GIPSA Financial Update

GRAIN INSPECTION ADVISORY COMMITTEE

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Topic Points

- October 2015 GIAC Resolutions
- Program Financial Results
- USGSA Reauthorization proposed rule & comments
- Official Agencies (530) supervision fee suspension

Resolutions

Meeting Minutes, October 27-28, 2015

6. The Advisory Committee recommends FGIS make the financial results available on the FGIS web site. This information would include sufficient detail to show revenues, expenses and operating reserves for each account (520, 530, 570 and 580). Additionally in the 520 account each of the revenue and expense area should be detailed to reflect the national tonnage fee, local tonnage fee and the hourly/inspection fees and the expenses attributed to each.

Resolutions (continued)

In addition to the Annual Report to Congress, FGIS end of fiscal year financial data by user fee account is displayed on the public website for FYs 2010 – 2015. (Financial data for FY 2009 and earlier can be found in the appropriate Annual Report.)

Also available on the public website, inspection and weighing (520) program data for revenue and expense by national tonnage fee, local tonnage fee, and the hourly/inspection fees for fiscal years 2013 – 2015.

Website: GIPSA, Federal Grain Inspection, FGIS Reports, Financial Data - https://www.gipsa.usda.gov/fgis/public_financialdata.aspx

GIPSA User Fee Programs

U.S. Grain Standards Act

- Inspection and Weighing Program (520)
- Supervision of Official Agencies Program (530)

Agricultural Marketing Act

- Rice Inspection Program (570)
- Commodity Inspection Program (580)

Funds available until expended; balances carry forward.
GIPSA has a User Fee obligation (cost) CAP on spending, which is subject to sequestration laws. Sequestration amount FY2015 $2.999M & FY2016 $3.063M

Inspection and Weighing Program

FY	Revenue	Obligations	Earnings/(Loss)	Operating Reserve [1/]
2007	$31,408,894	$30,526,565	$882,329	$3,638,142
2008	$35,996,736	$33,447,549	$2,549,187	$6,330,532
2009	$31,192,780	$33,263,593	($2,070,813)	$4,673,916
2010	$36,887,797	$35,474,405	$1,413,392	$6,527,766
2011	$37,652,241	$36,557,052	$1,095,189	$7,993,300
2012	$28,160,218	$34,285,325	($6,125,108)	$1,868,192
2013	$29,841,211	$33,265,438	($3,424,227)	($1,191,390)
2014	$43,480,554	$37,469,677	$6,010,878	$5,923,708
2015	$44,959,118	$38,088,040	$6,871,078	$12,895,837
2016 - 6 mo. [2/]	$22,883,164	$21,733,279	$1,149,884	$14,045,721

[1/] Includes prior year adjustments after Annual Reporting is finalized in October of each year.

[2/] Revenues and Costs for Status of Fund Period 6.

Supervision of Official Agencies Program

FY	Revenue	Obligations	Earnings/(Loss)	Operating Reserve [1/]
2007	$2,307,230	$1,793,710	$513,520	$1,962,599
2008	$2,466,429	$1,867,118	$599,311	$2,580,862
2009	$2,154,751	$1,951,680	$203,071	$2,790,572
2010	$2,448,826	$1,947,928	$500,898	$3,427,010
2011	$2,429,075	$1,829,112	$599,963	$4,074,659
2012	$2,082,600	$1,271,124	$811,476	$4,886,136
2013	$1,981,272	$1,125,409	$855,863	$6,236,178
2014	$2,316,588	$1,215,430	$1,101,158	$7,030,566
2015	$2,332,014	$1,360,991	$971,023	$8,255,103
2016 - 6 mo. [2/]	$1,118,059	$785,831	$332,228	$8,587,331

[1/] Includes prior year adjustments after Annual Reporting is finalized in October of each year.

[2/] Revenues and Costs for Status of Fund Period 6.

Rice Inspection Program

FY	Revenue	Obligations	Earnings/(Loss)	Operating Reserve [1/]
2007	$3,436,071	$4,082,211	($646,140)	($621,721)
2008	$4,957,409	$4,002,587	$954,822	$518,858
2009	$4,176,635	$3,758,190	$418,445	$1,007,973
2010	$5,835,841	$4,275,487	$1,560,354	$2,654,231
2011	$5,415,123	$4,422,896	$992,227	$3,612,885
2012	$5,306,073	$4,616,119	$689,564	$4,302,839
2013	$6,101,929	$4,709,291	$1,392,638	$5,887,968
2014	$5,162,801	$4,500,694	$662,107	$6,648,057
2015	$6,931,436	$5,129,309	$1,802,127	$8,450,184
2016 - 6 mo. [2/]	$2,882,527	$2,856,008	$26,519	$8,476,703

[1/] Includes prior year adjustments after Annual Reporting is finalized in October of each year.

[2/] Revenues and Costs for Status of Fund Period 6.

Commodities Inspection Program

FY	Revenue	Obligations	Earnings/(Loss)	Operating Reserve [1/]
2007	$1,951,882	$2,399,453	($447,571)	$1,824,185
2008	$2,281,910	$2,485,943	$204,033	$1,713,529
2009	$2,409,025	$2,755,096	($346,071)	$1,475,496
2010	$3,922,383	$3,554,855	$367,528	$1,974,067
2011	$2,703,674	$2,810,566	($106,892)	$2,006,530
2012	$2,299,463	$2,942,925	($643,462)	$1,363,068
2013	$2,468,450	$2,938,789	($470,339)	$1,551,486
2014	$2,789,335	$2,917,111	($127,775)	$1,155,459
2015	$2,981,485	$3,129,262	($147,777)	$1,007,682
2016 - 6 mo. [2/]	$1,449,917	$1,939,971	($490,054)	$517,628

[1/] Includes prior year adjustments after Annual Reporting is finalized in October of each year.

[2/] Revenues and Costs for Status of Fund Period 6.

GIPSA Grain Regulatory Program

Annual Appropriated Funding for:

- GSA Compliance Activities
- Methods Development Activities
- Standardization Activities

Funds available one year; “use or lose” balances.

Grain Appropriated Programs
(Dollars in Millions)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Discretionary Appropriations	$17.61	$17.61	$17.97	$18.27	$17.79	$16.48	$16.47	$17.91	$19.08	$20.00*

Reauthorization of USGSA

On September 30, 2015, the President signed into law the Agriculture reauthorizations Act of 2015 (Public Law No: 114-54), which reauthorized through 2020 expiring provisions of the U.S. Grain Standards Act (USGSA) (7 U.S.C. 71 et seq.), as amended.

Changes to fees:

- ✓ Basing tonnage fees on a 5-year rolling average;
- ✓ Reviewing user fees annually;
- ✓ Adjust all of GIPSA's fees for inspection and supervision services at least annually to maintain a 3 to 6 month operating reserve.

Reauthorization USGSA Propose Rule and Comments

Reauthorization Act of 2015	GIPSA Proposed Rule	Comment Summary
Base the portion of fees assessed on tonnage on the 5-year rolling average of export tonnage volume (§ 800.71)	GIPSA proposed to adjust both the national and local tonnage fees on a yearly basis. GIPSA proposed that the national tonnage fee would be the national program administrative costs (the costs of management and support of official inspection and weighing) for the previous fiscal year divided by the average export tonnage for the previous 5 fiscal years. Also, the local tonnage fees would be the Field Office administrative costs (the costs of management, support, and maintenance of each Field Office) for the previous fiscal year divided by the average tonnage serviced by that Field Office for the previous 5 fiscal years.	Supports the proposed rule language regarding tonnage fees.

Reauthorization USGSA Propose Rule and Comments (continued)

Reauthorization Act of 2015	GIPSA Proposed Rule	Comment Summary
Adjust fees annually to maintain a 3 to 6 month operating reserve for inspection and supervision services (§ 800.71)	GIPSA proposed to increase or decrease inspection and weighing fees when the operating reserve is less than 3 times or more than 6 times monthly operating expenses. For every $1 million that the operating reserve is below 3 months or above 6 months of operating expenses, GIPSA would increase or decrease fees by 2 percent	Requests that fees be adjusted without any cap when above or below the 4.5 month operating reserve level (Section 800.71).
		Requests that GIPSA review expenses annually.
	In addition to annual reviews of fees, GIPSA would continue to evaluate the financial status of the official inspection and weighing services to ensure that the revenue for each service covers the cost to GIPSA of providing that service.	Requests that GIPSA rebalance fees annually and seek public comment.
		Requests that fees are suspended in the 530 account (Section 800.71).

Official Agencies (530) Supervision Fee Suspension

On April 27, 2016 FGIS informed the official agencies (OA) that effective July 1, 2016, FGIS will suspend the collection of the supervision fee. FGIS has determined that suspending the supervision fee collected by OAs is the best path to take to ensure that the operating reserve is between a 3 to 6 months of expenses.

The Federal Register notice is currently in clearance to suspend the assessment of supervision fee under the USGSA.

Other Reauthorization Comments Related to Fees

Comment Summary
Requests that GIPSA publish financial data by January of following year.
Requests the suspension of fees for rice and a target of 4.5 months operating reserve for rice and commodities.
Requests that FGIS bring cost in line with official agencies.

Questions?