



Agricultural Marketing Service  
U.S. DEPARTMENT OF AGRICULTURE



# AMS - Federal Grain Inspection Service Program Updates May 2024



# FGIS Budget and Grain Fees



### Fiscal Year 2024 Quarter 2 FGIS User Fee Accounts

	Revenue	Obligations <sup>1</sup>	Earnings / Loss	Operating Reserve
<b>U.S. Grain Standards Act</b>				
Inspection & Weighing	\$13,889,040	\$18,149,353	-\$4,260,313	-\$4,764,584
Official Agencies	\$239,524	\$583,150	-\$343,626	-\$48,091
<b>Agricultural Marketing Act</b>				
Rice	\$3,101,793	\$2,889,335	\$212,458	\$1,989,557
Commodities	\$638,016	\$855,957	-\$217,941	\$917,404
<b>Fiscal Year 2024 Total</b>	<b>\$17,868,373</b>	<b>\$22,477,795</b>	<b>-\$4,609,422</b>	<b>-\$1,905,714</b>

<sup>1</sup> Obligations contain some full year obligations to support the program during fiscal year 2024 (such as rent, communications, utilities, and annual maintenance contracts).

Note: This is a cumulative fiscal year report with a starting date of October 1 through the reporting quarter.

Dated: 04/08/2024



## Recap of and Update on FGIS Fees

- 2015 amendment to USGSA required 3-6 months reserves and new calculation for tonnage fees
- 2016 rulemaking implemented amendments; did not address contract rates
- Regulatory provision led to discounted fees since 2016 (>4.5 months)
- Fees were \$40.20 in 2016; they are \$41.20 today
- Low fees, reduced inspection volume, inflation, cost of living adjustments, etc. led to negative operating reserve balance



## Historical Perspective of FGIS' Grain Inspection and Weighing Account

Fiscal Years	Revenue	Obligations	Earnings / (Loss)	Operating Reserve	Export Tonnage MT	Hourly Contract Rate	% Fee Change	Nat'l Tonnage Fee
2016	\$45,518,430	\$39,551,241	\$5,967,189	\$18,863,026	122,330,979	\$40.20	--	\$.061
2017	\$44,763,877	\$40,080,284	\$4,683,593	\$23,546,619	135,017,935	\$38.20	-5%	\$.064
2018	\$36,996,535	\$39,321,550	(\$2,325,015)	\$21,561,945	129,687,652	\$36.30	-5%	\$.057
2019	\$31,892,137	\$37,910,189	(\$6,018,052)	\$15,543,893	107,896,235	\$34.50	-5%	\$.062
2020	\$30,261,244	\$35,797,593	(\$5,536,349)	\$10,033,230	110,090,771	\$33.80	-2%	\$.055
2021	\$34,855,337	\$37,814,930	(\$2,959,593)	\$7,073,637	136,574,792	\$35.50	+5%	\$.050
2022	\$31,766,362	\$35,803,048	(\$4,036,686)	\$3,036,951	123,745,530	\$37.30	+5%	\$.057
2023	\$28,208,931	\$31,750,153	(\$3,541,222)	(\$504,271)	96,609,360	\$39.20	+5%	\$.033
Q2-24*	\$13,889,040	\$18,149,353	(\$4,260,313)	(\$4,764,584)	59,063,465	\$39.20	--	\$.033



## Back to the Future (1994)

### Hourly Rates

<u>Service</u>	<u>Service Description</u>	<u>Billing Code</u>	<u>Billing Rate</u>
Original Inspection and, Official Weighing, Reinspection, and <u>Appeal Inspection 5/</u>	Monday-Saturday	G-301	31.50/hour
	Sunday and Holiday	G-302	43.10/hour
Contract	Monday-Saturday	G-303	41.90/hour
	Sunday and Holiday	G-304	57.00/hour



## The Journey to Right-size Fees

- Presented fee scenarios to the Grain Inspection Advisory Committee
- Conduct outreach in partnership with NGFA/NAEGA
- Agreed on regular contract rate of \$60/hr
- Drafted FR Notice to implement new fees; goal to implement by Feb 2024
- Because of 2016 regulation, FGIS could not announce by FR Notice
- Two-tiered approach for FY24 (i.e., regular FR Notice and Interim Final Rule)



Fee Description	Calculated FY2024 Tonnage Fees (National+Local, with 5% increase) and Supervision Fee	FY2023 Tonnage Fees and Supervision Fee
National Tonnage Fee	\$0.057	\$0.033
New Orleans	\$0.069	\$0.055
League City	\$0.137	\$0.108
Pacific Northwest	\$0.192	\$0.158
Toledo	\$0.211	\$0.310
Supervision	\$0.007	\$0.003

Regular contract rate = \$41.20/hr

Source: March 7, 2024 FR Notice, 89 FR 16521



### Contract Rate Projections (from March '24)

	FY24 (with FY23 rates for full fiscal year)	FY24 FR Notice Rates (5%) for rest of FY24	Potential FY24 IFR Rates (if effective June 1)
Projected Revenue	\$25.47M	\$26.72M	\$30.21M
Projected Obligations	\$36.06M	\$36.06M	\$35.69M
Proj. Operating Reserve (end of FY24)	\$(11.10M)	\$(9.85M)	\$(5.99M)
1 Year Contract Mon-Fri (6am-6pm)	\$ 39.20	\$ 41.20	\$ 65.00
1 Year Contract Mon-Fri (6pm-6am)	\$ 41.10	\$ 43.20	\$ 71.50
1 Year Contract Sat, Sun, Overtime	\$ 46.80	\$ 49.10	\$ 81.30
1 Year Contract Holiday	\$ 69.50	\$ 73.00	\$ 97.50
Noncontract Mon-Fri (6am-6pm)	\$ 69.50	\$ 73.00	\$ 93.30
Noncontract Mon-Fri (6pm-6am)	\$ 69.50	\$ 73.00	\$ 102.60
Noncontract Sat, Sun, Overtime	\$ 69.50	\$ 73.00	\$ 116.60
Noncontract Holiday	\$ 69.50	\$ 73.00	\$ 140.00



# **FY 24 & FY 25 Audits**



## **Audits-Currently Scheduled**

1. Virginia Dept of Agriculture & Consumer Services
2. Idaho Grain Inspection
3. Ohio Valley Grain Inspection Services, Inc.
4. Cal Agri Inspection Co., Ltd.
5. Wisconsin Dept Of Agriculture, Trade And Consumer Protection
6. Michigan Grain Inspection Services, Inc.
7. Keokuk Grain Inspection Service



## **Audits-Upcoming**

1. North Dakota Grain Inspection Service, Inc.
2. Enid Grain Inspection Company, Inc.
3. Detroit Grain Inspection Service, Inc.
4. Omaha Grain Inspection Service, Inc.
5. Eastern Iowa Grain Inspection and Weighing Service, Inc.
6. Champaign-Danville Grain Inspection Dept, Inc.
7. Fremont Grain Inspection Dept, Inc.
8. Maryland Department of Agriculture



## Upcoming Federal Register Notices

- Opportunity Notice
- Award Notices
- USGSA Geographic Area Descriptions



# Recommendation Updates



## Lab Scales

- FGIS has conducted the review of the impact on grades using a scale with 0.1gram e-value vs. a 0.01gram e-value.
- Reviewing policy and instruction changes needed for the various paths forward.
- Will have options for the Committee to consider at the next meeting.



# Fumigation Policy Changes

TABLE 3

Application Method with Phosphine Dosage and Minimum Exposure Time by Cargo Hold Depth*				
Application Method and Dosage Rate Per 1,000 Cubic Feet of Storage Space**	CARGO HOLD DEPTH IN METERS			
	< 6	6 – 12	>12 – 20	>20
MINIMUM EXPOSURE TIME IN DAYS				
Surface (45 grams) or Subsurface ( $\geq 45$ grams) Application of phosphine per 1,000 cu. ft.	9	15	18	<b>Not Acceptable</b>
Surface or Subsurface Application with recirculation $\geq 33$ grams of phosphine per 1,000 cu. ft.	4	7	9	<b>9</b>
Surface or Subsurface Application with recirculation $\geq 45$ grams of phosphine per 1,000 cu. Ft.	3.5	3.5	3.5	3.5
* Cargo Hold Depth is the length from the bottom of the hold to the top of the combing. **Fumigant quantity is calculated by total volume of the empty cargo hold.				

**Note:** It is recommended that fumigated holds remain closed during entire voyage even if the mandatory minimum exposure time is met or exceeded.

**Note:** When possible, recirculation methods are recommended.

## **Data Standardization Initiative**

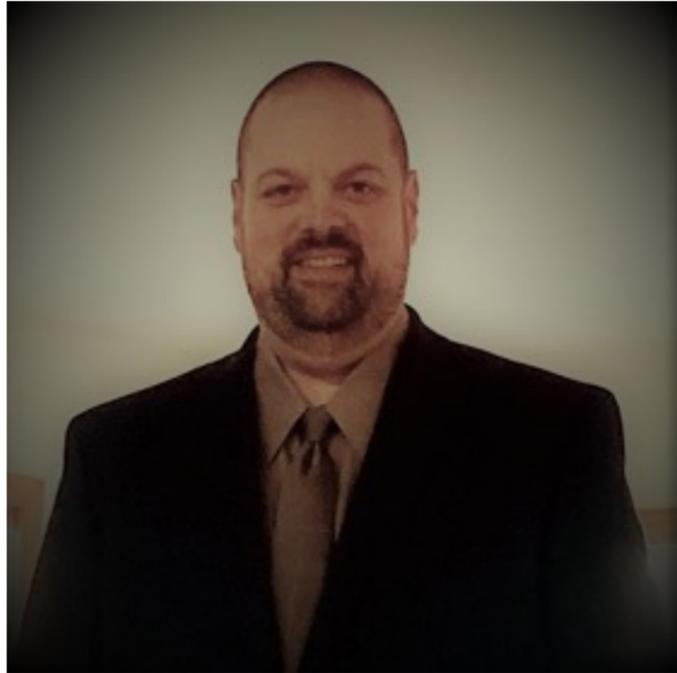
In concert with other Technology initiatives within FGIS, the GIAC recommends that the following subjects regarding standardization of data be further explored and findings reported to the Committee. The scope of data standardization in this recommendation includes communication protocols, data formats, units of measure, security protocols, and other criteria that facilitate the exchange of data between stakeholders.

- Evaluate and document the current status of previous data standardization initiatives that are unfinished, their anticipated benefit, and the required work to bring them to completion.
- Engage both internal and external stakeholders to aid in identifying potential data standardization projects and their perceived benefit.
- Develop a framework for prioritizing and managing data standardization projects to ensure progress is made on the appropriate projects and they are closed out in a timely manner.
- Assess/identify funding options available to facilitate the above recommendations.



# **Policies Procedures & Market Analysis Branch**

## PPMAB: Staff Updates



- Former PPMAB Branch Chief, Pat McCluskey, retired September 30, 2023
- Jacob (Jake) Thein selected as new PPMAB Branch Chief, October 8, 2023
- FMD Realignment has PPMAB moving to the Office of the Deputy Administrator

## PPMAB: Federal Register

No new rulemaking has been published in the Federal Register since the last GIAC meeting.

Last Publication:

AMA

- United States Standards for Beans (Notice) on 6/14/2023

Upcoming FY 2024: Planning to Open Up for Public Comment (Periodic Review)

USGSA

- United States Standards for Barley
- United States Standards for Flaxseed
- United States Standards for Rye
- United States Standards for Triticale

AMA

- United States Standards for Peas (Feed Peas, Split Peas, Whole Dry Peas)

## **PPMAB: Federal Register Upcoming**

Upcoming FY 2025: Planning to Open Up For Comments (Periodic Review)

### USGSA

- United States Standards for Canola
- United States Standards for Mixed Grain
- United States Standards for Oats
- United States Standards for Sunflower Seeds

### AMA

- United States Standards for Beans
- United States Standards for Lentils

## **PPMAB: FGIS Handbooks**

### Completed Revisions:

- Fumigation Handbook Update(10-01-23)
- Pea and Lentil Inspection Handbook Update (10-01-23)
- Bean Inspection Handbook Update(10-01-23)

### Completed Chapter Revisions:

- Grain Inspection Handbook, Book II Chapter 10 Soybeans (09-08-23)

### Reviews/Revisions in progress:

- Weighing Handbook (Complete Revision)
- Equipment Handbook (Chapter 2, Grain Scales)
- Rice Inspection Handbook (Complete Revision)
- Near Infrared Transmittance (NIRT) Handbook (Protein Moisture Basis)

### New Handbooks under construction:

- Not Standardized Grain and Nongraded Commodity Inspection Handbook
- Combining individual inspection directives into one handbook
- Licensing Handbook (will eventually replace Directive 9230.1, Licensing Program)
- Certification Handbook

## PPMAB: FGIS Program Directives

### Directives Issued Since Last Meeting (All FGIS Divisions):

- 9070.6 Reporting Violations of the USGSA and AMA (QACD, 09/25/23)
- 9180.89 Internal Audit Program (IAP) (QACD, 01-04-24)
- 9180.40 Pesticide Residue Testing for Grain (TSD ACB, 03-12-24)
- 9180.74 Service Fees and Billing Codes (ODA, 04-01-24)
  - 9180.74 Services Fees and Billing Codes (ODA, 10-01-23) Previous Version

### Other (PPMAB)

- 9180.35 Phytosanitary Inspections Updates
  - Commodities Approved for 921-2 (Updated 02-05-24) (Updated to include Quinoa and Chia Seed)

## PPMAB: FGIS Program Notices

### Program Notices Issued Since Last Meeting (All FGIS Divisions):

- FGIS-PN-23-07 Rescinding Program Directive 9180.86 Inspection of Export Soybean and Wheat Lots for Canada Thistle Dated February 27, 2019 (FMD PPMAB, 10-01-23)

*Effective September 29, 2023, Vietnam no longer regulates Canada thistle (Cirsium arvense). This species will be removed from Vietnam's quarantine pest list.*

### New Program Notices under construction (PPMAB):

- Optional Certificate and Letterhead Statements (to replace sections 3.5 and 3.6 of Grain Inspection Handbook, Book IV and to incorporate AMA approved statements)
- Chickpea/Garbanzo Certification Update (Seed Count and Seed Sizing)

## **PPMAB: FGIS Policy Bulletin Board**

One New Policy Bulletin has been issued since the last GIAC meeting.

- Reference #291, Optional Approved Certificate Statements for Aflatoxin and Fumonisin Test Results

This policy bulletin provides guidance to OSPs and standardizes certification requirements for using optional approved certificate statements for referencing specific types of aflatoxin or fumonisin to define total aflatoxins (B1, B2, G1, and G2) or total fumonisins (B1, B2, and B3). Only applies to results issued with rapid test kits since they can only determine total aflatoxins or total fumonisins.

Active Policy Bulletin Board Notices are now available on the AMS website.

<https://www.ams.usda.gov/services/grain-rice-pulse-inspection-services/policy-bulletins>

## Automated Weighing Project

### BACKGROUND

- Existing standards governing automation were drafted in the 1980's and do not address current standards for managing federal data administered the by National Archives and Records Administration (NARA) and the Federal Information Security Modernization Act (FISMA).
- Multiple grain export facilities have requested guidance for updating automation systems to meet FGIS standards, allowing them to streamline the movement of grain.
- FGIS, in cooperation with Marketing and Regulatory Programs (MRP) IT department started a project to modernize the automation standards (FGIS Directive 9160.3) and develop a system security requirements document to augment the parameters in the directive. These standards will ensure the security of export facility automated systems and the federal government data housed within.

## Automated Weighing Project Update

Currently, a pilot project is underway at CHS in Myrtle Grove, LA to develop and implement the new automation security standards.

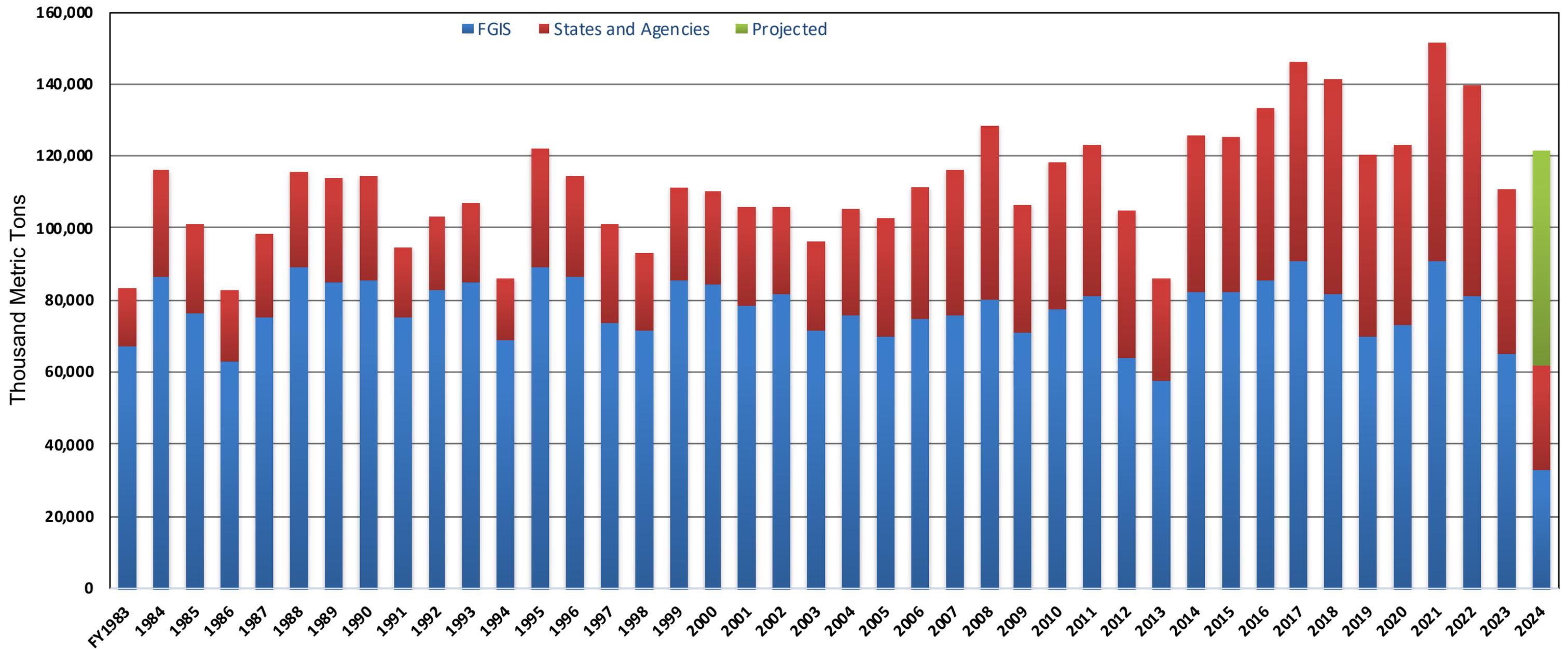
- FGIS is working with elevator and automation contractors to establish responsibilities for the involved parties including planning, design and documentation of networks, authentication, records requirements, updating the automation policy document, and evaluating the feasibility of a system security model.
- Automation for CHS is in place (April 2024), monitoring grain flows and tracking vessel and barge weights.
- However, not yet approved to run without oversight of an FGIS weigher. (Comparing scale tapes and logs to system outputs to verify accuracy of the weights)
- Still working on system debugging and finalizing code (logic).
- Before approved to run independently, the Automatic Weighing System) AWS must be physically secured (sealed – restricted access) and must meet MRP-IT security standards for housing federal government data.
- 6-month trial period running independently, once secured and meets MRP-IT security standards.
- If all works properly, system will be approved to run independently without an FGIS weigher, and FGIS will look at feasibility and implementation across all AWS.



# Field Management Division

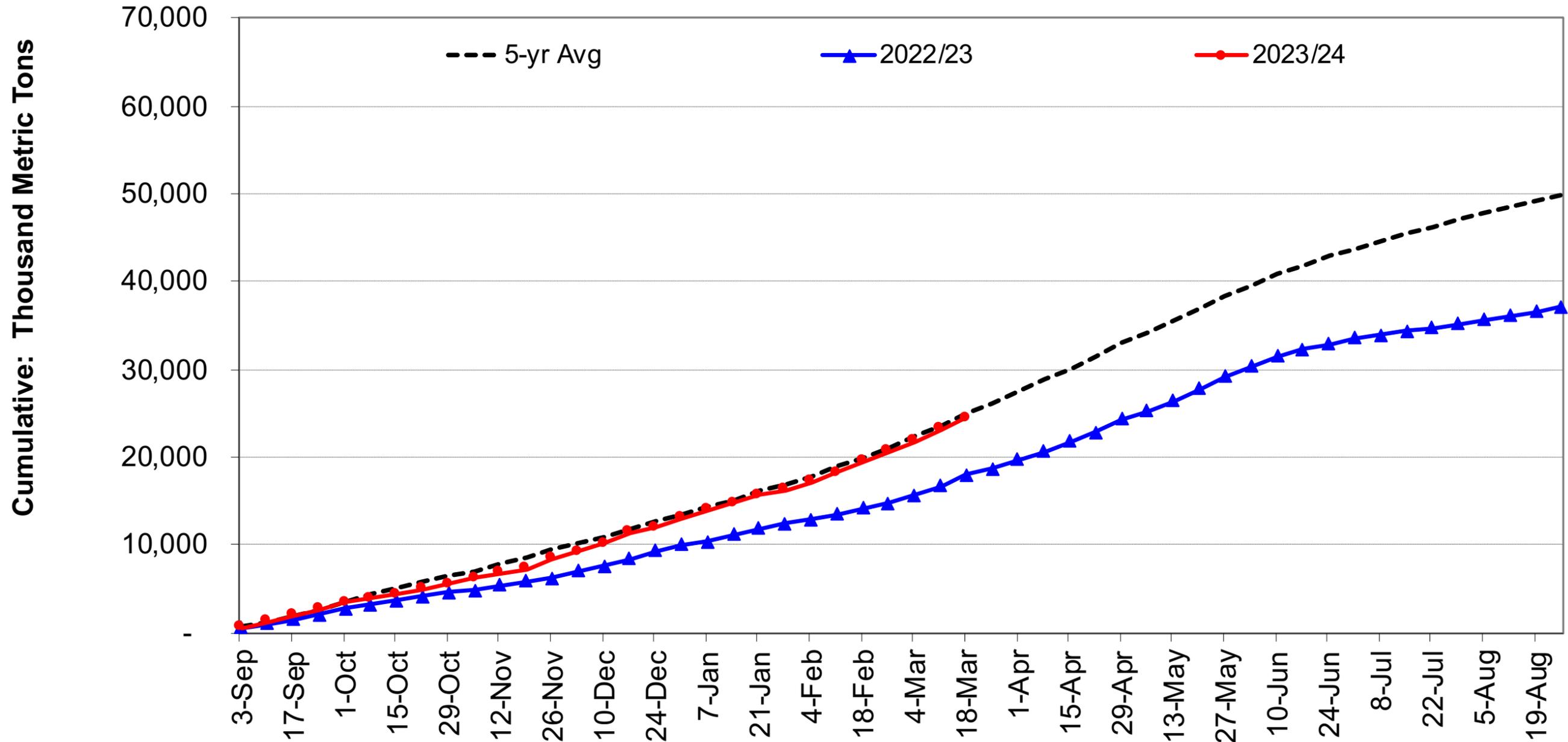


# Fiscal Year Total Export Grain Inspections



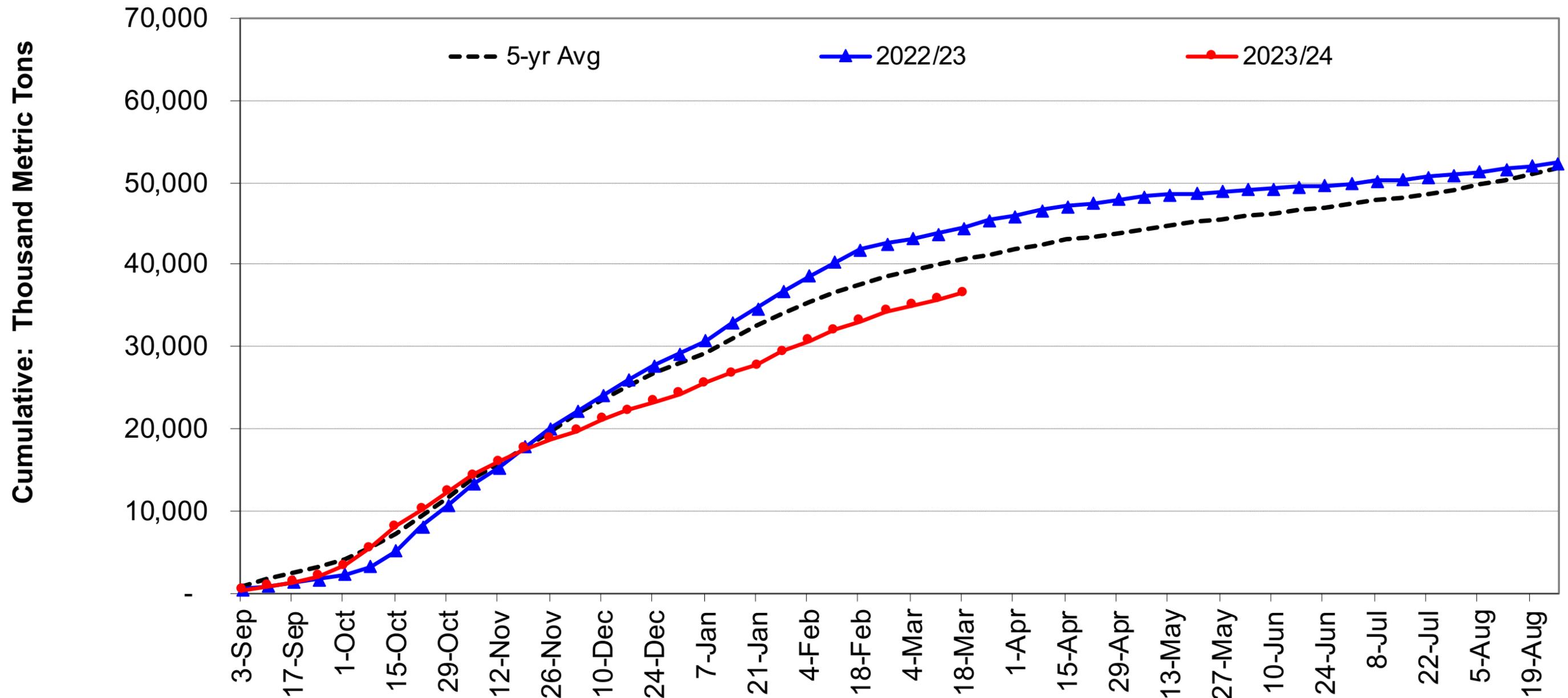


## Export Corn: FGIS, States & Agencies

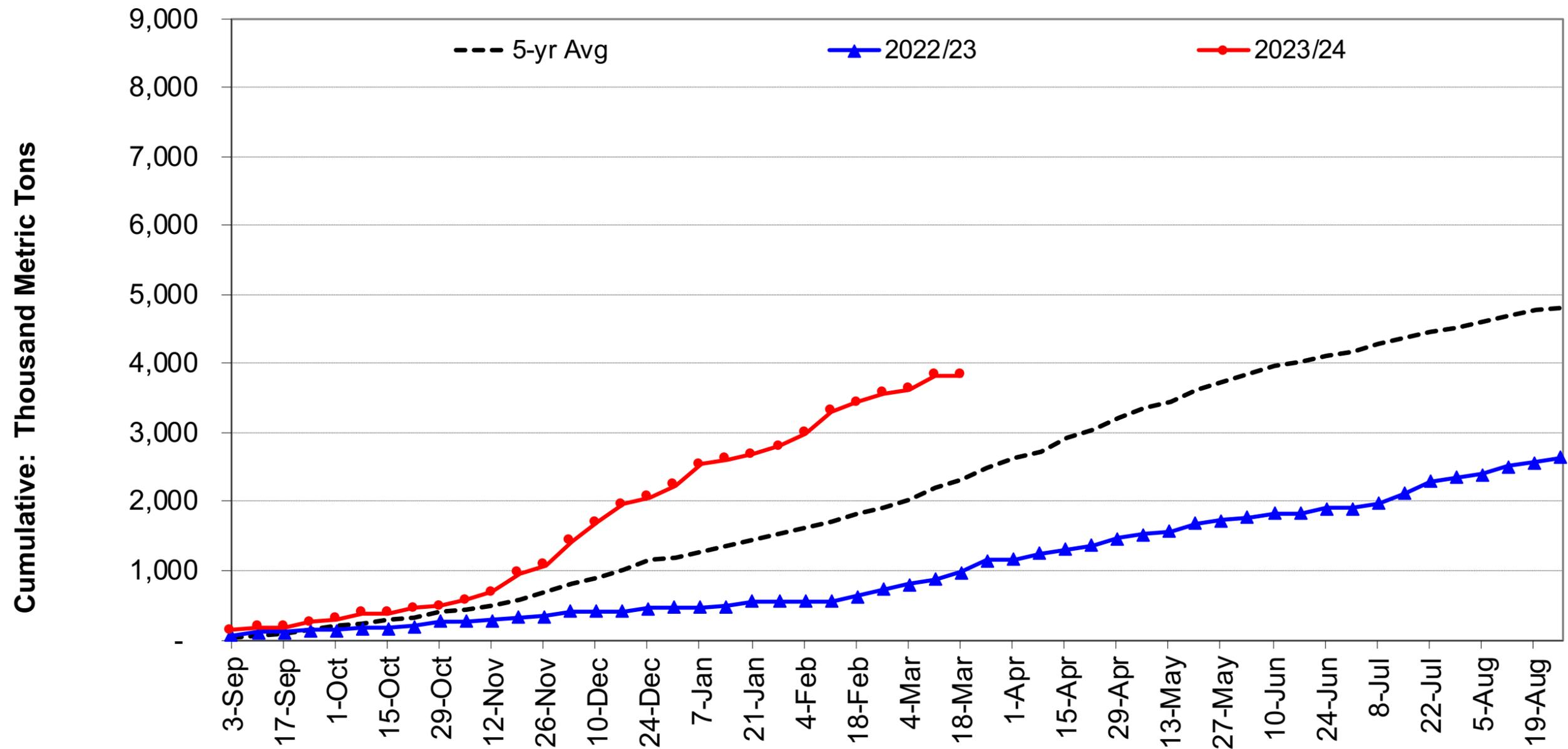




## Export Soybean: FGIS, States & Agencies

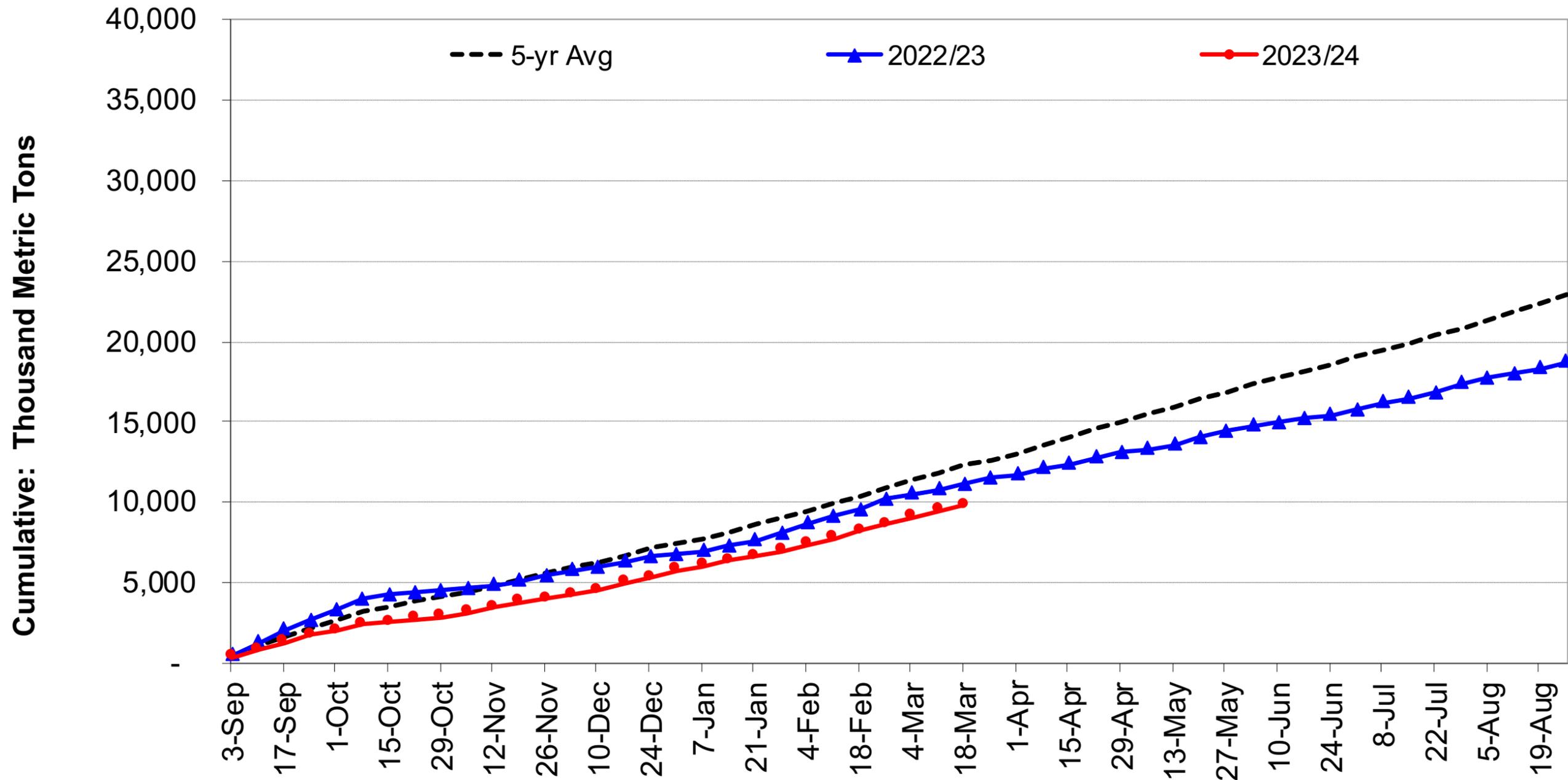


## Export Sorghum: FGIS, States & Agencies





## Export Wheat: FGIS, States & Agencies





# Field Management Division Operations

## **FMD Outlook**

Goal is to become “Lean & Mean” with operations

- PPMAB to report to the Office of the Deputy Administrator
- Begin the process to simplify FGIS Instructions
- New process for policy questions has been developed
- Master Scale Depot and Industrial Specialist reorganization
- Specialize in Export Vessel Inspection
- Adjust staffing levels through hiring freeze and TDY
- Shift remaining Domestic Responsibility to Official Agencies

## Toledo Field Office

### **North Dakota Grain Inspection (NDGI)**

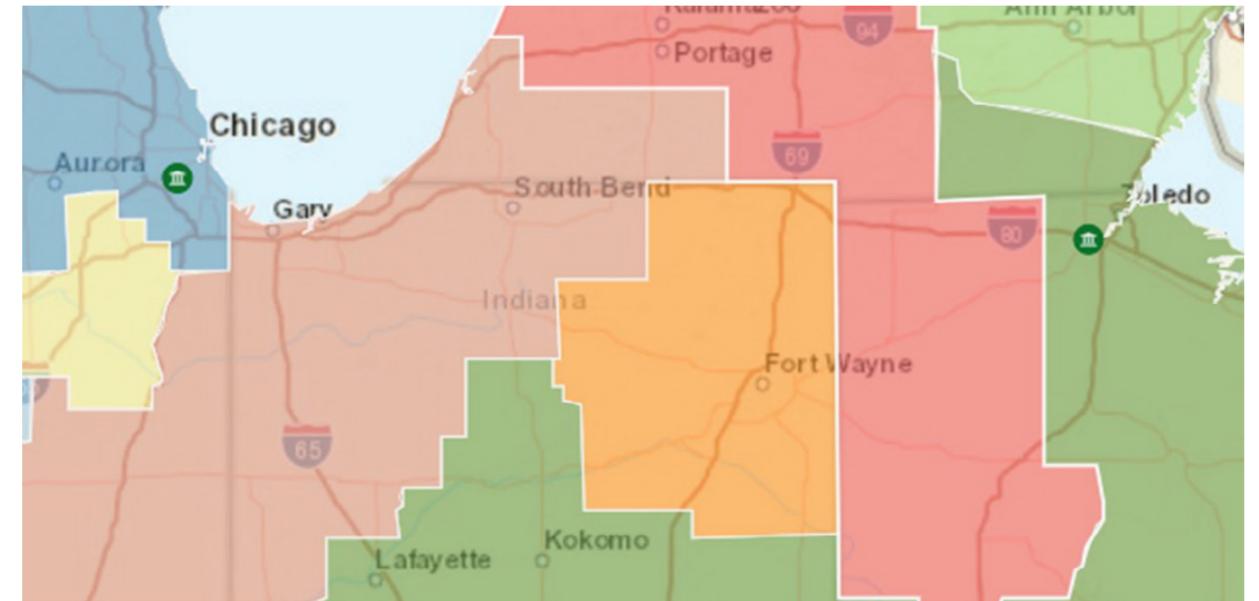
USGSA & AMA Domestic in Michigan and Ohio

### **Eastern Iowa Grain Inspection (EIGIS)**

Predominately AMA and phytosanitary inspections for the Chicago metro area

### **Kankakee Grain Inspection & Champaign-Danville Grain Inspection (CDGID)**

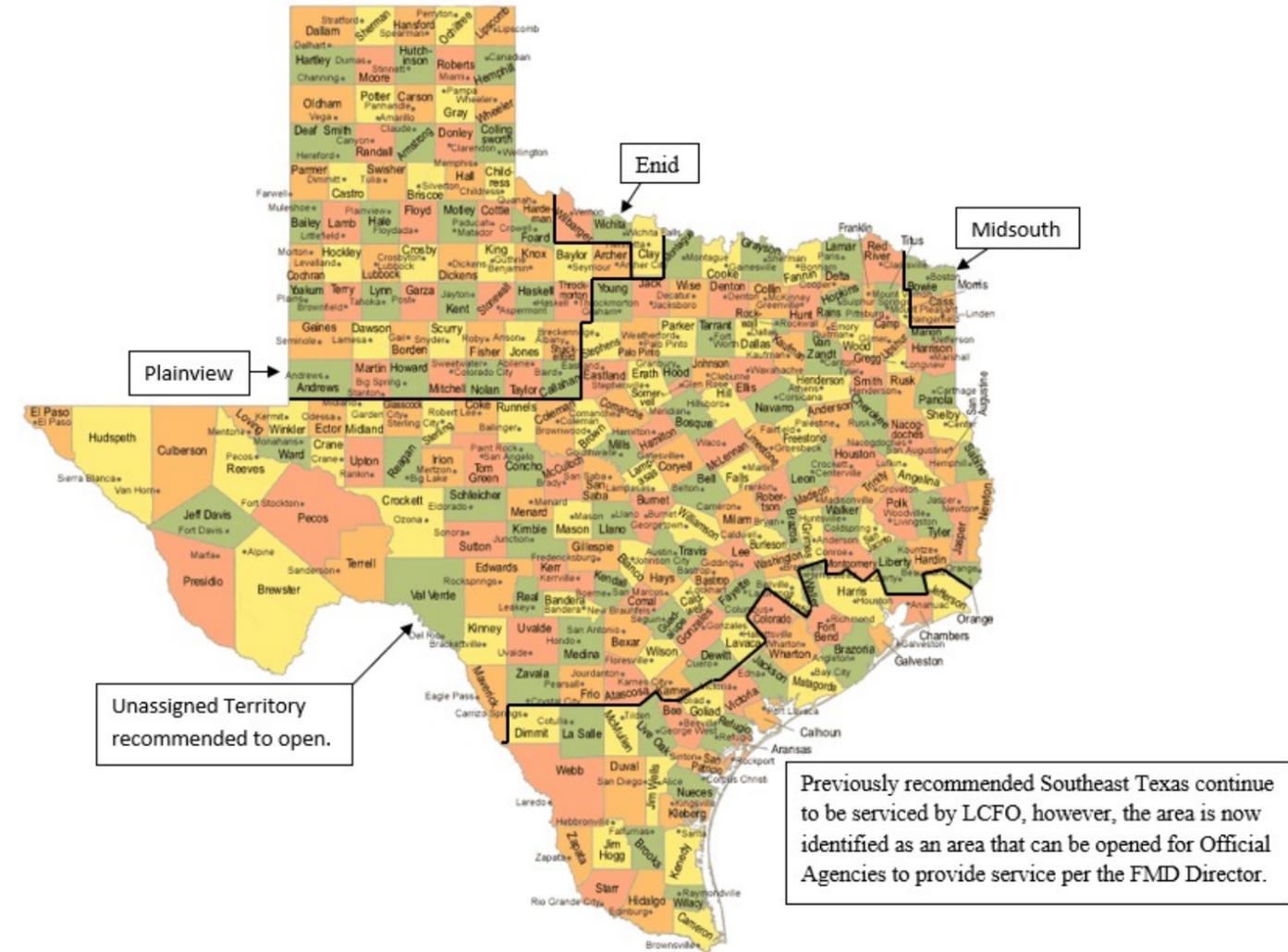
Potential for AMA and phytosanitary inspections for the Chicago metro area



## League City Field Office

Previously unassigned territory in the central part of the state has been opened for designation

Southeastern portion of the state currently being serviced by LCFO is now an area that can be opened for designation of an Official Agency to provide service.





# Technology and Science Division



Agricultural Marketing Service  
U.S. DEPARTMENT OF AGRICULTURE

**WHERE ARE WE TODAY?**

## What is out there?

*grain* VALUE<sup>TM</sup>



RGB with mirror technology for  
~85-90% whole kernel image  
Sweden

Platypus



Indyn  
RGB flat bed scan;  
high resolution camera  
Australia

Videometer



Multispectral imaging; 20  
years exp with seed industry  
Denmark

### Qsorter



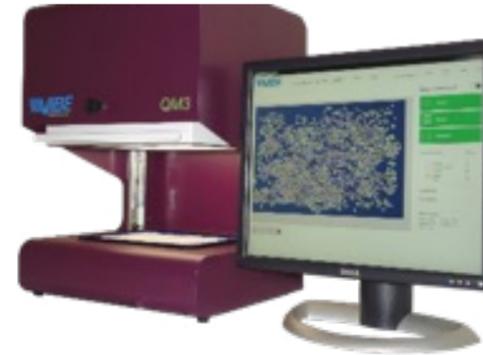
Qualisense  
RGB flat bed scan;  
Switzerland/US

### EyeFoss



FOSS  
3D laser and  
standard 2D RGB  
Denmark

### Vibe Qm3i



VIBE  
RGB flatbed scan  
Israel/US

### ImagoAI

Hyperspectral imaging  
India/US

RGB and NIR  
Canada



NIR and 1241 Test Weight Module



Cgrain: expansion to include rice TBK

Cgrain: feasibility studies with wheat factors



## Collaboration opportunities



- Visual imaging /hyperspectral imaging
- R&D efforts to fine tune instrumentation
- Leverage lessons from projects similar in nature

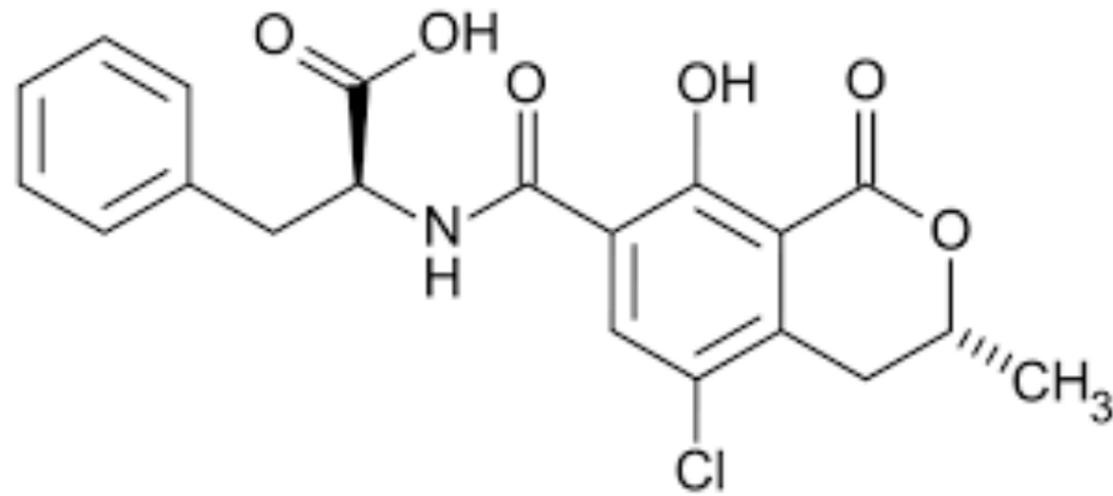
## Ochratoxin A

- 5-year study in 2017  
Survey lots of wheat and barley for OTA
- Evaluated test kits for preloading inspections
- 2018: FGIS sampling and testing to compare against MAFF



## Ochratoxin A

- 456 lots: 86% < 1ppb
- Highest was 5.2ppb
- 301 lots tested by both MAFF and FGIS
  - Results did not align for lots with detections of at least 1ppb
  - **Difference explained by extreme, non-uniform distribution**



## Ochratoxin A

- March 5, 2024 MAFF visit
- Ministry of Health, Labor, and Welfare (MHWL)
  - Will establish maximum level for OTA (5ppb)
  - Wheat and barley



Ministry of Health,  
Labour and Welfare

MAFF acknowledges:

1. OTA has a random distribution
2. Test kits cannot adequately detect below 5ppb

## Ochratoxin A



- Sample preparation
- Grinders, grind size, other preparation methods
- Test kits need to quantify between 2 and 10 ppb
- Reached out to TK manufacturers