



# UNITED STATES WAREHOUSE ACT 2021 ANNUAL REPORT

---

Warehouse and Commodity  
Management Division

Fair Trade Practices Program — December 2021



# TABLE OF CONTENTS

Get acquainted with the organization of this report

**MESSAGE FROM THE DIRECTOR** 1

**INTRODUCTION** 2

YEAR AT A GLANCE 2

KEY SERVICES 2

ORGANIZATIONAL STRUCTURE 3

EMPLOYEES AND LOCATIONS 3

KEY STAKEHOLDERS 4

**2021 USWA OVERVIEW OF OPERATIONS** 5

WAREHOUSE AND INVENTORY EXAMINATIONS 6

FY 2021 INSPECTOR, WEIGHER, CLASSIFIER, AND GRADER LICENSES 6

**FINANCIAL INFORMATION** 7

ENSURING FINANCIAL STEWARDSHIP 7

**EFFICIENCIES AND COST SAVINGS** 8

GAINING EFFICIENCIES AND CONTROLLING COSTS 8

EFFICIENT USE OF PERSONNEL 8

IT MODERNIZATION (eWCMD) 8

COMMODITY WAREHOUSE INDUSTRY 9

COMMUNICATION AND COLLABORATION 9

**CONCLUSION** 9

## THANK YOU for your support

We would like to thank everyone that contributed, not only to the FY 2021 annual report, but to the licensees, stakeholders, and staff that make the US Warehouse Act program possible.



### Featured Employees throughout the Publication

On the Front and Back Cover: Christy Wallace, Gavilon in Billings, MT; Ashley McCallum and Barbara Weathers; Gina Green in Houston, TX; Cortez Wofford in Texarkana, TX; Clarkfield, MN Prairie Grain Partners Elevators; Additional photos provided by John Hagenow, Richard Liggett, and Bill Vereen (Retired Examiner). Inside the Report: Page ii - Dan Delong (left) Dean Mather (right), St. Louis; Page 1 - Ned Bergman; Pages 2,3, and 7 - photos provided by Bill Vereen (Retired Examiner); Page 7 - Cortez Wofford in Texarkana, TX; Page 8 - Duluth, MN - General Mills Elevator "A" taken by Richard Liggett; Page 10 - Cortez Wofford in Texarkana, TX; and Page 11 - Redwing, MN.

## MESSAGE FROM THE DIRECTOR

Addressing the overall progress and initiatives for the year



**NED BERGMAN**

The year 2021 marks the 105th year since enactment of the United States Warehouse Act (USWA). Signed into law in August 1916, the USWA was designed to address deficiencies in the agricultural commodity industry. The major issues brought out in the framing of the legislation were inadequate storage facilities; improper regulation of storage systems; no

uniformity in operations and receipts issued; absence of standards for grading, classifiers, and weighers; and improper relationship between storage and banking systems. After a century plus the USWA is still viable and a cornerstone to the successful commercial process of storing and merchandising agricultural commodities. It still addresses the needs of the industries that were identified in its original drafting. The basic principles included in the framework become even more essential to U.S. agriculture when operating through challenges of a worldwide pandemic, major weather events, and market volatility.

As documented in this Annual Report, participation in the USWA remains very active. The number of warehouses and warehouse capacities under USWA licensing are at historical highs. Through the challenges, USWA administrators were able to meet the demands and expectations of the commodity industries we serve. As systems and services continue to evolve to meet the needs of a transforming commercial landscape, the USWA, and the Federal employees I have the honor of leading, maintain the resiliency to be transformational, as well as to continue meeting industry needs and expectations.

Sincerely,

*Ned R. Bergman*

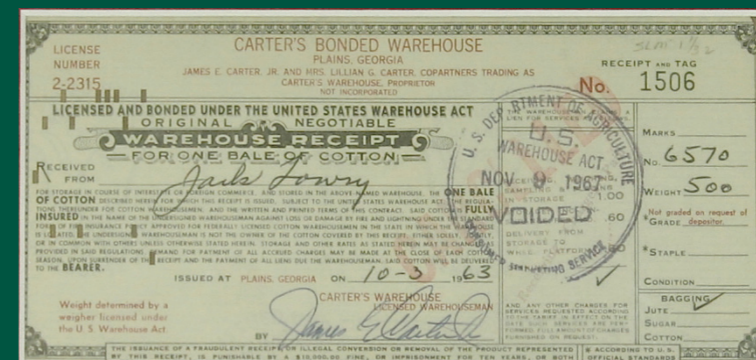
Ned Bergman  
Director

Warehouse and Commodity Management Division

### DID YOU KNOW?

Did you know that James Earl Carter Jr., the 39th President of the U.S. was also a Proprietor and Manager of a UWA licensed cotton warehouse?

Along with his mother Lillian and brother Billy, they operated the Carter's Bonded Warehouse located in Plains, Georgia, license number 2-2315. His active interest in the warehouse had to be transferred to a blind trust when he took the oath of office in 1977.



# INTRODUCTION

A quick review of the year, key services, and the organization

## YEAR AT A GLANCE

FY 2021 provided unique challenges and opportunities for growth and development, capping off with lowering expenses, efficient use of staff time, and strategic processes to withstand the implications of COVID-19 on the workplace and the economy.

## FINANCIAL IMPACT

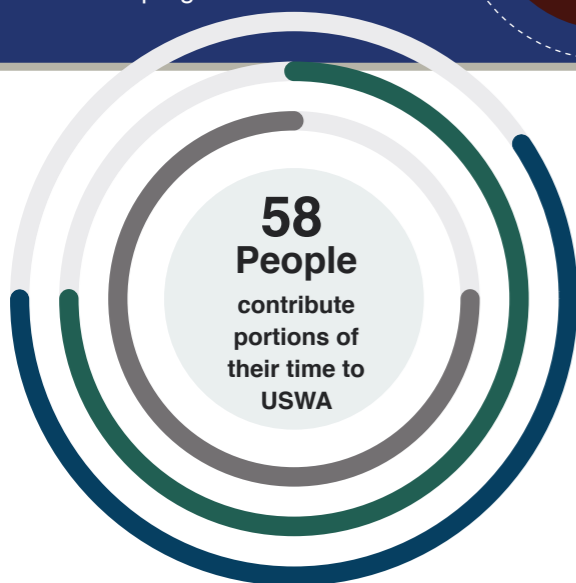
Throughout 2021, USWA services were delivered effectively and efficiently to minimize the impact of COVID-19 on our operations. Furthermore, investments were made to further modernize IT solutions, and cost reductions were realized across the entire USWA program.

### 2021 Finances

**\$3.69M**  
user-fee collections

**\$3.65M**  
in expenses

**\$1.74M**  
year-end reserve balance



- **24.7 STAFF YEARS**  
for licensing, examinations, and general administration of the USWA program and activities. A staff year represents 2,087 hours.
- **38 PERCENT OF TIME**  
of WCMD staff, including warehouse examiners, spent on USWA services.
- **62 PERCENT OF TIME**  
of WCMD staff was allocated to other USDA programs.

## KEY SERVICES

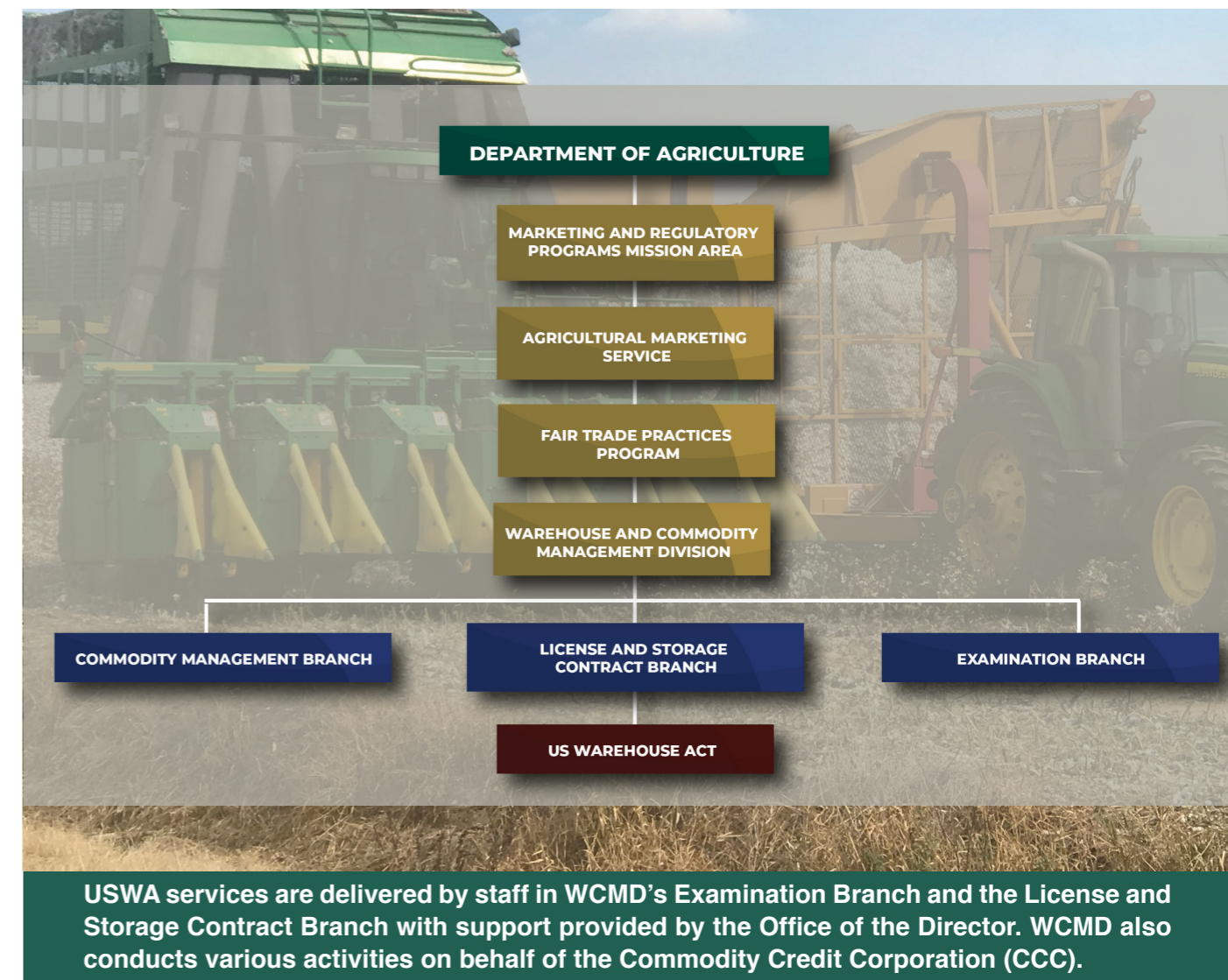
Under authority of the USWA, WCMD provides key services to the agricultural commodity industry that protect depositors, support inventory accuracy, and ensure accountability from commodity warehouses.

- **Warehouse Licensing**
- **Inspect/Weigh/Grade/Classify Service Licensing**
- **Examinations**
- **Warehouse Receipts**
- **Central Filing Systems**
  - o Electronic Warehouse Receipts
  - o Other Electronic Documents



## ORGANIZATIONAL STRUCTURE

WCMD is made up of four organizational components including the Division Director's Office, the Examination Branch, the License and Storage Contract Branch, and the Commodity Management Branch.

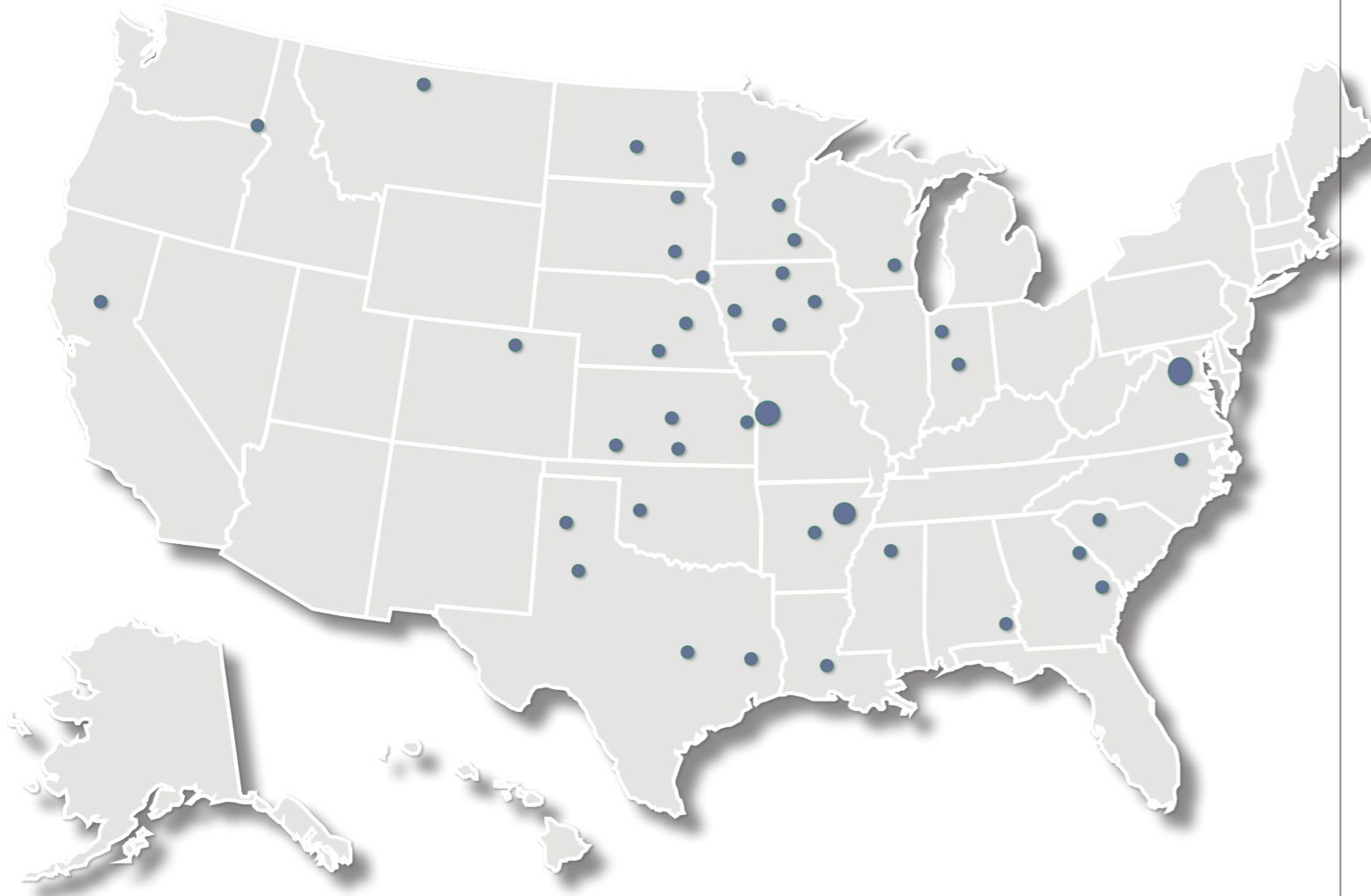


## EMPLOYEES AND LOCATIONS

The WCMD staff supporting USWA activities are strategically located throughout the United States.

Warehouse examiners are distributed across the nation for effective and efficient delivery of on-site services. Staff supporting USWA administrative functions work in offices located in Washington, DC and Kansas City, MO. Staff members split their time between USWA and other program activities to maximize efficient resource allocation.

In FY 2021, USWA user-fees supported 24.7 staff years for licensing, examinations, and general administration of the USWA program and activities. A staff year represents 2,087 hours.



### KEY STAKEHOLDERS

USWA stakeholders have a shared interest in protecting agricultural commodity depositories, which include farmers, cooperatives, merchandisers, banks, investors, the Commodity Credit Corporation, and other entities.

Industry associations that represent warehouse operators and other agricultural sectors work closely with WCMD to support delivery of services, improve efficiencies, and resolve issues quickly. Associations of government entities with shared responsibilities or interests in oversight of agricultural commodity warehouses are key partners. USWA license holders provide services to depositories under authority of the USWA and in cooperation with WCMD.

#### Warehouse and Agricultural Sector Stakeholders

- American Cotton Shippers Association
- American Peanut Shellers Association
- Cotton Growers Warehouse Association
- Cotton Warehouse Association of America
- National Cotton Council
- National Grain and Feed Association
- National Peanut Buying Point Association
- US Dry Pea and Lentil Association
- US Rice Producers Association
- USA Rice Federation

#### Associations of Government Agencies with Shared Responsibilities and Interests

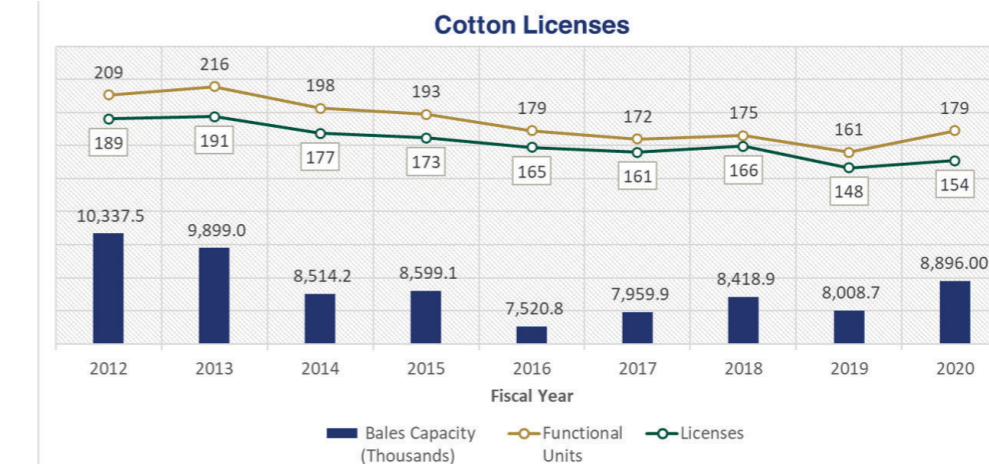
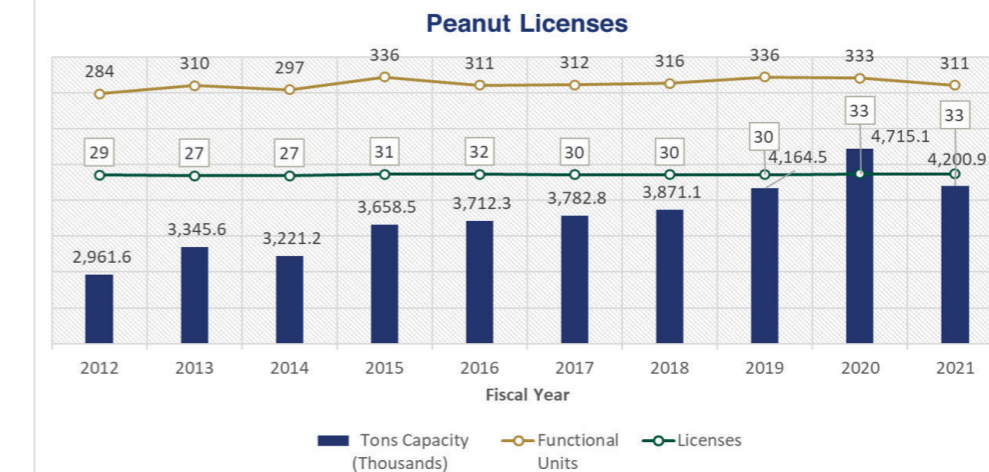
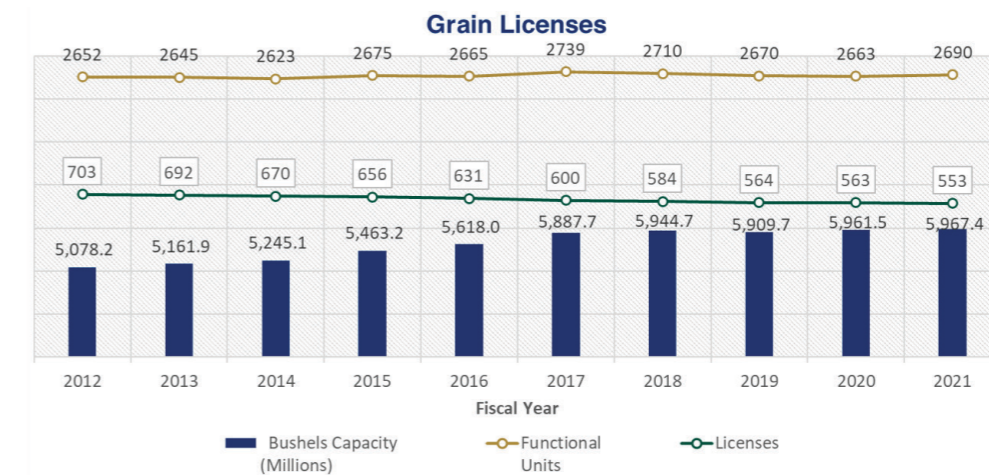
- Association of Grain Regulatory Officials
- National Association of State Departments of Agriculture
- USDA - AMS Commodity Procurement Program
- USDA - Farm Service Agency
- United States Agency for International Development

## 2021 USWA OVERVIEW OF OPERATIONS

Examinations, licenses, and inspections over the course of 2021

### RESILIENCE AND INNOVATION AMIDST ADVERSITY

FY 2021 was the second year of the COVID-19 Pandemic that has disrupted and forced changes in operations throughout the agricultural supply chain. The industry and WCMD exercised creativity, innovation, and resilience to cope with challenges presented by the coronavirus. As health and safety guidelines evolved, the WCMD team adjusted operations to maintain essential services. A pillar of this flexibility was prior investments in information systems and processes.



#### Export Food Aid Commodity Licenses

- 16 licenses
- 19 functional units

#### Dry Edible Bean Licenses

- 5 licenses
- 29 functional units
- 8,586,000 CWT capacity

#### Cottonseed Licenses

- 1 license
- 1 functional unit
- 8,000 tons capacity

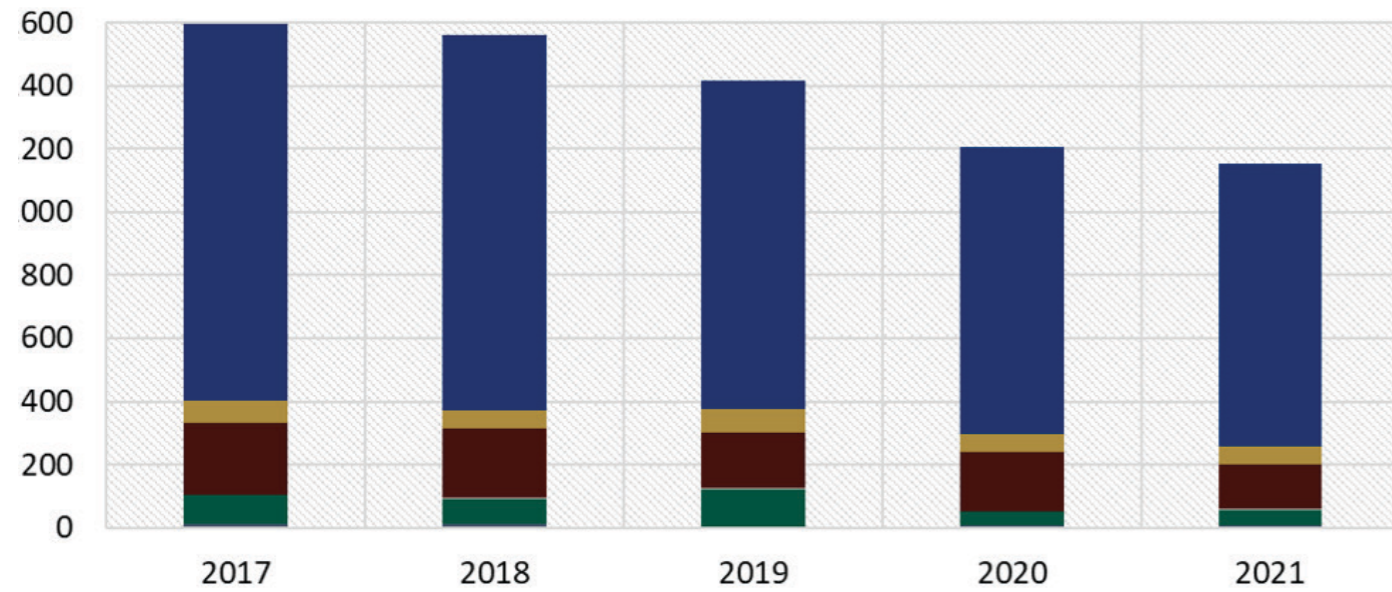
#### Electronic Provider Licenses

- 4 licenses

## WAREHOUSE AND INVENTORY EXAMINATIONS

WCMD conducts examinations of warehouses for USWA compliance. Examinations consist of documentation of storage obligations, physical inventory of stored commodities, comparison of inventory with storage obligations, review of the warehouse’s physical suitability for storage of specific commodities, and a review of the warehouse’s business practices for conformance with USWA regulatory requirements.

WCMD conducted 1,153 examinations of USWA warehouses in FY 2021. Of those, 408 examinations uncovered 645 items requiring a compliance follow-up. WCMD staff continue to work with industry to resolve compliance items enabling enhanced warehouse operations and industry integrity.



	2017	2018	2019	2020	2021
Beans	11	10	3	6	7
EFAC	92	82	117	47	50
Cottonseed	3	3	5	0	3
Cotton	226	218	178	188	142
Peanut	72	58	75	55	56
Grain	1,194	1,191	1,038	909	895
<b>Total</b>	<b>1,598</b>	<b>1,562</b>	<b>1,416</b>	<b>1,205</b>	<b>1,153</b>

## FY 2021 INSPECTOR, WEIGHER, CLASSIFIER, AND GRADER LICENSES

WCMD licenses private industry inspectors, weighers, classifiers, and graders to provide validation and legal recourse at the delivery point. In FY 2021, there were more than 15,000 active USWA licenses for non-official industry samplers, inspectors, weighers, classifiers, and graders of agricultural products.

## FINANCIAL INFORMATION

Finance management and expenses amid COVID-19

### ENSURING FINANCIAL STEWARDSHIP

The USWA authorizes the assessment and collection of fees to cover the costs of administering the USWA program.

These fees cover costs of providing services, including salaries and benefits, travel, equipment, supplies, and administrative expenses. Administrative expenses include budget, human resources, legal, and information technology support.

The FY 2021 year-end reserve balance of \$1.75 million is equivalent to 5.8 months of operating expenses. The purpose of the reserve account is to buffer unexpected changes in user-fee collections or market disruptions and cover accrued liabilities in the event of unexpected program cessation.

Annual capacity-based user-fees and specific license action fees are collated and billed at month-end. This process creates a receivable for the last billing month that carries over into the next fiscal year. The USWA receivable balance was \$497,637 at year-end.

INCOME/EXPENSE STATEMENT			
	FY2019	FY2020	FY2021
<b>Reserve Account Balance - October 1</b>	<b>\$1,483,132</b>	<b>\$958,356</b>	<b>\$1,708,473</b>
<b>INCOME</b>			
User Fees	\$3,659,342	\$4,137,381	\$3,693,739
<b>Total Collections</b>	<b>\$3,659,342</b>	<b>\$4,137,381</b>	<b>\$3,693,739</b>
<b>EXPENSES</b>			
Salaries	\$1,777,356	\$1,720,209	\$1,951,509
Salary/Employee Benefits	\$680,735	\$719,381	\$771,900
Travel	\$419,862	\$360,781	\$344,477
Communications	\$24,016	\$18,000	*\$0
Other Operating Expenses	\$14,198	\$6,256	\$3,243
Information Technology Contracts	\$600,812	\$31,010	\$39,958
Administrative Program Services	\$212,213	\$123,081	\$155,692
Agency Shared Services	\$323,295	\$296,949	\$283,110
Departmental Shared Services	\$131,631	\$111,597	\$105,003
<b>Total Expenses</b>	<b>\$4,184,118</b>	<b>\$3,387,264</b>	<b>\$3,654,892</b>
Net Gain/Loss	(\$524,776)	\$750,117	\$38,847
<b>Reserve Account Balance - September 30</b>	<b>\$958,356</b>	<b>\$1,708,473</b>	<b>\$1,747,320</b>

\*Communication expenses are included in Shared Services in FY 2021.

# EFFICIENCIES AND COST SAVINGS

Building and implementing efficiencies into cost, personnel usage, and modernization

## GAINING EFFICIENCIES AND CONTROLLING COSTS

The USWA, (7 USC § 243(e)(2)), authorizes the collection of fees to administer the program and requires the Secretary “to minimize the fees established under this section by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.”

Accordingly, WCMD continues to take steps to minimize costs and implement innovative strategies to gain additional efficiencies. Primary focus is placed on the efficient use of personnel, streamlined business operations supported by modernized systems and technologies, and ongoing outreach and engagement with the commodity warehouse industry.

## EFFICIENT USE OF PERSONNEL

In FY 2021, personnel expenses (salaries and benefits) represented 75 percent of all USWA costs and provided for a total of 24.7 staff years in direct support of USWA services. WCMD staff, including warehouse examiners, spent 32 percent of their time on USWA services, and the remaining 68 percent was allocated to other USDA programs, including Country of Origin Labeling (COOL) Regulatory Reviews, Commodity Procurement Export and Domestic Warehouse Inspections, and CCC Storage Agreement Examinations. Managing human capital in this manner provided available staff resources to efficiently deliver timely, accurate, and quality services to the commodity warehouse community without relying on USWA-licensed warehouses to pay the full cost of maintaining the staff.

## IT MODERNIZATION (eWCMD)

WCMD has been undergoing a massive modernization effort that centers around using a cloud-based, fully customized application to be used as the Division-wide system of record. Significant milestones accomplished in FY 2021 included enhancements to examination processes and development of USWA license action tracking, emergency and temporary storage management, and financial statement review and tracking.

WCMD, in FY 2021, also utilized a Government Publishing Office (GPO) Term Contract to convert all paper files – approximately 2.2 million pages – in the Kansas City office to electronic records, with metadata, in compliance with Office of Management and Budget (OMB) Memorandum M-19-21, Transition to Electronic Records.



These newly digitized records are stored in WCMD’s Box instance, a secure cloud content management platform allowing all staff visibility into the entire warehouse program. WCMD is working with vendors to build a bridge between this records repository and eWCMD.

These investments culminate WCMD’s initiative to streamline business processes by fully decommissioning seven legacy systems, including mainframe and in-house developed shadow IT solutions while reducing the overall physical, financial, and technological footprint of the Division’s IT infrastructure.



## COMMODITY WAREHOUSE INDUSTRY COMMUNICATION AND COLLABORATION

For decades, WCMD has worked closely with the commodity warehouse industry to support delivery of services, improve efficiencies, and resolve issues quickly. Open and timely communication is a crucial component of these professional relationships. While warehouse operators, industry associations, stakeholders, and WCMD each have their respective responsibilities and concerns, a history of successful collaboration has resulted in improved efficiencies in the delivery of USWA services and an overall reduction of risk for depositors of agricultural commodities in licensed warehouses.




## CONCLUSION

A final word on this year’s successes and opportunities for continued growth

As we conclude the 105th year of the USWA, WCMD is eager to leverage the rapid change launched by eWCMD into lasting opportunities for our staff and stakeholders. Recognizing that the post pandemic landscape is still evolving, WCMD stands ready to meet any challenges in collaboration with our industry partners. The USWA has been cited numerous times as the “gold standard”- an expectation that is considered integral to our shared success. WCMD will work diligently in FY 2022 to preserve and grow this legacy.

For USWA inquiries, visit our website at <https://www.ams.usda.gov/services/warehouse>, email us at [warehousing@usda.gov](mailto:warehousing@usda.gov), call (816) 926-6474, or write:

Director,  
AMS, FTTP, WCMD,  
1400 Independence Avenue, SW,  
Washington, DC 20250



In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institution participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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

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

USDA is an equal opportunity provider, employer, and lender.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA.

December 2021

For more information about the United States Warehouse Act, please call (816) 926-6474.

Email: [warehousing@usda.gov](mailto:warehousing@usda.gov)  
Website: [ams.usda.gov/rules-regulations/uswa](https://ams.usda.gov/rules-regulations/uswa)  
United States Department of Agriculture,  
Agricultural Marketing Service  
Fair Trade Practices Program,  
Warehouse and Commodity Management Division  
1400 Independence Avenue, SW, Washington, DC 20250