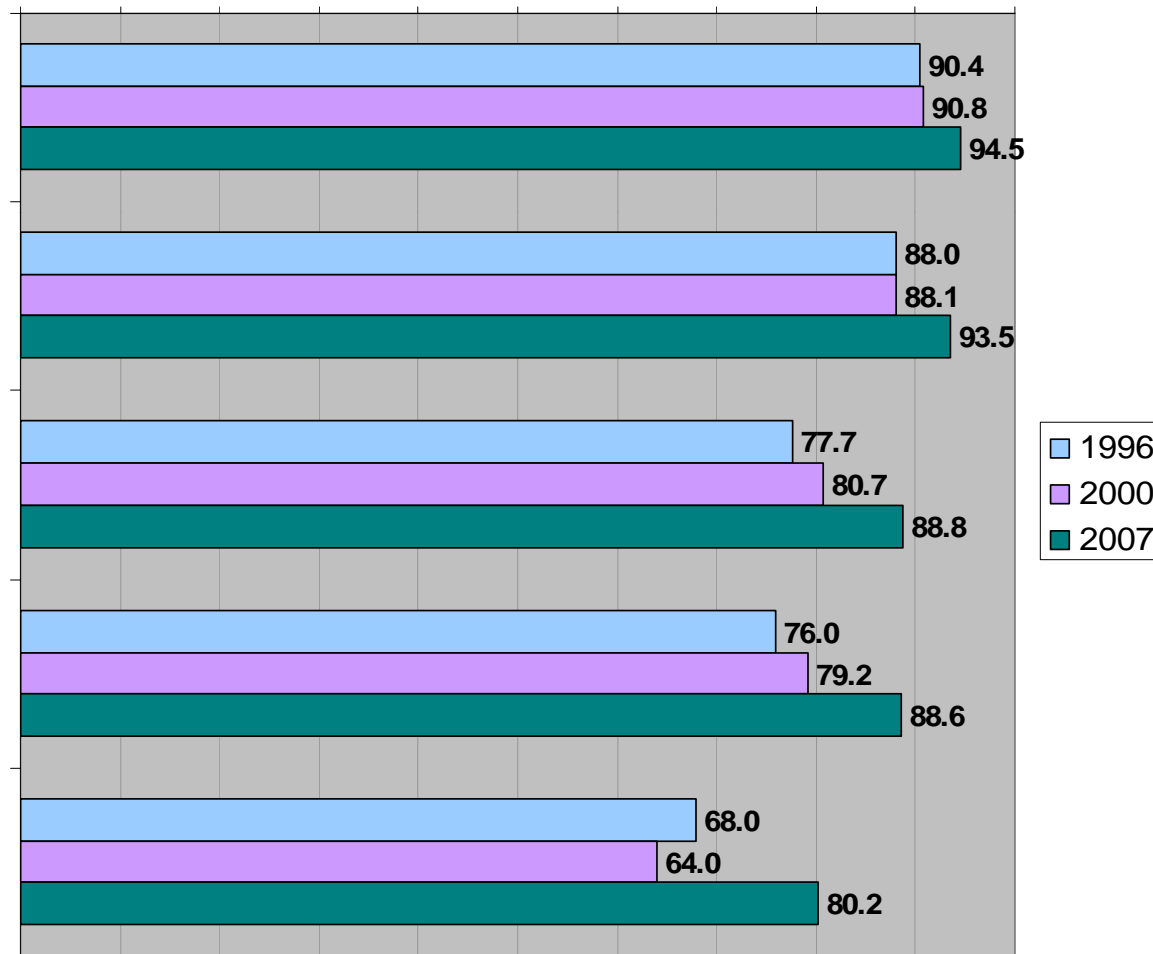
2007 Survey

FGIS Customer Survey Overall Results



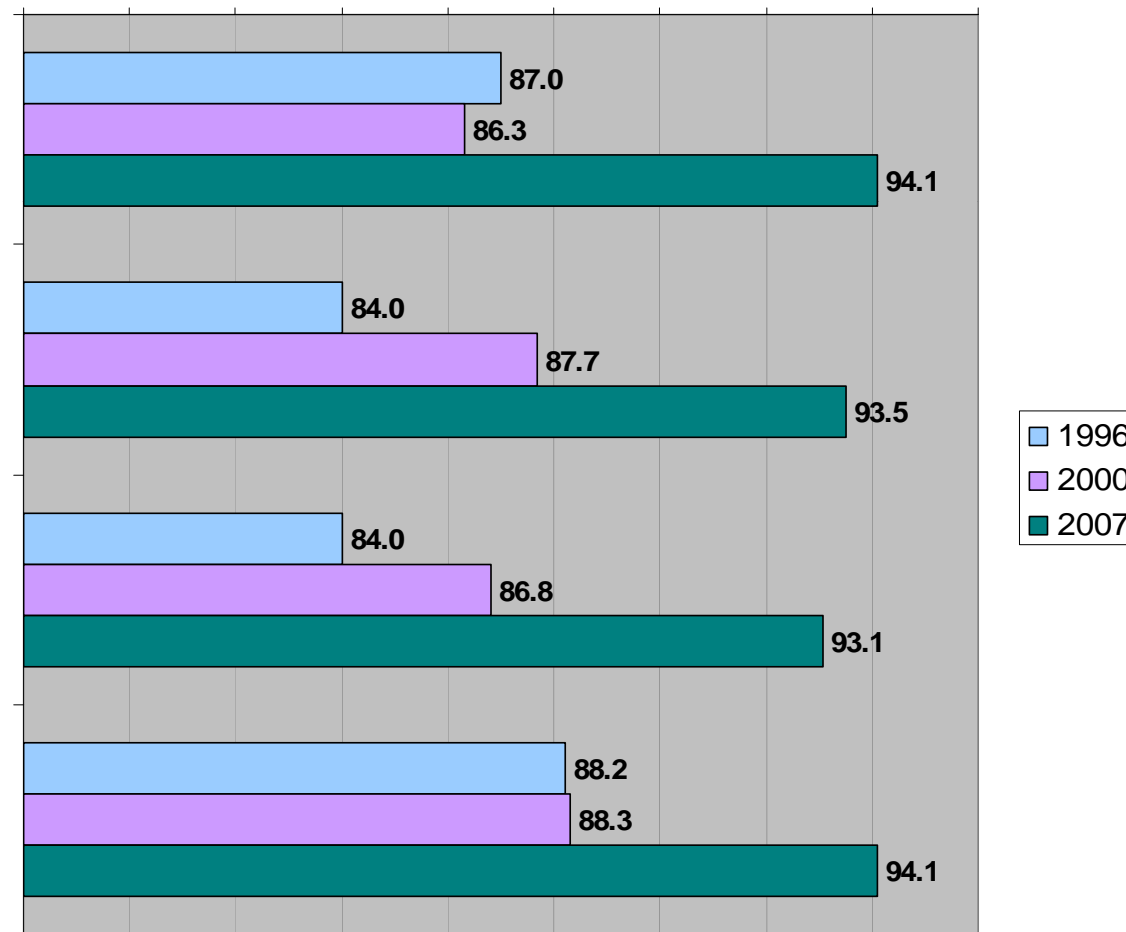
2007 Survey

Percentage of Respondents Who Agreed and Strongly Agreed with Questions 1-9



2007 Survey

Percentage of Respondents Who Agreed and Strongly Agreed with Questions 1-9



Open-Ended Responses

- 12% of surveys received had comments

Topic Clusters	# of Comments
• Electronic Services	15
• Additional Services	12
• Dissatisfaction with Service	12
• Positive Comments	6
• Do not use F/O or OA Services	9
• Other	8
• Total	62

Future Surveys

Future Approaches

- Link on GIPSA webpage
- “Pop-up” survey every X number of clicks in the Information Data Warehouse (IDW)
- E-mail
- Mail Out

Comments/Ideas

Send to:

Idelisse Rodriguez

Idelisse.Rodriguez@usda.gov

- - or - -

Marianne Plaus

Marianne.Plaus@usda.gov

Thank You!

Inspector Training

John Sharpe
November 28, 2007
GIPSA Advisory Committee
Denver, Colorado

Resolution

The Committee recommends that GIPSA explore the possibilities of partnering with a university or other entities in offering a short course or internship in FGIS inspection, grading, and services preferably at Kansas State University, due to the school's proximity to the Technical Center.

Drivers

- GIPSA and Official Agency attrition
- Limited human resources for training

Curriculum and Method

- **Distance Learning**
 - General Understanding
 - Basic Grading Concepts

- **One-on-One**
 - Fine Tuning Inspector Interpretations

Current Initiatives

- GS 7 Technician Grader Program
- When requested individualized training

Current Offerings

- **Grading Seminars \$64/hour**
- **On-Line Training**
 - E-Learning
 - Grain Trainers
 - Practice Exams

E-Learning

Introduce beginning inspectors and others interested to the official inspection process and how the official inspection system works.

Overview of Official Inspection

Overview of U.S. Grain Standards

Sampling Grain

Quality Control

Statistics

Grading

Corn Soybeans Wheat

Oats Sorghum Barley

Rye Flaxseed Canola

Sunflower Seed

Grain Trainers

Used to help the inspector fine tune their implementation of the Visual Reference Images and other interpretations.

Inspector Calibration Trainers generally present the inspector with a series of kernel images which test the inspector's ability to apply a factor definition.

Grain Trainers

corn_dkt - Germ Damage A A01 - Corn DKT Trainer - Windows Internet Explorer provided by USDA GIPSA OA ITS NTB

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Print Mail Stop


Address D:\Resources\Inspector Calibration\corn_dkt\corn_dkt_.htm Go Links

USDA United States Department of Agriculture
Grain Inspection, Packers & Stockyards Administration

Corn Damage Trainer August 2005

Browse by Section

- Introduction
- Germ Damage**
- Heat Damage
- Mold and Rot Damage
- Sprout Damage
- Blight Damage
- Insect Damage
- Mixed Damage Types



Is this kernel Damage or Sound?

Damage

Sound

I Want To...

- View Table of Contents
- View Previous Page
- View Next Page
- Take Skill test
- Quit & Close Window

NOTE: When training with digital images you are limited to the view of the kernel provided. When determining if a kernel is damaged or sound, you must base your decision on the visible evidence. If the kernel does not meet the requirements of the pertinent VRI, the kernel should be considered sound, even though you suspect that further examination, if it had been possible, would have revealed that the kernel was damaged for other reasons.

Done My Computer

Grain Trainer

File Edit View Favorites Tools Help

Back Search Favorites

Address: D:\Resources\Inspector Calibration\corn_dkt\corn_dkt.htm

USDA United States Department of Agriculture
Grain Inspection, Packers & Stockyards Administration

Corn Damage Trainer August 2005

Browse by Section

- Introduction
- Germ Damage
- Heat Damage
- Mold and Rot Damage
- Sprout Damage
- Blight Damage
- Insect Damage
- Mixed Damage Types

Skill Tests

Click on on of the buttons below to initiate a test of the specified content. You will be presented with a series of randomly selected kernels to identify as damaged or not damaged.

After making your choice, click the next button or forward arrow to view the next image. At the completion of the exam a printable report of your result will be generated.

GERM DAMAGE TEST **HEAT DAMAGE TEST**

MOLD/ROT DAMAGE TEST **BLIGHT DAMAGE TEST**

INSECT DAMAGE TEST **SPROUT DAMAGE TEST**

MIXED DAMAGE TEST

I Want To...

- View Table of Contents
- View Previous Page
- View Next Page
- Take Skill test
- Quit & Close Window

Trainer Exam

Score

Test Name	germ
Percent Points Correct	86%
Answered Correctly (full or partial credit)	43
Questions Seen	50
Total Questions	50
Points Earned	43
Points Possible	50
Start Time	Mon Nov 19 13:37:14 CST 2007
Elapsed Time	453.151 sec

Score Detail

Question Name	Correct/Incorrect	Points	Seen	Answered
Germ Damage A D05	Incorrect	0	Seen	Answered
Germ Damage B F10	Correct	1	Seen	Answered
Germ Damage A E11	Incorrect	0	Seen	Answered
Germ Damage A C03	Correct	1	Seen	Answered
Germ Damage A E02	Correct	1	Seen	Answered
Germ Damage B B04	Correct	1	Seen	Answered
Germ Damage B G13	Incorrect	0	Seen	Answered
Germ Damage B E13	Correct	1	Seen	Answered
Germ Damage B F03	Correct	1	Seen	Answered
Germ Damage B A03	Correct	1	Seen	Answered
Germ Damage B D05	Correct	1	Seen	Answered
Germ Damage B E04	Correct	1	Seen	Answered
Germ Damage B F09	Correct	1	Seen	Answered
Germ Damage B B02	Correct	1	Seen	Answered
Germ Damage A G13	Correct	1	Seen	Answered

Practice Exams

Provide persons with a practical exam like those taken for a grading license.

Questions

- General
- Math
- Grade Assessment
- Damage

Current Initiatives

- Preparing training area for both large and small groups at the National Grain Center
- Evaluate additional digital photos for training
- Discussing possible partnerships for enhanced distance learning
- Review fees

Questions

PHYTOSANITARY INSPECTION
SERVICES

PHYTOSANITARY INSPECTION SERVICES

In November, 1981 FGIS and APHIS entered into an agreement to aid shippers in obtaining phytosanitary inspection services at export locations in the United States and Canada.

The agreement, or Memorandum of Understanding (MOU), provided FGIS with the authority to inspect export lots of grain for the presence of insects and other pests (e.g., weed seeds).

“Grain”, as specified in the agreement, included:

- grains for which standards had been established for;
- rice; and
- graded commodities (e.g., edible beans, peas, and lentils)

Changes in 2007

- In July, 2007, the agencies revised the agreement to include the inspection of all products for which GIPSA is responsible for under the USGSA and AMA.
- This revision provided GIPSA with the authority for inspecting processed grain products in addition to the standardized and graded grains and commodities.
- The agreement also provided APHIS with an additional work force to supplement the existing APHIS and designated APHIS Certification Officers that work for state and county governments.

Changes in 2007

Authorities cited for the agreement include:

- Title 7, Section 79 of the USGSA and Sections 1622 and 1624 of the AMA, for official personnel to inspect grain and agricultural products;
- Section 418 (Certification of Exports), Public law 106-224, of the USDA's Plant Protection Act (PPA), to inspect plants and plant products offered for export and to certify to the National Plant Protection of the importing country that the products are free from plant pests in accordance with the phytosanitary requirements of foreign countries; and
- Section 431(a), Public Law 106-224, of the PPA, to cooperate with other Federal agencies, the government of foreign countries, international organizations and associations to detect, eradicate, suppress, control, and prevent or retard the spread of plant pests and diseases.

APHIS Policy Changes

- As the revised MOU was being developed by the agencies, APHIS was planning for substantial changes in their program. In addition to the expanded authority to GIPSA, APHIS amended its policy on the commodities that would be eligible for a phytosanitary certificate.
- In June, 2007, APHIS announced that processed grain products, typically certified by an APHIS/PPQ form 578, Processed Products Certificate (the equivalent of a GIPSA submitted sample inspection certificate), would require the same GIPSA inspection and certification procedures used for grain, rice, and graded commodities.
- This change basically eliminated the issuance of the Processed Commodities Certificate.

APHIS Policy Changes

- To provide ample time for APHIS personnel to adjust to the new requirements, and to allow exporters the opportunity to make any necessary changes to their business procedures, APHIS provided a transition period (until September 1, 2007) to phase out the Processed Commodities Certificate and require certification on an APHS/PPQ Form 577, Phytosanitary Certificate.

No phytosanitary certificate can be issued until an application is completed (7 CFR 38.3)

See reverse for additional OMB information: FORM APPROVED
OMB NO. 1679-0052

FOR OFFICIAL USE ONLY	
UNITED STATES DEPARTMENT OF AGRICULTURE ANIMAL AND PLANT HEALTH INSPECTION SERVICE PLANT PROTECTION AND QUARANTINE PHYTOSANITARY CERTIFICATE TO: THE PLANT PROTECTION ORGANIZATION(S) OF SAMPLE	PLACE OF ISSUE: SAMPLE NO. FPC XXXXXXXX DATE INSPECTED:
CERTIFICATION This is to certify that the plants, plant product or other regulated articles described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests, specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing contracting party including those for regulated non-quarantine pests.	
DISINFESTATION AND/OR DISINFECTION TREATMENT	
1. DATE	2. TREATMENT
3. CHEMICAL (active ingredient)	4. DURATION AND TEMPERATURE
5. CONCENTRATION	6. ADDITIONAL INFORMATION
DESCRIPTION OF THE CONSIGNMENT	
7. NAME AND ADDRESS OF THE EXPORTER	8. DECLARED NAME AND ADDRESS OF THE CONSIGNEE
SAMPLE	SAMPLE
9. NAME OF PRODUCE AND QUANTITY DECLARED	10. BOTANICAL NAME OF PLANTS
SAMPLE	SAMPLE
11. NUMBER AND DESCRIPTION OF PACKAGES	12. DISTINGUISHING MARKS
SAMPLE	SAMPLE
13. PLACE OF ORIGIN	14. DECLARED MEANS OF CONVEYANCE
SAMPLE	SAMPLE
	15. DECLARED POINT OF ENTRY
WARNING: Any alteration, forgery, or unauthorized use of this phytosanitary certificate is subject to civil penalties of up to \$250,000 (7 U.S.C. Section 7734(b)) or punishable by a fine of not more than \$10,000, or imprisonment of not more than 5 years, or both (18 U.S.C. Section 1001).	
ADDITIONAL DECLARATION	

APHIS Policy Changes

APHIS stated that these changes to their program were implemented to:

- Align the policy of the U.S. Export program with the International Standards for Phytosanitary Measures of the International Plant Protection Convention;
- Contribute to maintaining and accessing new markets for U.S. commodities; and
- Meet the demand for phytosanitary inspection services due to U.S. trading partners progressively more complex phytosanitary requirements and increases in the volume of trade.

Outreach

- During the interim period APHIS and GIPSA participated in several conference calls with the grain trade to address any concerns with sampling and inspection requirements, official service providers, and overall policy changes.

Additional outreach activities included:

- In June, 2007, APHIS provided industry with a memo that provided background on the policy change, the transition period, certification eligibility, GIPSA inspection authority, and phytosanitary inspection requirements.
- In July, 2007, APHIS and GIPSA provided information on the policy change to the National Grain and Feed Association (NGFA) for publication in the NGFA Newsletter.

Outreach

- In August, 2007, APHIS provided industry with a “Frequently Asked Questions” (FAQ) Sheet that addressed the policy on the phytosanitary certification of grain products.
- To provide GIPSA inspection personnel and industry with the sampling and inspection requirements for phytosanitary inspections the Policies and Procedures Branch revised FGIS Directive 9180.35, “Phytosanitary Inspection”, to include procedures for examining processed products.
- GIPSA has also participated in conference calls with industry representatives and visited facilities that loaded or transloaded grain and/or processed products into containers.

CHANGES AFFECTING THE CUSTOMER

- Lots that were previously sampled by GIPSA and examined for insects by APHIS on a “composite” basis, (e.g., shiplots of soybean meal) are now inspected online by GIPSA inspection personnel.
- Lots that were previously certified with an APHIS/PPQ Form 578, Processed Products Certificate, must be sampled by official personnel and certified by APHIS on an APHIS/PPQ Form 577, Phytosanitary Certificate.
- All lots inspected by GIPSA must be completely accessible and must be representatively sampled by an approved sampling method.

CHANGES AFFECTING THE CUSTOMER

- Probe sampling is not an acceptable form of sampling if the entire depth of the grain, rice, graded or processed commodity in the carrier can not be reached.
- Dense products such as distillers dried grains and soybean meal must be sampled with an on-line sampling device such as a diverter type mechanical sampler, ellis cup, or ladle. GIPSA will work with industry to evaluate delivery systems and determine options for sampling the processed product.

GIPSA'S RESPONSIBILITIES

- Follow standardized sampling procedures to draw official samples from a lot and examine the sample for live insects, larvae, and other pests prohibited by the country of destination.

GIPSA'S RESPONSIBILITIES

- Record on FGIS form 921-2, "Inspection Report – Insects in Grain", pertinent information about any detection of adult insects, larvae, or other pests.

U.S. Department of Agriculture Grain Inspection, Packers and Stockyards Administration Animal and Plant Health Inspection Service INSPECTION REPORT – INSECTS IN GRAIN Page 1 of 1		1. Name and Address of Shipper ABC Container Industries Milwaukee, WI				
2. Location of Elevator Clinton, WI		3. Grain/Commodity Distillers Dried Grains	4. Quantity 15 Containers			
5. Country of Destination Peoples Republic of China (PRC)		6. Name of Carrier/Vessel M/V Grain Boat	7. Loading Date Start/Date Finished 1/11/07 - 1/11/07			
8. Sublot Number/ Carrier Identification	9. Date Inspected	10. Stowage (Hold Nos.)	11. Quantity	12. No. of Live Insects	13. Lot Infested	14. Name of Insect
TOLU 246599	1/13/07		Container	0	<input type="checkbox"/>	
APZU 204896	1/13/07		Container	0	<input type="checkbox"/>	
TRLU 338096	1/13/07		Container	0	<input type="checkbox"/>	
APLS 301797	1/13/07		Container	0	<input type="checkbox"/>	
TOLU 321986	1/13/07		Container	0	<input type="checkbox"/>	
TEXU 210401	1/13/07		Container	0	<input type="checkbox"/>	
APZU 301637	1/13/07		Container	0	<input type="checkbox"/>	
GESU 456887	1/13/07		Container	0	<input type="checkbox"/>	
CLHU 125848	1/13/07		Container	1	<input type="checkbox"/>	Confused Flour Beetle
TOLU 156587	1/13/07		Container	0	<input type="checkbox"/>	
TOLU 985691	1/13/07		Container	0	<input type="checkbox"/>	
APLU 458772	1/13/07		Container	0	<input type="checkbox"/>	
TZUS 569758	1/13/07		Container	0	<input type="checkbox"/>	
APLU 125493	1/13/07		Container	4	<input checked="" type="checkbox"/>	Rice Weevils

GIPSA'S RESPONSIBILITIES

- Notify APHIS of any live insects or other pests that can not be identified. APHIS will then provide the identification.
- Upon request of APHIS, GIPSA will witness the fumigation of grain infested with insects that are prohibited by the country of destination.

GIPSA'S RESPONSIBILITIES

- When grain is infested with prohibited insects and the affected shiphold(s) cannot be fumigated GIPSA will witness the removal of the infested grain.
- Upon completion of the inspection GIPSA will promptly provide the completed 921-2 form for the shipment directly to the applicant for service, or fax, mail, or electronically submit a completed copy of the form to the APHIS/PPQ office that will issue the phytosanitary certificate.

PHYTO INSPECTION DATA

- Since September 1, 2007, approximately 25 facilities that have requested GIPSA to perform phyto inspection services on processed products such as corn gluten, soybean meal, distillers dried grains, pellets, and corn grits.
- Phyto inspection services on the products are typically performed at a transloading site. The commodity is transferred from truck or rail car to a container.
- Most of the inspection sites use the ladle method, as prescribed in GIPSA's Processed Commodities Handbook, for securing a representative sample from processed products.

PHYTO INSPECTION DATA

- GIPSA performed approximately 2,300 phyto inspections on processed products during the month of September and 3,600 inspections in October.
- Additional inspections have occurred at export loading facilities in the New Orleans area where processed products are loaded directly through the grain elevator or transferred from barge to a vessel at a floating rig location.
- In addition to the phyto inspection services on processed products GIPSA is providing inspections for grade and phyto on an average of 20,000 grain containers, 7,000 export railcars and 250 ships per month.
- Currently there are approximately 100 sites that load grain into containers and request service (grade and phyto) on a routine basis.

Summary

- APHIS and GIPSA entered into an agreement where GIPSA is authorized to provide phytosanitary inspection service for grain, rice, graded commodities, and processed commodities.
- In September, 2007, APHIS revised their policy for the issuance of phytosanitary inspection certificates for processed products.
- Since GIPSA/Official Agencies are located near the facilities that are shipping grain and/or commodities, GIPSA has become the primary workforce for phytosanitary inspection of grain and grain products.
- Due to the increase in volume of grain exported in containers and the APHIS policy change concerning the inspection of processed products GIPSA/Official Agencies have experienced a significant increase in requests for phytosanitary inspection service.

Mechanical Diverter Samplers

Items to Discuss

- D/T Sampler Control Policy
- Issues Found in the Field
- Actions to Address Issues

DT Sampler Control Policy

- The D/T Sampler operates under official personnel control in order to maintain sample integrity and assure that samples are representative of the lot.

- FGIS has found that at several locations official personnel do not maintain total control of D/T systems in the field

- Export

Some Programmable Logic Controllers (PLC's) that operate sampling system timing, power, and indicator lights are not under FGIS controls.

- Domestic

Railcar loading facilities in the interior service points – some existing approved D/T sampling systems have been altered without the knowledge and approval of FGIS. Power to the D/T sampling system is being interrupted by a “plugged spout” sensor.

Export Issues

- Policies and Procedures Branch recently reviewed D/T sampling systems at export ship loading facilities and discovered that some facilities have replaced all or part of their hard-wired, relay-based control systems with PLCs.
- The situation is limited to export elevators that are not “fully automated”. PLCs inserted in the control loop between the sampling system and the inspection lab can override the timer settings and traverse lights.
- PLCs can control: D/T sampling system timing, power, and indicator lights; displays of grain flow paths; and the destination of grain in the shipping bins

Export Elevator Findings

- Three export elevators were found to have a PLC inserted in the control loop between the inspection lab and the sampler thereby affecting the integrity of the sampling system.
- The PLCs were not secured by FGIS personnel, and could be accessed and controlled (possibly at remote locations if the PLC is on an Ethernet network) by elevator personnel.

Actions Needed:

The Policies and Procedures Branch recommends one of the following options to address the situations:

1. Install a separate, secure PLC for FGIS use.
 2. Continue operating the sampler with the PLC, but install electronic logic in the inspection lab that will activate an alarm if the sampler malfunctions.
 3. Place the official timers physically close to the samplers in a sealed control box, as is done at many other elevators.
- PPB also recommends that any of the above actions taken by the loading facility must be completed within 60 days of notification by FGIS to the owner of the facility unless circumstances or situations affect the time needed to correct the issue.

Domestic Location Findings

- Some railcar loading facilities load "shuttle trains" at such high flow rates that, if a backup develops in the loadout spout, it can reach the D/T sampler before the operator can stop the grain flow. The sampler can be damaged if it tries to cut against a solid mass of grain. In order to protect the samplers, some of these facilities have installed switches ("plug sensor") in the spout which sense a backup and stop the sampler, but do not stop the flow of grain.
- These facilities are subject to backups because, instead of interrupting the flow of grain when a compartment becomes full, they simply pull the car forward to bring an empty compartment under the spout.

Domestic Issues

- If a backup occurs, the grain can flow past a sampler that has been turned off by the plug sensor.
- At many facilities when the D/T system is reactivated the timer resets to zero. This action allows grain to flow past the sampler for a known time without being sampled.
- These alterations are being made without FGIS acknowledgement or approval.

Action Needed:

The options for a facility to fix this problem are limited.

- Install an alarm to the D/T sampling system that alerts official personnel when the plug sensor is activated and the D/T sampler is turned off. Official personnel will then have to probe sample the railcar(s) that were not representatively sampled by the D/T sampling system.
- Install a plug sensing switch that will close a gate, such as a lower garner gate, above the D/T sampler to stop the flow of grain until the plug clears.
- Remove the plugged spout switch from the sampler controls.

Actions Needed:

Additionally, FGIS will require that:

- Any alterations to the system to comply with FGIS requirements for plug sensors must be completed within 60 days of FGIS notification;
- any sampling system that has been altered by the addition of a plug sensor must be reapproved by the supervising FGIS office, and
- loading facilities not complying with FGIS guidelines will have their D/T sampling system authorization revoked by FGIS.

SUMMARY

- A recent review of D/T sampling systems at export port facilities has uncovered several locations where sampling systems are not fully controlled by official personnel.
- The problems are not widespread and is limited to only a few elevators, however, the potential for tampering with the sampling system operation is significant and must be addressed by FGIS.
- At interior service points FGIS has found D/T sampling systems that have been altered with the addition of a “plug sensor” switch that shuts off the sampling system.
- FGIS will enforce its authority to maintain complete control of the sampling systems and has proposed several options to correct the situations found at export and domestic locations.
- FGIS will work with industry to align the sampling systems within FGIS requirements.

Standards Review

Marianne Plaus, Chief
Market & Program Analysis Staff
GIPSA Advisory Committee
November 28, 2007
Denver, CO

Outline

Advance Notices of Proposed Rulemaking (ANPR)

- **Ethanol/Distillers Grains**
- **Soybean Standards**

Ethanol/Distillers Grains

Advisory Committee Resolutions - -

May 2004: *“The Advisory Committee recommends that GIPSA explore ethanol industry and end users’ needs for DDG marketing standards.”*

November 2004: *“The Advisory Committee recommends that FGIS not move forward with the development of DDG marketing standards. GIPSA should continue to support the industry in any way possible.”*

Ethanol/Distillers Grains

Advisory Committee Resolutions - -

December 2006: *“The Committee recommends that GIPSA continue to cooperate with the ethanol community and trade associations to learn of their needs to facilitate the movement of grain and grain by-products.”*

June 2007: *“The Committee recommends that GIPSA offer the ethanol industry and stakeholders their expertise in developing standardized methods for testing appropriate qualities in corn and the by-products produced.”*

Ethanol/Distillers Grains

Published an ANPR on 7/20/07

- Overarching question:
What should GIPSA's role, if any, be in facilitating the marketing of the grains going into ethanol production and the resultant co-products?
- Comment period closed: 9/18/07
- Comment period reopened: 10/5/07
- Second comment period closes: 12/4/07
- Comments received: 20, to date

Ethanol/Distillers Grains

Comments Received From - -

- Association of American Feed Control Officials, Inc.
- American Assoc. of Grain Inspection & Weighing Agencies
- American Feed Industry Association
- American Meat Institute
- Distillers Grains Technology Council
- Dow AgroSciences
- US Food & Drug Administration's Center for Vet. Medicine
- Iowa Renewable Fuels Association
- National Sorghum Producers Association
- National Grain and Feed Association (extension request)
- Syngenta
- Illinois Farm Bureau
- 8 Individuals

Ethanol/Co-Products

ANPR focused on whether GIPSA should/should not have a role in:

- Refining co-product definitions?
- Testing inputs (bulk grain) and outputs (co-products)?
- Establishing standards for co-products?

Ethanol/Co-Products

**General "Sense" of Comments,
as of 11/28/07: (subject to change
with further analysis and receipt
of additional comments):**

- **Refining co-product definitions? NO**
- **Testing inputs (bulk grain) and outputs (co-products)? NO**
- **Establishing standards for co-products? NO**

Ethanol/Co-Products

Tentative Next Steps (subject to change with further analysis and receipt of additional comments):

- **Comment Analysis:** 12/21/07
- **Internal Position Paper:** 01/10/08
- **Federal Register Notice?** Spring 2008?

- **Bottom-Line: GIPSA has and will continue to stay actively engaged with the ethanol co-products industry and will continue to support the industry, as appropriate, in its efforts to successfully market ethanol co-products. If market conditions should change, we will work collaboratively with the industry and act accordingly.**

Soybean Standards

Published an ANPR on 5/1/07

- **Posed 17 questions, some of which had sub-questions**
- **Comment period closed: 7/2/07**
- **Received 13 comments**

Soybean Standards

Received 13 Comments From:

– **Producers**

- American Soybean Association
- 2 State soybean associations
- 4 individual producers

– **Handlers/Exporters/Processors**

- Joint comment from NGFA/NAEGA/GEAPS

– **International Community**

- 3 associations
- 1 company

– **Academia**

- 1 professor

Soybean Standards

Questions Focused on:

- Foreign Material
- Damage
- Visual Reference Images

Soybean Standards

Questions Focused on:

- Other Factors
- Basis of Determination
- Food Grade Soybeans

Soybean Standards

Foreign Material

- **Definition**
- **Method/Procedure**
- **Grade Limits**

Soybean Standards

Foreign Material Definition

“All matter that passes through an 8/64 round –hole sieve and all matter other than soybeans remaining in the sieved sample after sieving according to procedures prescribed in FGIS instructions.”

Soybean Standards

Foreign Material Method

- 1,000-1,050 g handpicked for coarse FM
- 125 g shaken/sieved
 - Material passing thru is FM
 - Handpick material on top of sieve for FM

NOTE: When pods include soybeans, only the pod is considered as FM.

And, small broken pieces of soybeans, which pass through the sieve, are considered as FM.

Soybean Standards

<u>Grades U.S. Nos.</u>	<u>Foreign Material (max. % limits of)</u>
U.S. No. 1	1.0
U.S. No. 2	2.0
U.S. No. 3	3.0
U.S. No. 4	5.0

Soybean Standards

- **Damage**
- **Other factors, such as oil and protein**
- **Visual Reference Images**
- **Basis of Determination**
- **Food Grade Soybeans**

Soybean Standards

Tentative Next Steps

(subject to change with further comment analysis):

- **Comment Analysis**
and internal strategy: 1/15/08

Soybean Standards

Tentative Next Steps

(subject to change with further comment analysis):

- **Comment Analysis
and internal strategy:** **1/15/08**
- **Analyze Results of at least
three Soybean Post Harvest
Quality Surveys:** **Winter 2010**

Soybean Standards

Tentative Next Steps

(subject to change with further comment analysis):

- **Comment Analysis
and internal strategy:** 1/15/08
- **Federal Register Notice?:** Spring 2008
- **Analyze Results of at least
three Soybean Post Harvest
Quality Surveys:** Winter 2010
- **Internal Position Paper:** Spring 2010

Wheat Functionality Initiatives

John Sharpe
November 28, 2007
GIPSA Advisory Committee
Denver, Colorado

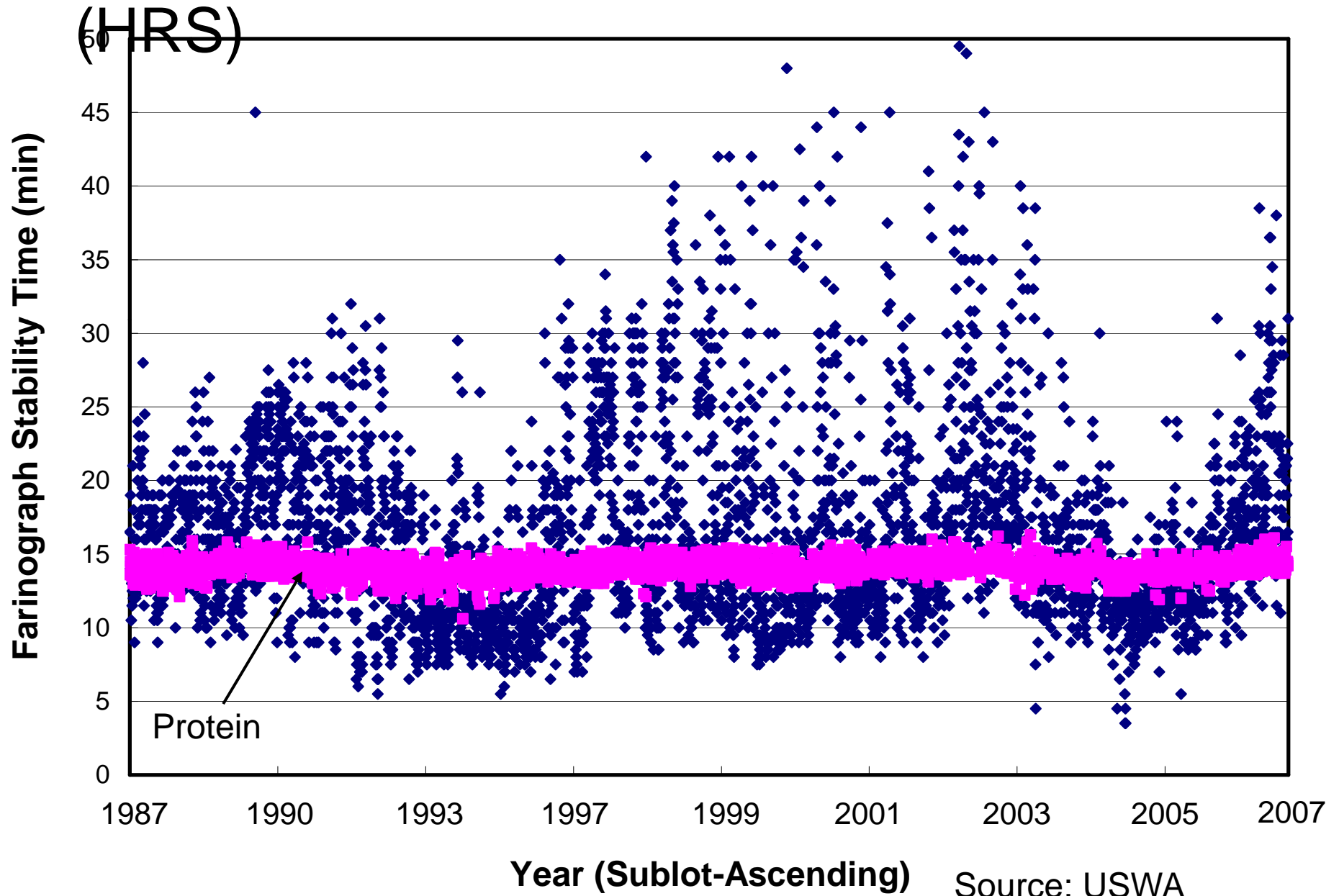


**Grain Inspection, Packers and Stockyards
Administration**

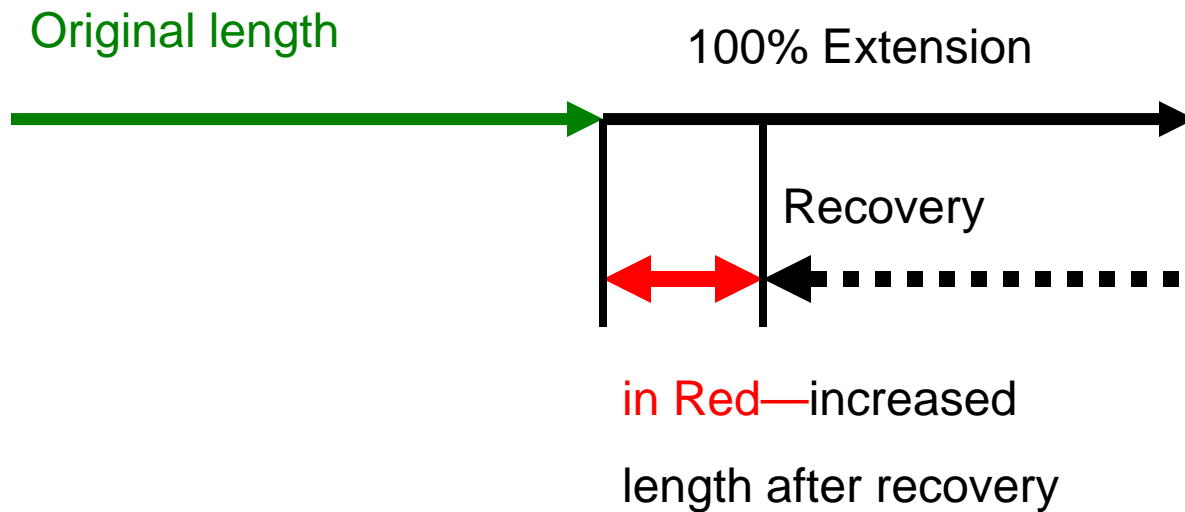


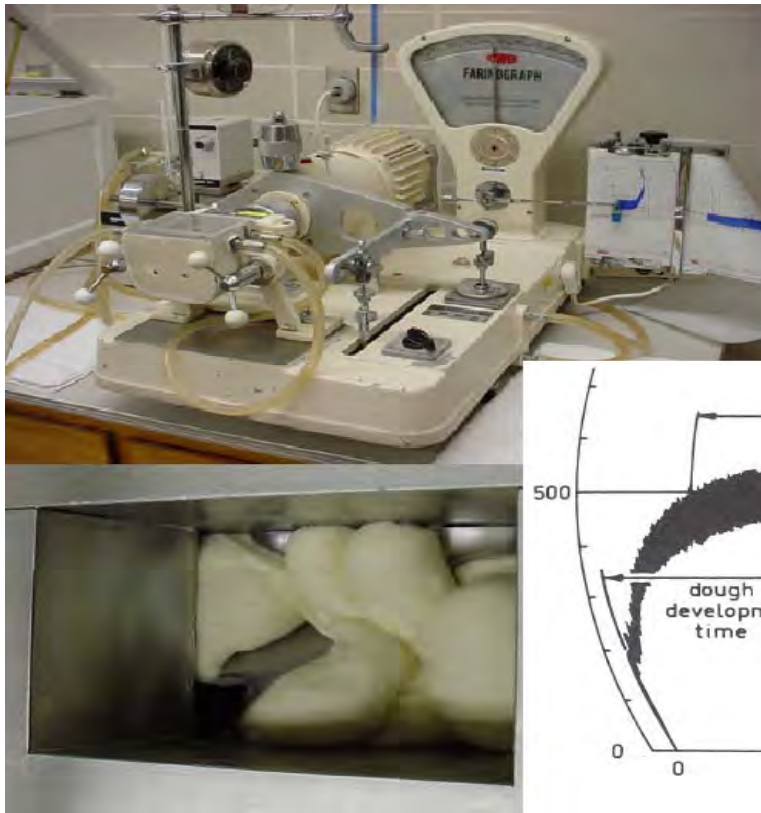
RHEOLOGY'S IMPACT
on Wheat Marketing

Is Protein Enough? – Export Cargo

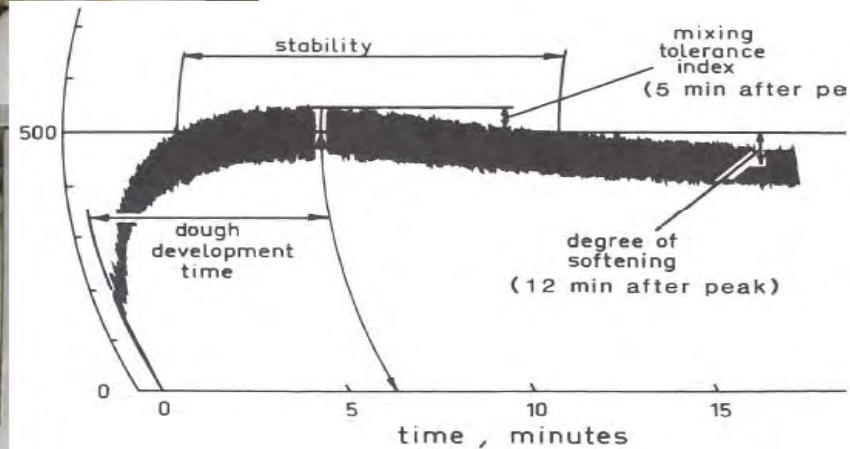


Viscoelasticity: A blend of plasticity and recoverable elasticity





Farinograph



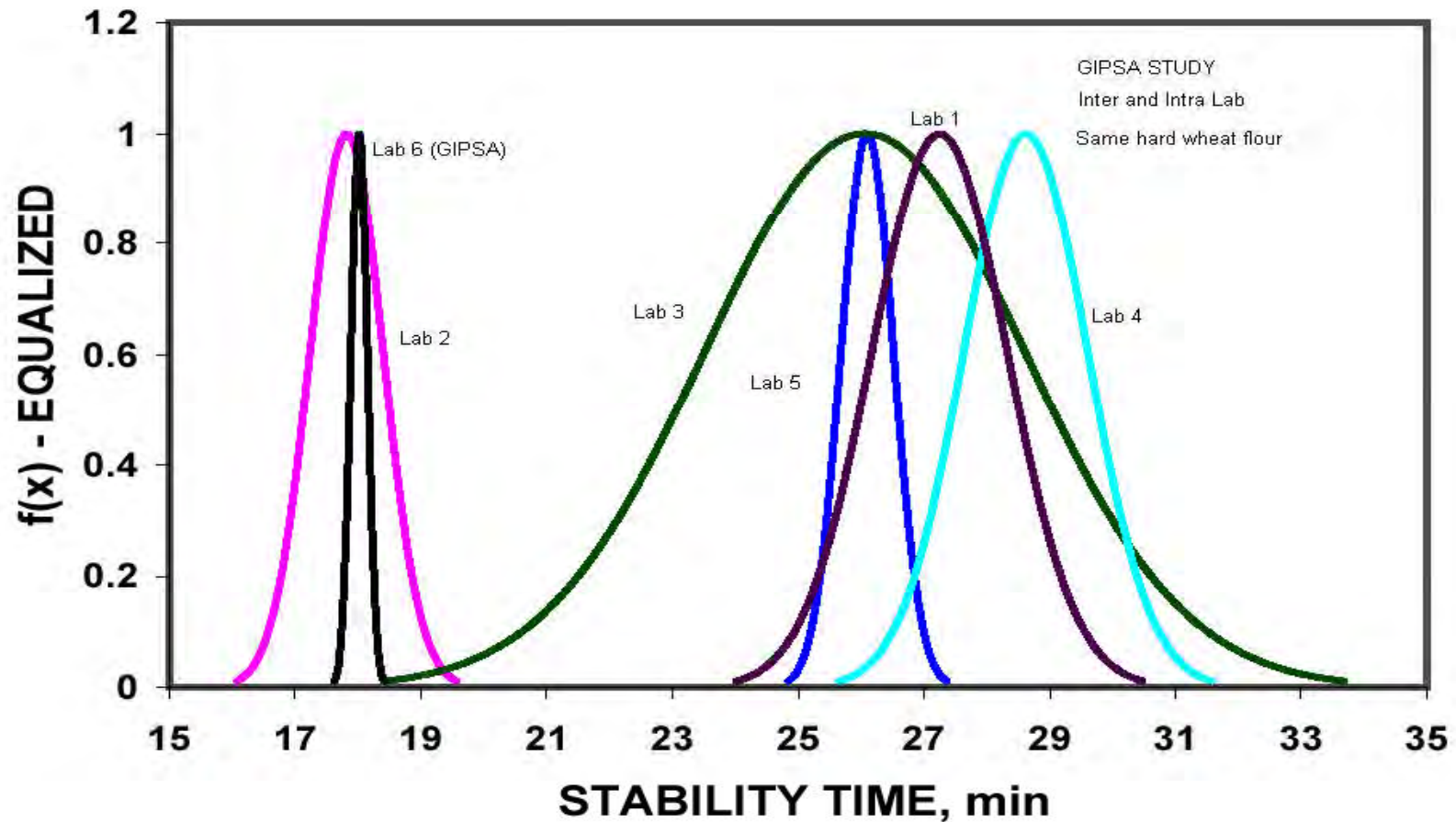
Most popular international rheological method

Measure of the viscoelastic properties of dough

viscosity – resistance to deformation or “plasticity”

elasticity – recoverable “stretch ability”

GIPSA Farinograph Study Inter-laboratory Variation



Farinograph Standardization Project Status

- Completed work – major intra-lab variables
 - Bowl temperature
 - Amount of water added
 - Speed of water addition
- Future work – inter-lab variables
 - Milling effects
 - Bowl wear
 - Instrument models

Rheological Methods

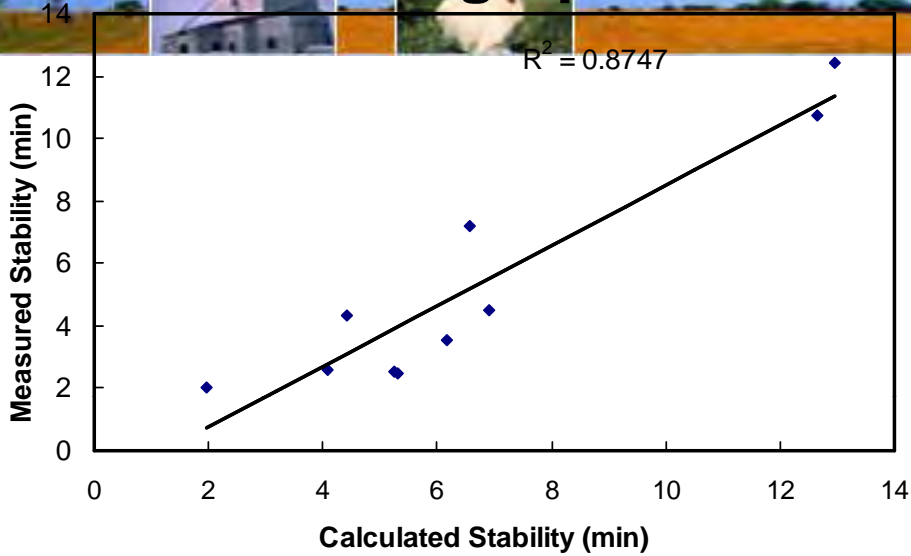
Effect of Wheat Blending

- 18 cultivars individually milled
- A set of 10 flour mixtures
 - Containing from 2-18 different cultivars
 - Predicted vs. actual values
- Farinograph
- Alveograph
- Mixograph

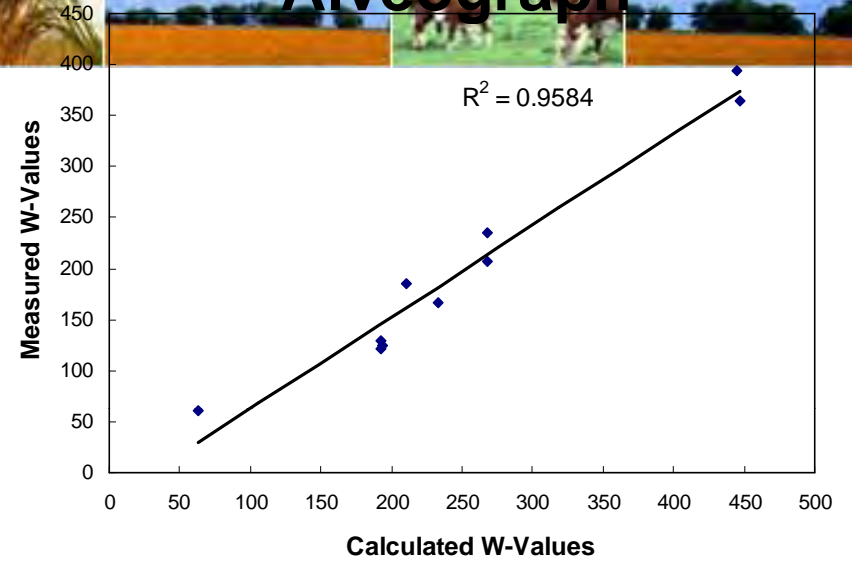


Flour Blends

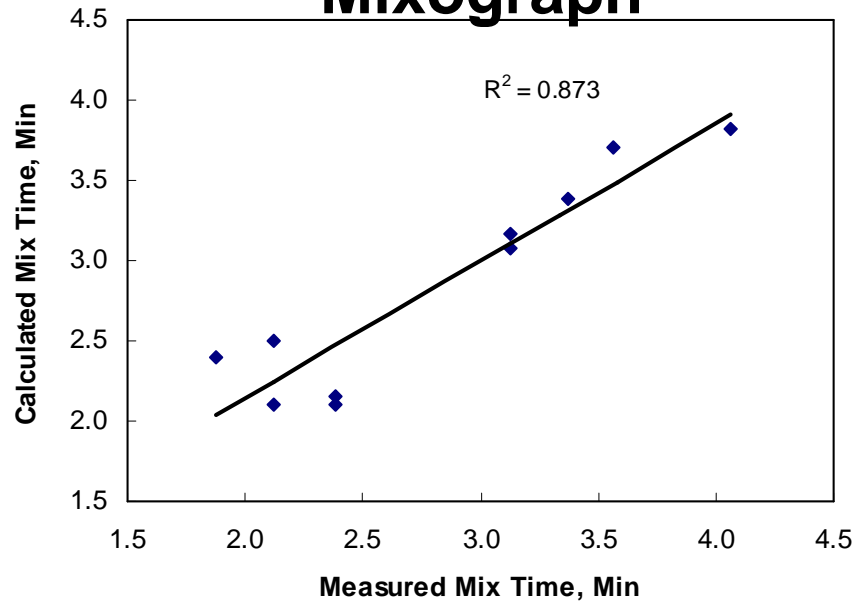
Farinograph



Alveograph



Mixograph



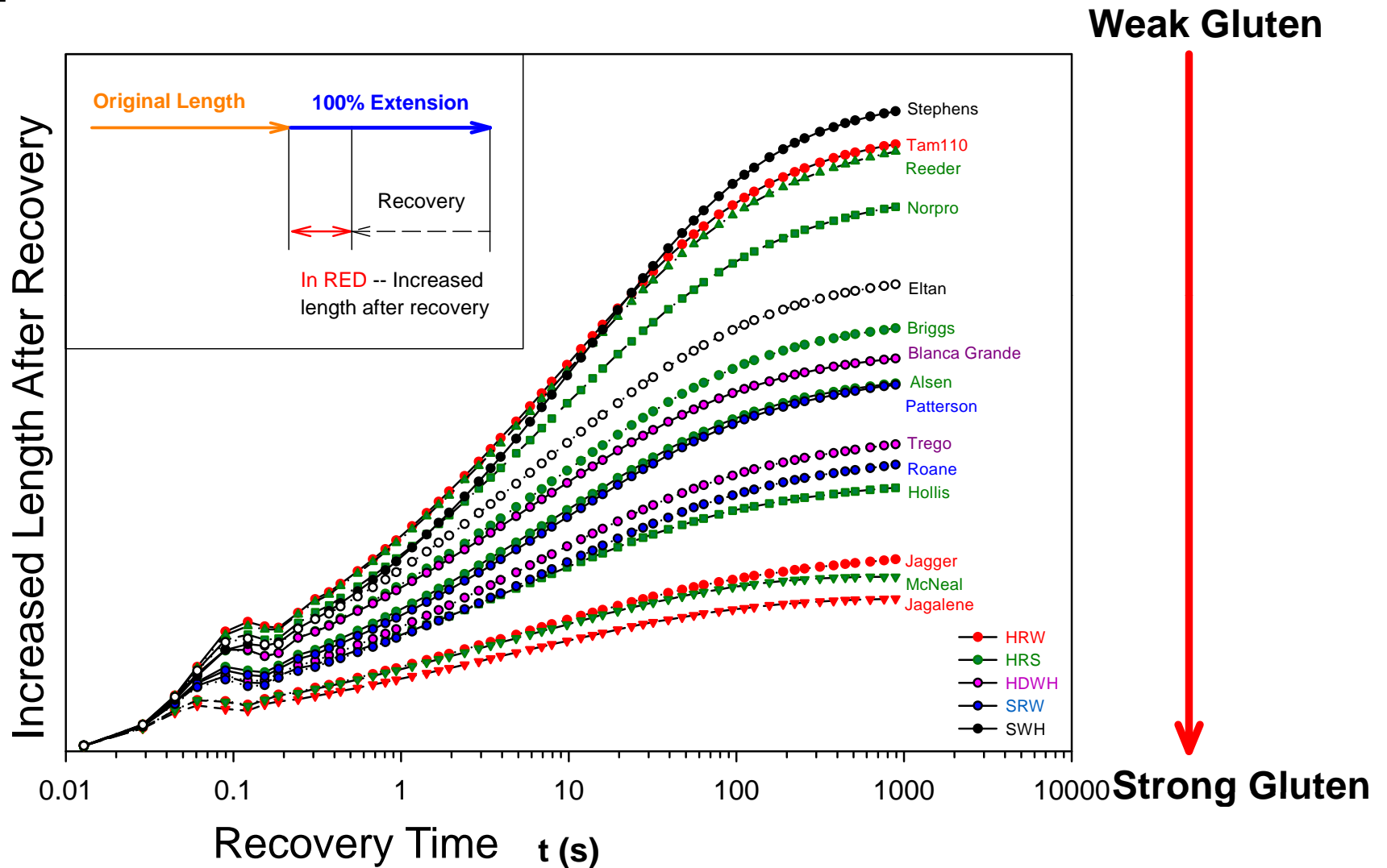
Rapid Viscoelastic Tester Status

(Cornell Project)

- Collected and milled 18 popular wheat cultivars representing U.S. regions
- Characterized functional quality of each cultivar
 - Loaf volume
 - Mixograph
 - Extensograph
 - Glutomatic (Wet Gluten, Gluten Index)
 - Farinograph
 - Zeleny sedimentation
- Measured gluten viscoelastic properties of each cultivar using rheological methods
- Prototype semi-rapid viscoelastic tester is in the development stage

Gluten Creep-Recovery – Bolin

7-10-2010



Third Party Contracting Pilot Update

Grain Inspection Advisory Committee Meeting

Denver, CO

November 28, 2007

Third Party Contracting Pilot Update

Last Advisory Committee Meeting [June 2007]

- **Status of Third Party Contracting**

- **Contract Activity Summary**

- **Lessons Learned**

Third Party Contracting Pilot Update

This Advisory Committee Meeting

- Update on Contract Status
- Program Support Cost Analysis
- What We are Learning

Status of Export Port Contracts

1. *California – no export activity*
2. *Milwaukee – 25 vessels (May 2006-Jan 2007)*
17 vessels (April 2007 – October 2007)
3. *Toledo – 48 vessels (Jan 2007 – October 2007)*
4. *Chicago – No Contracts (Jan 2007 – October 2007)*
5. *Portage – 3 vessels (Jan 2007 – October 2007)*

Status of Export Port Contracts

- **Service Cost Comparison based on:**
 - **Labor to provide service**
 - **Federal oversight personnel**
 - **Travel expenses [if applicable]**

Milwaukee Export Services Cost of Service Comparison

	Contract with FGIS Oversight <i>(excludes tonnage rates)</i>	FGIS Services from Toledo	FGIS Services from Milwaukee
Service Labor	0.425	0.631	0.509
Oversight	0.128	--	--
Travel	0.050	0.281	--
Total	0.603	0.912	0.509

Toledo & Portage Export Services

Cost of Service Comparison

	Contract with FGIS Oversight <i>(excludes tonnage rates)</i>	Local FGIS Services [Toledo & Chicago]
Service Labor	0.298	0.476
Oversight	0.104	-
Travel	--	--
Total	0.402	0.476

Tonnage Rate Comparison Analysis

- **Last meeting - discussion on evaluation of support costs**
- **Discuss what makes up support costs**
- **Discuss impact of costs when contracting**
- **Evaluation of cost to be done in 2008**

Program Support Costs

Three scenarios for field office status -

- **Full Service Field Office (100% Service)**
- **Semi Contracted Field Office (Semi Service)**
- **Fully Contracted Field Office (No Direct Service)**

Local Program Support Costs

Local Field Office Costs:

- **Salaries and Benefits**
 - **Manager**
 - **Asst. Manager**
 - **Office Support Staff**
 - **Oversight Staff (for contractors)**
- **Rent**
- **Utilities**
- **Transportation**
- **Travel (local expenses)**
- **Equipment/Supplies (Technical/IT/Office)**
- **Mail Services**

Headquarters Program Support Costs

Headquarters Costs:

- **Support Staff (Salary/Benefits/Travel, etc)**
 - **Office of the Administrator (BPS, CR, IT, MSS)**
 - **Office of the Deputy Administrator**
 - **Field Management Division (OD, PPB, FOSS)**
- **Departmental Charges**
 - **Indirect support charges**

Departmental Costs

Headquarters Costs:

- **Departmental Charges (~ 60 different items)**
- **~ \$2.5 million annually**
- **Basis of Costs:**
 - **Staff Years**
 - **Previous Year Expenses**
 - **Office Space**
 - **Memorandum of Understanding**

Departmental Costs

National Finance Center - Agency Specific Agreements
National Finance Center - Gov't Employee Services

Unemployment Compensation

National Archives Records System

OPM Federal Employment and Administrative Law Judges Services
FEMA Emergency Preparedness
Government-Wide Council Activities
First Gov
GSA Blue Pages
Advisory Committee Liaison Services
American Indian Higher Education Consortium
Hispanic Association of Colleges and Universities
1890 USDA Initiatives

Universal Telecom Network UTN

TARGET Center
Diversity Council
Visitors Center
Honor Awards

Computer Services Network Support

Emergency Operations Center
Preauthorized Funding
EGOV Presidential Initiatives
E-Gov Enablers - Initiative Eauthentication

Central Excess Property Operations

Program Support Cost Evaluation

- **Complex process**
- **Utilize an independent contractor experienced in government cost analysis**
- **Assess impact on Toledo service points**
- **Conduct analysis in 2008**

What We are Learning

- 1. Are qualified private companies interested in providing export grain services?**
- 2. What is the best way to select and use private companies at export?**
- 3. How best to oversee performance of private companies?**
- 4. Are real efficiencies gained through use of private companies?**

Summary of Contracting at Export

- **GIPSA will continue contract projects through the 2008 shipping season in the Great Lakes.**
- **Service costs are measured on each vessel.**
- **Program support costs will be evaluated in 2008.**
- **Integrity of service and certification is important.**

*Grain Inspection, Packers &
Stockyards Administration*

*International Trade and
Outreach Issues*

*Advisory Committee Meeting
Denver, Colorado*

November 28, 2007

John B. Pitchford
Director of International Affairs

Current International Trade and Outreach Issues

- StarLink Corn
- LLRICE 601
- Mexico
- Malathion MRLs – Korea and Taiwan
- Asia Collateral Duty Officer Program
 - Containers and Complaints
- Biosafety Protocol
- Other Initiatives

StarLink Corn

- Oct. 17 Federal Register Notices
 - ✓ EPA recommends FDA rescind guidance to test inbound corn
 - ✓ FDA proposes to rescind current guidance to test, 60-day comment period
- FAS/Tokyo met with Japan's MHLW and MAFF to begin discussions about future of food and feed corn protocols

LLRICE 601 Update

- Most export markets unchanged
- Europe
 - ✓ Recent talks positive
 - ✓ Draft protocol proposed
 - Sampling, Testing, Reporting
- Canada
- Philippines

Mexico Outreach

- August 2007 - Mexican Embassy officials, importers visit TSD, U.S. grain handling facilities
 - ✓ Gain better understanding of U.S. grain standards, inspection and marketing system
 - ✓ Understand roles of FGIS and APHIS in U.S. grain exports
 - ✓ Wheat protein concerns addressed

Mexico Outreach

- September 2007 - Trip to border and Veracruz Port
 - ✓ Learn SENASICA clearance process
 - GIPSA, AMS, APHIS, FAS
 - ✓ Identify logistical barriers to trade with Mexico
 - ✓ Met with soybean and wheat importers
 - Wheat millers join protein collaborative

Malathion MRL's for Wheat

Korea

- Proposing to implement CODEX pre-harvest 0.5 ppm MRL for malathion on May 1, 2008
- U.S., Japan, EU (post-harvest) MRL is 8.0 ppm

Taiwan

- Has implemented a 0.5 ppm MRL for malathion for wheat
- Has indicated to FAS that they will consider a review of this MRL level

Asia Collateral Duty Officer (CDO) Program

- Established Asia CDO program in 2002
 - ✓ Temporary (4-month) regional assignments
 - ✓ Provide onsite opportunities to immediately address issues that arise in the region
 - ✓ Provide opportunities to nurture relationships, further outreach efforts and conduct work in a proactive manner

Containerized Grain Shipments

- Containerized grain shipments increasing
 - ✓ New prospects and new problems
 - ✓ Confusion about contracting & related documentation
 - ✓ Working with FMD and Asian collateral duty officers to better to educate overseas buyers and Cooperators

Cartagena Protocol on Biosafety

- Next meeting of the Parties MOP-4
 - May 2008
- Interagency process beginning
- Liability and Redress – biggest issue
- Also to consider standardization of sampling, testing
- Documentation: Next reviewed at MOP-5

Other Initiatives

- Pesticide residue survey – Japan
 - ✓ Collecting wheat & barley samples
- Farm gate survey for soybeans – weed seed data
- Japan – aflatoxin in corn

GIPSA Financial Update

Pat Donohue-Galvin, Director

Budget and Planning Staff

Agenda

➤ Overview

- Review funding structure/cost types
- Organizational changes

➤ Fee-for-service programs

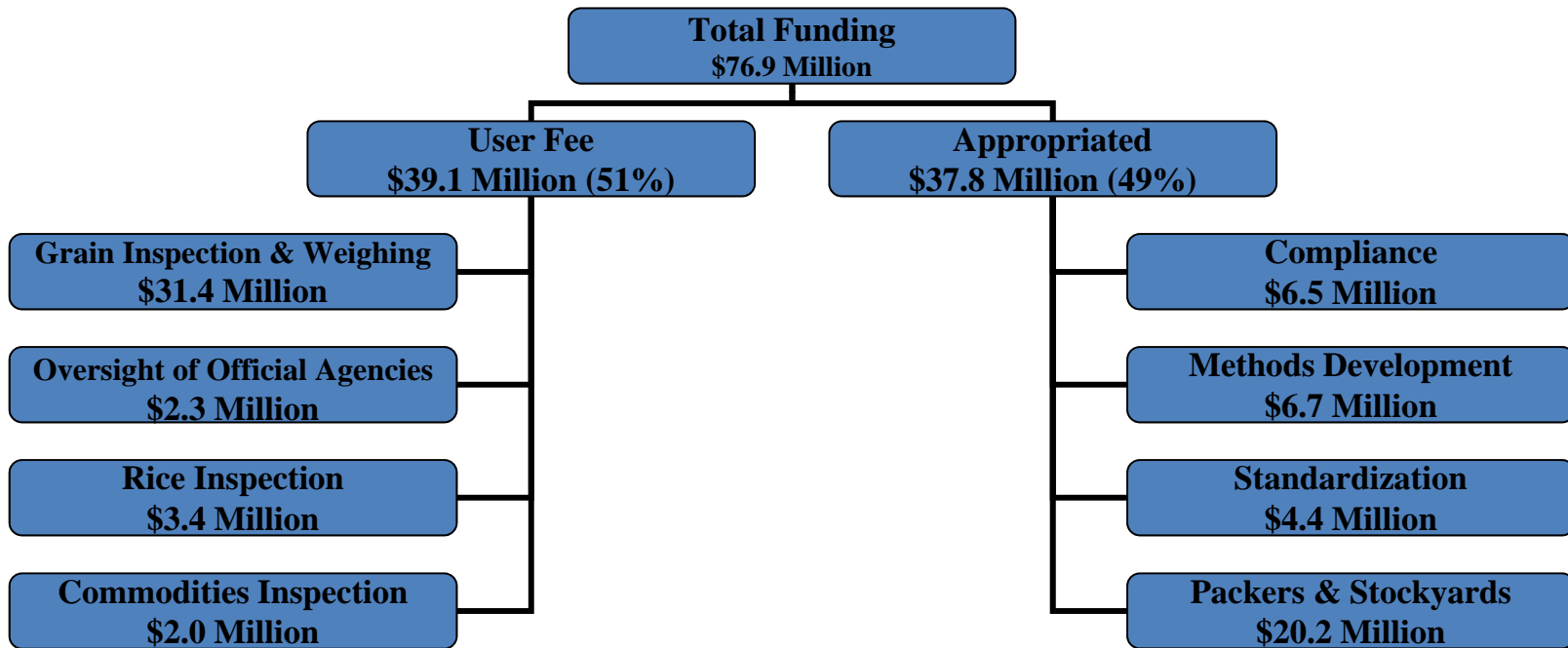
- Official year-end report
- Comparisons to FY 2006
- Revenue/expense forecast for FY 2008

➤ Appropriated programs

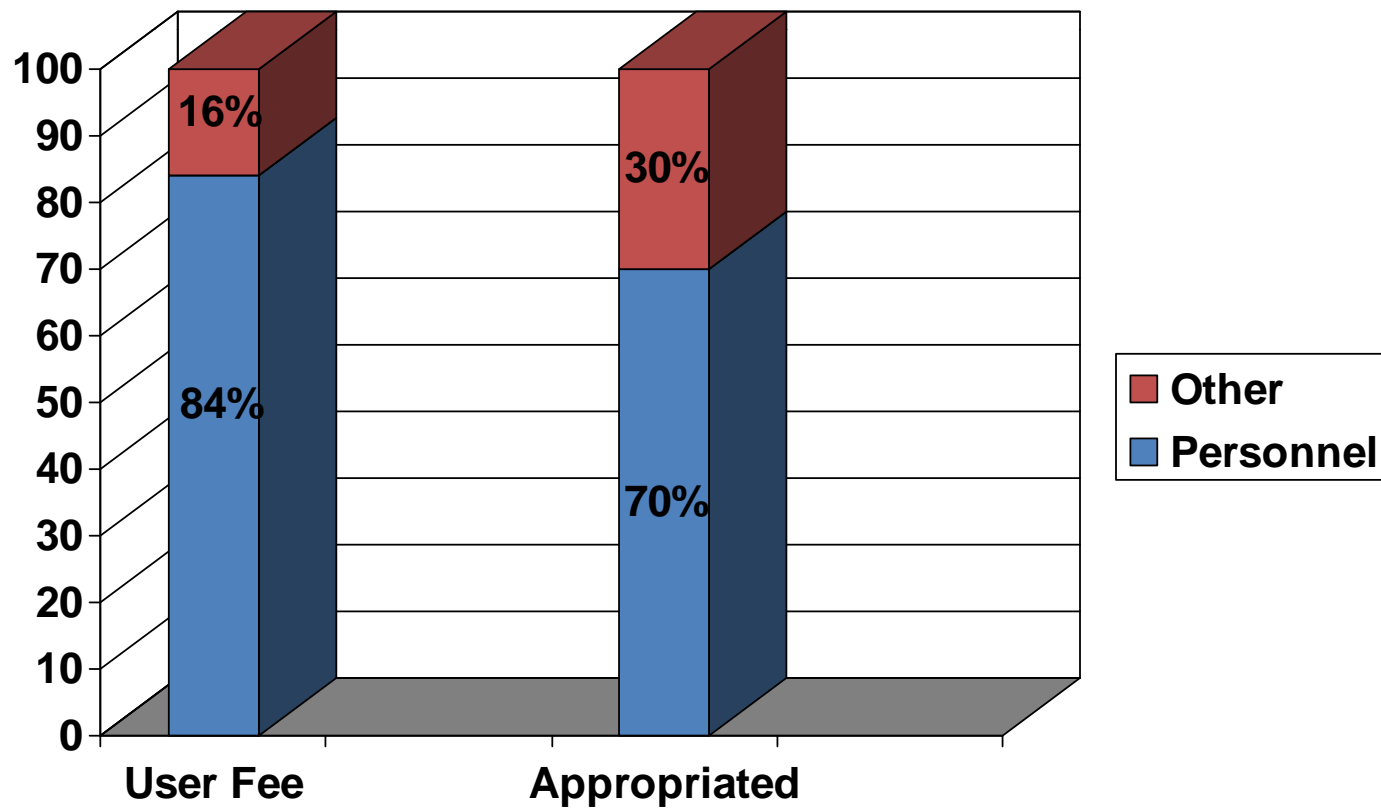
- Official year-end report
- FY 2008 appropriation outlook

GIPSA's FINANCIAL STRUCTURE

FY 2007 Funding Sources



Expenditures by Cost Types Personnel vs. All Other



FY 2007 Organizational Changes

- Centralized all administrative functions
 - Established Management Support Staff
 - Shifted from Grain programs: training office; safety and health; regulatory management; labor relations/outsourcing; issues management
 - Shifted from Packers and Stockyard program: program support staff
 - Overall impact on grain programs: +\$472,000

GIPSA FY 2007 Financial Report

User Fee Programs

(Dollars in Millions)

	Grain I&W	Official Agencies	Rice Inspection	Commodity Inspection	TOTAL
Reserve - Oct '06	2.3	1.4	(0.1)	1.9	5.5
<i>Revenue</i>	<i>31.4</i>	<i>2.3</i>	<i>3.4</i>	<i>2.0</i>	<i>39.1</i>
<i>Expenses</i>	<i>30.5</i>	<i>1.8</i>	<i>4.0</i>	<i>2.4</i>	<i>38.7</i>
<i>Margin</i>	<i>0.9</i>	<i>0.5</i>	<i>(0.6)</i>	<i>(0.4)</i>	<i>0.4</i>
Prior Year	0.4	0.1	0.1	0.3	0.9
Reserve - Oct '07	3.6	2.0	(0.6)	1.8	6.8
Target Reserve	7.3	0.5	1.2	0.6	9.6

User Fee Programs
FY 2007/2006 Comparison
(Dollars in Millions)

	FY 06	FY 07	Delta
Revenue	\$ 38.7	\$ 39.1	1%
Expenses			
Agency Support	\$ 2.6	\$ 3.9	50%
Central Charges	\$ 2.6	\$ 2.7	3%
Program Support	\$ 2.5	\$ 2.0	-19%
Program Delivery	\$ 29.4	\$ 30.1	2%
Total Expenses	\$ 37.2	\$ 38.7	4%
Margin	\$ 1.5	\$ 0.4	-77%

Grain Inspection & Weighing Program
FY 2007/2006 Comparison
(Dollars in Millions)

	FY 06	FY 07	Delta
Revenue	\$ 30.4	\$ 31.4	3%
Expenses			
Agency Support	\$ 2.0	\$ 2.9	45%
Central Charges	\$ 2.0	\$ 2.1	3%
Program Support	\$ 1.7	\$ 1.3	-24%
Program Delivery	\$ 23.1	\$ 24.2	5%
Total Expenses	\$ 28.8	\$ 30.5	6%
Margin	\$ 1.6	\$ 0.9	-42%

Supervision of Official Agencies Program
 FY 2007/2006 Comparison
 (Dollars in Millions)

	FY 06	FY 07	Delta
Revenue	\$ 2.2	\$ 2.3	5%
Expenses			
Agency Support	\$ 0.2	\$ 0.3	50%
Central Charges	\$ 0.1	\$ 0.1	3%
Program Support	\$ 0.4	\$ 0.4	-3%
Program Delivery	\$ 0.9	\$ 1.0	11%
Total Expenses	\$ 1.6	\$ 1.8	12%
Margin	\$ 0.6	\$ 0.5	-15%

Rice Inspection Program
FY 2007/2006 Comparison
(Dollars in Millions)

	FY 06	FY 07	Delta
Revenue	\$ 4.0	\$ 3.4	-15%
Expenses			
Agency Support	\$ 0.2	\$ 0.4	100%
Central Charges	\$ 0.3	\$ 0.3	3%
Program Support	\$ 0.2	\$ 0.2	-5%
Program Delivery	\$ 3.7	\$ 3.1	-16%
Total Expenses	\$ 4.4	\$ 4.0	-9%
Margin	\$ (0.4)	\$ (0.6)	-49%

Commodity Inspection Program
 FY 2007/2006 Comparison
 (Dollars in Millions)

	FY 06	FY 07	Delta
Revenue	\$ 2.1	\$ 2.0	-5%
Expenses			
Agency Support	\$ 0.2	\$ 0.3	55%
Central Charges	\$ 0.1	\$ 0.1	3%
Program Support	\$ 0.2	\$ 0.2	-10%
Program Delivery	\$ 1.7	\$ 1.8	5%
Total Expenses	\$ 2.2	\$ 2.4	8%
Margin	\$ (0.1)	\$ (0.4)	-273%

FY 2008 Financial Forecast User Fee Programs

	Grain I&W	Official Agencies	Rice Inspection	Commodity Inspection	TOTAL
Revenue	\$ 32.8	\$ 2.3	\$ 4.2	\$ 2.0	\$ 41.3
Expenses	\$ 31.1	\$ 1.8	\$ 4.2	\$ 2.4	\$ 39.5
Margin	\$ 1.7	\$ 0.5	\$ 0.0	\$ (0.4)	\$ 1.8
Reserve - Sep '08	\$ 5.3	\$ 2.5	\$ (0.6)	\$ 1.4	\$ 8.6
FY 08 Fee Review	Yes	--	--	Yes	--

FY 2007 Financial Report

Grain Appropriated Programs

(Dollars in Millions)

	Standards	Methods	Compliance	TOTAL
Appropriation	\$ 4.4	\$ 6.7	\$ 6.5	\$ 17.6
Obligations	\$ 4.3	\$ 6.5	\$ 6.7	\$ 17.5
Balance to Treasury	\$ 0.1	\$ 0.2	\$ (0.2)	\$ 0.1
Percent Obligated	97.7%	97.0%	103.1%	99.4%

Grain Appropriated Program
 FY 2007 Changes
 (Dollars in Millions)

	FY 06	FY 07	Delta
Appropriation	\$ 18.0	\$ 17.6	-2%
Obligations			
Agency Support	\$ 1.3	\$ 2.1	66%
Central Charges	\$ 1.0	\$ 1.0	3%
Program Support	\$ 2.5	\$	-18%
Program Delivery	\$ 13.1	\$ 12.3	-6%
Total Obligations	\$ 17.9	\$ 17.4	-3%
Balance	\$ 0.1	\$ 0.1	-22%

FY 2008 Appropriation Outlook

- **Awaiting FY 2008 Agriculture Appropriation.**
- **Operating under 2nd Continuing Resolution until Dec. 14th.**
- **Year-long Continuing Resolution is likely.**
 - **Maintain FY 2007 funding level (\$37.8M)**
 - **May include pay cost increase (\$0.9M)**

GIPSA Export Grain Inspection and Weighing Fees

Grain Inspection Advisory Committee Meeting

Denver, CO

November 28, 2007

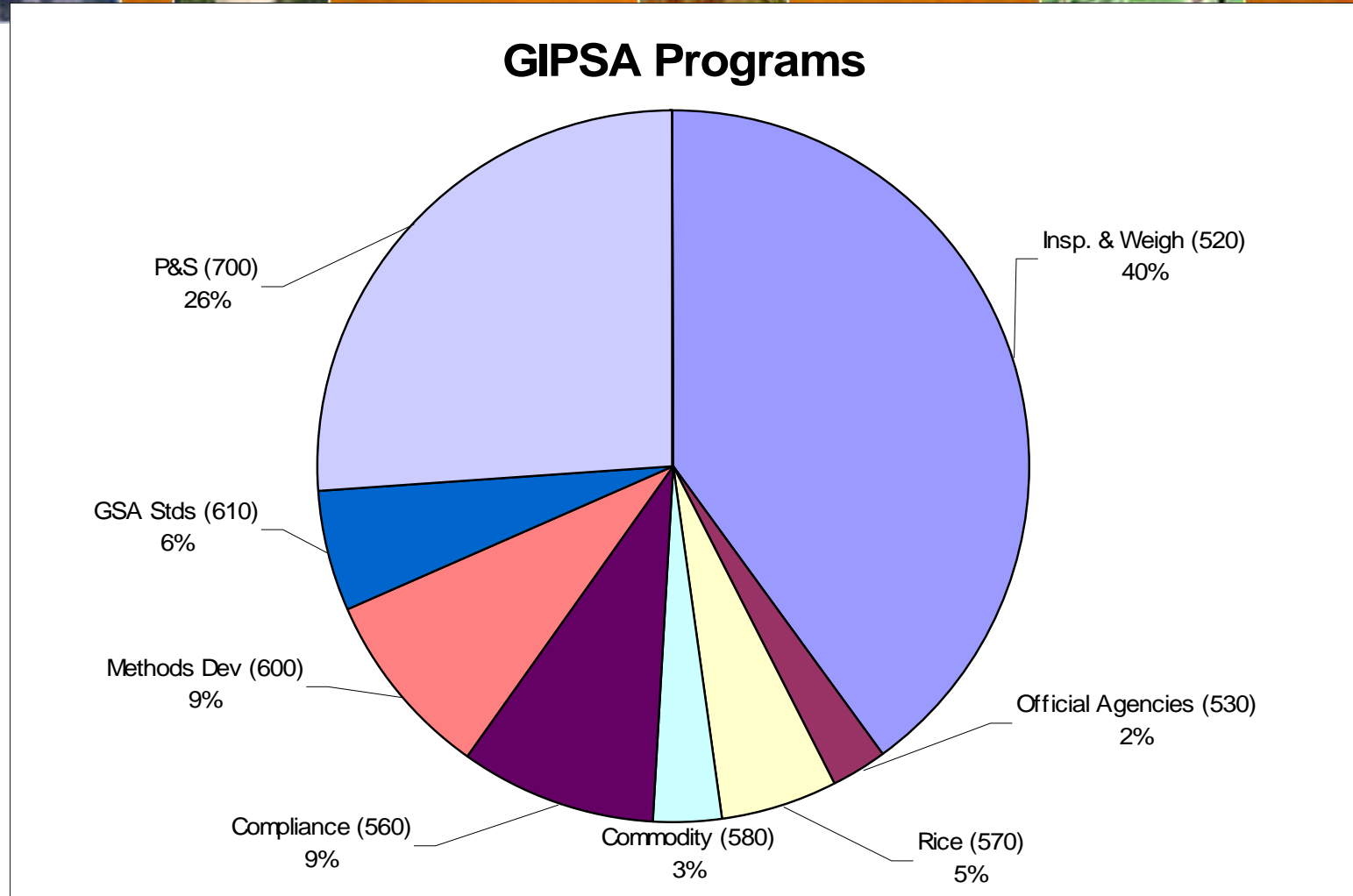
Discussion Topics:

- **Historical Background**
- **Evaluation of Grain Services Program**
- **Actions to Address Issues**



Historical Background

GIPSA Programs



Historical Background

- **Grain Fee Activity:**
 - **Proposed Fees November 2003**
 - **Final Rule Published May 2004**
 - **Fees Implemented June 14, 2004**

Historical Background

- **Summary of 2004 Fee Changes:**
 - **Eliminate 3 & 6 month contracts**
 - **Increase contract rate 20 percent**
 - **Increase non-contract rate 47 percent**
 - **Increase tonnage rate 43 percent**
 - **Adjusted other rates and fees**

Current Grain Fees

- **Hourly Rates** (onsite service delivery staff)
 - Contract **\$36.00 per hour**
 - Non-Contract **\$64.00 per hour**
- **Unit Rates** (mycotoxin kits, protein, oil)
- **Tonnage Rates** (direct and indirect program support)
(Local + HQ)
 - League City **\$0.167** (**\$0.115 + \$0.052**)
 - New Orleans **\$0.067** (**\$0.015 + \$0.052**)
 - Portland **\$0.136** (**\$0.084 + \$0.052**)
 - Toledo **\$0.184** (**\$0.132 + \$0.052**)

2004 Fee Development Basis

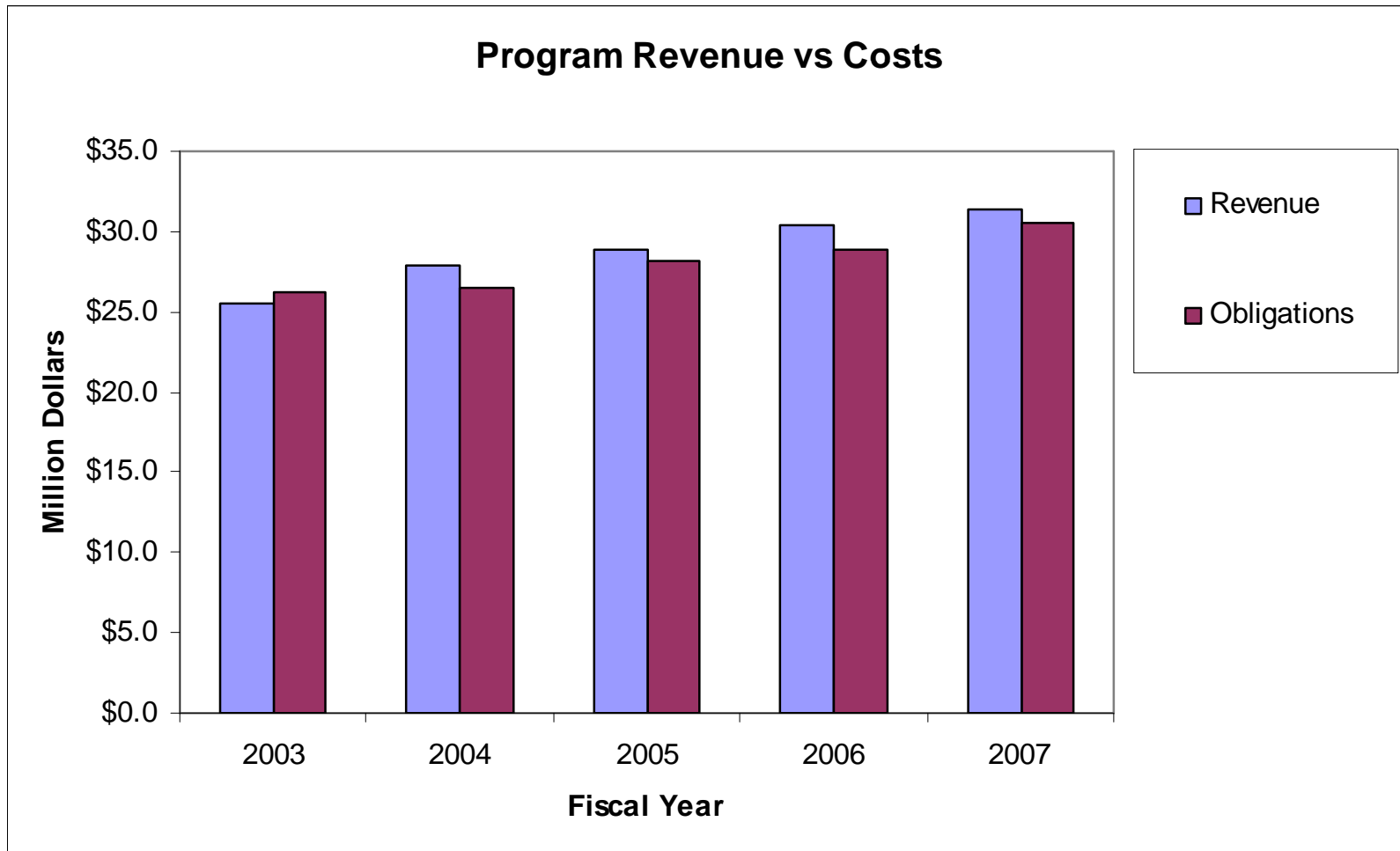
- **Projected direct service costs for hourly rate**
- **Projected billable tonnage at 80 mmt**
- **Projected local administrative costs**
- **Projected national administrative costs**
- **Achieve 3-month operating reserve by FY 2010**

Evaluate Status of Grain Export Program 2007

- **Grain services fees in place for 3.5 years**
- **Evaluate historical data:**
 - **Direct Services Costs and Revenues**
 - **Tonnage**
 - **Local Support Costs**
 - **National Support Costs**



Overall GIPSA Grain Program Financial Status

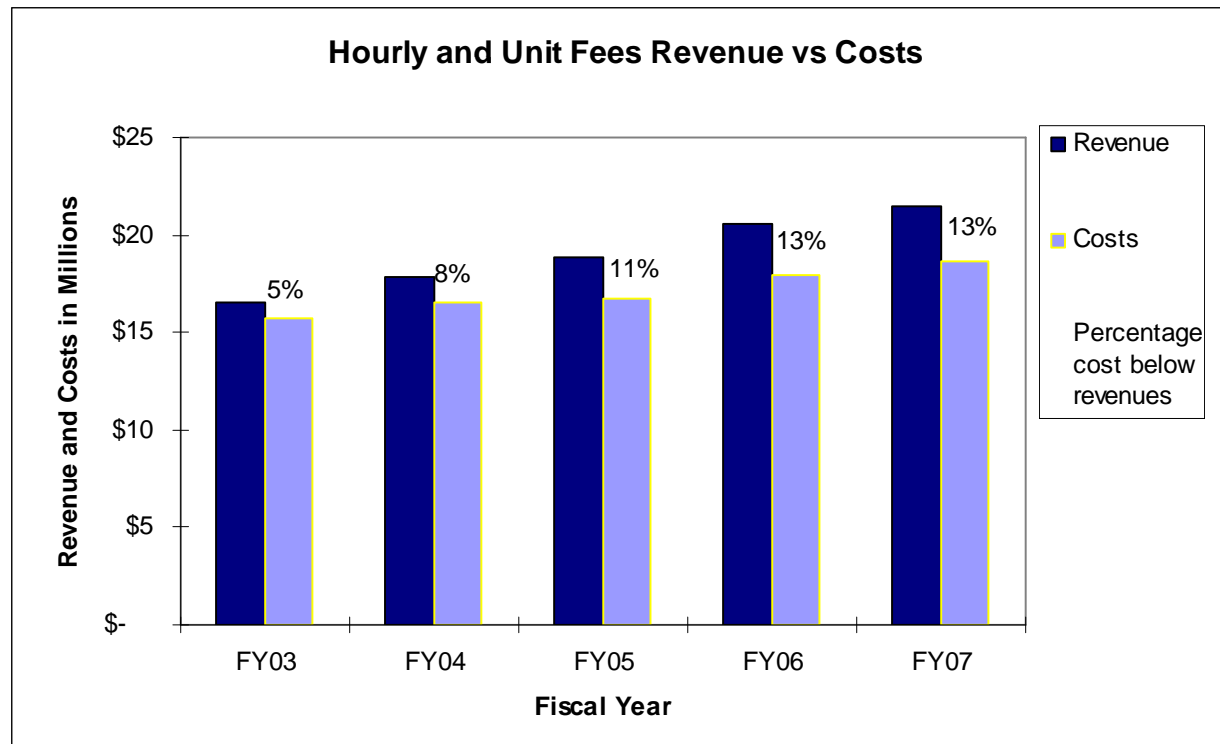


Current Grain Fees

- **Hourly Rates** (onsite service delivery staff)
 - **Contract** \$36.00 per hour
 - **Non-Contract** \$64.00 per hour
- **Unit Rates** (mycotoxin kits, protein, oil)
- **Tonnage Rates** (direct and indirect program support)
 - (Local + HQ)
 - **League City** \$0.167 (\$0.115 + \$0.052)
 - **New Orleans** \$0.067 (\$0.015 + \$0.052)
 - **Portland** \$0.136 (\$0.084 + \$0.052)
 - **Toledo** \$0.184 (\$0.132 + \$0.052)



Annual Direct Service Costs/Revenues

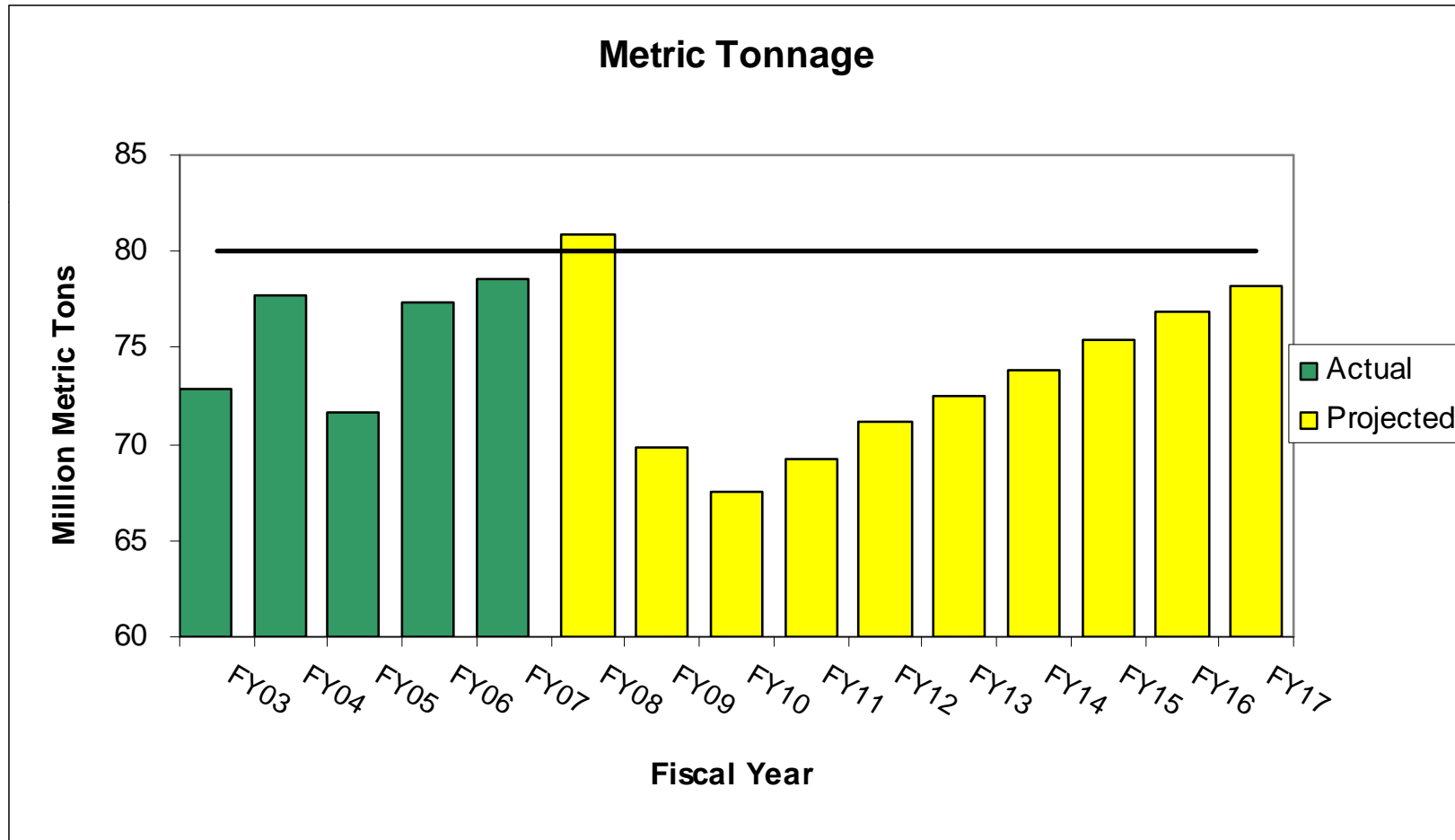


	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Revenue Per MT	\$0.23	\$0.23	\$0.26	\$0.27	\$0.27
Costs per MT	\$0.22	\$0.21	\$0.23	\$0.23	\$0.24

Current Grain Fees

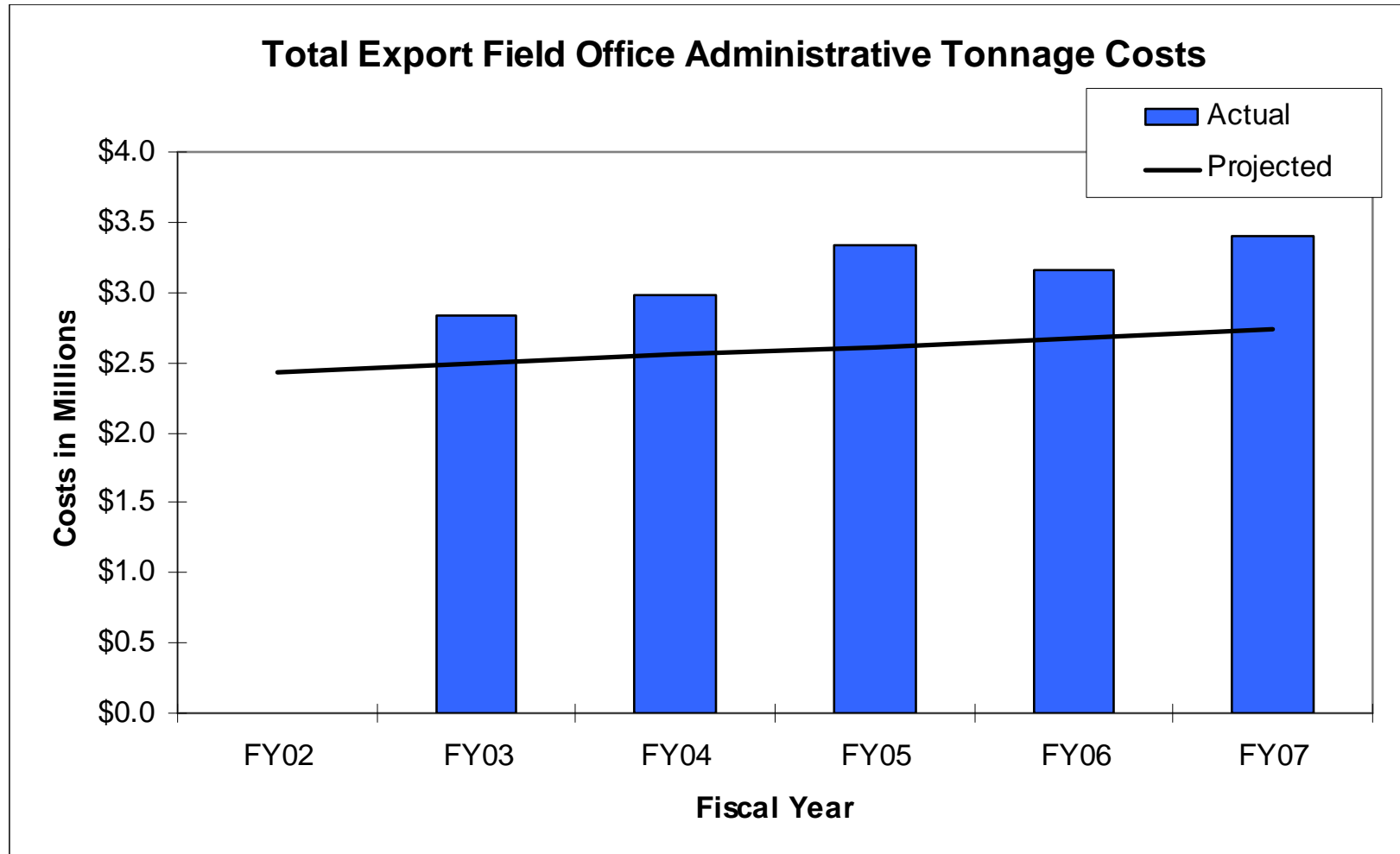
- **Hourly Rates** (onsite service delivery staff)
 - **Contract** \$36.00 per hour
 - **Non-Contract** \$64.00 per hour
- **Unit Rates** (mycotoxin kits, protein, oil)
- **Tonnage Rates** (direct and indirect program support)
 - (Local + HQ)
 - **League City** \$0.167 (\$0.115 + \$0.052)
 - **New Orleans** \$0.067 (\$0.015 + \$0.052)
 - **Portland** \$0.136 (\$0.084 + \$0.052)
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(Source: USDA WASDE [October 2007] + FGIS Model)





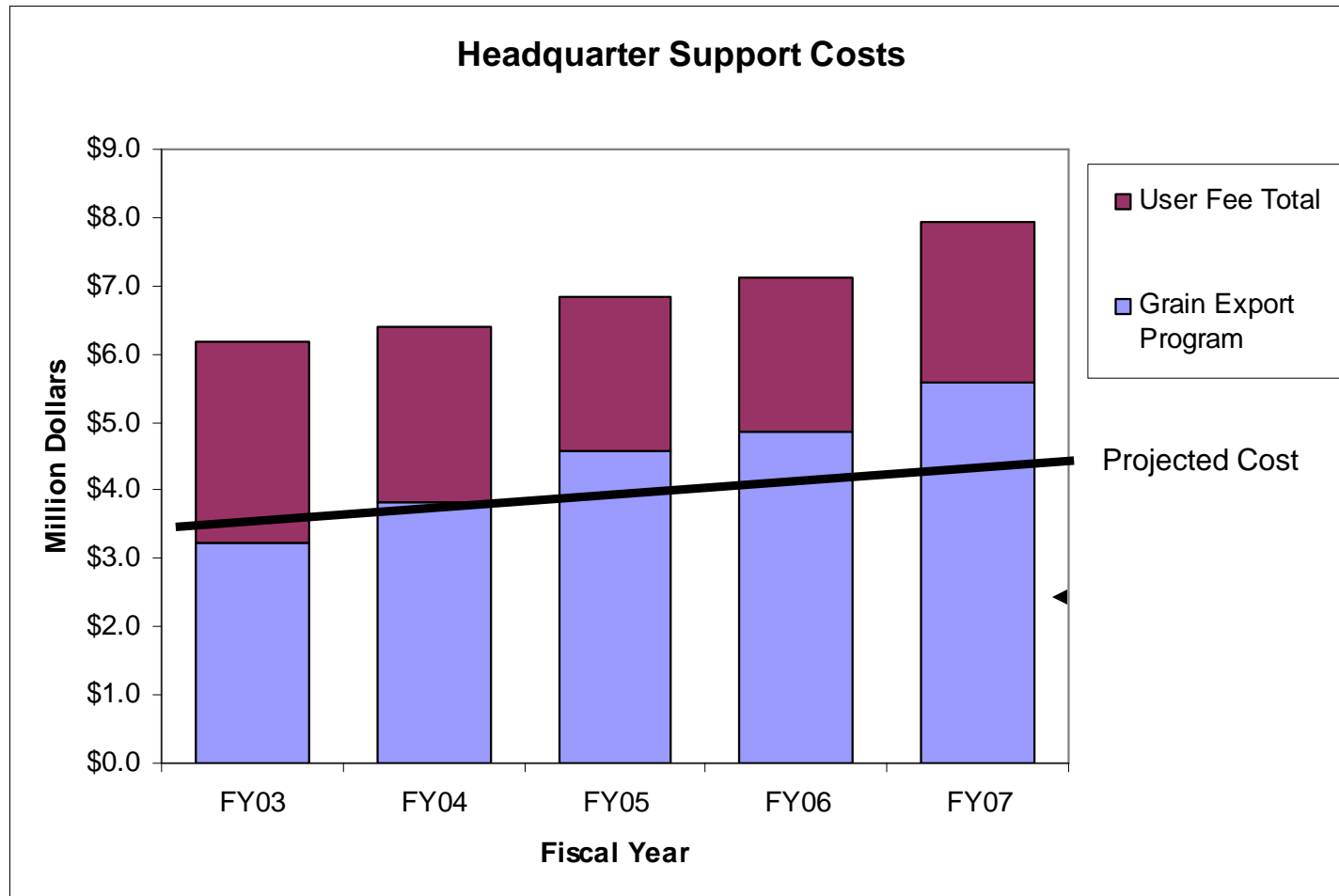
Field Office Support Costs





Headquarters Support Costs

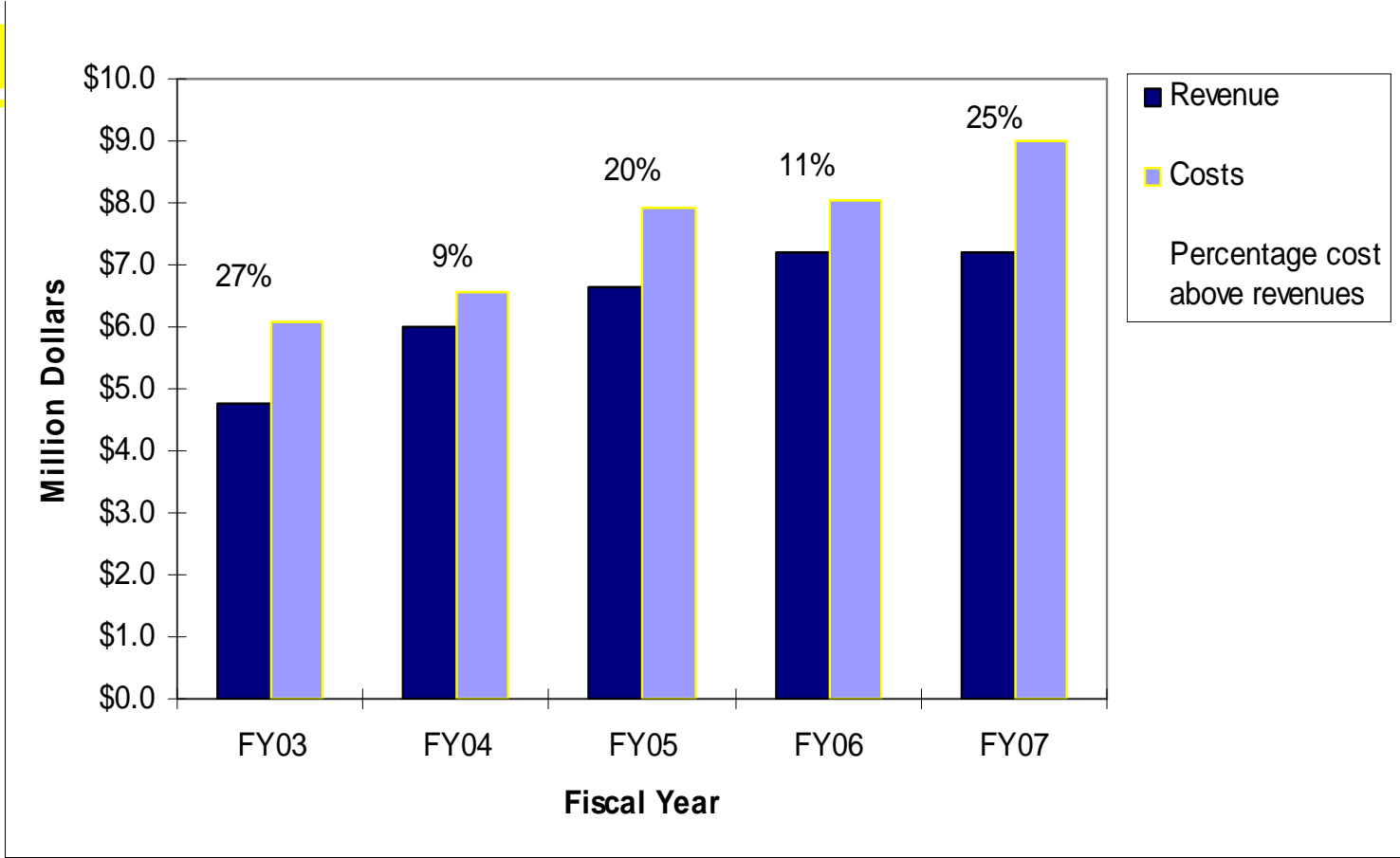
FGIS [User Fee Programs] and Grain Export Program



Activites Affecting HQ Support Costs

- **FY 2004 – Reorganization of Information Technology Staff and reassessment of costs to Agency programs added cost to program (\$440,000)**
- **FY 2005 – Reassessed headquarters support costs (from tons to staff years) which shifted cost from domestic program to export program (\$630,000)**
- **FY 2007 - Reorganization of Administrative Functions added cost to program (\$380,000)**

Revenue and Cost Comparison



Summary of Grain Export Program Evaluation

- **Overall, the grain export program is operating with a positive margin.**
- **Hourly rates (contract and non-contract) are covering expenses and contributing toward the 3-month reserve.**
- **Tonnage rates are not covering support expenses.**
- **Grain export fees are not operating as designed to cover specific costs of the program.**

Grain Export Program Actions

- **Closely monitor export program**
 - **Tonnage**
 - **Revenues & Costs**
- **Initiate action to stabilize/reduce support costs**
 - **Field Office**
 - **Headquarters**
- **Continue to rebuild 3-month operating reserve**