



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



FGIS Grain Inspection Advisory Committee Program Updates August 2023



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Updates on GIAC Recommendations

Other General Updates

Deputy Administrator
Arthur Neal

Updates on GIAC Recommendations

- Report on Geographic Boundaries (February 10, 2023)
- Soybeans of Other Colors
 - Published July 14, 2023; Effective September 1, 2023
- Rule on Exceptions to Geographic Boundaries
 - Published May 3, 2023; Effective August 1, 2023
- Directive on Food and Drug Administration Action Levels
- \$55 million Cap on User Fee Expenditures
- Technology Summit

Other General Updates

- GIAC Nomination Process (Opened Aug. 8; Closes September 22)
- Staffing
 - Tony Goodeman – New Senior Policy Advisor to the Deputy Administrator
 - Field Management Division Director vacancy will be announced
 - New Orleans Field Office Manager vacant; vacancy will be announced
 - Policy, Procedures, and Management Analyst Branch Chief, vacancy announced
 - FGIS Field Offices staffed at nearly 85%; approximately 60 vacancies (e.g. grader supervisors, graders, and technicians) not yet announced
- National Organic Program – Strengthening Organic Enforcement
- Cyber Security Threats – future work with USDA Information Technology staff



Quality Assurance and Compliance Division

Director
Karla Whalen





About QACD

- AUDITS
- QUALITY PROGRAMS
- REGULATORY QUESTIONS
- INVESTIGATIONS



QACD Staff



Shawnie Lee
Compliance Officer



Josh Diaz-Lopez
Compliance Officer



Ronald White
Compliance Officer



Andrew Boamah-Agyekum
Compliance Officer



Yun Tao
Statistician



Ricardo Espitia
Compliance Officer



Tanner Fye
Compliance Officer



Jake Thein
Compliance Officer



Josh Raymond
Compliance Officer



Jennifer Hill
Detail



Micah Malbroux
Acting Deputy Director



Sophie Parker
Deputy Director

USGSA Hybrid Audit Schedule*

FY 24 Q1

- Mid-Iowa
- Kansas
- Tri-State

FY 24 Q2

- Wisconsin
- Idaho
- Ohio Valley
- Virginia

FY 24 Q3

- Cal-Agri
- Stuttgart Field Office
- League City Field Office

*Subject to change

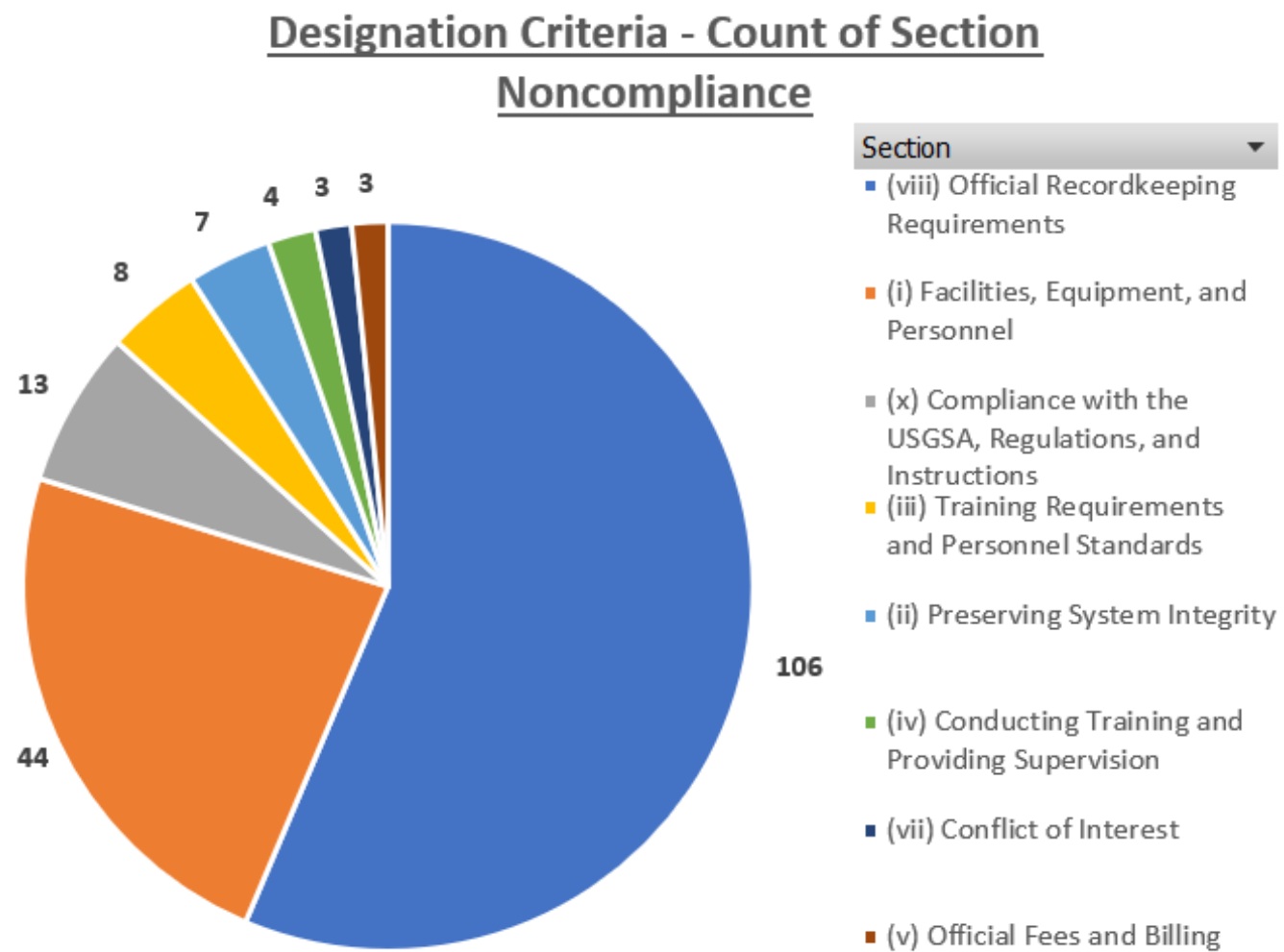


Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



Audit Trending Finds

Audit Trending*

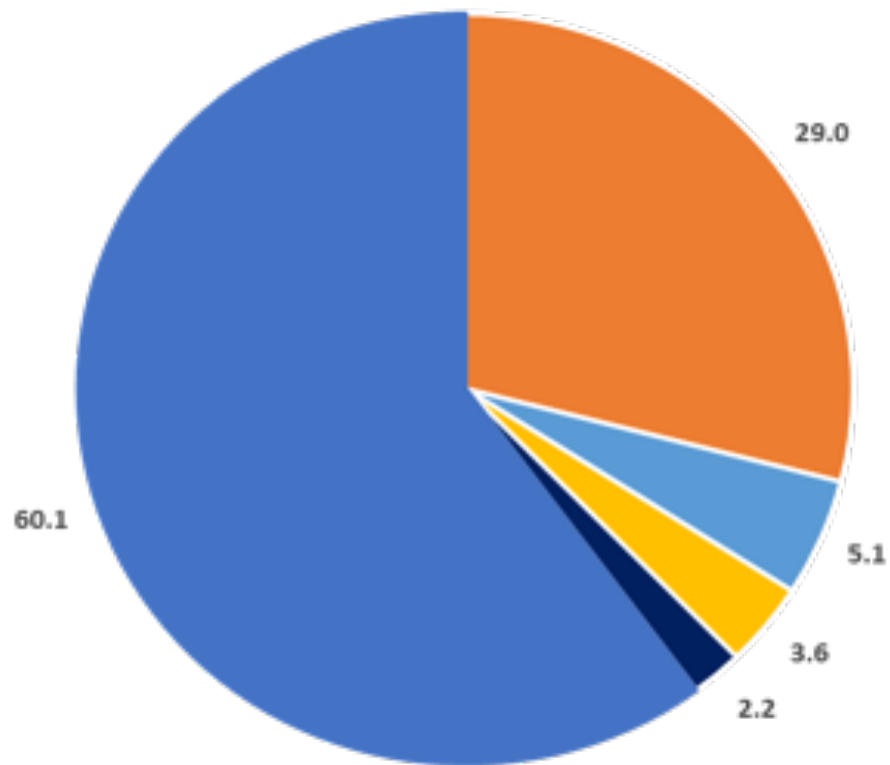


Row Labels	% of Total Noncompliance
(viii) Official Recordkeeping Requirements	56.4
(i) Facilities, Equipment, and Personnel	23.4
(x) Compliance with the USGSA, Regulations, and Instructions	6.9
(iii) Training Requirements and Personnel Standards	4.3
(ii) Preserving System Integrity	3.7
(iv) Conducting Training and Providing Supervision	2.1
(vii) Conflict of Interest	1.6
(v) Official Fees and Billing	1.6
Total	100.0

*Data includes CY 2019-2022 with 3 or more non-compliances

Audit Trending*

Designation Criteria - % Issue Noncompliance



Row Labels	% Issue of Total Count
(i) Facilities, Equipment, and Personnel	29.0
E/D Value	27.5
Equipment not tested within required timeframe	25.0
Lab scales not attached	22.5
Lab scales not secured	17.5
Full capacity not half capacity	7.5
(ii) Preserving System Integrity	5.1
Reporting Bribery	100.0
(iii) Training Requirements and Personnel Standards	3.6
SIMS participation rate	100.0
(vii) Conflict of Interest	2.2
Not maintaining FGIS 100s	100.0
(viii) Official Recordkeeping Requirements	60.1
Stowage examination records not maintained	25.3
Not maintaining FGIS 944s	15.7
Fumigation records not maintained	10.8
Volume reports not prepared and submitted	8.4
Mycotoxin not reported correctly	8.4
IDW errors	7.2
Mechanical sampling system records were not maintained	6.0
Improper corrections	4.8
Authorization to affix	4.8
Prompt issuance of certificates	4.8
Scale tickets not retained	3.6
Total	100.0

*Data includes CY 2019-2022 with 3 or more non-compliances



Audit Trending

AUDIT REQUIREMENT	REFERENCE
Stowage examination records not maintained	2.8 (c) of FGIS Grain Inspection Handbook IV.
Not maintaining FGIS 944s	§800.172 and FGIS Directive 9070.3(4)
E/D Value	§800.196 (g.)(7)(ii), FGIS Equipment Handbook, Sections 2.2 (h.)(2) and 1.5 (b.)(2)(a). §800.196 (g.)(7)(ii) and FGIS Equipment Handbook, Section 2.2 (h.)(2).
Equipment not tested within required timeframe	§800.196 (g.)(7)(ii) and FGIS Equipment Handbook, Section 2.2 (h.)(2).
Fumigation records not maintained	FGIS Fumigation Handbook, Section 3.3 (c)
Lab scales not attached	§800.196 (g.)(7)(ii) and FGIS Equipment Handbook, Section 2.2 (h.)(2). Official equipment was not tested in the prescribed manner in accordance with §800.196 (g.)(7)(ii), §800.217(b)
Full capacity not half capacity	FGIS Equipment Handbook Section 2.4(c)(1)

Audit Trending

AUDIT REQUIREMENT	REFERENCE
Reporting bribery	FGIS Directive 9070.6 (b.)(2)
Lab scales not secured	Equipment Handbook §2.2(e) Sealing
IDW errors	FGIS IDW Directive FGIS Grain Inspection Handbook II, Grain Grading Procedure, Section 13.26(a)(b)
SIMS participation rate	Title 7, Chapter 3, §84 (g) §800.159 (a) of the regulations and FGIS Grain Inspection Handbook, Book IV Section 4.2 (c.) (1) & (3). §800.160(f)(1)
Prompt issuance of certificates	§800.160 (c) Prompt issuance
Mechanical sampling system records were not maintained	FGIS Equipment Handbook, Section 1.3 (d.)(7.).
Not maintaining FGIS 100s	FGIS Directive 9070.3 Conflict of Interest

Northeast Indiana

- CY22 Q1: Complaints received by NEI customers/Internal FGIS Analysis
 - Q2: Letter of Jeopardy issued to NEI
 - Q2-4: Site visits conducted
- CY23 Q2: Disciplinary Complaint filed with USDA Judicial Office
 - Q2: NEI's designation suspended
 - Q3: NEI's designation revoked

Northeast Indiana Next Steps

- Reopen the area for designation application in the Federal Register
- <https://www.ams.usda.gov/content/usda-suspends-usgsa-inspection-designation-northeast-indiana-grain-inspection-inc>



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



Field Management Division

Acting Director
Charles Parr

FMD Staffing Updates

- New Orleans Field Office Manager
- PPMAB Branch Chief
- Acting Details

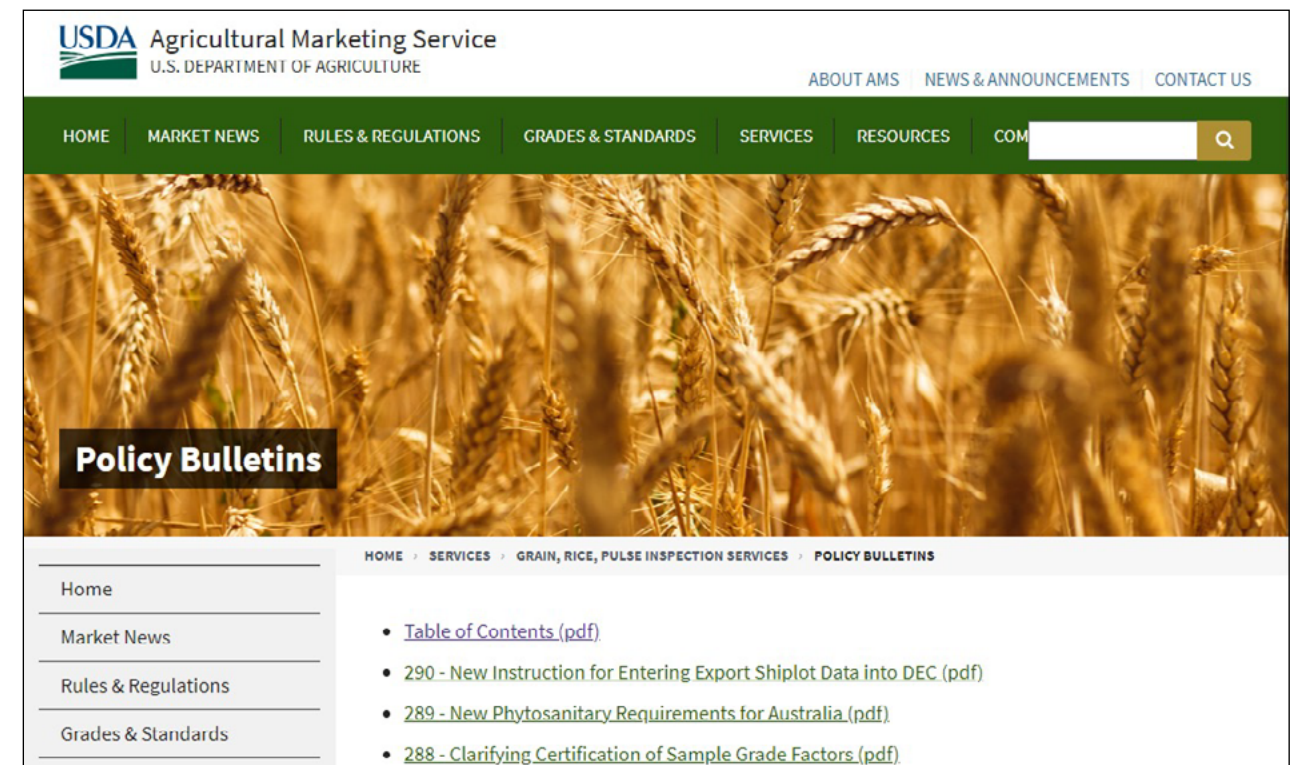


Reorganizing Policy Bulletin Board Notices

AMS-FGIS announces reorganization of the Policy Bulletin Board Notices to make accessing them easier.

- 23 PB's relocated to the AMS Website
- 24 PB's retired

[Policy Bulletins | Agricultural Marketing Service \(usda.gov\)](https://www.usda.gov/policy-bulletins)



The screenshot shows the USDA Agricultural Marketing Service website. The header includes the USDA logo and the text "Agricultural Marketing Service U.S. DEPARTMENT OF AGRICULTURE". Navigation links include "ABOUT AMS", "NEWS & ANNOUNCEMENTS", and "CONTACT US". A green navigation bar contains "HOME", "MARKET NEWS", "RULES & REGULATIONS", "GRADES & STANDARDS", "SERVICES", "RESOURCES", and a search box. The main content area features a large image of wheat with a "Policy Bulletins" overlay. Below the image, a breadcrumb trail reads "HOME > SERVICES > GRAIN, RICE, PULSE INSPECTION SERVICES > POLICY BULLETINS". A sidebar on the left lists "Home", "Market News", "Rules & Regulations", and "Grades & Standards". The main content area lists several PDF documents:

- [Table of Contents \(pdf\)](#)
- [290 - New Instruction for Entering Export Shipment Data into DEC \(pdf\)](#)
- [289 - New Phytosanitary Requirements for Australia \(pdf\)](#)
- [288 - Clarifying Certification of Sample Grade Factors \(pdf\)](#)



US Grain Exports Inspected

Fiscal Year to Date as of August 17, 2023

GRAIN	2023	2022	% CHANGE
Barley	1,139	4,746	-76.0%
Canola	10,574	436	2325.2%
Corn	33,727,909	51,633,440	-34.7%
Flaxseed	200	300	-33.3%
Oats	3,295	6,786	-51.4%
Sorghum	2,426,745	7,172,196	-66.2%
Soybeans	49,617,395	54,168,486	-8.4%
Sunflower	4,719	3,028	55.8%
Wheat	14,862,856	15,869,161	-6.3%
TOTAL	100,654,832	128,859,579	-21.9%

FGIS 9180.88 Detection of Fecal Matter

- FDA MOU Updates
- Service request in MyFGIS
- Directive updates sought clarity on roles and responsibilities
- Accompanying documentation
- TSD Reference Method
- Results are certified as Board Appeal

United States Department of Agriculture
Agricultural Marketing Service
Federal Grain Inspection Service

Directive FGIS 9180.88 June 12, 2023

DETECTION OF FECAL MATTER

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To file a complaint, write to the USDA, Office of Civil Rights, Room 326-W, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal employment opportunity employer.

Distribution: FGIS, OSP, Industry Originating Office: TSD ACB

Soybeans of Other Colors Update

- July 14, 2023 AMS Published Final Rule
- The final rule eliminated SBOC as an official factor in the class Yellow Soybeans
- Qualitatively used to determine class
- SBOC in YSB is still available upon request as Official Criteria
- Effective September 1, 2023
- [Soybeans of Other Colors Resource Page | Agricultural Marketing Service \(usda.gov\)](https://www.ams.usda.gov/soybeans-of-other-colors-resource-page)



The screenshot displays the USDA Agricultural Marketing Service website. The header includes the USDA logo and navigation links for 'ABOUT AMS', 'NEWS & ANNOUNCEMENTS', and 'CONTACT US'. A green navigation bar contains links for 'HOME', 'MARKET NEWS', 'RULES & REGULATIONS', 'GRADES & STANDARDS', 'SERVICES', 'RESOURCES', and 'COM'. Below the navigation bar is a large image of yellow soybeans with a dark overlay containing the text 'Soybeans of Other Colors Resource Page'. The main content area features a breadcrumb trail: 'HOME > SERVICES > GRAIN, RICE, PULSE INSPECTION SERVICES > SOYBEANS OF OTHER COLORS RESOURCE PAGE'. The text states: 'FGIS has noticed an increased presence of Soybeans of Other Colors (SBOC) for inspections conducted during fiscal year 2022. SBOC is one of several grade-determining factors in soybean inspection and has been a part of the soybean standard since 1940. To help keep stakeholders informed, we are providing the following resources. If you have additional questions, please contact FGIS.ODA@usda.gov.' A 'Latest' section lists three items: 'AMS Announces Plans to Amend the U.S. Standards for Soybeans', 'FGIS Monthly Report on SBOC Trends (pdf)', and 'SBOC Study (pdf)'. A sidebar on the left contains a menu with links to 'Home', 'Market News', 'Rules & Regulations', 'Grades & Standards', 'Services', 'Resources', and 'Commodity Procurement'.



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



International Affairs Division

Director
Byron Reilly

International Trade Issues

China Decree 177

- U.S. Exporter list consists of exporters, export facilities, HQSG, and companies under 15k metric-ton exemptions who ship to China.
- FGIS Submits regular exporter update to GACC.
- GACC removed pulses, and food grade grains from Decree 248 and placed them back under 177.
 - GACC's Animal and Plant Quarantine Division now responsible for pulse registrations
 - FAS will act as "competent authority" to submit pulse exporter list
- FAS asked FGIS to include edible sorghum, cottonseed, popcorn, mustard seed, sesame seed exporters to FGIS' Decree 177 registered exporter list.

International Outreach

Outreach Activities

- Meeting with Indonesian soybean importers over concern of removal of SBOC from the grade standards.
 - Suggested change specs in contact to reflect SBOC limits.
- Educate other USDA agencies and customers about FGIS services.
- Provide technical assistance to foreign governments, cooperators, customers, resolve technical barriers to trade.
- Seminars to APHIS International Services overseas offices.
 - “Role of FGIS & how FGIS works with APHIS on issues”.

International Outreach - *continued*

Outreach Activities

- Conducted briefings on FGIS grain standards and services offered to 13 visiting trade teams from 13 different countries.
- Updated/translated numerous presentations into Arabic, Chinese, French, Japanese, Korean, and Spanish.
- Developed cadre of qualified travelers for overseas assignments.
- USWA requested FGIS to give wheat grading workshops in Panama to millers from C. America in October 2023.

International Outreach – Asia TDY

- 4 – Week TDY assignment in September.
- Meet with importers, millers, processors, governments.
- This year FGIS will expand visit to countries in North Asia.
 - Visit China, Japan, Singapore, South Korea, The Philippines, and Vietnam.
- Meet with trade associations, APHIS and FAS Attachés in Japan to address grain trade issues/concerns.
- Hold seminars on grain standards, services offered, grain grading workshops.

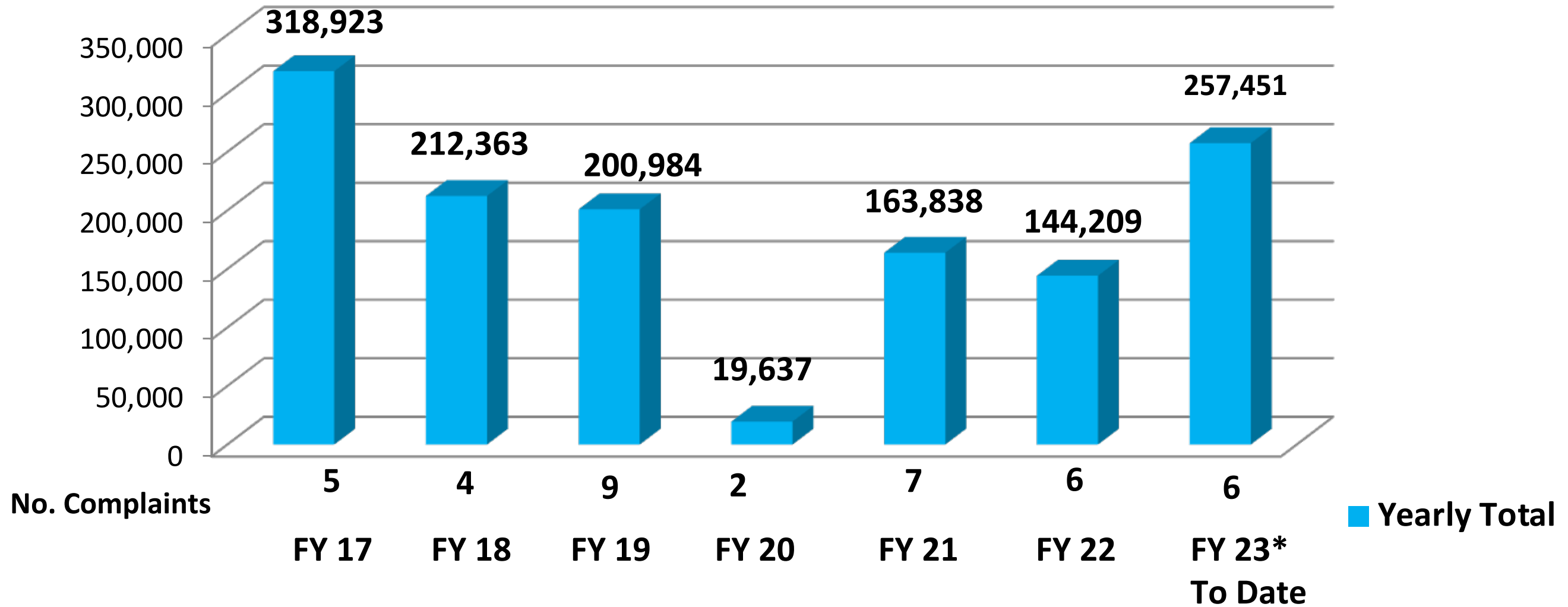
Intra-Agency Participation

- CODEX – Executive and Technical Committees
- WTO SPS & TBT – USDA Sanitary/Phytosanitary and Technical Barriers to Trade
- USDA Biotechnology Coordinating Group
- ICCIA – Intra-Departmental Coordination Committee on International Affairs
- GLI – Global Low-Level Initiative on acceptance of biotech grains at low levels



Foreign Complaints Received

Fiscal Year 2017 to Fiscal Year 2023 - Metric Tons Involves





Foreign Complaints Received - Details

6 Quality Complaints

- China – 1 YSB, 3 Corn DKT
- Algeria – Wheat ergot
- Vietnam – Wheat protein



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



Technology & Science Division

Director
Edward Jhee

FGIS Technology and Science Division

- Promote Greater Inspector Alignment
- Technology
- Expanded Testing Services
- Process Improvements



Promoting Inspector Alignment





Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE


Online Wheat Variety Classification





Online Wheat Variety Classification

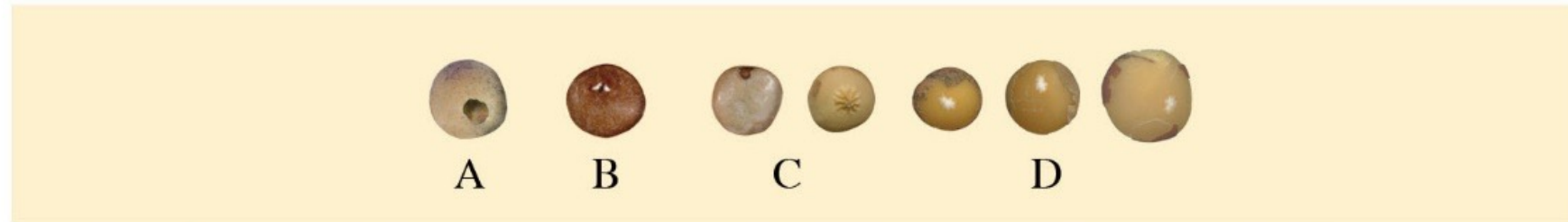
Upper Midwest Red Wheat - **Jerry (HRW)** Wheat Classification Guide



Top	Side	Bottom
<p>Shape medium kernel size, typically long</p> <p>Texture smooth</p> <p>Germ medium, oval or square, often narrows towards top of germ</p> <p>Sides semi-straight and parallel</p> <p>Brush medium, with slight goatee</p>	<p>Germ steep to semi steep</p> <p>Back smooth with pinched ridge on many</p> <p>Brush medium</p> <p>Bottom flat</p>	<p>Cheeks round to semi-round</p> <p>Crease tight/semi-v, fairly straight</p>



LEN-1.0 INSECT-STUNG DAMAGE



Portion for Analysis: Approximately 125 grams (large seeded) or
Approximately 60 grams (small seeded)

Lentils that have been stung by insects where the damage is distinct and extends into the cotyledon.

- A. Weevil Damage. Lentils containing small "pinhole" entrance holes or larger circular exit holes (shown) are considered weevil damage.
- B. Insect Damage. Stings from other insect pests (e.g. Lygus Bug) are less pronounced, but significant enough to function as damage.
- C/D. Chalky Spot. Pitted, discolored, crater-like depressions in the seed coat (C) must be scraped to confirm the damage extends into the cotyledon, leaving a chalky appearance equal to the minimum size shown (D).



Technology to Support Training



Mycotoxin Test Kits



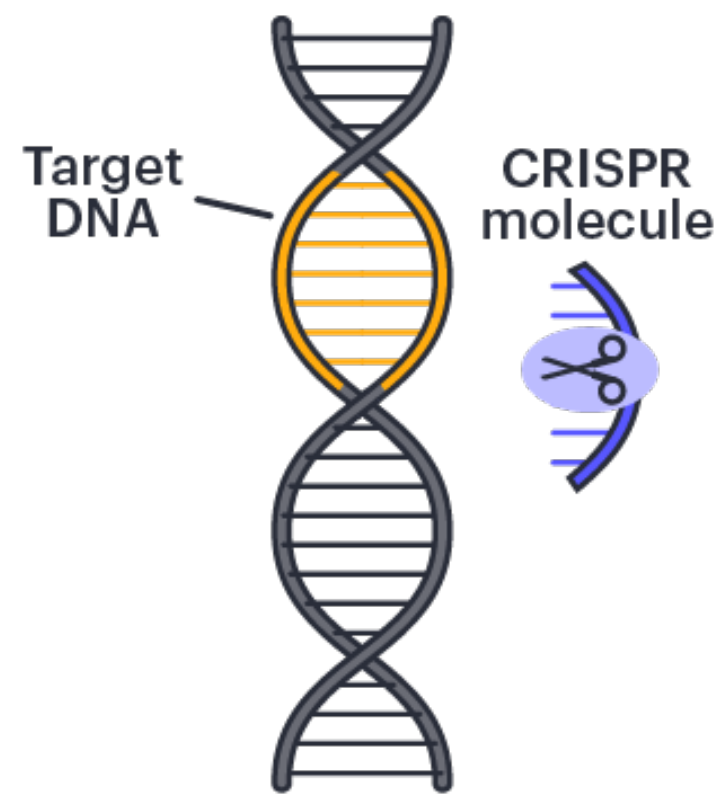
GE is Not CRISPR

- Increase FGIS' current capacity to evaluate GE grains.
- Compare detection techniques for “traditional” GE organisms and CRISPR-derived.
- Evaluate sensitivity between current and emergent detection platforms.



Polymerase Chain Reaction (PCR) detect unique element inserted





1 **SEARCH**
A CRISPR molecule finds a precise location in the target DNA.

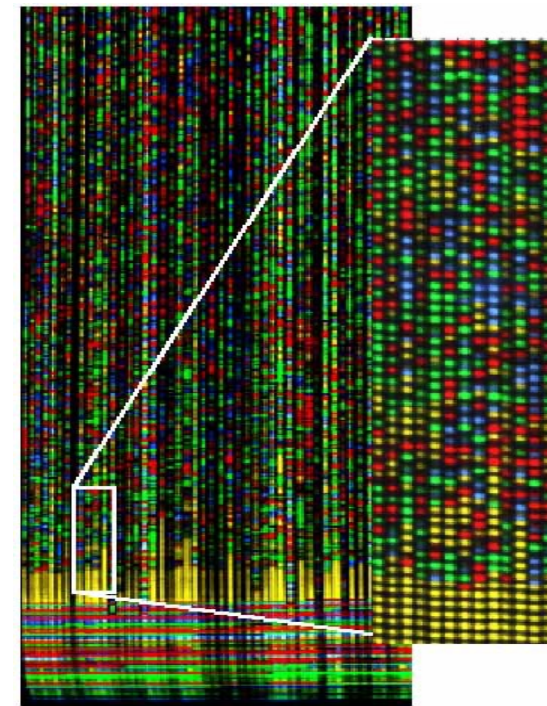


2 **CUT**
The CRISPR enzyme cuts the target DNA at the point found by the guide.



3 **EDIT**
A new custom sequence can be added when the DNA is repaired.

- Collaboration with University of Missouri
- DNA Next Generation Sequencing (NGS) technology
- Comparison of sequencing data to FGIS' PCR data for sensitivity



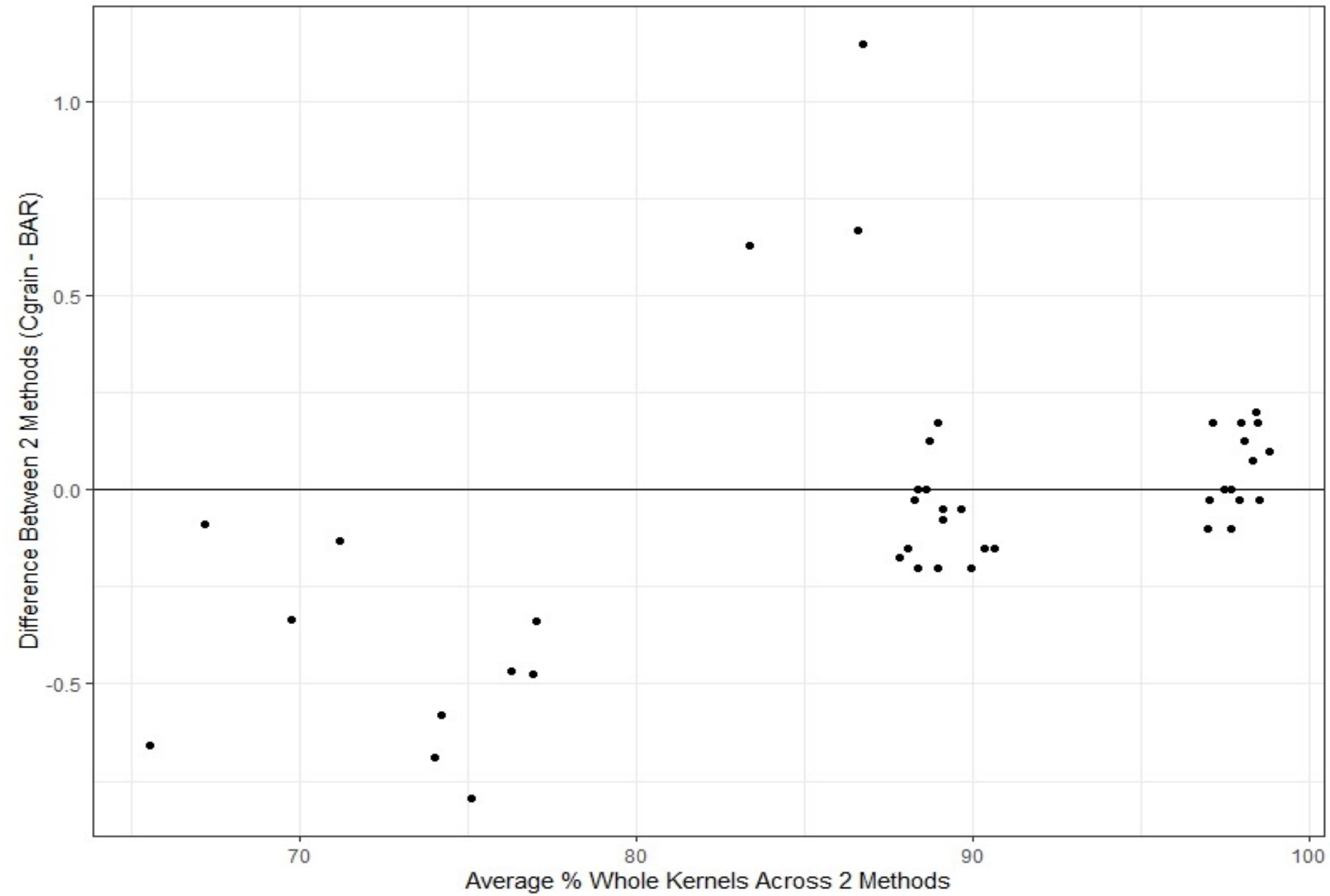


Imaging Technology

grain VALUETM

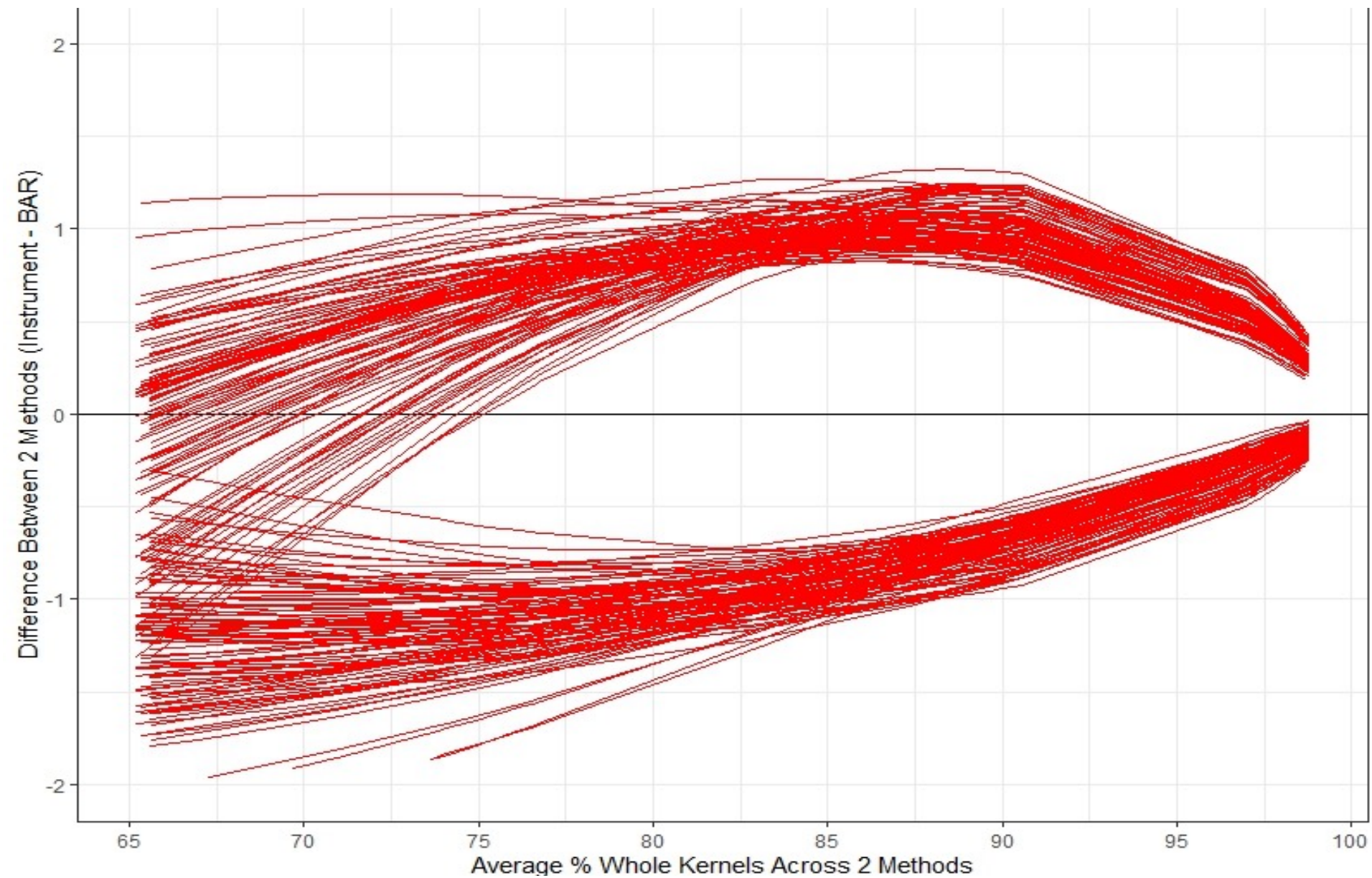


Imaging Technology





Imaging Technology





Imaging Technology

ection Co., Ltd.
k Monitoring

C- Grain

Sample ID:	Date	882 M	890 M
TSD #1	07/05/2023	87.3	86.5
TSD #2		N/A	86.3
Handpick		86.8	86.4
Sample ID:	07/11/2023	86.6	86.4
TSD #1		89.2	88.5
TSD #2		N/A	88.6
Handpick		88.7	88.5
Sample ID:	07/18/2023	88.7	88.6
TSD #1		88.6	87.9
TSD #2		N/A	87.7
Handpick		88.1	87.7
Sample ID:	07/27/2023	88.0	87.7
TSD #1		89.1	88.0
TSD #2		N/A	87.7
Handpick		88.9	87.7
Sample ID:		88.8	88.8
TSD #1		88.6	88.8
TSD #2		N/A	88.4
Handpick		88.9	88.4

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Expanded Testing Services

US Agency for International Development (USAID): Bureau of Humanitarian Assistance



Pesticide residues, mycotoxins, heavy metals, nutrients



Process Improvements

- Biotechnology program 2023
- Commodities Testing Lab
- Trace Analysis
- Mycotoxin
- *Reliable & Consistent Results*





Financial Overview

Executive Program Analyst
Denise Ruggles

FGIS Funding

FGIS operates with a budget of, approximately, \$70 million

- \$55 million user fee cap allocation
- \$17.45 million appropriation allocation (Appropriation is \$20M)

Appropriated Funds – authorized under the U.S. Grain Standards Act

- §87h. Funding - (a) Authorization of appropriations. There are authorized to be appropriated \$23,000,000 for standardization and compliance activities, monitoring in foreign ports grain officially inspected and weighed under this chapter, and any other expenses necessary to carry out the provisions of this chapter for each of the fiscal years 2021 through 2025, to the extent that financing is not obtained from fees and sales of samples as provided for in sections 79, 79a, 79b, 87e, and 87f–1 of this title.

FGIS User Fee Programs

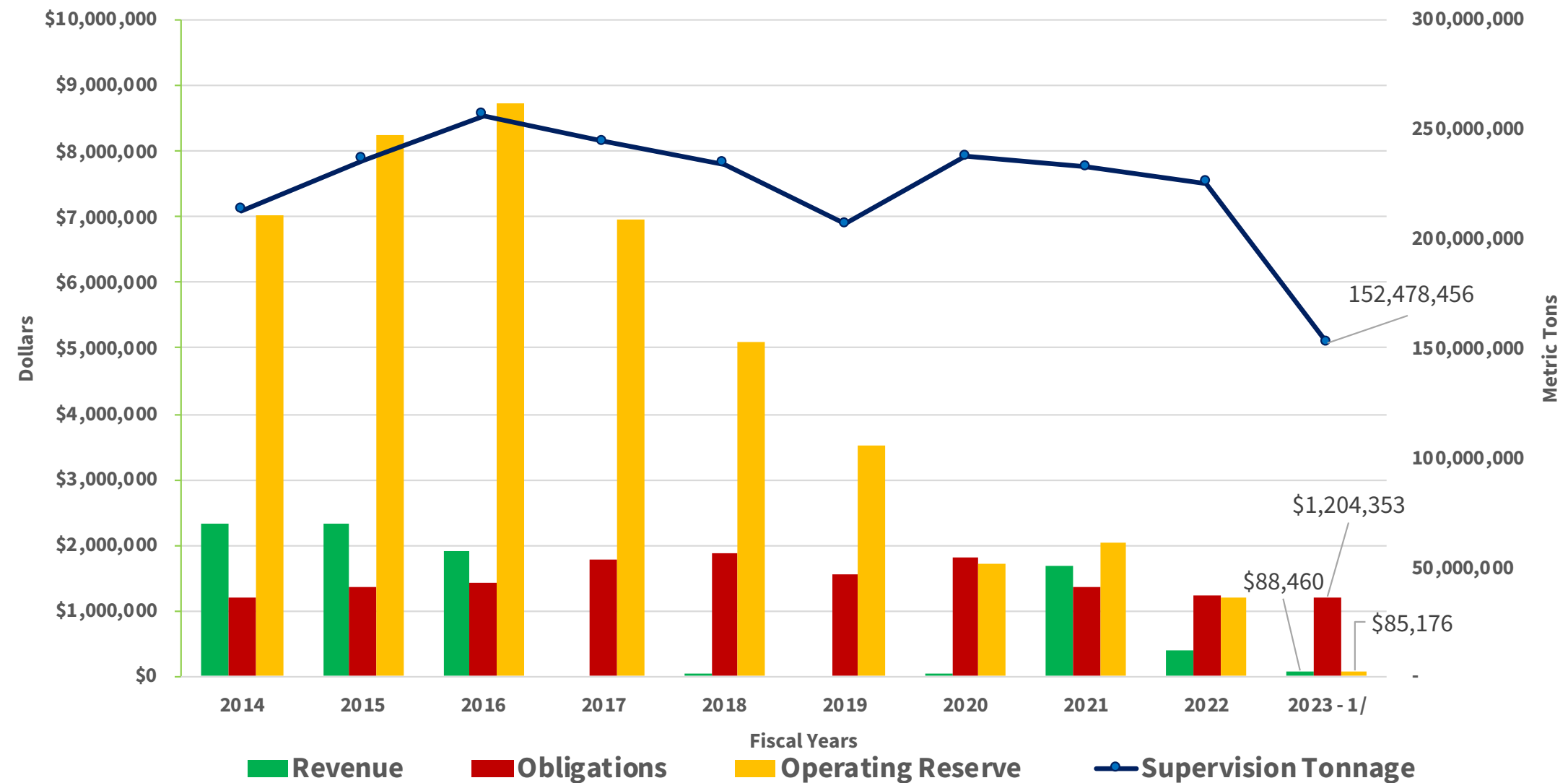
User Fee Accounts (subject to sequestration)

- **USGSA Grain Inspection and Weighing Program** - Fees for grain inspection and weighing services in the United States and Canada – Schedule A as published in section 800.71(a)(1) of the regulations under the United States Grain Standards Act, as amended.
- **USGSA Supervision of Official Agencies Program** - Fees for supervision of grain inspection and weighing services in the United States – Schedule B as published in section 800.71(a)(2) of the regulations under U.S. Grain Standards Act, as amended.
- **Rice Inspection Program** - Fees for rice inspection services - As published in section 868.91 of the regulations under the Agricultural Marketing Act of 1946.
- **Commodity Inspection Program** – Fees for commodity inspection services and laboratory tests - As published in section 868.90 of the regulations under the Agricultural Marketing Act of 1946.

USGSA User Fees Assessed

- USGSA Grain Inspection and Weighing - Regulations 7 CFR 800.71(a)(1) Schedule A fees for official inspection and weighing services performed by FGIS, includes hourly, unit, and tonnage fees.
- USGSA Grain Supervision - Regulations 7 CFR 800.71(a)(2) Schedule B fee for supervision of official inspection and weighing services performed by delegated States and designated agencies, includes supervision fee by metric ton.
- USGSA Miscellaneous fees for other services – Regulations 7 CFR 800.71(d) fees for registration certificates and renewals (export registration) and designation amendments.
- The fees are reviewed annually, and the assessment of the current fee schedule became effective April 1, 2023.

Historical Graph - Supervision of OAs Program



*1 FY23 revenue and obligations through quarter 3.

Supervision of Official Agencies (OA) Historical Operating Reserve

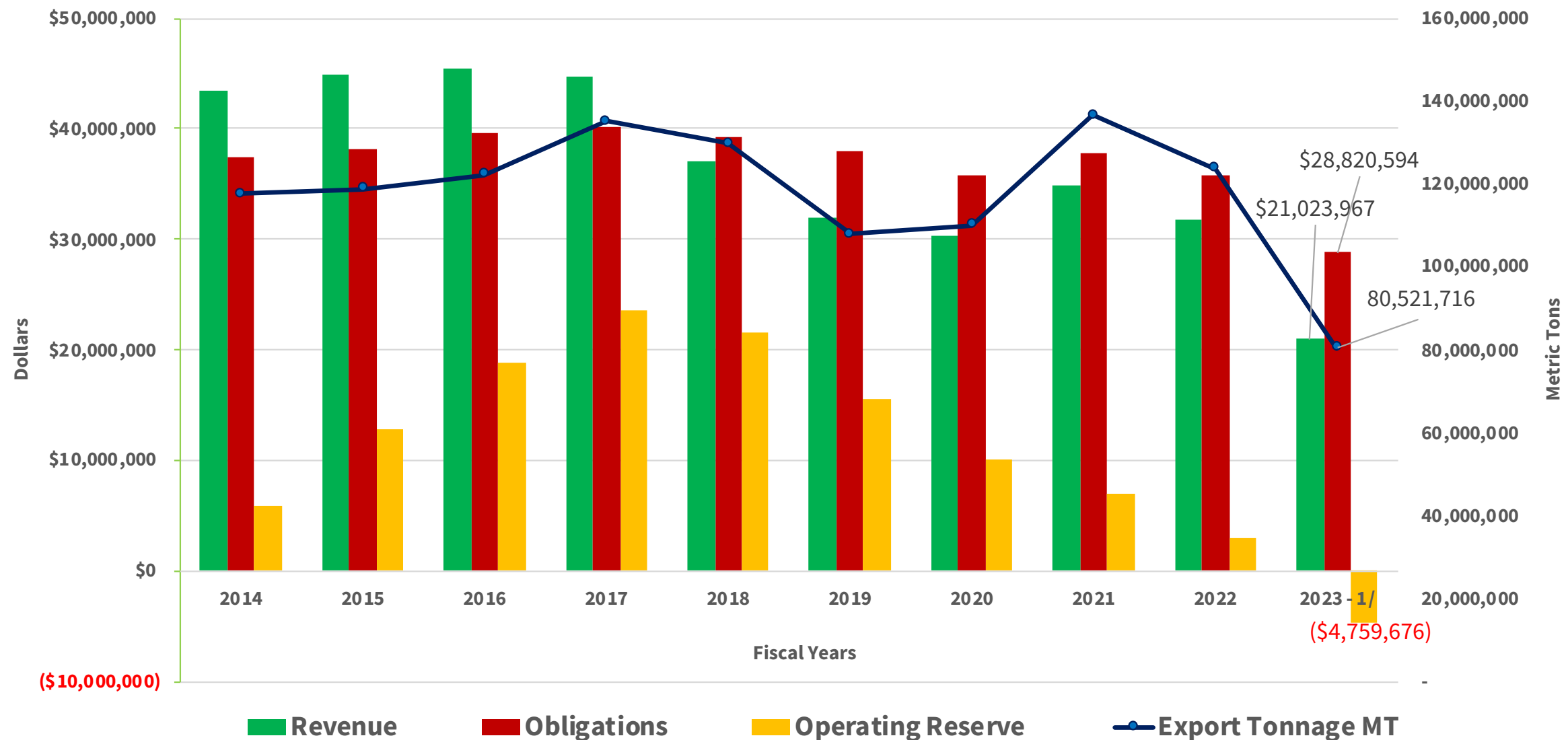
(Millions of Dollars)

Category	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23 - Q3
Revenue	\$0.00	\$0.00	\$0.00	\$1.69	\$0.39	\$0.09
Obligations	\$1.88	\$1.55	\$1.81	\$1.37	\$1.23	\$1.20
Annual Surplus or (Deficit)	(\$1.88)	(\$1.55)	(\$1.81)	\$0.32	(\$0.84)	(\$1.12)
Operating Reserve (OR)	\$5.08	\$3.53	\$1.73	\$2.04	\$1.20	\$0.09
Months OR	32	27	11	18	12	1

Figures may not sum due to rounding and adjustments of prior year obligations.

Program goal is to maintain not less than 3 and not more than 6 months in accordance with 7 CFR 800.71(b)(2)(i).

Historical Graph - Inspection and Weighing Program



¹ FY23 revenue and obligations through quarter 3

History of Tonnage Fee

- **Implemented October 1, 1996, with three components**
 - Hourly rate to recover direct labor costs
 - Unit test or service type rate
 - Metric ton administrative charge to recover indirect costs in the field offices and headquarters
- **Administrative tonnage fee based on six-tiered tonnage rate**
 - October 1, 1996 to June 13, 2004
- **Administrative regional tonnage fee based on region incorporating tonnage history**
 - June 14, 2004 to December 31, 2016
- **Administrative tonnage fee based on 5 year rolling tonnage average and prior year national and local costs**
 - January 1, 2017 to Current

USGSA Inspection & Weighing Annual Review

§ 800.71 - Fees assessed by the Service.

(b) **Annual review of fees.** For each calendar year, starting with 2021, the Service will review fees included in this section and publish fees each year according to the following:

(1) **Tonnage fees.** Tonnage fees will consist of the national tonnage fee and local tonnage fees and will be calculated and rounded to the nearest \$0.001 per metric ton. All outbound grain officially inspected and/or weighed by the Field Offices in New Orleans, League City, Portland, and Toledo will be assessed the national tonnage fee plus the appropriate local tonnage fee. Export grain officially inspected and/or weighed by delegated States and official agencies, excluding land carrier shipments to Canada and Mexico, will be assessed the national tonnage fee only.

The fees will be set according to the following (*next page*):

2023 National Tonnage Fee & History

§ 800.71(b)(1)(i) National tonnage fee. The national tonnage fee is the national program administrative costs for the previous fiscal year divided by the average yearly tons of export grain officially inspected and/or weighed by delegated States and designated agencies, excluding land carrier shipments to Canada and Mexico, and outbound grain officially inspected and/or weighed by the Service during the previous 5 fiscal years.

Total Tons by Fiscal Year	FY18	FY19	FY20	FY21	FY22	5 Year Rolling National Tonnage		
National	129,687,652	107,896,235	110,090,771	136,574,792	123,745,530	121,598,996		

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total National Cost	\$7,214,466	\$6,906,527	\$8,075,737	\$6,836,376	\$5,704,963	\$6,687,477	\$3,793,021	n/a
Calculated National Tonnage Fee	n/a	\$0.067	\$0.060	\$0.065	\$0.056	\$0.047	\$0.054	\$0.031
Effective National Tonnage Fee	\$0.061	max. 5% reduction \$0.064	max. 5% reduction \$0.057	max. 5% reduction \$0.062	2% reduction \$0.055	max. 5% increase \$0.050	max. 5% increase \$0.057	max. 5% increase \$0.033

2023 Local Tonnage Fee

§ 800.71(b)(1)(ii) Local tonnage fee. The local tonnage fee is the Field Office administrative costs for the previous fiscal year divided by the average yearly tons of outbound grain officially inspected and/or weighed by the Field Office during the previous 5 fiscal years. The local tonnage fee is calculated individually for each Field Office.

Total Tons by Fiscal Year	FY18	FY19	FY20	FY21	FY22
Pacific Northwest	4,643,241	2,530,648	3,331,672	4,136,482	2,720,001
Toledo	1,802,762	1,597,584	948,840	1,154,856	1,191,938
New Orleans	66,996,126	57,807,378	59,768,303	72,482,289	68,880,711
League City	8,424,216	7,939,994	9,318,595	12,877,525	8,335,121

Total Tons by Fiscal Year	5 Year Rolling National Tonnage	FY22 Local Administrative Costs	2023 calculated local fee prior to Operating Reserve adjustment	2023 adjusted local fee for Operating Reserve (5% increase)
Pacific Northwest	3,472,409	\$414,143	\$0.119	\$0.125
Toledo	1,339,196	\$354,073	\$0.264	\$0.277
New Orleans	65,186,961	\$1,372,632	\$0.021	\$0.022
League City	9,379,090	\$665,113	\$0.071	\$0.075

USGSA Inspection & Weighing Operating Reserve Adjustment

§ 800.71(b)(3) Operating reserve. In order to maintain an operating reserve not less than 3 and not more than 6 months, the Service will review the value of the operating reserve at the end of each fiscal year and adjust fees according to the following:

(i) **Less than 4.5 months.** If the operating reserve is less than 4.5 times the monthly operating expenses, the Service will increase all fees in Schedule A in paragraph (a)(1) of this section by 2 percent for each \$1,000,000, rounded down, that the operating reserve is less than 4.5 times the monthly operating expense, with a **maximum increase of 5 percent annually**. Except for fees based on tonnage or hundredweight, all fees will be rounded to the nearest \$0.10.

(ii) **Greater than 4.5 months.** If the operating reserve is greater than 4.5 times the monthly operating expenses, the Service will decrease all fees in Schedule A in paragraph (a)(1) of this section by 2 percent for each \$1,000,000, rounded down, that the operating reserve is greater than 4.5 times the monthly operating expense, with a **maximum decrease of 5 percent annually**. Except for fees based on tonnage or hundredweight, all fees will be rounded to the nearest \$0.10.

Grain Inspection and Weighing Program Historical Operating Reserve

(Millions of Dollars - Figures may not sum due to rounding and prior year adjustments.)

Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Estimated FY23
Revenue	\$45.52	\$44.76	\$37.00	\$31.89	\$30.26	\$34.86	\$31.77	\$28.78
Obligations	\$39.55	\$40.08	\$39.32	\$37.91	\$35.80	\$37.81 ^a	\$35.80 ^b	\$35.67 ^c
Annual Surplus or (Deficit)	\$5.97	\$4.68	(\$2.33)	(\$6.02)	(\$5.54)	(\$2.96)	(\$4.04)	(\$6.89)
Operating Reserve (OR)	\$18.86	\$23.55	\$21.56	\$15.54	\$10.01	\$7.07	\$3.04	(\$3.85)
Months OR	5.7	7.0	6.6	5.0	3.4	2.2	1.0	(1.3)
Fee Adjustment Calculation for next FY	5% reduction	5% reduction	5% reduction	2% reduction	5% increase	5% increase	5% increase	Periodic Review

^a/FY21 \$2.471 million of obligations reimbursed with CARES Act funding.

^b/FY22 FGIS overhead obligations rebalanced with appropriated.

^c/FY23 FGIS overhead obligations rebalanced with appropriated.

Fiscal Year 2023 Third Quarter

FGIS User Fee Accounts				
	Revenue	Obligations	Earnings / Loss	Operating Reserve
U.S. Grain Standards Act				
Inspection & Weighing	\$21,023,967	\$28,820,594	-\$7,796,627	-\$4,759,676
Official Agencies	\$88,460	\$1,204,353	-\$1,115,893	\$85,177
Agricultural Marketing Act				
Rice	\$3,205,373	\$4,617,919	-\$1,412,546	\$1,650,491
Commodities	\$1,403,009	\$1,928,700	-\$525,691	\$1,043,512
Fiscal Year 2023 Total	\$25,720,809	\$36,571,566	-\$10,850,757	-\$1,980,496

Obligations contains some full year obligations to support the program during fiscal year 2023 (such as rent, communications, utilities, annual maintenance contracts). Note: This is a cumulative fiscal year report with a starting date of October 1 through the reported quarter.

Breakdown of Costs

Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 – Q3
5 Year Rolling Average Metric Tons	105,522,055	107,029,800	114,975,263	124,671,254	122,738,781	121,004,714	123,853,477	121,598,996
Actual FY Metric Tons	122,330,979	135,017,935	129,687,652	107,896,235	110,090,771	136,574,792	123,745,530	80,521,716
Salary and Benefits	\$33,600,714	\$34,284,274	\$32,651,823	\$29,918,624	\$28,926,157	\$30,522,358 ^a	\$30,610,243 ^b	\$21,967,339 ^c
Travel	\$ 1,099,056	\$ 1,228,942	\$ 751,508	\$ 762,764	\$ 477,516	\$ 621,075	\$ 809,744	\$ 589,514
Shipping and Moving Expenses	\$ 17,455	\$ 108,916	\$ 23,606	-\$ 9,327	\$ 69,526	\$ 73,249	\$ 96,530	-\$ 56,712
Rent and Utilities	\$ 932,419	\$ 1,002,723	\$ 973,722	\$ 805,656	\$ 1,150,162	\$ 1,179,252	\$ 1,150,199	\$ 778,044
Printing	\$ 29,316	\$ 23,137	\$ 16,156	\$ 66,630	\$ 35,946	\$ 51,430	\$ 22,932	\$ 5,991
Other Services	\$ 3,239,362	\$ 2,717,294	\$ 3,620,205	\$ 5,638,221	\$ 4,204,291	\$ 4,634,625	\$ 2,355,016 ^b	\$ 5,042,210 ^c
Supplies and Materials	\$ 509,807	\$ 486,899	\$ 458,726	\$ 435,921	\$ 427,667	\$ 615,856	\$ 535,758	\$ 425,989
Equipment	\$ 123,070	\$ 220,035	\$ 824,225	\$ 290,108	\$ 486,596	\$ 20,752	\$ 165,442	\$ 63,707
Insurance Claims/Interest Paid	\$ 42	\$ 8,066	\$ 1,578	\$ 1,592	\$ 19,730	\$ 96,334	\$ 57,184	\$ 4,511
TOTAL	\$39,551,241	\$40,080,284	\$39,321,550	\$37,910,189	\$35,797,593	\$37,814,930	\$35,803,048	\$28,820,594

^a/FY21 \$2.471 million of obligations reimbursed with CARES Act funding for direct service salary and benefits.

^b/FY22 FGIS overhead obligations rebalanced with appropriated.

^c/FY23 FGIS payroll distributors are adjusting quarterly to reflect correct cost category and overhead obligations rebalanced with appropriated.

Annual Fee Review Challenges

- √ Fee review cannot start until after all tonnage is reported and fiscal year financial reporting is completed.
 - Tonnage reporting continues until mid-October as customers determine if loading and services are completed (ex: if completed on or before 9/30 then current FY; if after the next FY)
 - Financial fiscal year reporting isn't completed until October 31st
- √ The final rule change implemented by the Reauthorization Act of 2015, restricts the annual fee review to only look at prior year costs and doesn't project increases for next year cost of living raises, new projects or equipment needs, overhead service increases, etc.
- √ The limitation on 5% increases have not helped us cover cost increases for providing services.
- √ Administrative tonnage isn't assessed on land carriers to Canada and Mexico inspected by official agencies, which causes confusion of the different metric tonnage reports (i.e., fee review and annual/quarterly reporting) in USGSA on export tonnage. Supervision fee is assessed instead on those land carriers.

Historical Hourly Rates

Rate Description	FY16 ^a	FY17	FY18	FY19	FY20	FY21	FY22	FY23
1 Year Contract Mon-Fri (6am-6pm)	\$40.20	\$38.20	\$36.30	\$34.50	\$33.80	\$35.50	\$37.30	\$39.20
1 Year Contract Mon-Fri (6pm-6am)	\$42.10	\$40.00	\$38.00	\$36.10	\$35.40	\$37.20	\$39.10	\$41.10
1 Year Contract Sat, Sun, Overtime after 8 hours	\$48.20	\$45.80	\$43.50	\$41.30	\$40.50	\$42.50	\$44.60	\$46.80
1 Year Contract Holiday	\$71.40	\$67.80	\$64.40	\$61.20	\$60.00	\$63.00	\$66.20	\$69.50
Noncontract Mon-Fri (6am-6pm)	\$71.40	\$67.80	\$64.40	\$61.20	\$60.00	\$63.00	\$66.20	\$69.50
Noncontract Mon-Fri (6pm-6am)	\$71.40	\$67.80	\$64.40	\$61.20	\$60.00	\$63.00	\$66.20	\$69.50
Noncontract Sat, Sun, Overtime after 8 hours	\$71.40	\$67.80	\$64.40	\$61.20	\$60.00	\$63.00	\$66.20	\$69.50
Noncontract Holiday	\$71.40	\$67.80	\$64.40	\$61.20	\$60.00	\$63.00	\$66.20	\$69.50
Hourly Fees Adjusted	Prior to formula change	5% reduction	5% eduction	5% reduction	2% reduction	5% increase	5% increase	5% increase

^a/FY16 Hourly rates in final rule implementing the changes in the Reauthorization Act of 2015.

AMS Hourly Rates

Rate Description	FGIS FY16 ^a	FGIS FY23 ^b	Dairy ^c	Fresh Fruits & Vegetables ^c	Processed Fruits & Vegetables ^c	Meat ^c	Egg & Poultry ^c
1 Year Contract Mon-Fri (6am-6pm)	\$40.20	\$39.20	\$90.00	n/a	\$85.00	\$86.00	\$65.00
1 Year Contract Mon-Fri (6pm-6am)	\$42.10	\$41.10	\$99.00	n/a	n/a	n/a	\$71.00
1 Year Contract Sat, Sun, Overtime after 8 hours	\$48.20	\$46.80	\$106.00	n/a	\$107.00	\$107.00	\$84.00
1 Year Contract Holiday	\$71.40	\$69.50	\$123.00	n/a	\$129.00	\$129.00	\$101.00
Noncontract Mon-Fri (6am-6pm)	\$71.40	\$69.50	\$110.00	\$100.00	\$85.00	\$114.00	\$99.00
Noncontract Mon-Fri (6pm-6am)	\$71.40	\$69.50	\$121.00	n/a	n/a	n/a	n/a
Noncontract Sat, Sun, Overtime after 8 hours	\$71.40	\$69.50	\$129.00	\$137.00	\$112.00	\$132.00	\$122.00
Noncontract Holiday	\$71.40	\$69.50	\$147.00	\$175.00	\$139.00	\$154.00	\$147.00

^a/Fees effective October 1, 2015

^b/Fees effective April 1, 2023

^c/Fees effective October 1, 2022

Periodic Fee Review Approach

FGIS assembled a team, representing all divisions and branches performing USGSA services, to review actual costs involved for providing user fee services over the past 5 years. Based on the review the following scenarios are presented to reflect full cost recover strategies.

- ✓ **Scenario 1** calculates fees based on FY23 team data collection on costs of performing each type of service and increases are included for anticipated cost of living raise for 2024, inflation, operating reserve (for calculated obligations and recovery of anticipated FY2023 deficit). Tonnage fee calculated based on the 5-year rolling average.
- ✓ **Scenario 2** calculates fees based on AMS standard formula with a reduction to regular rates. Overtime and holiday rates are calculated at overtime at **1.5 times** regular rate and holiday at **2 times** regular rate. Tonnage fee calculated based on the 5-year rolling average.
- ✓ **Scenario 3** calculates fees based on AMS standard formula with a reduction to regular rates. Overtime and holiday rates are calculated at overtime **1.25 times** regular rate and holiday **1.5 times** regular rate. Tonnage fee calculated based on the 5-year rolling average.
- ✓ **Scenario 4** calculates fees based on AMS standard formula. Overtime and holiday rates are calculated at overtime 1.25 times regular rate and holiday 1.5 times regular rate. Tonnage fee calculated based on the 5-year rolling average and adjusted to contribute operating reserve of 4.5 months.

AMS Standard Formula

FGIS implemented and published the AMS standard formula in 7 CFR 868.91 Fees for certain Federal rice inspection services.

§ 868.91(b)(1) For each year, the Administrator will calculate the rates for services, per hour per inspection program employee using the following formulas:

(i) **Regular rate.** The Service's total inspection program personnel direct pay divided by direct hours, which is then multiplied by the next year's percentage of cost of living increase, plus the benefits rate, plus the operating rate, plus the allowance for bad debt rate. If applicable, actual travel expenses may also be added to the cost of providing the service.

(ii) **Overtime rate.** The Service's total inspection program personnel direct pay divided by direct hours, which is then multiplied by the next year's percentage of cost of living increase and then multiplied by 1.5, plus the benefits rate, plus the operating rate, plus an allowance for bad debt. If applicable, actual travel expenses may also be added to the cost of providing the service.

(iii) **Holiday rate.** The Service's total inspection program personnel direct pay divided by direct hours, which is then multiplied by the next year's percentage of cost of living increase and then multiplied by 2, plus the benefits rate, plus the operating rate, plus an allowance for bad debt. If applicable, actual travel expenses may also be added to the cost of providing the service.

AMS Standard Formula (*continued*)

§ 868.91(b)(2) For each year, based on previous year/historical actual costs, the Administrator will calculate the benefits, operating, and allowance for bad debt components of the regular, overtime, and holiday rates as follows:

(i) **Benefits rate.** The Service's total inspection program direct benefits costs divided by the total hours (regular, overtime, holiday) worked, which is then multiplied by the next year's percentage of cost of living increase. Some examples of direct benefits are health insurance, retirement, life insurance, and Thrift Savings Plan (TSP) retirement basic and matching contributions.

(ii) **Operating rate.** The Service's total inspection program operating costs divided by total hours (regular, overtime, and holiday) worked, which is then multiplied by the percentage of inflation.

(iii) **Allowance for bad debt rate.** Total allowance for bad debt, divided by total hours (regular, overtime, holiday) worked.

§ 868.91(b)(3) The Administrator will use the most recent economic factors released by the Office of Management and Budget for budget development purposes to derive the cost of living expenses and percentage of inflation factors used in the formulas in this section.

Financial Impacts since Reauthorization of 2015

After the enactment of the Reauthorization, FGIS experienced cost of living adjustments (COLA):

- FY17 – 1.0%
- FY18 – 1.4%
- FY19 – 1.4%
- FY20 – 2.6%
- FY21 – 1.0%
- FY22 – 2.2%
- FY23 – 4.1%
- FY24 President’s Budget requesting 5.2%

Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 - Q3
Salary and Benefits	\$33,600,714	\$34,284,274	\$32,651,823	\$29,918,624	\$28,926,157	\$30,522,358 ^a	\$30,610,243 ^b	\$21,967,339 ^c
TOTAL	\$39,551,241	\$40,080,284	\$39,321,550	\$39,321,550	\$35,797,593	\$37,814,930	\$35,803,048	\$28,820,594
Percentage of total obligations	84.95%	85.54%	83.04%	76.09%	80.80%	80.72%	85.50%	76.22%

^a/FY21 \$2.471 million of obligations reimbursed with CARES Act funding for direct service salary and benefits.

^b/FY22 FGIS overhead obligations rebalanced with appropriated.

^c/FY23 FGIS payroll distributors are adjustment quarterly to reflect correct cost category and overhead obligations rebalanced with appropriated

Rate Fees Revenue Categories

Hourly rate to recover direct labor costs

- Hourly – Onsite (hourly services provided at an applicant's facility) FY22 = 64%
- Hourly – Other (hourly services provide at other than an applicant's facility and scale testing) FY22 = 1%

Unit test or service type rate

- Unit – (services per carrier, stowage, Export Registration, factor/grading/tests, CWT) FY22 = 6%
- Amount – (reimbursement services, like travel, mailing costs, etc.) FY22 = 1%

Metric tonnage

- Tonnage – (National and Local tonnage assessed on all FGIS inspected or weighed outbound and export carriers; and National tonnage assess on OA inspected or weighed carriers, except land carriers to Canada and Mexico) FY22 = 28%

Periodic Review Hourly Rates – Scenarios

Rate Description	FY16 ^a	FY23	FY2024 Scenario 1 ^b Actual Costs	FY2024 Scenario 2 ^c AMS Formula (OT 1.5/H 2.0)	FY2024 Scenario 3 ^d AMS Formula (OT 1.25/H 1.5)	FY2024 Scenario 4 ^e AMS Formula Unmodified	AMS Dairy	AMS Poultry
1 Year Contract Mon-Fri (6am-6pm); Proposed change: 1 Year Contract Regular - Monday – Saturday (6am-6pm)	\$40.20	\$39.20	\$54.70	\$60.00	\$60.00	\$97.70	\$90.00	\$65.00
1 Year Contract Mon-Fri (6pm-6am)	\$42.10	\$41.10	REMOVE	REMOVE	REMOVE	REMOVE	\$99.00	\$71.00
1 Year Contract Sat, Sun, Overtime after 8 hours; Proposed change: 1 Year Contract Overtime - Monday – Saturday (6pm-6am) & Sunday	\$48.20	\$46.80	\$77.90	\$90.00	\$75.00	\$122.10	\$106.00	\$84.00
1 Year Contract Holiday	\$71.40	\$69.50	\$106.60	\$120.00	\$90.00	\$146.60	\$123.00	\$101.00
Noncontract Mon-Fri (6am-6pm) Proposed change: Noncontract Regular - Monday – Saturday (6am-6pm)	\$71.40	\$69.50	\$85.50	\$86.00	\$86.00	\$130.30	\$110.00	\$99.00
Noncontract Mon-Fri (6pm-6am)	\$71.40	\$69.50	REMOVE	REMOVE	REMOVE	REMOVE	\$121.00	n/a
Noncontract Sat, Sun, Overtime after 8 hours; Proposed change: Noncontract Overtime - Monday – Saturday (6pm-6am) and Sunday	\$71.40	\$69.50	\$127.10	\$129.00	\$107.50	\$162.80	\$129.00	\$122.00
Noncontract Holiday	\$71.40	\$69.50	\$136.30	\$172.00	\$129.00	\$195.40	\$147.00	\$147.00

^a/FY16 Hourly rates in final rule implementing the changes in the Reauthorization Act of 2015.

^b/Scenario 1 Projected an operating reserve negative \$1.0 million or negative 0.3 months.

^c/Scenario 2 Projected an operating reserve \$2.8 million or 0.9 months.

^d/Scenario 3 Projected an operating reserve \$0.3 million or 0.1 months.

^e/Scenario 4 Projected an operating reserve \$13.7 million or 4.4 months.

Periodic Tonnage Rates – Scenarios

Rate Description	FY16 ^a	FY23	FY2024 Scenario 1 ^b	FY2024 Scenario 2 ^c	FY2024 Scenario 3 ^d	FY2024 Scenario 4 ^e
National Tonnage Fee	\$0.061	\$0.033	\$0.058	\$0.058	\$0.058	\$0.062
Metric Ton Administrative Fee - League City	\$0.192	L \$0.075 + N \$0.033 = \$0.108	L \$0.079 + N \$0.058 = \$0.137	L \$0.079 + N \$0.058 = \$0.137	L \$0.079 + N \$0.058 = \$0.137	L \$0.087 + N \$0.062 = \$0.149
Metric Ton Administrative Fee - New Orleans	\$0.094	L \$0.022 + N \$0.033 = \$0.055	L \$0.023 + N \$0.058 = \$0.081	L \$0.023 + N \$0.058 = \$0.081	L \$0.023 + N \$0.058 = \$0.081	L \$0.024 + N \$0.062 = \$0.086
Metric Ton Administrative Fee – Pacific Northwest	\$0.191	L \$0.125 + N \$0.033 = \$0.158	L \$0.148 + N \$0.058 = \$0.206	L \$0.148 + N \$0.058 = \$0.206	L \$0.148 + N \$0.058 = \$0.206	L \$0.163 + N \$0.0623 = \$0.225
Metric Ton Administrative Fee - Toledo	\$0.306	L \$0.277 + N \$0.033 = \$0.310	L \$0.326 + N \$0.058 = \$0.384	L \$0.326 + N \$0.058 = \$0.384	L \$0.326 + N \$0.058 = \$0.384	L \$0.401 + N \$0.062 = \$0.463

^aFY16 Tonnage rates in final rule implementing the changes in the Reauthorization Act of 2015.

^bScenario 1 Projected an operating reserve negative \$1.0 million or negative 0.3 months.

^cScenario 2 Projected an operating reserve \$2.8 million or 0.9 months.

^dScenario 3 Projected an operating reserve \$0.3 million or 0.1 months.

^eScenario 4 Projected an operating reserve \$13.7 million or 4.4 months.

Scenario 3 Projected Outlook for FY24 – FY26

(Millions of Dollars - Figures may not sum due to rounding and prior year adjustments.)

Category	Estimated FY23	Estimated FY24	Estimated FY25	Estimated FY26
Revenue	\$28.78	\$41.36	\$47.66	\$47.66
Obligations	\$35.67 ^a	\$37.17 ^b	\$38.25 ^c	\$39.36 ^c
Annual Surplus or (Deficit)	(\$6.89)	\$4.19	\$9.41	\$8.30
Operating Reserve (OR)	(\$3.85)	\$0.34	\$9.75	\$18.05
Months OR	(1.3)	0.1	3.0	5.5

^a/FY23 FGIS overhead obligations rebalanced with appropriated.

^b/FY24 increases related to cost-of-living adjustment of 5.2%

^c/FY25 and FY26 minimal increases related to cost-of-living adjustment of 2.9%

Scenario 3 Projected Rates FY24 – FY26

Rate Description	FY23	FY24	FY25	FY26
<i>Proposed: 1 Year Contract Regular - Monday – Saturday (6am-6pm)</i>	\$39.20	\$60.00	\$63.00	\$63.00
<i>Proposed: 1 Year Contract Overtime - Monday – Saturday (6pm-6am) & Sunday</i>	\$46.80	\$75.00	\$78.80	\$78.80
1 Year Contract Holiday	\$69.50	\$90.00	\$94.50	\$94.50
<i>Proposed: Noncontract Regular - Monday – Saturday (6am-6pm)</i>	\$69.50	\$86.00	\$90.30	\$90.30
<i>Proposed: Noncontract Overtime - Monday – Saturday (6pm-6am) and Sunday</i>	\$69.50	\$107.50	\$112.90	\$112.90
Noncontract Holiday	\$69.50	\$129.00	\$135.50	\$135.50
National Tonnage Fee	\$0.033	\$0.058	\$0.061	\$0.058
Metric Ton Administrative Fee - League City	L \$0.075 + N \$0.033 = \$0.108	L \$0.079 + N \$0.058 = \$0.137	L \$0.087 + N \$0.061 = \$0.148	L \$0.087 + N \$0.061 = \$0.148
Metric Ton Administrative Fee - New Orleans	L \$0.022 + N \$0.033 = \$0.055	L \$0.023 + N \$0.058 = \$0.081	L \$0.024 + N \$0.061 = \$0.085	L \$0.024 + N \$0.061 = \$0.085
Metric Ton Administrative Fee – Pacific Northwest	L \$0.125 + N \$0.033 = \$0.158	L \$0.148 + N \$0.058 = \$0.206	L \$0.160 + N \$0.061 = \$0.221	L \$0.160 + N \$0.061 = \$0.221
Metric Ton Administrative Fee - Toledo	L \$0.277 + N \$0.033 = \$0.310	L \$0.326 + N \$0.058 = \$0.384	L \$0.388 + N \$0.061 = \$0.061	L \$0.388 + N \$0.061 = \$0.061