

Grain Inspection Advisory Committee

June 16-17, 2010

Summary of Meeting
Embassy Suites Kansas City Plaza

Contents

WELCOME	2
ACCEPTANCE OF NOVEMBER 17-18, 2009, MEETING MINUTES.....	2
REVIEW AND ACCEPTANCE OF JUNE 16-17, 2010, AGENDA	2
MEETING ATTENDEES	2
STATUS OF NEW MEMBERS SELECTION.....	3
NOVEMBER 2009 RESOLUTIONS RECAP.....	4
FGIS 2010 OPERATIONS	5
QUALITY MANAGEMENT PROGRAM & CONTRACT REVIEW PROGRAM	6
INTERNATIONAL PROGRAMS	7
SORGHUM ODOR STUDY UPDATE	8
RAPID TEST PROGRAM FUTURE DIRECTION	9
YAMAMOTO SHELLER STUDY UPDATE	10
FUTURE DIRECTION OF MOISTURE MEASUREMENT TECHNOLOGY	12
FGISONLINE UPDATE	12
NATIONAL GRAIN CENTER.....	14
BAR/GSL UPDATE.....	15
AAR PROGRAM, LAB REQUIREMENTS DIRECTIVE, & AVERAGE QUALITY LOTS	16
WHEAT STANDARDS UPDATE.....	17
APPLICATION OF EXPORT TONNAGE FEES	17
RESOLUTIONS.....	18
APPRECIATION	19
NEXT MEETING.....	19

The U.S. Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternate means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

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.

WELCOME

Tom Bressner, Chairperson, Grain Inspection Advisory Committee (Advisory Committee), opened the meeting with a welcome and introductions.

ACCEPTANCE OF NOVEMBER 17-18, 2009, MEETING MINUTES

The Advisory Committee approved the minutes of the November 17-18, 2009, meeting as presented.

REVIEW AND ACCEPTANCE OF JUNE 16-17, 2010, AGENDA

The Advisory Committee approved the agenda of the June 16-17, 2010, meeting as presented.

MEETING ATTENDEES

Committee Members

Tammy Basel, Vice-President, Women Involved in Farm Economics
Tom Bressner, General Manager, Assumption Cooperative Grain Company
Theresa Cogswell, Consultant/President, BakerCogs, Inc.
Jerry Cope, Commodity Manager, South Dakota Wheat Growers
Tom Dahl, Vice-President, Sioux City Inspection and Weighing Service Company
Warren Duffy, Vice-President/Export Operations, ADM Grain
Mark Hodges, Executive Director, Oklahoma Wheat Commission
Marvin Paulsen, Professor Emeritus, University of Illinois
Jon Stoner, President, Stoner and Sons, Inc.

Alternate Members

Randall R. Deike, Grain Inspection Program Manager, Washington State Department of Agriculture, Grain Inspection Program
Cassie Eigenmann, Marketing Product Manager, DICKEY-john Corporation
Brian King, Manager, Ritter Grain Service
Paul Lautenschlager, General Manager, Beach Coop. Grain Company

GIPSA

David Funk, Associate Director, Technical Services Division TSD, GIPSA
Randall Jones, Deputy Administrator, FGIS, GIPSA
Donald Kendall, Deputy Director, TSD, FGIS, GIPSA
Sharon Lathrop, Program Analyst, Office of the Director, TSD, GIPSA
Bob Lijewski, Director, Field Management Division (FMD), GIPSA
David Lowe, Chairman, Board of Appeals and Review, TSD, GIPSA
Pat McCluskey, Policies, Procedures and Market Analysis Branch FMD, GIPSA
Rick Millerd, Agricultural Commodity Grader, TSD, FGIS, GIPSA
Tom O'Connor, Director, Compliance Division, FGIS, GIPSA

Diane Palecek, Assistant Director, FMD, GIPSA
John Pitchford, Director, Departmental Initiatives and International Affairs, GIPSA
Idelisse Rodriguez, Program Analyst, Office of the Deputy Administrator, GIPSA
Beverly Whalen, PPMAB, FMD, GIPSA
Mark Wooden, Compliance Division, GIPSA

Other Attendees

Vikash Anand, California Agricultural
David Ayers, Champaign Danville Grain
Marty Clements, Steinlite
Rich Flaugh, GSF, Inc.
Mark Fulmer, Lincoln Inspection Service
Carl Hoff, Butte County Rice Growers Association
Mike Johnson, California Agricultural
Jess McCluer, National Grain and Feed Association
Bo Nieters, VICAM
Tom Runyon, Seedboro Equipment Company
Kevin Schnieder, Lincoln Inspection
Jim Stewart, Land by Family Farmer
Roger Vanderkock, DICKEY-john Corporation

STATUS OF NEW MEMBERS SELECTION

Randall Jones, Deputy Administrator, FGIS, GIPSA, briefed the Advisory Committee on the status of selection of new members and the role and importance of the Advisory Committee. The time-frame for applying to become a member of the Advisory Committee was extended until June 24, 2010, to encourage additional ethnic diversity on the Advisory Committee. While the current membership is diverse in terms of the marketplace, the Secretary has asked for additional efforts to increase the ethnic diversity. It was further stated that the Advisory Committee plays a strategic and vital role in FGIS operations and policies and the Secretary of Agriculture's office considers their advice in decision-making.

NOVEMBER 2009 RESOLUTIONS RECAP

Randall Jones, Deputy Administrator, FGIS, GIPSA, provided an update on the status of the resolutions from the November 2009 meeting held in Kansas City.

1. The Advisory Committee recommends that GIPSA put together a multi-regional work group to explore market-driven standardization requirements for the rice industry.

GIPSA established a regional workgroup to address requests to approve an additional rice sheller for use in California on medium and short-grain rice. Details will be provided in the Yamamoto Sheller Study Update presentation.

2. The Advisory Committee recommends to GIPSA that in order to protect the integrity of U.S. grains and related markets, GIPSA should continue to provide world-wide leadership through financial and institutional support to its Laboratory Biotechnology Proficiency Program with the on-going objective to improve the consistency and reliability of testing for the presence of genetically engineered traits. In addition, GIPSA should investigate the means of implementing a fee structure related to participation in its Laboratory Biotechnology Proficiency Program.

GIPSA continued its worldwide leadership in the biotechnology area by expanding the work group staff and participation in the Biotechnology Proficiency Program. There are a number of labs around the world that participate in the free program.

3. The Advisory Committee recommends that GIPSA evaluate the current moisture calibration for high moisture rough rice for accuracy when compared to the air oven reference.

GIPSA evaluated the moisture calibration for high moisture rough rice to determine what, if any, alternatives were available for long-term accuracy. Details will be provided in the Future Direction of Moisture Measurement Technology presentation.

4. The Advisory Committee commends GIPSA for their work with rail scale testing; and recommends that GIPSA work with the Association of American Railroads (AAR) and their member companies to obtain financial assistance with rail scale test car replacement costs; and to provide a summary document describing the work that GIPSA does as the only governmental agency providing rail scale weighing traceable to National Institute of Standards and Technology (NIST) standards.

GIPSA met with the Association of American Railroads (AAR) regarding the financial issues related to the official calibration scale testing services provided. Discussions were held regarding both the annual fee and the need for assistance in replacing one railcar. The current annual fee of \$80,000, which dates back to the early 1980s, does not recover GIPSA's costs, which are about \$160,000 per year. GIPSA was able to reach an agreement with AAR regarding the donation of a railcar and to address cost recovery for the next decade. Details will be provided in the Funding for AAR Program, FGIS Lab Requirements-New Directive, and Average Quality Lots presentation.

5. The Advisory Committee recognizes that market dynamics are affecting GIPSA's ability to fairly and equitably allocate costs. Therefore, the Advisory Committee recommends that GIPSA provide a more complete explanation of how overhead costs (e.g., Washington, DC costs) are allocated to the 520 Program vs. the 530 Program across all field offices.

GIPSA will provide an explanation on how overhead costs are allocated to the 520 program in the Application of Export Tonnage Fee presentation.

FGIS 2010 OPERATIONS

Randall Jones, Deputy Administrator, FGIS, GIPSA, gave a general overview of FGIS operations for the last few months focusing on services in Canada, corn-soy blend testing, and a market overview.

FGIS operations in Canada are unique. The Grain Standards Act (GSA) allows FGIS inspections on U.S. grains moving along the St. Lawrence Seaway, provided the grain is not comingled with non-U.S. grain. This service is voluntary, FGIS only provides weighing, inspection, and shiphold inspections upon request. In 1978 FGIS entered into a Memorandum of Understanding with the Canadian Grain Commission (CGC) that established the terms and conditions for FGIS to enter Canada to provide services. At this time FGIS stationed staff in Canada. In 2006 FGIS closed its Canadian office and the CGC provided service for us. However, in 2009 the CGC determined it was no longer able to provide services for FGIS. Beginning January 1, 2010, FGIS began providing services from our Toledo field office. As there is little traffic on the St. Lawrence Seaway at that time, it allowed FGIS time to position operations to accomplish the services. FGIS officials met with various Canadian stakeholders and industry to explain the changes. Cost-wise, FGIS does not expect much difference for customers as the travel expenses are offset by FGIS' lower than CGC hourly rate. However, the space at the export facilities that was used by CGC does not meet FGIS policy and must be addressed. Most services are provided October through December.

Next, recent work on sampling and inspecting corn-soy blend for the Farm Service Agency (FSA) of USAID shipments was explained. FSA, with USAID, buys a large number of commodities to donate to countries around the world. Until the late 1990s, FGIS provided extensive testing on these products. In the late 1990s, FSA decided it no longer required governmental sampling and testing. However, in the last 2 to 3 years some poor quality products were received by other countries so FSA and USAID have brought FGIS back into testing and sampling for corn-soy blend products. The corn-soy blend products are produced by three companies, official agencies provide the sampling service, and plans and samples are analyzed for various tests according to the FSA contact in Kansas City. A critical issue for FSA was the turnaround time on test results; FSA and GIPSA agreed to 5 business days as an acceptable turnaround time. In terms of test results, one issue observed has been bacteria testing, where several lots were rejected due to exceeding the threshold allowed. There is a lot of discussion within USDA on whether or not to continue government testing at this time. FGIS' expectation is that there will be more testing in the future.

Last, market overview data was presented that showed all export services are up 12 percent from last year. In addition, this year's exports are up from the 5-year average. FGIS currently projects 2010 to be the third highest export inspection volume since 1996. The increase at FGIS is primarily driven by an increase in soybean shipments, mostly through FGIS' League City field office. U.S. competitors, Argentina and Brazil, had a bad crop year, so China is buying more from the United States. Graphs depicting the various aspects of export grain inspections and historical overview of export inspections were presented.

It was also noted that domestic grain inspections increased about 12 percent, mostly driven by corn production and use in the United States. As these inspections are voluntary, it is a good indicator of industry's perceived value of FGIS services and the official inspection system. An additional point was stated that the future pulsed commodities market appears positive, with the industry requesting FGIS to open another office.

QUALITY MANAGEMENT PROGRAM & CONTRACT REVIEW PROGRAM

Tom O'Connor, Director, Compliance Division, FGIS, GIPSA, provided an update on the Compliance Division's Quality Management Program, Contract Review Program, and Exception Programs.

Mr. O'Connor provided background information on the strategic drivers guiding the development and implementation of the Quality Management Program (QMP). He reported that the program is now fully operational and the Compliance Division will begin its first audits under the QMP in July. Mr. O'Connor also talked about efforts underway within the Compliance Division to update internal policies and procedures in light of implementation of the QMP, including the development of a standardized audit checklist.

Mr. O'Connor briefed the Advisory Committee on the background and status of the so-called Contract Review program. He explained that the program is designed specifically to compare loading instructions provided to FGIS to the actual contract to ensure consistency, similar to a program FGIS had in the early 1980s. Mr. O'Connor summarized the results to date and noted that the program is scheduled to run through September 2010. He stated that GIPSA will evaluate the data at the end of the program to determine if it should be continued in its current form or modified in some fashion.

Mr. O'Connor also stated that the Compliance Division is undertaking a comprehensive review of its policies governing implementation of the so-called Exceptions Program, which provides for the use of another agency from the one designated to provide service under certain conditions. He provided a brief history of the program and explained the three types of exceptions that GIPSA may grant. While the review is not yet complete, Mr. O'Connor discussed several changes to the Exception Program that have so far been identified. He said that GIPSA expects to complete its review in the near future. At that time, the Compliance Division will inform stakeholders regarding the changes.

INTERNATIONAL PROGRAMS

John Pitchford, Director, Departmental Initiatives and International Affairs, FGIS, GIPSA, provided an update on discrepancies (complaints), the China Soybean Memorandum of Understanding (MOU), the Korean Corn Sampling Project, long-term assignments to Asia, and two new government initiatives – the Civilian Response Corps and the National Export Initiative.

FGIS has received a higher than normal number of complaints in the past 2 years. Last year the major issue was due to corn quality, this year the complaints are higher due to alleged treated soybeans in shipments to China, which accounts for 52 percent of this year's complaints. In 2009 a large number of corn complaints were from Korea, Japan, and Taiwan. While there are no formal complaints from these countries this year, they are still dissatisfied and complaining informally. Korea continued to express concerns about broken corn and foreign material (BCFM), corn damage, and moisture in U.S. corn shipments. A joint monitoring project between the Korean Feed Association and the North American Export Grain Association (NAEGA) agreement was reached. FGIS will assist in this project with sampling at loading and destination and monitoring moisture, test weight, and BCFM.

In the last few years China has complained about treated soybeans in their shipments, however, FGIS has not been able to document. About a year ago, China's Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) met with FGIS to discuss soybean quality issues. China requested an MOU to address their quality concerns; however, the draft they provided was broader than treated soybeans or FGIS purview. FGIS revised the draft and offered a cargo monitoring program. Unfortunately, China insisted they could not agree to a cargo sampling study without the more overreaching MOU. China presented FGIS a new draft MOU in May. At a meeting with the U.S. Undersecretary for Farm and Foreign Agriculture Services, China agreed to further discussion on technical issues and will meet in late July to continue dialog.

FGIS has received good feedback on the long-term assignments in Asia program. Having an FGIS employee stationed in the area to work with customers in responding to emerging issues on-the-spot is an advantage of the program. The most recent assignment lasted 7 weeks, ending in June 2010. During this assignment, FGIS visited seven countries, participated in conferences, and presented a corn grading seminar. FGIS hopes to continue this program later this year and next. The ability to do so largely depends on funding. Issues raised during assignments in Asia include an increased demand for Distillers Dried Grains with Solubles (DDGS) standards, mycotoxins, corn containers out of condition and not uniform, and soybean quality.

There are two new governmental programs. The first, the Civilian Response Corp, is one with which FGIS is not directly involved. This program was authorized by Congress in 2009 and is a plan to provide U.S. government personnel, for stabilization and reconstruction efforts, a more proactive and structured approach. Under this program, a Board made up of representatives from several agencies will try to recruit a cadre of USDA employees that could be deployed as needed. This approach is a whole government approach to tap into expertise for this kind of initiative.

The second new governmental program is the National Export Initiative. The President announced last January a goal to double U.S. exports in the next 5 years to support new jobs. This is an export promotion strategy not limited to agricultural exports. This initiative created an export promotion cabinet focusing on expanding trade advocacy, educating companies on opportunities, enhancing access to credit, and removing trade barriers.

FGIS is planning on discontinuing offering StarLink testing in corn by sending a letter of notice to the industry. FGIS believes this is the time to discontinue offering StarLink testing as an official service. Official agencies will be able to offer on an unofficial basis. There are no longer any countries that require this testing, nor are there any U.S. regulatory guidelines that require it.

Finally, late last week, Europe removed the emergency measure on testing U.S. rice exports for the Liberty Link trait. European member states were still urged to monitor as they deem appropriate, but it is not a requirement. This removes the stigma from U.S. rice.

SORGHUM ODOR STUDY UPDATE

Don Kendall, Acting Director, TSD, FGIS, GIPSA, provided an overview of the Sorghum Odor Study. Consistent interpretation and application of the sorghum odor line has been a recurring problem within the official inspection system for many years. One issue is that what is acceptable to one industry is not acceptable to another. The goal of the project is to find a reproducible standardized process that can be used to calibrate inspectors.

The high price of corn and soybeans in 2008 grains resulted in an increased demand for sorghum, particularly in the export markets. In November 2008 GIPSA surveyed 62 individuals from 26 companies across 5 States with respect to sorghum odor. Following a report of this survey, in December 2008, the Advisory Committee recommended GIPSA conduct a review of the determination of odors in sorghum and create a taskforce, including representatives from a cross section of the industry. In April 2009 GIPSA convened the taskforce and reported the results at the next Advisory Committee meeting. In June 2009 the Advisory Committee recommended GIPSA reconvene the taskforce and continue to explore establishing appropriate odor thresholds for sorghum. In July 2009 GIPSA initiated an agreement with Dr. Chambers, an internationally recognized expert in sensory determinations and professor at the Kansas State University, to develop reproducible standards for odor determination.

Dr. Chambers has conducted studies and identified a number of chemical constituents that may be uniquely associated with odors such as sour and musty, and even further definitions of musty such as earth musty, storage musty, etc. This project will continue into 2012 with the following expected outcomes:

- Chemicals will be identified that are associated with specific odors.
- Chemical “cocktails” will be developed for each of the odors.
- Stability studies will be conducted to determine appropriate storage conditions to

- maintain the integrity of the chemical cocktails.
- Procedures for preparing standard samples will be developed.
- Procedures will be developed for training inspectors such that the official inspection system can provide more consistent and reliable assessment of odors in sorghum.

One issue with a chemical “cocktail” as a standard is potential safety concerns. Preliminary results received from Dr. Chambers indicated some hazardous chemicals related to mustiness. Another issue is FGIS would need to determine how to produce, handle, store, and maintain the chemical “cocktail”. Another issue to be addressed is the desensitization of inspectors to odor over time and due to environmental conditions.

RAPID TEST PROGRAM FUTURE DIRECTION

Don Kendall, Acting Director, TSD, FGIS, GIPSA, provided information on FGIS’ rapid test evaluation program. In the early 1990s GIPSA initiated a program to incorporate new technologies for aflatoxin analyses in the official inspection system. Thin-Layer Chromatography was the method used to determine aflatoxins in grain, but the method was relatively difficult, required the use of dangerous chemicals, and had to be conducted in a laboratory environment. Applications using the Enzyme-Linked Immunosorbant Assay (ELISA) technology for determining aflatoxins in grain were developed, and FGIS quickly recognized the advantages offered by this technology. As a result, performance criteria were developed, and tests that met FGIS criteria received a Certificate of Conformance (COC). At that time, the COC was a lifetime approval and FGIS was only interested in ELISA tests for aflatoxins. In addition, there were three primary manufacturers marketing ELISA tests for aflatoxins. Over the next 20 years this program developed in the following areas:

- The number of mycotoxins of interest expanded from one (aflatoxins) to five (aflatoxins, DON, fumonisins, zearalenone, and ochratoxin A).
- The number of manufacturers of mycotoxin kits expanded from three to thirteen.
- Tests for unique proteins produced as a result of genetic engineering were added to the program, with the establishment of Certificates of Performance (COP).
- The number of manufacturers of protein tests expanded to six.
- A 3 year expiration was established for all COCs and COPs.
- A fee was established, to be paid by the manufacturer, for all rapid tests submitted for evaluation.
- The number of rapid tests submitted for evaluation grew from 3 in 2000 to 48 in 2008.

Due to competing demands and the large number of tests submitted for evaluation, GIPSA suspended the rapid test evaluation program in 2009, pending a review of the program. As it is difficult to market these tests in the U.S. without certification, FGIS either extended COC’s and COP’s for approved rapid tests or issued temporary COP’s for those rapid tests that performed in accordance with manufacturer claims based on the data submitted by the manufacturer. While there is another entity that provides this service, their cost is about \$25,000 and takes 6 to 9 months to complete compared to FGIS’ \$600 to \$900 fee for about a 30 day turnaround.

GIPSA plans to revise the program and re-implement the revised program in October 2010 with the following general changes:

- The criteria will be reviewed and/or revised for both the COC and the COP.
- A schedule for submission of rapid tests will be developed such that GIPSA can better manage the workload.
- Fees will be revised to capture all costs associated with the evaluation of rapid tests.
- The check sample program will be replaced with a monitoring program that will enable GIPSA to track the performance of the tests in field use and identify any problems or potential problems more quickly.

YAMAMOTO SHELLER STUDY UPDATE

Dave Funk, Associate Director, TSD, FGIS, GIPSA, provided an update on GIPSA's Yamamoto Rice Sheller study, including background, study issues, and results obtained. Historically, Head Rice Yield (HRY) is one of the most important rough rice quality factors because it describes the achievable yield of unbroken milled rice kernels from a lot of rough rice. Determining HRY is difficult because it depends on two steps, shelling and milling, to simulate commercial rice mills. Currently, the GrainMan (also McGill) sheller is the officially approved rice sheller. The California rice industry has been using the Yamamoto rice sheller with good results and has encountered lower maintenance costs with it than with the approved sheller model. The California Rice Commission has requested that GIPSA approve the Yamamoto sheller in place of the GrainMan/McGill sheller for California-production Medium Grain and Short Grain rice.

GIPSA initially resisted pursuing approval of the Yamamoto sheller because previous evaluation tests had demonstrated conclusively that it did not give results that were equivalent to those of the GrainMan sheller—especially for Long Grain rice. Therefore, it did not appear to be suitable for use in the Southern production regions that predominantly grow Long Grain rice. At a meeting subsequent to the 2009 Advisory Committee meeting, rice industry stakeholders confirmed to GIPSA top management that it was acceptable to the rice industry to specify different inspection processes and equipment for Southern and California production areas. With that assurance, GIPSA proceeded to design and conduct experiments to evaluate the suitability of the Yamamoto sheller for official inspection and to quantify the differences between the Yamamoto and GrainMan shellers for Short Grain and Medium Grain rice.

The first phase of the testing involved reviewing the mechanical characteristics of the Yamamoto sheller, establishing standardization processes, and validating standardization processes by testing the reproducibility of two Yamamoto shellers. GIPSA engineers' review identified several mechanical and electrical design weaknesses, which the manufacturer agreed to rectify. After determining means of standardizing the adjustable settings on the Yamamoto sheller, GIPSA performed multiple tests of two Medium Grain rice samples (one high HRY and one low HRY) on two Yamamoto shellers and one GrainMan sheller. (All shelled portions were subsequently milled with the same GrainMan miller.) All intermediate results (such as hull weight, brown rice brokens, etc.) were recorded for all tests. The results of the tests showed that the mean HRY values for the two Yamamoto shellers were not significantly different, but the Yamamoto results were 1 percent to 2 percent lower than the GrainMan results.

The goal of the second phase of testing was to carefully quantify the differences between the Yamamoto and GrainMan shellers over a wide range of rice conditions—varieties, HRY, and moisture content. California mills were very responsive to the request for relevant samples. GIPSA received 105 Medium Grain and 14 Short Grain rice samples. GIPSA tested 68 Medium Grain rice samples at as-received moisture levels, retested 28 of those samples after gently drying them to approximately 10.5 percent moisture, and retested 10 samples on a second Yamamoto sheller to further quantify the reproducibility of the model. GIPSA tested 10 Short Grain rice samples. The final tests were completed on May 28, 2010.

Comparison of the sheller outputs for the Yamamoto and GrainMan shellers showed large consistent differences, with percent Paddy in Brown Rice consistently lower for the Yamamoto than for the GrainMan and percent Brown Rice Brokens consistently higher for the Yamamoto. However, the more significant milled rice result, HRY, showed much smaller relative differences between the two sheller types. Apparently, more of the fissured kernels (that would break eventually) break during the shelling operation with the Yamamoto, and those that don't break during the shelling operation with the GrainMan subsequently break during the milling operation.

Nonetheless, there are statistically significant differences in HRY for the Yamamoto and GrainMan shellers. For Medium Grain rice, mean HRY is lower for the Yamamoto sheller than for the GrainMan by about 0.5 percent. For Short Grain rice, the HRY values are higher for the Yamamoto than for the GrainMan by about 1.0 percent. Since the results on Short Grain rice were surprising and on a limited sample set, GIPSA may consider additional testing in that area. GIPSA (with rice industry stakeholder input) will have to decide whether these differences are too large to approve the Yamamoto sheller as the official replacement for the GrainMan sheller for California-production Medium Grain and Short Grain rice.

The study of the moisture sensitivity of the shellers showed some surprising results. Both the Yamamoto and GrainMan shellers showed dramatic increases in HRY for dried samples. For removal of about 4 percent moisture (14% -> 10%), the HRY increased by about 6 percent. The GrainMan seemed to be slightly more affected by moisture change than the Yamamoto sheller. The final test of reproducibility of the two Yamamoto shellers (with ten samples) showed very good consistency in HRY between the new unit and the older unit.

GIPSA requested prompt feedback from rice industry stakeholders on the results of this evaluation to be able to make a decision whether to approve the Yamamoto sheller (to replace the GrainMan sheller) for California-production Medium Grain and Short Grain rice for the 2010 rice harvest.

FUTURE DIRECTION OF MOISTURE MEASUREMENT TECHNOLOGY

Dave Funk, Associate Director, TSD, FGIS, GIPSA, provided information on the future direction of moisture meter technology for FGIS. At the November 2009 Advisory Committee meeting, concern was expressed about the accuracy of official rice moisture measurements, and a resolution was passed requesting that GIPSA evaluate said accuracy. GIPSA, in fact, conducts an extensive calibration accuracy review for each crop year; its review of rice moisture calibrations did indicate some problems that appeared to be related to 2009 crop conditions. The accuracy of corn moisture measurements for the 2009 crop was also troublesome because of low test weight. Unfortunately, neither the Long Grain rice calibration nor the corn calibration can be significantly improved because of the fundamental limitations of the technology that is being employed.

The current official moisture meter, the GAC 2100, has served the official system very well in most respects, however it suffers from some limitations that are not correctable without changing basic measurement technology. During the last 13 years since the Agency last selected new official moisture measurement technology, there have been significant advancements that offer improved accuracy, better stability over time and crop conditions, easier calibration maintenance, and reduced support cost that would promote competition among multiple suppliers of official moisture meters.

Numerous factors suggest that GIPSA should immediately begin the multi-year process of selecting and implementing new official moisture measurement technology. To delay may result in the official system being trapped in a "technology rut" for decades as it was with the Motomco 919. GIPSA also expects in the next few years to deplete its expertise in this arena through retirements. If there is an Agency decision to begin this process, GIPSA and the grain industry it supports, could benefit from new official moisture measurement technology by as early as May 2013.

FGISONLINE UPDATE

Diane Palecek, Assistant Director, FOSS, FMD, FGIS, GIPSA, updated the Advisory Committee on the status of FGISonline. Recent applications deployed are Inspection, Testing, and Weighing (ITW), Quality Assurance and Control (QAS), and FGIS Official Service Provider Licensing (FOL). While all service providers are required to use FOL for their licensing activities, ITW and QAC are being gradually implemented.

Prior to deployment of ITW, FGIS purchased computers for export with widescreen monitors for viewing CuSum logs. These computers have two drives with redundant array of independent disks, allowing one drive to mirror all of the keystrokes performed on the other. In this manner, if the primary drive crashes, the computer may switch to the second drive to continue without data loss. In addition, in order to address communication issues, T1 lines were installed in New Orleans locations and FGIS is in the process of replacing old CuSum computers for weight events logs. The ITW was released in April 2010 after training in New Orleans. Training in League City and Toledo have since been initiated. FGIS is recommending using the distributed version of ITW to reduce dependency on internet connection and servers. ITW was deployed at one

elevator in Destrehan earlier this week, with roll out to additional export locations in New Orleans to evaluate performance and workload permitting. It will eventually be available for official agencies at export. The ITW does more than CuSum, service providers can enter other types of inspection results such as submits. While ITW is required for shiplot inspections, it is optional for other types of testing. The ITW is not yet ready to handle CuSum rail inspections.

The QAC was released in March 2010 only for official agencies assigned to FOSS. There is an enhancement in queue to make it available for all service providers at some time in the future. The QAC is a database of monitoring, corrective actions, opinions, Over-the-shoulder (OTS), performance appraisals, referees, and complaints (domestic and foreign). This module is unique in that it has an early alert bulletin board that allows quality assurance staff to post notices about quality or potential quality issues on the bulletin board and distribute to whatever locations desired.

The application also allows FGIS to set random stratified sampling rates. The previous system requested one percent of samples each day based on numbers. Under that system, a lot of U.S. No. 1 samples with no issues are reviewed, consuming a lot of FGIS resources on non-issues. The new system allows sampling rates to be set at various levels for the grades assigned. Each night the QAC will randomly select from the IDW, from uploaded records, and automatically generate an email to the various service providers on what and where to send samples. Currently this email is to one mailbox identified for the service provider, but an enhancement is in the queue to allow multiple mailboxes. The system allows for both targeted (based on records already in IDW) and flagged (profile established and samples selected each night from what entered that meets that criteria) basis, providing a great deal of flexibility.

The FOL was released in March 2010 and is currently used by all official agencies for their licensing activities. The program allows for requesting a licensing, taking the written test, allows proctors to enter results of practical examines and, once all criteria is met, will automatically issue the license certificate so the certificate can be immediately printed. This program is used by many of the other FGISonline applications.

Equipment capability testing has been available since 2008, but is not yet mandatory. All locations are using it to some extent. This application provides a huge benefit by letting personnel know immediately whether an instrument passed or failed the checktest. It is a database for all types of lab equipment, scales, and mechanical samplers.

The Certificates application has been in use since 2007. A distributed version was made available to service providers for use when their internet connection is down or the FGISonline server is unavailable. FGIS recommends use of the server version if possible, with the distributed version as a backup. All field offices and 36 official agencies currently use this application.

The Inspection Data Warehouse (IDW) has also been in use since 2007. The latest development is the addition of tonnage and supervision fee billing functions in 2010. The IDW is currently being parallel tested with current billing process from the FGIS Grain Inspection and Weighing Information System (GIWIS) and the Export Grain

Information System (EGIS) to ensure the systems match. Eventually, FGIS will shut down GWIS and EGIS. FGIS is currently working on the export record compilation to replace EGIS.

Many users enter information into FGISonline applications. There are about 20 reports used by headquarters personnel to monitor grain quality currently available. However, there are a lot of additional report requirements that have not yet been written. There are approximately 25 QAC reports in development, plus 3 new IDW reports submitted. An additional request is for the capability of generating ad hoc reports. Projected time frame for developing is 6 to 8 months.

Future needs are for a record archiving strategy to be developed and implemented. The system is growing by 3,000 to 5,000 records daily. In addition, application development, maintenance, and support responsibilities will transition from the contractor to GIPSA's Information Technology Staff on October 1, 2010.

NATIONAL GRAIN CENTER

Don Kendall, Acting Director, TSD, FGIS, GIPSA, provided an update on the National Grain Center construction project. In 2003 GIPSA made the decision to move toward centralized monitoring as a process for improving the consistency of grain inspection and reducing the costs associated with oversight activities. As a result, and with the anticipation of increased staff, GIPSA started planning for the consolidation of these activities in Kansas City. In 2006, GIPSA requested the General Services Administration (GSA) acquire expanded space to include the following:

- An increase in space from 34,842 square feet to 47,050 square feet.
- A significant increase in training and meeting space.
- An increase in personnel from 70 to 110.
- The co-location of staff from FGIS' Technical Services Division, Field Management Division, Compliance Division, and the Information Technology staff.

GSA agreed to provide the space for GIPSA and estimated occupancy of the new space in April 2008. In 2007 the current building owner was selected as the lessor for the new space. Based on the lessor's proposal, the new space was to be developed in the following sequence:

Phase 1: Build a 24,000 square foot facility adjacent to the existing facility. The majority of operations would be moved from the existing facility to the new facility. Phase I is expected to be ready for occupancy in early 2011.

Phase 2: completely renovate the upper floor of the existing facility. After completing the renovation, select operations that had been temporarily moved to the new facility would be relocated to the renovated space. Phase 2 is expected to be ready for occupancy in the summer of 2011.

Phase 3: Renovate a portion of the lower floor to accommodate GIPSA staff. After completing the renovation of the lower floor, select operations that had been temporarily moved to the new facility would be relocated to the renovated space. Phase 3 is expected to be ready for occupancy late 2011.

While still in the planning stages, the lessor started construction on the new building shell, which was completed in 2008. After numerous delays with regards to mechanical, electrical, and plumbing plans, GSA issued a Notice to Procedure to the lessor in April 2010. In the meantime, the lessor filed a claim for damages against GSA requesting payment of a substantial amount of money resulting in project delays caused by the government. Furthermore, the lessor refused to initiate any additional construction until the claim for damages had been resolved. GIPSA has met with GSA on several occasions and is assisting in development of documentation to refute the lessor's claims for damages. Negotiations with the lessor are expected to start by the end of June 2010, with the hope that the issues will be resolved within 2 months. Construction delays are impacting implementation of centralization plans.

BAR/GSL UPDATE

David Lowe, Leader, Subjective Analysis and Board Appeals, TSD, FGIS, GIPSA, explained the functions of the Board of Appeals and Review (BAR) and the Grading Services Lab (GSL). Both the BAR and GSL are part of the Technical Services Division. The BAR is the subjective grading reference, and as such monitors and trains the GSL. The GSL performs the national monitoring for the field offices closed and supervises agencies under FOSS. The GSL generates the monitoring data and Quality Assurance & Control (QAC) analyzes it. In addition to the FOSS-assigned agencies, the GSL provides monitoring services for two agencies under the Grand Forks field office. The GSL is limited in what additional service areas it can add until the National Grain Center is completed. The GSL currently consists of one leader, five inspectors, one technician, and one part-time clerk. Once the National Grain Center is complete, the GSL will assume responsibilities for additional territories and increase staffing.

Most of the qualified people applying for GSL positions are licensed inspectors. While GIPSA is fortunate to obtain qualified inspectors, their expertise is based on the area of the country from where they worked. The average years of experience for the GSL staff are 20 years. The GSL must supervise all grains and commodities in the official system. New GSL inspectors are immediately placed on an extensive training program provided by the BAR. This program requires approximately 3 years for the GSL inspector to become proficient in all grains and commodities. About 99 percent of the GSL work is national monitoring. An applicant needs to love grading grain as most of their time is spent at the desk. For agencies that are monitored by FOSS, the GSL provides the appeal service. When the GSL workload permits, GSL staff assists the BAR with licensing and training seminars. Due to the complexity of wheat classing, all GSL monitoring that shows a potential issue in Wheat of Other Classes (WOCL) must have the GSL separation reviewed by the BAR.

The BAR consists of the Chair, six members, and the shared part-time data clerk. The average years of experience for the BAR staff are 25 years. The BAR staff is a mixture of FGIS and licensed inspectors and is a mixture of interior and export experience. The primary responsibilities of the BAR are Board appeals, foreign complaints, opinions, step/proficiency samples, training, licensing, and SIMS. In addition, the BAR does all Pacific Northwest wheat monitoring as the GSL is not currently proficient in this area yet.

The BAR self-monitors every day through the requirement of consensus results for opinion samples, multiple BAR members for grading Board appeals, and separation sharing on an ongoing basis to ensure consistency and accuracy. The BAR also assists the GSL during periods of high workload.

AAR PROGRAM, LAB REQUIREMENTS DIRECTIVE, AND AVERAGE QUALITY LOTS

Bob Lijewski, Director, FMD, FGIS, GIPSA, discussed the Association of American Railroads (AAR) program, FGIS lab requirements directive, and average quality lots. Since 1980 FGIS has operated the master scale depot that services the AAR. In the last 24 years, FGIS has not had a fee increase. The expenses of the program far exceed the revenue generated.

FGIS approached the AAR with a request to cover FGIS costs, approximately \$160,000 annually, and for assistance in obtaining a second railcar that can be used for scale testing (FGIS bought one new car) as the current cars will no longer be moved by the railroad. Negotiations were initiated a year ago, and were initially met with resentment by the AAR. The AAR offered a total of \$1.83 million over the next 10 years, but only \$89,600 this year. FGIS countered that we would provide \$89,600 worth of service. The AAR revised its offer of \$1.83 million over the next 10 years, with increases of 25 percent, 20 percent, 15 percent, etc., plus offered to furnish a used railcar that FGIS could retrofit and provide a portion of the cost to retrofit. FGIS accepted this offer.

In March 2010 FGIS published a directive to address FGIS Lab requirements at elevators. This directive was initiated at Mr. Butler's, GIPSA Administrator, request due to the condition of labs he visited. The expectation is that lab space provided to FGIS be adequate for the testing performing, free of rodent infestations, properly lighted, and in a safe location. One of the biggest requirements in the policy is that facility owners must provide space at least 100 feet from the base of the headhouse and truck dumps to remove our staff from potentially hazardous areas.

FGIS labs in elevators along the Great Lakes are currently still in the headhouse, with the sampling room on top of the headhouse. FGIS is looking for samples to be delivered to the inspection house and remove our personnel from the headhouse. Facility owners are responsible for providing the appropriate space. FGIS staff needs space for a shift supervisor and a break room. Lighting and pest management is also the responsibility of the facility owner. Requirements include a networking closet and appropriate technology. When the elevator upgrades their system, the same quality must be provided to FGIS. The field office manager will assemble a team to visit each facility; examine to see if requirements are met, than document and report deficiencies to both FGIS and the facility owner. If changes are not made in an appropriate time frame, FGIS could withhold services due to the lack of a safe environment to perform services.

FGIS has received numerous requests for clarification on average quality lots. FMD has determined the Cu-Sum (Book III) needs revised to clarify average quality. FGIS has posted a policy document (internal) for the interim. Average quality is a variation of CuSum. Some items in a lot do not meet grade. Average quality was originally approved in early 1990 and was limited to one factor. It has evolved to more contracts and all

factors. FGIS needs to address what the limitations are for average quality lots. CuSum is a statistical loading plan with some variances in loading. Under average quality, there are no break points or material portions; as long as the average at the end of the ship meets grade, it is acceptable under average quality. This does not apply to class or aflatoxin (since aflatoxin falls with sample grade factors).

FGIS asked field offices for projected staffing needs in the next 5 to 6 for succession planning. In 2010 FGIS projects hiring about 30 Agricultural Commodity Graders (ACGs). This recruitment will target college graduates to go through a comprehensive training program. In the next 5 years, FGIS projects there will be approximately 91 new ACGs and 76 new Agricultural Commodity Technicians.

WHEAT STANDARDS UPDATE

Pat McCluskey, Agricultural Marketing Specialist, PPMAB, FMD, FGIS, GIPSA, provided updates regarding wheat standards, stating that the U.S. Standards for Wheat are under review and reminded the audience about the timeline for public rulemaking, which can take nearly 3 years at a minimum to complete. GIPSA published an Advance Notice of Proposed Rulemaking (ANPR) November 27, 2009, and received 14 submitted comments. Also discussed were the comments, categorizing them as not germane to the ANPR, germane to the ANPR and the regulations, and germane to the ANPR but not to the regulations. GIPSA provided the current status of the rulemaking and next steps. Interspersed in the presentation were pictures of international uses of U.S. wheat, to remind the audience that international customers are 50 percent of a wheat producer's customer base, and as such, are just as welcome to offer comments on rulemaking as domestic stakeholders.

APPLICATION OF EXPORT TONNAGE FEES

Randall Jones, Deputy Administrator, FGIS, GIPSA, provided an overview of the Export Tonnage Fee. While most services to customers are recouped through user fees, there are indirect costs that are not recovered. The tonnage fee was initially implemented in 1996 with three components, the hourly rate for direct labor costs, the unit test or service rate, and the metric ton administrative charge to recover indirect costs in the field offices and headquarters.

FGIS likes to review its fees about every 5 years; we are beginning to look at our export services to determine if covering costs or if there is better method for generating fees. Stakeholders can have significant input into how fees are structured.

For 1996 to 2004, the tonnage fee was tiered based on how much was exported. In 2004, FGIS changed to a tonnage fee based on cost for a particular area or region. In establishing a tonnage fee, FGIS has to make some presumptions on expected export tonnage. If FGIS over-predicts future tonnage, costs are not covered, if FGIS under-predicts future tonnage, more funds than required are collected.

The current system is based on costs, so areas that are under contract have lower costs in that region as served at contract rate, as opposed to areas that provide all services at the non-contract rate. There are some differences in how fees are collected from States, such as Washington, which provide export services but are charged the normal official agency oversight rate. FGIS wants to ensure that the system used is fair, not favoring exports from one site over another due to the FGIS tonnage fee.

There are some areas that are not currently charged a tonnage fee, such as Canadian exports and containerized shipments. Those areas need to be reviewed. In the early 1980s it was decided that land shipments to Canada or Mexico would not be included, and there is currently no interest in reviewing that decision.

Since last November, FGIS has visited with stakeholders including Washington State, NAEGA, and AAGIWA. Any changes to the fee structure need to be designed with their input. It is apparent that the current system needs to be adjusted. The desire is for FGIS to improve its allocation of costs (i.e., workman's compensation) to field offices. Clarity on the fees and how they are set was requested. FGIS is requesting input from the Advisory Committee on how to move forward as this process will set in motion what FGIS will charge for the next 5 years.

RESOLUTIONS

1. The Advisory Committee recommends that GIPSA/FGIS move forward with expediency to determine the feasibility and selection of a new federal standard moisture measurement technology and/or instrument(s), for use in the official system.
2. To follow up on the President's National Export Initiative of doubling U.S. exports in 5 years, the Advisory Committee recommends GIPSA identify opportunities to work with appropriate governmental agencies to determine and help reduce trade barriers that are limiting exports of U.S. grains and grain products. The Advisory Committee recognizes the value of existing market programs. Therefore, the Advisory Committee recommends GIPSA identify opportunities to secure adequate funding to fully utilize existing market promotion programs for this initiative.
3. The Advisory Committee recommends that GIPSA work closely with the vendors and industry to improve the timely acceptance and approval of mycotoxin test kits to help facilitate the movement of grain.
4. The Advisory Committee recommends that the Board of Appeals and Review adopt the guidelines of the GIPSA Quality Management Program, procedure 4.8 Local Quality Plan, to assist the Board of Appeals and Review in tracking and documenting Grading Services Lab performance.
5. The Advisory Committee recognizes that GIPSA's Yamamoto sheller evaluation substantially addressed the need as identified at the November 2009 Advisory Committee meeting. The Advisory Committee recommends that GIPSA continue to work with all stakeholders to reach a decision regarding rice sheller technology for California short and medium grain rice in time for the 2010 rice harvest.
6. The Advisory Committee recommends that a subcommittee be formed and charged with the task of reviewing allocation of the tonnage fee. This would include a review of component portions of current 520 allocations and a review of current unassessed export tonnage. The Advisory Committee gives the subcommittee authority to make a recommendation to GIPSA regarding tonnage fees.

7. The Advisory Committee is very concerned about food safety. Therefore, the Advisory Committee recommends the testing, retesting, and appeals process for sample evaluation for processed commodities be reviewed and communicated in further detail to the Advisory Committee.
8. The Advisory Committee recommends that GIPSA review the 15,000 metric ton exemption for possible regulatory compliance issues pertaining to container shipments.
9. The Advisory Committee encourages GIPSA to explore, in conjunction with the U.S.A Dry Pea and Lentil Association, the feasibility of establishing a pulse crop grading lab in Eastern Montana or Western North Dakota.

APPRECIATION

The Advisory Committee expressed their appreciation to GIPSA retiree John Sharpe for the years of excellent communication and responsiveness to the Advisory Committee.

NEXT MEETING

The Advisory Committee recommended the next meeting be held in late November or early December 2010, with consideration given to New Orleans as a site for the meeting.