

# Grain Inspection Advisory Committee

June 13-14, 2006

**Summary of Meeting**  
Embassy Suites Hotel--Kansas City, Missouri

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## **WELCOME**

William J. Cotter, Chairperson, opened the meeting with a welcome and introductions.

### **ACCEPTANCE OF MEETING MINUTES FROM NOVEMBER 1-2, 2005**

The Committee approved the minutes of the November 1-2, 2005, meeting as presented.

### **REVIEW AND ACCEPTANCE OF JUNE 13-14, 2006, MEETING AGENDA**

The Committee accepted the agenda as presented.

## **MEETING ATTENDEES**

### **Committee Members**

William J. Cotter, Chairperson, Port of Corpus Christi  
Paul Coppin, Reynolds United Co-op  
William Crockett, Mound Bayou Public Schools  
Warren Duffy, Archer Daniels Midland  
Patricia Dumoulin, farmer  
Kenneth L. Dalenberg, Production Agriculture Farmer  
Curtis Engel, The Scoular Company  
Mark Fulmer, Lincoln Inspection Service  
John Hewitt, California Farm Bureau Federation  
Daniel Kidd, farmer  
Tim Paurus, AVP, Terminal Operations - CHS Inc.  
Ernest Potter, Ernest G. Potter, Ltd.  
Dutt Vinjamoori, Martek Biosciences  
Committee Alternates  
Jerry Gibson, Bunge North America  
Bob Smigelski, retired, The Anderson's Inc.  
Thomas Fousek, Bartlett Grain, L.P.

## **GIPSA**

James E. Link, Administrator, GIPSA

David Shipman, Deputy Administrator, Federal Grain Inspection Service (FGIS), GIPSA

Steven Tanner, Director, Technical Services Division (TSD), FGIS, GIPSA

John Sharpe, Director, Compliance Division, FGIS, GIPSA

John Giler, Deputy Director, Field Management Division (FMD), FGIS, GIPSA

Pat Donohue-Galvin, Director, Executive Resources Staff (ERS), GIPSA

David Funk, Associate Director, TSD, FGIS, GIPSA

Donald Kendall, Deputy Director, TSD, FGIS, GIPSA

Pat McCluskey, FMD, FGIS, GIPSA

Deirdre Holder, Compliance Division, FGIS, GIPSA

Sharon Lathrop, Office of the Director, TSD, FGIS, GIPSA

Amanda Taylor, Administrator's Office, GIPSA

Terri Henry, Compliance Division, FGIS, GIPSA

Kathryn McCaw, Portland Field Office, FMD, FGIS, GIPSA

Bob Krouse, Compliance Division, FGIS, GIPSA

Mike Eustrom, TSD, USDA, GIPSA

Tim Norden, TSD, USDA, GIPSA

## **Other Attendees**

David Ayers, Champaign-Danville Grain Inspection

Don Trimble, Louis Dreyfus Corporation

Larry Kitchen, Missouri Department of Agriculture

Tom Megell, Kansas Grain Inspection

Randy Deike, Washington State Department of Agriculture

Tim Adams, Midsouth Grain Inspection

Tom Bressner, Assumption Coop Grain Company

Fraser Gilbert, SGS

Craig Elkins, Port Elevator Bulle

Joseph Garber, National Grain and Feed Association

Rick Robinette

Tom Dahl

Howie Nelson

## **ADMINISTRATOR'S WELCOME**

GIPSA Administrator James E. Link welcomed the Committee. He briefed the Committee on the findings of an organizational review conducted by the Animal and Plant Health Inspection Service (APHIS). The preliminary reports recommends several organizational structure changes, mainly to consolidate shared services provided to both Agency program areas, such as travel, labor relations, etc.

GIPSA also contracted with the Office of Personnel Management (OPM) to conduct a climate survey. The survey gained good feedback from the employees. GIPSA is establishing two teams to address key issues.

He also reported that the President's recent initiative on ethanol production, which includes a goal of replacing 75 percent of oil imports from the Middle East in the next few years, will impact the grain industry. GIPSA is part of a USDA energy council established to address renewable fuels issues.

### **STATUS OF NOVEMBER 2005 RESOLUTIONS**

David Shipman, Deputy Administrator, FGIS, GIPSA, further briefed members on the organizational assessment. Employee's responses on various issues were compared to government and private sector benchmarks. One of FGIS' lowest scores was for "supervision". An FGIS-specific team was established to address this dimension (a similar team will address a key dimension for the Packers and Stockyards Program). OPM will facilitate the teams with the goal of developing recommendations to improve these key areas. Each team is comprised of GIPSA field, headquarters, and "shared services" personnel. Ernest Potter asked whether customers would be included. Shipman replied that OPM does not recommend customer involvement. GIPSA is soliciting applications for team members. The 10-week "action phase" will commence with team member training during the week of June 19, and conclude in September with delivery of recommendations to management. Dutt Vinjamoori asked if GIPSA will conduct a follow-up survey to assess improvements. Mr. Shipman replied that the agency did plan a follow up survey.

Mr. Shipman then briefed the Committee on GIPSA's responses to their June 2006 resolutions. He noted that information on the resolutions on redesigning domestic inspection operations, farm-gate data, and multi-functional equipment would be covered in presentations later in the day. Reengineering domestic inspections will impact all of FGIS as the program works to better align front-line inspection results with the national standards. GIPSA is working to get quality data earlier in the marketing process via a farm-gate grain quality survey

In accordance with the Committee's recommendation, GIPSA presented information on stowage examinations to the National Grain and Feed Association (NGFA) and North American Export Grain (NAEGA) for their recommendations in December 2005. In January 2006, NGFA reported it could not reach a consensus on the issue. GIPSA is revising its policy to permit official personnel to perform inspections without the mandatory stowage examination if they determine that conducting such an examination represents a safety hazard. Official certificates issued without stowage examination will be qualified.

GIPSA is working to fulfill the Committee's request that copies of presentations be available to the members at the time of the presentation, and that colored handouts be distributed to the members.

As part of a discussion on multi-functional equipment, Mr. Shipman reported that GIPSA continues to assess the effects of standardizing the basis of determination for all grain types, as recommended by the Committee. GIPSA is assessing both the actual test result differences due to basis of determinations and the market impact. Efforts have involved testing to estimate the range of effects; analyzing National Quality Database data on corn, barley, wheat, sorghum, and soybeans, including frequency distributions for moisture levels, test weight, dockage, broken kernels, foreign material, splits, and shrunken/broken; and conducting preliminary moisture and test weight testing on one sample of each of the four grain types at adjusted "dockage" levels. Database and preliminary test information is being used to develop a broader test to investigate the effect of "dockage" levels on moisture and test weight results.

In response to the Committee's recommendation regarding the use of test weight as a grade factor, Mr. Shipman indicated that GIPSA proposed removing test weight as a grading factor in soybeans on March 29, 2006, in the Federal Register, and will evaluate other grains and oilseeds as part of scheduled standards reviews.

## **FINANCIAL OUTLOOK**

Pat Donohue-Galvin, Director, Executive Resources Staff, GIPSA, briefed the Committee on GIPSA's financial status. Ms. Donohue-Galvin reviewed the official FY 2005 financial statements; the FY 2006 financial status and end-of-year outlook; and support cost distributions. The FY 2005 review was necessitated by a 3-month delay in obtaining end-of-year financial data due to Hurricane Katrina.

The FY 2005 year-end user fee reserve balances for the Grain Inspection and Weighing (I&W) and Rice Inspection user fee accounts changed based on and the official accounting data received in January 2006. All other accounts, including the appropriated accounts, remained unchanged. In November 2005, GIPSA reported that the I&W program ended FY 2005 with a \$100,000 retained earnings balance. However, since the FY 2005 interchange transfer of \$500,000 from appropriated to user fees was processed as an adjustment to retained earnings rather than to expenses, the official FY 2005 year-end retained earnings for this account is \$600,000.

In November 2005, GIPSA reported that the Rice Inspection User Fee Program ended FY 2005 with a \$600,000 retained earnings balance. The official accounting data adjusts this balance downward to \$200,000, accounting for some missing payroll reports and other document processing delays related to Katrina. GIPSA's FY 2006 financial status report included a look at actual revenue and spending through April 2006, as well as projected revenue and costs through the end of the fiscal year (September 30, 2006). Through April 2006, total revenue for GIPSA's user fee accounts was \$22.7 million and expenses were \$22.6 million for a net margin of \$0.1 million and a retained earnings balance of \$4.0 million. The account breakouts for these totals include the following:

- Grain Inspection and Weighing: \$17.9 million in revenue; \$17.4 million in expenses; \$0.5 million; \$1.1 million in retained earnings;
- Supervision of Official Agencies: \$1.1 million in revenue; \$1.2 million in expenses; -\$0.1 million margin; \$0.8 million in retained earnings;
- Rice Inspection: \$2.4 million in revenue; \$2.7 million in expenses; -\$0.3 million margin; \$0.1 million in retained earnings;
- Commodity Inspection: \$1.3 million in revenue; \$1.3 million in expenses; \$0 margin; \$2.0 million in retained earnings;

Based on a revenue model that is updated monthly, current spending trends, and anticipated future costs, GIPSA estimates that through September 30, 2006, the user fee accounts will generate \$36.9 million in revenue and \$36.6 million in expenses for a net margin of \$0.3 million and a retained earnings balance of \$4.2 million. The account breakouts for these totals include the following:

- Grain Inspection and Weighing: \$28.9 million in revenue; \$27.8 million in expenses; \$1.1 million margin; \$1.7 million in retained earnings;
- Supervision of Official Agencies: \$1.8 million in revenue; \$2.0 million in expenses; -\$0.2 million margin; \$0.7 million in retained earnings;
- Rice Inspection: The rice program has experienced a revenue decline since Anheuser Busch dropped its requirement for official certificates for rice inspection. As a result, there have been program changes, personnel reductions, and transfers due to decreased service demand. \$4.3 million in revenue; \$4.4 million in expenses; -\$0.1 million margin; \$0.3 million in retained earnings;
- Commodity Inspection: \$1.9 million in revenue; \$2.4 million in expenses; -\$0.5 million margin; \$1.5 million in retained earnings;

Expenses were broken out by the following cost components: program delivery, program support, central charges, and Agency support. The Agency Support component includes the costs for the Office of the Administrator, as well as costs for the Executive Resources, Information Technology, and Civil Rights Staffs. The central charges component includes all Departmental charges, the interagency administrative services agreement with APHIS, and other centrally managed costs. The program support component includes all costs related to management and oversight of direct program services; the program delivery component includes direct program services (e.g., field offices).

APHIS reduced its agreement amount at the end of FY 2005 due to Hurricane Katrina but this fiscal year we are paying full \$1.2 million cost, which accounts for the increase. In response to Mr. Potter's inquiry, Ms. Donohue-Galvin indicated revenue was calculated in April. Warren Duffy asked if the \$500,000 program interchange transfer was included in the figures. She responded that the interfund transfer was applied only

to the retained earnings balance, and was not included in FY 2005 revenue. There are no Hurricane Katrina-related charges in FY 2006. The Department approved GIPSA's request for FY 2006 Commodity Credit Corporation funds for any Katrina/Rita hurricane-related charges incurred this fiscal year. The user fee funds will incur these costs.

As noted, the rice inspection program's revenue has declined due to Anheuser Busch's policy decision to no longer require official certificates for rice. Earlier this fiscal year, GIPSA proposed an 18 percent increase in rice fees. Future fee reviews include analyses of the I&W and Commodity Inspection fees in FY 2007. Our reviews will include an analysis to ensure tonnage fees for the I&W program cover overhead costs and that annual tonnage assumptions are appropriate. The Commodity Inspection fee review is necessitated by several years of losses and declining retained earnings. Mr. Potter asked if the Agency considered whether higher rice fees would impact service demand. Mr. Giler responded that the anticipated reduction in requests after fees were raised was factored into the projected revenue, as were cost-control measures.

GIPSA's total FY 2006 appropriation was \$38 million. The Agency's FY 2007 budget request was \$41.5 million. To date, only the House has passed a FY 2007 Agriculture Appropriation bill. The House bill included \$39.7 million, which included increases of \$700,000 above the FY 2006 appropriation for pay costs and \$1 million for an unspecified purpose. The House bill continued funding the Process Verification Process (PVP) program at \$500,000, which has been part of GIPSA's base funding for about 5 years. Pat Dumoulin asked why the Agency proposed cutting PVP funding in our FY 2007 budget request. Mr. Shipman responded that the program has achieved its goal of providing a model and user training for producers. It is now up to the industry to make use of this resource. The House did include report language directing that FY 2007 should be the final year of funding for the PVP program.

GIPSA is working with the Department and the Office of Management and Budget (OMB) to consolidate the three grain appropriated line items into a single line item called Grain Regulatory Program. GIPSA's appropriated funding is annual and cannot be carried forward. In FY 2006, funding for the Compliance program increased by \$500,000 for GIPSA's IT modernization project and pay costs. We are projecting to obligate all Compliance funds to end the fiscal year with a zero balance. The modernization project is ongoing. Mr. Shipman indicated it is a very broad enterprise architecture initiative. The first phase is building the foundation upon which all future applications will be built.

FY 2006 funding for the Methods Development line item remained constant at \$7.1 million. Approximately \$3.2 million has been obligated as of April 30, 2006. We expect to zero this account out by the end of the year. A portion of these funds is for the IT modernization.

FY 2006 funding for the Standardization program increased by \$100,000 for pay costs and IT modernization. Approximately \$2.3 million has been obligated as of April 30, 2006. We expect to end the fiscal year with a zero balance. Ms. Donohue-Galvin illustrated the distribution of the costs types in the user fee program. Personnel costs accounted for 84.5 percent, the largest portion, of the user fee program; and 82.4 percent of the appropriated program.

Ms. Donohue-Galvin explained recent changes in certain cost system algorithms for the I&W (520) Fund and the Supervision of Official Agencies (530) fund that distribute certain types of Agency and program-level support costs. These changes were made in 2005 following an analysis of distribution methodologies. FY 2005 overhead support costs increased in Fund 520 and decreased in Fund 530 versus FY 2004 levels using the new distribution tables. Central charges decreased for both the 520 and 530 funds due to overall decreases in Departmental charges. Program support distributors changed from a tons-inspected to a staff-year basis to more accurately tie the distribution to the activities performed. The 520 fund saw increased costs of \$700,000. The program delivery costs are all direct charges and therefore were not affected by distribution changes.

Duffy stated that the industry was interested in why costs are distributed by tons versus staff. Mr. Shipman responded that the basis of distribution was primarily staff years except for those costs related to policy, such as the Office of the Administrator and Office of the Deputy Administrator, which are distributed based on tons. Mr. Duffy advocated basing all allocation on tons. Kathryn McCaw asked if Field Management Division costs transferred to field costs. Donohue-Galvin responded that Field Management Division costs have always been accounted for as program support costs, not field costs. In response to an inquiry from Mr. Duffy, Ms. Donohue-Galvin explained that the current tonnage fees were set based on an 80-million-metric-ton level but since actual FY 2005 tons were only 74 million we will be validating whether this is an adequate level in the fee review scheduled for FY 2007.

### **USE OF THIRD-PARTY CONTRACTING**

John Giler, Acting Director, FMD, FGIS, GIPSA, briefed the Committee on GIPSA's activities in third-party contracting. Mr. Giler focused on the types of contracts, locations selected for contracting activity, the contracting process, and the status of contract activity.

GIPSA's strategic objective is to use contracting to improve the cost-effectiveness of service delivery while maintaining the integrity of the official inspection system. GIPSA is piloting two types of contracts, one for full inspection and weighing services with direct Federal oversight, and another for contract personnel to supplement the Federal workforce. GIPSA is not seeking to automatically transfer to a contract workforce.

The service delivery contract provides inspection and weighing services at export port locations not staffed or minimally staffed by GIPSA. These contractors would provide mandatory export vessel services as well as the permissive inbound, outbound, and local services. These contracts do not affect delegated State agencies. Service delivery contracts may have multiple contractors who are on an "Official Service Provider" (OSP) list, meet all performance requirements similar to a delegated State agency, and compete to provide service to exporters in the contracted area. GIPSA will directly observe all export operations, and sign the export certificates. The contractor will reimburse GIPSA for direct oversight and overhead costs, the latter of which includes GIPSA employees' travel costs. The labor contract is designed to supplement GIPSA's workforce with contractors as attrition occurs or during peak workloads. This type of contract improves GIPSA's ability to respond to fluctuating workloads and contain operating costs.

GIPSA selected the following locations for contract activity: export ports in California; Milwaukee, Wisconsin; the Toledo Field Office Circuit (Chicago, Illinois; Portage, Indiana; Toledo and Huron, Ohio; and Albany, New York), and Corpus Christi, Texas. California was selected because export had been serviced by a delegated State that went out of the business. Now GIPSA must provide service out of its Portland field office. In a busy year, California will get two or three vessels. GIPSA felt this would be a good test case. The two GIPSA employees stationed there will oversee official agencies. Milwaukee had been serviced by a delegated State that also is out of the business. The Toledo field office serviced the three ships to date this year. The annual volume is 10 to 15 vessels. No GIPSA personnel are in Milwaukee, a seasonal port that handles a good volume of domestic inspections. The Toledo field office serves a widespread area -- Chicago and Portage in the west and Toledo and Albany in the east. Finally, GIPSA is exploring labor contracts to supplement the Federal staff, as needed, to provide export services in the Corpus Christi area. The contractor will help with sampling and technical duties in the labs. In south Texas ports where railcars are loaded to Mexico, GIPSA personnel must check official samples for insects. GIPSA is considering contracting for full service on non-vessel exports, including railcars to Mexico.

Mr. Giler then outlined the contracting process required for both types of government contracts. First, GIPSA prepares and submits statements of work (SOW) and selection criteria to APHIS, our contract servicing agency. APHIS prepares and posts a synopsis of the SOW on the FEDBIZOPPS ([fbo.gov](http://fbo.gov)), an online clearinghouse for government contracts, for 15 days, APHIS then prepares and posts a Request for Proposal (RFP) on the FEDBIZOPPS website for 30 days. At that time, APHIS also prepares a source selection plan which includes GIPSA's selection criteria. When the proposals are received, a GIPSA Technical Evaluation Team reviews them to make selections. The government requires a focus on small businesses, which are defined as businesses with less than 500 employees or \$6.5 million in revenue.

GIPSA's general contract requirements include: 1) providing official inspection and weighing services according to GIPSA policies and procedures, 2) adhering to all contract provisions, 3) negotiating service fees with industry, 4) employing sufficient personnel to provide services in an accurate and timely manner, 5) using only authorized personnel to perform inspection and weighing functions, 6) providing training to maintain the proficiency of personnel, 7) embracing quality management principles to ensure delivery of high quality service, 8) ensuring no conflicts of interest, 9) ensuring no performance of unofficial functions or services on the basis of unofficial standards, procedures, factors, or criteria at facilities where official services are provided, 10) maintaining facilities and equipment necessary to provide quality service, 11) maintaining adequate records of all official activities, and 12) providing sufficient security of facilities and documentation to ensure the integrity of final results.

GIPSA will evaluate contract implementation by comparing (1) the cost of contractor to the cost of Federal service, (2) the accuracy of inspection results as determined from quality control results from random file samples, (3) the contractor's service delivery and customer service, and (4) the impartiality of the result through comparison of frequency of material portions to a Federal benchmark. We will run the contracting pilots for one year. In California and Milwaukee, GIPSA has contract services in place as of May. SOWs are drafted for Toledo and Corpus Christi and are expected to be posted in FEDBIZOPPS, and GIPSA hopes to have contract services in place by August.

Mr. Giler indicated that contracting is an educational process involving GIPSA, the contractors, and the grain companies. A SOW is typically 12 to 14 pages before adding the contract language. GIPSA's contract requirements are critical to ensure that controls are in place to ensure the market has access to effective, impartial inspection services.

In response to a question from Bob Smigelski, Mr. Giler noted that contractors do not have to come from the pool of designated agencies, and any qualified entity can do the job. In response to Mr. Vinjamoori's call for modernization across the board, Mr. Giler indicated the selection process relies on the adequate staffing to provide service and also considers equipment that could improve service efficiency.

## **RE-ENGINEERING DOMESTIC INSPECTION OPERATIONS**

John Sharpe, Director, Compliance Division, FGIS, GIPSA, and Don Kendall, Deputy Director, TSD, FGIS, GIPSA, briefed the Committee on GIPSA's efforts to reengineer the domestic inspection oversight program.

Mr. Sharpe said that early in 2005, GIPSA realized that it might be using a more diverse group of service providers, be sanctioning contractors, and using more cooperative agreements, while relying heavily on our traditional official agencies and our own employees. This realization prompted GIPSA to investigate establishing uniform performance measures and criteria for all service providers that promote sound quality management principles and ensure compliance with the United States Grain Standards Act and the Agricultural Marketing Act. A GIPSA team was established to develop the measures. The team met in June and September 2005 to address the quality management component of the measures. The team created a draft quality management standard to be used by all service providers, which is currently under review. A copy has been provided to the official agencies that are participating in the central laboratory monitoring project for their review and comments.

Successful service providers, like all other successful organizations, must be well managed. A quality management standard should streamline the current review process because the service provider will be constantly monitoring their management processes. And, it should provide another level of recognition and strength to the official inspection system. Going to a QMS may reduce the oversight required.

The draft standard is based on ISO 9001:2000 requirements, which gives its additional international recognition. It also has been tailored to meet the needs of GIPSA and official service providers. The standard asks the service provider to explain how they will manage their organization to ensure all the GIPSA requirements are met. The benefits to this approach are that no single management plan will be dictated by GIPSA. Service providers will have the flexibility to address different circumstances and create their own management efficiencies. We believe that the requirement will create efficiencies in our review program.

GIPSA to obtain and analyze the feedback from the official agencies in the central laboratory monitoring project and then finalize the standard. GIPSA will then provide extensive guidance and help to the official service providers, possibly by holding regional training sessions and providing a guidance document they can use independently. Finally, we will begin training our reviewers to the new standard. The American Association of Grain Inspection and Weighing Agencies has shown some early interest in partnering with GIPSA on implementing the standard with official agencies.

Mr. Kendall reported that the Central Monitoring Laboratory Pilot began in November 2005 as a way to identify and explore alternative approaches. Two official service providers were selected to participate in the pilot: Champaign Danville Grain Inspection Agency and Illinois Official Grain Inspection Agency. The primary focus of the pilot was to address equipment, subjective grading, and training/ licensing. The Board of Appeals and Review is currently supporting the subjective grading aspect of the pilot, and the TSD equipment specialist help with equipment performance. This provides a direct link between the frontline inspectors and the BAR reference. At this time, the agencies have developed and submitted draft Quality Control plans for their equipment and inspectors, and draft training plans for GIPSA review. The pilot has been very effective in helping the official agencies and GIPSA identify potential problem areas. The team is also working in the licensing area. The agencies have been willing participants, the communications between the agencies and GIPSA has been excellent, and their performance has been good. Each agency has quality assurance and equipment specialists who were able to immediately identify and correct problems. Developing QC and training plans presents a new challenge to the official agencies, and GIPSA will work very closely with the agencies to develop plans in the future. The immediate goals are to finalize the equipment, QC, and training plans. Future objectives including developing generic models for QC and training plans that can be used by other agencies as Centralized Monitoring is expanded to include other official service providers.

The Instrument and Personnel Quality Assurance Team was formed in February 2005 and charged with exploring and recommending alternative approaches to quality assurance in the Agency, with a particular emphasis on requiring official service providers to assume a large responsibility for their own QC activities. The team's guiding principles were: 1) The official service providers have primary responsibility for developing internal Quality Control Plans to monitor the performance of their equipment and inspectors, 2) a centralized monitoring approach will be used to ensure official service providers' equipment and inspectors are aligned with GIPSA, and 3) an information management system will be developed that allows GIPSA and official service providers to access information. Upon the recommendation of this Team, a Central Monitoring Laboratory Pilot was initiated in November 2005 to evaluate alternative approaches for maintaining and monitoring equipment and inspector alignment to GIPSA. The Team is also considering expanding an automated alert system.

Sub-teams were created to specifically address equipment and inspectors. Recommendations from the objective sub-team included: 1) ensure official service provider equipment is aligned to the GIPSA master equipment, 2) implement the water volume test for test weight, 3) create check test training modules, and 4) develop guidelines to help identify potential problems. Recommendations from the subjective sub-team included: 1) integrate the GIPSA Board of Appeals and Review into the Central Monitoring Laboratory, 2) help official service providers develop their internal Quality Control Plans, and 3) revise the licensing program.

Mr. Kendall explained an idea to use the green, yellow, red performance assessment system to the official inspections. For agencies with “green,” or excellent, quality management and performance should have less fees and oversight, since oversight fees would be tied to the level of supervision needed.

The Team recently expanded to include a broader cross section of Agency representation, and plans to make final recommendations to GIPSA senior managers in August 2006. The Team plans to address the following: 1) reexamine all quality assurance programs for effectiveness relative to costs, 2) explore and recommend alternative approaches, 3) develop a targeted system for critical sample selection, and 4) develop a system that provides incentives for official service providers to maintain high standards of performance.

Mr. Kendall also addressed quality assurance programs for wheat and corn. GIPSA is looking to adjust the NIRT monitoring programs for wheat to save about 40 percent in monitoring costs. Only 279 samples were analyzed for corn oil and protein over a 2-year period. It costs \$90 per sample to maintain the calibration. GIPSA is reviewing ways to cut costs and make this program self-supporting.

Mr. Fulmer indicated it was essential for official agencies to have an outline or example to follow for developing quality assurance plans and others on the Committee concurred.

## **METHODS DEVELOPMENT AND MULTIFUNCTIONAL EQUIPMENT RESEARCH**

Steve Tanner, Director, TSD, FGIS, GIPSA, and David Funk, Associate Director, TSD, FGIS, GIPSA, discussed GIPSA’s wet gluten service, wheat functionality, soybean and corn constituents, multi-functional instruments, and basis of determination.

Mr. Tanner noted there was little use of the wet gluten service. He added that the Advisory Committee plays a key role in helping GIPSA determine critical market needs. To establish a functionality assessment for wheat, GIPSA must achieve consensus on the market need and quality definition, develop and validate a reference method, identify a suitable technology for a practical “rapid” method, develop a robust method (including calibration), develop practical standardization methods, and implement the method for routine grain quality assessments. The ANN calibration was a model of usefulness and efficiency. GIPSA selected the Glutomatic as the reference method for wet gluten service and identified NIRT as the target multi-function instrumentation. Gluten is the milled wheat minus the starch. We assessed samples from 2001 to 2005

crops to set the calibration. These samples represented export, domestic, and pure varieties and focused primarily on Hard Red Winter (HRW) and Hard Red Spring (HRS) wheat. GIPSA developed both direct and indirect calibrations using the Infratec 1241 and GIPSA Glutomatic wet gluten reference results, and then selected the indirect protein-based calibration for implementation based on performance and operational considerations. Standardization is tied directly to official NIRT protein standardization with little additional cost or effort. Wet gluten service was implemented on May 1, 2006. Mr. Tanner shared the HRW and HRS validation data. There is no additional charge for certifying wet gluten results with official protein results, which saves a lot of GIPSA resources as the NIRT's standardization process is already in place, and to date, there have been only 40 official service requests. Wet gluten was the first step in going into our Wheat Functionality initiatives, which is a major focus for methods development for about the next 10 years.

Mr. Funk added that GIPSA has developed a flour milling capability and a broad instrumentation base for "reference" functionality assessments. GIPSA also is evaluating, validating, and improving reference methods as they become available, and is also exploring the development and evaluation of new reference methods and the use of reference methods to calibrate NIRT-based or other "rapid" methods.

The farinograph introduces a number of uncontrolled variables into the process that could be improved to reduce the overall variability in the system and to develop good NIRT calibrations. GIPSA is working with the Mixolab, which duplicates the Farinograph but in a more controlled manner. This instrument also assesses starch pasting characteristics. GIPSA is also looking into gluten strength. The correlation between flour protein and flour wet gluten content is about 0.95. The NIRT wet gluten calibration is trying to predict the wet gluten content that would result if the whole wheat were milled into flour.

The Glutograph-E takes the output from the Glutomatic, which is a glob of gluten that is consistently prepared. The instrument measures how far/fast the gluten moves when force is applied and then how far it returns when the force is removed. TSD is also working with several universities to define more meaningful gluten strength measurements.

GIPSA has attained a consensus definition of linolenic acid analysis in soybeans and has developed a reference method. The NIRT is being pursued as a rapid method. There is some question about whether the NIRT can meet the needed degree of precision. Developing a robust method requires proprietary information – spectra and non-viable sample material for reference analyses -- that also could be used to develop the calibration. GIPSA is working to get the various participants to agree to provide that information.

To date, there is no agreement on a definition for high corn total fermentables or the fermentation process. A working group involving the National Corn Growers Association, the National Corn-to- Ethanol Research Center, and GIPSA is trying to reach consensus on a reference method for ethanol yield from corn. The current consensus is to start over with a new method rather than adopt either of the two existing ones.

GIPSA has a consensus on definition on amino acid analysis. Several viable reference methods are available, but are excruciatingly slow. TSD is seeking a faster reference method. NIRS has demonstrated some potential for predicting amino acid levels (percent of dry material), but doesn't predict amino acid profiles (percent of total protein) well, which makes the use of NIRT as a quick method uncertain. Through literature search, TSD has identified ultra-high performance liquid chromatography as a method that can complete the analysis in 8 minutes instead of 60 minutes.

In the area of multi-functional instruments, GIPSA recently added wet gluten function to NIRT, has made further progress on automated test weight, and has initiated a basis of determination study.

Automated Test Weight Study results have been able to identify significant differences such as stroke length and direction, the loading of the strike off stick, and the funnel opening size. Test weight is not an inherent characteristic of the material; it is a volumetric weight totally dependent on how you measure it. GIPSA has been able to reduce differences between the automated prototypes and the manual method. These insights may help standardize the manual method as well.

The basis of determination study will support research on multifunctional equipment. It is not possible to measure multiple factors simultaneously if the basis of determination for the factors is different. Official moisture calibrations are based on clean samples, so measuring samples without cleaning does not give "true" results. The scope of the Basis of Determination Study is moisture and test weight with and without prior cleaning. GIPSA has completed data mining to determine ranges in official samples and performed preliminary tests to evaluate test methods. GIPSA is in the process of setting up a full experimental plan for the Basis of Determination Study.

Mr. Funk shared some initial results for typical grain samples. For wheat with increased dockage, there was a significant drop in moisture and a modest drop in test weight. Shrunken and broken kernels has little effect on wheat moisture or test weight. Broken corn and foreign material had very little effect on moisture. Soybean foreign material significantly impacted test weight. Soybean splits affected moisture and test weight results. Sorghum dockage caused little change. Sorghum BNFM had some effect, but sorghum hulls had little impact.

Mr. Vinjamoori noted that Monsanto instituted a rapid GC method for soybean linolenic acid that gives results in less than 10 minutes. Monsanto has a patent pending so is not currently sharing the method. GIPSA is very interested in the methods, but must wait for the appropriate time to evaluate it. Mr. Vinjamoori added that Monsanto and Pioneer have methods for fermentable starch that require third party assessment to determine a single reference method.

Mr. Potter asked what GIPSA is trying to address in measuring test weight. He indicated that test weight is used to predict the volume required to store grain. He was surprised by the differences in moisture due to different dockage levels. The addition of dockage/foreign material into a sample varies the geometry of the sample, which affects the measurement. Changing to clean grain can impact the consistency of the official inspection system.

## STANDARDS UPDATE: SOYBEANS, SORGHUM AND FEED PEAS

Pat McCluskey, FMD, FGIS, GIPSA, provided the Committee with an update on standards activities related to sorghum, soybeans, feed peas, and blue corn. For sorghum, he indicated that the initial standards were established in 1924 and most recently amended in 1993. In 2003, sorghum producers requested a review of the standards. In response, GIPSA published an Advance Notice of Proposed Rulemaking (ANPR) which generated 35 comments from producers, exporters, and market participants. Based on specific issues that emerged, GIPSA published a proposed rule in the Federal Register in March 2006. The comment period for this proposal closed May 30, 2006; 10 comments were received.

Six specific sorghum issues were raised: 1) sorghum class definitions, 2) non-grain sorghum definition, 3) structure/grade limits in FM/BNFM/DKT, 4) heat damage definition, 5) test weight certification, and 6) the limit for total other material count. The proposed rule suggests deleting "tannin" from the definitions of sorghum classes; and amending the definitions to classify sorghum based on presence/absence of a pigmented testa layer. It also suggests amending the definition of non-grain sorghum to delete irrelevant references. The proposed rule also called for reducing BNFM and FM limits, changing the certification for test weight to nearest tenth of a pound without changing the grade limits, and including a maximum count limit of 10 pieces of total other materials. GIPSA did not propose amending the definitions. GIPSA will review the comments received then draft a final rule in the summer of 2006 for Agency and Departmental clearance. The final rule could be published in the Federal Register in the summer or fall of 2007, with an expected effective date of September 2008.

For the soybean standards, which were initially established in 1940, the most recent amendment was in 1994. In 2003, the Committee passed a resolution suggesting the removal of test weight as a grade determining factor and proposed reporting soybean TW to nearest tenth of a pound per bushel. GIPSA published a proposed rule in the March 29, 2006, Federal Register; the comment period closed May 30, 2006. There were inquiries received from Asian countries; and one written comment received. The proposed rule suggested removing test weight as a grade determining factor, recording test weight per bushel to the nearest tenth of a pound, and reporting test weight per bushel on the certificate unless requested otherwise. GIPSA will review the comments received that draft a final rule, obtain Agency and Departmental clearances then publish the final rule in the Federal Register either the summer or fall of 2007. The amended standard would be effective September 2008.

GIPSA presently does not have standards for Feed Peas, only for Whole Dry and Split peas. Peas, beans, rice, and lentils fall under the Agricultural Marketing Act (AMA), which are voluntary standards. In addition, peas, beans, and lentil standards are not in the Code of Federal Regulations (CFR). In 2005, the pea industry asked GIPSA to establish feed pea standards. GIPSA drafted standards and published a notice of request for public comment in the May 12, 2006, Federal Register. The comment period closed June 12, 2006. GIPSA's goal is to publish the final notice and implement new standards before the next harvest. Our next steps are to review the comments to the proposed rule, draft the final notice, obtain appropriate clearances, then publish the final rule in the Federal Register this summer. The new standard is expected to be effective the summer of 2006.

Mr. McCluskey indicated that GIPSA received a recommendation to develop a standard for blue corn that would permit producer participation in price support programs administered by USDA's Farm Service Agency. Crop eligibility is prescribed in the Farm Security and Rural Investment Act of 2002 (i.e., the Farm Bill). Blue corn is not an eligible crop.

For blue corn to be eligible for coverage under the price support programs, GIPSA would need to include blue corn in the definition of "corn" and create a new "Blue corn" class. In reviewing the proposal, GIPSA found that the projected market size is very limited; blue corn is a specialty crop with sales based on precise contractual specifications; and FSA, as well as USDA's Risk Management Agency, have expressed no need for such a change. GIPSA will continue to monitor the blue corn market and recommend an alternative action if market conditions warrant. The market has to drive the need for standards, not the loan deficiency programs.

Mr. Potter asked what was used as guidelines to determine whether or not to establish standards. Mr. Shipman indicated the Grain Standards Act (GSA) has guidelines on establishing standards. He indicated that GIPSA looks at new commodities, such as DDGS, with the market to determine if standards are needed; and at marketplace mechanisms to see if the standards were meeting the needs.

### **FARM-GATE QUALITY SURVEY**

Mr. McCluskey provided an overview of GIPSA's Farm-Gate Quality Survey Initiative. The survey will assess grain sorghum quality at the first point of sale. GIPSA plans to capture samples flowing into the value chain to determine the baseline quality and has designed a statistical sampling plan to capture over 1,000 samples of farm-fresh sorghum.

While GIPSA has a great deal of data on the quality of grain as it moves through the marketing system, we lack data on grain entering the value chain. Since breeding, agronomic practices, and technology change over time, GIPSA must identify whether those practices have changed enough to justify a review, and potentially a revision of the standards. By capturing farm-gate data, GIPSA can improve the standards amendment process by knowing the impact of grain entering the market on proposed standards changes. Mr. Shipman indicated that responses to the ANPR for sorghum showed certain entities were suggesting drastic standards changes with out providing quantitative supporting data. GIPSA's data showed such changes would have a major impact in the market. The farm gate data will provide much needed additional quality information.

For the sorghum survey, GIPSA is focusing on the 11 largest sorghum producing states: Arkansas, Colorado, Illinois, Kansas, Louisiana, Missouri, Mississippi, Nebraska, Oklahoma, South Dakota, and Texas. These states have accounted for 90 percent of U.S. grown sorghum over last 5 years.

Beginning with the harvest of 2006, GIPSA will work with more than 150 country elevators licensed under the U.S. Warehouse Act to obtain survey samples. The National Sorghum Producers have endorsed the survey.

It is important that GIPSA capture eastern grown sorghum as trucks cross the scale, while Great Plains sorghum collection is not as critical on timing. GIPSA will seek sampling contractors. We are working with our APHIS contracting office to develop a Statement of Work to be posted on the Federal Business Opportunity website. GIPSA is requiring that contractors have an FGIS sorghum grading license.

Before harvest, participating elevators will be sent a mailing materials kit with pre-addressed, postage-paid labels, bags, ties, and instructions. All samples will be submitted. The selected contractor will begin soliciting elevators in the spring of 2006 for samples. The contractor will receive samples from elevators, then assess all grading factors plus extra factors to quantify and characterize foreign material and damaged other grains. Last year, GIPSA completed a pilot study with select field offices to ensure graders could assess the extra factors. The contractor will report data to GIPSA electronically. The entire process could take through the end of the year to complete. Once the sorghum survey is completed, GIPSA plans to add additional grains such as soybeans, corn, wheat, and barley over a period of time. The U.S. Wheat Associates is currently conducting their own survey.

## **DELEGATIONS AND DESIGNATIONS**

John Sharpe, Director, Compliance Division, FGIS, GIPSA, briefed the Committee on GIPSA's current designation and delegation activities. GIPSA "designates" States and private organizations to provide domestic grain inspection and weighing services. GIPSA "delegates" qualified States to provide export vessel grain inspection and weighing. Designations can be given for a period of up to 3 years and correspond to a specific geographic area for only that agency. Delegations are indefinite but can be canceled either by the State or GIPSA.

During fiscal year 2005, GIPSA's State and private partners provide the grain industry over 2.7 million inspections annually while GIPSA employees performed about 98,000 inspections. Ninety-six percent of all inspections performed under the official system are being performed by our partners. By volume, our State and private partners inspected about 170 million metric tons of grain, while GIPSA employees inspected about 69.9 million metric tons. This amounts to 71 percent of the total volume of grain inspected being performed by official agencies and 29 percent inspected by GIPSA employees. The difference between inspections and volume of grain can be attributed to higher portion of ship sub lots inspected by GIPSA employees than our partners.

Currently, our official partners include 46 privately owned agencies, 6 designated States, 4 States that are both designated and delegated, and 2 States that are only delegated to provide export service (Wisconsin and Minnesota), for a total of 58 official agencies operating on behalf of USDA. Over the last 16 years, there was an initial decline in all types of agencies, however, recently the trend is for a consistent number of agencies with a decline only in State agencies.

There are several reasons for these shifts in the make up of the official system. First, operations in some States have converted to private organizations. Other States have chosen to relinquish their designations and have been replaced by private organizations. There also have been consolidations of some private agencies. This occurs when one private agency purchases another and when GIPSA designates an existing private agency for an area previously covered by another. Also, GIPSA has granted new designations of previously unassigned areas because of evidenced need for service in a previously unserved area. One other trend has been an increase in official agencies providing weighing services to the domestic grain industry. Some of this has been driven by the growing need for export container inspection and weighing services in the interior.

As shared at the last Committee meeting, the State of Minnesota requested cancellation of their designation effective December 31, 2005, due to financial shortfalls in their program. The State was still evaluating if they wanted to cancel their delegated authority to provide export inspections in the Port of Duluth. Also at the last meeting, GIPSA had received 9 applications as a result of the August 17, 2005, Federal Register notice seeking applicants. Six of the applicants were adjacent official agencies, two were new agencies, and one was the State of Minnesota requesting to provide laboratory services only. We had received 51 public comments in response to our October 3, 2005, Federal Register notice seeking public input.

The State retained their Port of Duluth designation. On November 23, 2006, GIPSA announced the selection of 7 of the 9 applicants to provide service -- six were existing agencies and one was a new agency. The new agency was State Grain Inspection Service, a subsidiary of National Quality Inspection, which provides unofficial inspection services but placed the GIPSA-required buffers in place between the two organizations.

At the last Committee meeting there was an unanswered question of whether the State of Wisconsin would retain their delegation to provide export inspection services in the Ports of Milwaukee and Superior. On May 12, 2005, the State legislator's Joint Committee on Finance voted to authorize the export program only through January 31, 2006, due to financial shortfalls. However, the committee granted the State the opportunity to present them a plan to achieve solvency by September 30, 2005.

The Wisconsin State Department of Agriculture provided the committee with a plan that proposed to reduce staff, relinquish the Port of Milwaukee, and retain the Port of Superior, and to obtain changes in their labor agreements. On October 26, 2005, the committee agreed to let the State seek these concessions and report back by January 9, 2006. GIPSA approved the request to relinquish the Port of Milwaukee on November 17, 2005. The State obtained all other necessary concessions and is authorized to provide export inspection services at the Port of Superior through June 2007.

At the last meeting, we reported that on May 1, 2005, Global Grain Inspection Service was designated a large previously unassigned area in Texas. On January 9, 2006, Global requested cancellation of their designation effective on April 9, 2006. Global stated, in part, that "anticipated sources of revenue are in flux and will remain so for an unspecified period of time" as their reason for cancellation.

On February 1, 2006, GIPSA requested applicants for the area assigned to Global and received 3 applications. The applicants were Gulf Country Inspection Services, Intercontinental Grain Inspections, and South Texas Grain Inspection. All 3 are new to the official inspection system.

Gulf Country Inspection Service was formed to operate as an official agency, and although they were not in the inspection business, their owners and consultants were familiar with the official inspection system. Gulf requested to service the entire geographic area and stated that they would require the south portion of the area to be viable.

Intercontinental, whose parent company is SGS, which provides unofficial inspection services, had put in place the necessary buffers between the two organizations to qualify for designation. Intercontinental, also requested to provide service to the entire area and stated that they needed the south portion of the area to be viable.

South Texas Grain Inspection's parent company was the Corpus Christi Grain Exchange, which was providing unofficial service in the area and was owned by the grain companies in the area. South Texas was structuring to address both the prohibition on providing unofficial service and the ownership conflict. South Texas applied for only the southern portion and would not be interested in the designation if they had to service the northern portion.

GIPSA requested public comments on the three applicants. One commenter supported Gulf Country, seven supported Intercontinental, eight supported South Texas, and one supported both Intercontinental and South Texas. On April 10, 2006, Intercontinental was selected and began providing service. Intercontinental purchased most of Global's assets and obtained most of their personnel.

## **INTERNATIONAL ACTIVITIES**

Mr. Shipman provided an overview of GIPSA's current international outreach initiatives in Mexico, Asia, and Egypt, and grade trade issues. In Mexico, the planned Grain Consultative Industry Group is on hold due to staff turnover in Mexico's Ministry of Agriculture. GIPSA's current outreach efforts in Mexico are aimed at addressing importers quality concerns and harmonizing inspection procedures to increase the confidence in U.S. export certificates. GIPSA and Mexican officials are discussing the development of a training program for Mexican government inspectors to provide a better understanding of the inspection roles of GIPSA and APHIS. At present, the Foreign Agricultural Service is seeking funding to bring four Mexican inspectors to the United States later this year for training with GIPSA and APHIS.

GIPSA has continued its Asian outreach efforts with long-term assignments in the area. The purpose of these assignments is to address immediate and long-term issues in the region, promote a better the understanding and adoption of U.S. sampling and inspection methods to minimize differences in results, and strengthen personal relationships with customers, USDA cooperators, and government officials. GIPSA currently has an officer in Kuala Lumpur on a 4-month assignment to address issues in China, Indonesia, India, Singapore, Taiwan, and Vietnam. This officer was successful in intervening to address customer concerns. In June, when this assignment ends, the next officer will be deployed to Hong Kong.

In Egypt, GIPSA has helped USDA Cooperators establish six grain inspection laboratories mirrored after GIPSA labs. The U.S. Grains Council arranged for three labs in Egypt's ports to inspect corn and other feed grains. These labs have earned international recognition as regional training centers. In addition, U.S. Wheat Associates arranged for the establishment of wheat inspection equipment at three locations. GIPSA has also trained Egyptian and Iraqi inspectors in U.S. standards and inspection methods and procedures.

Mr. Shipman then focused on GIPSA's work to address grain trade issues that have arisen in Asia, China, Kenya, India, and Europe. In Asia, soybean importers in several countries complained about the perceived poor quality of U.S. soybeans shipped post-Katrina. GIPSA's collateral duty officer attended a recent unloading of a U.S. soybean shipment to Indonesia. The officer met with the concerned buyers and reviewed the process. The soybeans appeared to be clean and of good quality. Asian sampling inconsistencies contributed to the discrepancy in results at destination. A positive response has been noted as a result of that interaction.

China reported finding treated soybeans in a recent U.S. shipment and alleged the finding was a pesticide residue (thiabendazole). Within 48 hours, GIPSA's collateral duty officer reported back to the Embassy in China that GIPSA testing found coloring from pokeberry juice. While the stained beans were noted on the loading log, they are not considered a grading factor. Chinese officials accepted the explanation and the issue was resolved.

In Kenya, the country's phytosanitary import requirements are being enforced, which is impeding food aid shipments of grains, rice, edible peas and beans, as well as other donated commodities. GIPSA can meet most quality requirements for the various commodities, but phytosanitary issues and testing for biotech content are problematic. In response to the trade issues, GIPSA, the Foreign Agricultural Service (FAS), APHIS, the Agency for International Development, Catholic Relief Services, and high-level Kenyan officials met to discuss import requirements. FAS sent a letter to Kenya requesting acceptance of GIPSA's non-transgenic and biotech grain statements. In addition, APHIS sent Kenya a letter outlining the quality issues GIPSA can certify and issues APHIS cannot certify. We are currently awaiting a response from Kenya.

In addressing trade issues with India, GIPSA is working with a multi-agency group that includes FAS and APHIS. India has rigid import requirements for wheat. India's wheat tenders include requirements of methyl bromide fumigation and zero tolerance for TCK smut, ergot, and 31 weed seeds, among other contractual issues that preclude U.S. exporters from bidding on any tenders. In February, GIPSA, FAS, and APHIS met with Indian officials about tender terms and with India's plant protection and quarantine officials in Delhi to discuss the technical requirements. India remained firm on import terms. The bid was won by Australia, who later encountered problems meeting contract requirements. In May 2006, GIPSA, a U.S. Trade Representative, FAS, and APHIS traveled to India to attempt to resolve plant health issues related to wheat purchase specifications, with no positive change in the next tender India issued. Some of the Indian officials involved with the rigid requirements are no longer in those positions, so there may be some changes in the future. In June, APHIS and USDA Deputy Under Secretaries Chuck Lambert and Ellen Terpstra plan to meet with Ministry officials in India to continue discussions on wheat and other U.S. agricultural exports.

The new European Commission requirements for vomitoxin and other mycotoxins in wheat will go into effect July 1, 2006. The new requirements limit DON in durum wheat to 1.75 parts per million (ppm), and all other wheat to 1.25 ppm, with wheat imports to be tested upon arrival in European ports. In addition, European member states, and particularly England, are enforcing additional Karnal Bunt restrictions through spore testing of imported wheat rather than looking for bunted kernels. GIPSA, APHIS, and FAS, along with affected industry sectors, are addressing these issues with the European Union prior to the July 1, 2006, implementation date.

In addition to the specific trade issues mentioned above, Mr. Shipman briefed Committee members on GIPSA activities related to the Biosafety Protocol. GIPSA was a member of the U.S. delegation at the Third Meeting of the Parties to the Biosafety Protocol. Documentation requirements for shipments of living modified organisms (LMO) intended for food, feed, and for processing was discussed. The agreed-upon text urges Parties to require detailed information for LMO shipments. Additional language exempts trade between Parties and non-Parties from this provision. The next meeting of the Parties is scheduled for 2008, ensuring a 2-year grace period before the issue can be revisited.

Mr. Shipman concluded by mentioning GIPSA's participation in the North American Biotechnology Initiative, which was created to foster a dialog among Canada, Mexico, and the U.S. on issues relating to trade and marketing, regulation, research, communication, and on products of agricultural biotechnology. Basically, the goal is for North America to address biotechnology in a unified approach. Discussion at the recent meeting centered around the decision from the Meeting of the Parties to the Cartagena Protocol on Biosafety relating to documentation of transboundary movements.

## **PANDEMIC INFLUENZA PREPARATIONS**

John Sharpe, Director, Compliance Division, FGIS, GIPSA, briefed the Committee on GIPSA's activities in preparation for a possible influenza pandemic, which may occur because of mutations in the current bird flu occurring in other countries. GIPSA is developing a plan to ensuring continuous operation in the event of a pandemic influenza outbreak.

Avian influenza, which is commonly referred to as bird flu, is caused by an influenza virus that occurs naturally among wild birds. The H5N1 variant is especially deadly to domestic fowl, and can be transmitted from birds to humans. APHIS is responsible for monitoring this part of the flu outbreak. There is no human immunity and no vaccine available.

Pandemic influenza is when a virulent human flu causes a global outbreak or pandemic of serious illness. The definition of pandemic is "occurring over a wide geographic area and affecting an exceptionally high proportion of the population." In pandemic form, the disease can be spread from person to person. Currently there is no pandemic flu. The concern is that the H5N1 virus could mutate to allow human-to-human transmission with pandemic repercussions.

There are potential ramifications for GIPSA if either bird flu or pandemic influenza occurs in the United States. If bird flu occurs, we can expect the destruction of poultry flocks to control the disease. This would leave to a reduced need for corn for feed. Approximately 1 billion bushels or 19 percent of the annual corn production is used by the poultry industry annually. This could reduce inspections of corn going to domestic feed mills supplying the poultry industry.

If a pandemic occurs, the grain marketing and handling system will be affected by personnel shortages if employees become incapacitated or are at home caring for sick relatives, or do not report to work due to fear of catching the disease. In addition, travel restrictions may hamper transportation.

GIPSA's planning is part of the Federal government's overall pandemic plan. The President approved and signed the National Strategy for Pandemic Influenza on November 1, 2005. The strategy is based on three pillars; 1) preparedness and communications, 2) surveillance and detections, and 3) response and containment. The Department of Homeland Security issued a corresponding implementation plan that provides guidance to the Federal, local, State, and private sector. The Federal implementation plan focuses on 1) employee health and safety, and 2) preservation of agency capacity to perform its mission.

The guidance document provides major assumptions – the pandemic will come in waves, with the first wave being the most severe; a vaccine will not be available for 4 to 6 months; transmissions may occur as much through touch as through air dispersion; and, the pandemic will not affect all regions equally at the same time. Models suggest the pandemic would occur within 1 month of the first human-to-human transmission. The spread rate will depend upon initial location.

The expectation of both public and private sector absenteeism of up to 40 percent will significantly affect the delivery of essential functions and services needed by USDA customers, the ability of USDA contractors to deliver goods and services, USDA's ability to procure needed supplies, and distribution systems.

Given these assumptions, each Agency is developing plans that include the identification of essential functions, prioritization of functions and services, tracking and reporting systems for employee illness and absenteeism, etc. GIPSA/FGIS has identified two essential functions: mandatory grain export inspections, and billing and collection. A third function is prompt notification which is a Packers and Stockyards Act activity.

GIPSA's continued planning activities and implementation activities are guided by the stages of influenza overseas and in the United States. The stages are defined as follows. Stage 0 is when new domestic animal outbreaks occur in at-risk countries. During this stage GIPSA is monitoring the outbreaks and must form an Agency taskforce to begin process of developing Agency plans and procedures for continuing operations, which we have done.

Stage 1 is when the first suspected human-to-human outbreak occurs either in the U.S. or overseas. In this stage, GIPSA must develop plans and procedures for continuing functions and services through human pandemic events for a minimum of 3 months, identify mission essential personnel and essential functions/operations, develop a roster (by program) of employees considered essential and in need of vaccine, assess funding availability, identify functions and services that can be performed by social distancing versus those that must be performed on site, identify contractors who provide support that is integral to GIPSA operations, review delegations of authority and orders of succession to ensure they are up-to-date and accurate, and develop plans to resume all activities once the pandemic has passed. We are finalizing most of these activities.

Stage 2 is when there is a confirmed human outbreak overseas. GIPSA's activities at this stage are the same as in Stages 0 and 1.

Stage 3 is when there are widespread human outbreaks in multiple locations overseas. This is when we start putting our plans into action. GIPSA plans to disseminate delegation and succession information to local and headquarters staff; ensure records needed to sustain operations for more than 30 days can be accessed electronically from remote locations or provide hard copies, identify and plan for maintenance of vital systems that rely on periodic physical intervention/servicing; create a notification roster with the names/phone numbers of critical personnel and their alternates, test the call notification procedures at least monthly; and inform critical personnel in writing that they may be required to work to perform essential functions from either their normal work site or an alternate location (telework).

Stage 4 is triggered by the first human case in North America. At this point we move further into our implementation phase. GIPSA will execute human pandemic plan and track daily employee attendance, identify employees who have been vaccinated, inform industry organizations and trade associations that they may be called upon to help provide services required by existing statutes, implement social distancing procedures where needed, activate delegations and orders of succession, and obtain daily reports on ability to perform essential functions and services.

Stage 5 occurs when the pandemic spreads throughout United States. At this stage we will have implemented our plan, including social distancing, activating delegations and orders of succession, tracking employee attendance/absenteeism daily, tracking leadership/successors, maintaining contact daily with geographical locations, providing daily reports on ability to perform essential functions and services, using contractors and/or industry personnel to provide services as needed, and possibly suspending mandatory requirements.

The last stage, Stage 6, is the recovery and preparation for subsequent waves. GIPSA plans to replace personnel as needed and conduct training as required, continue to track employee absenteeism and attendance, assess impact on essential services and adjust plans accordingly, update delegations and orders of succession as needed, continue to track leadership/successors, and continue the daily contacts with geographical locations.

Mr. Sharpe then shared a very informative website – [www.pandemicflu.gov](http://www.pandemicflu.gov) – that provides a wealth of information about the avian flu and how to plan for a possible pandemic. It provides up-to-date information on the spread of avian flu and what each government agency is doing in response and in preparation for the possibility of an occurrence in the United States. The website also provides information on what businesses and families should be doing. Mr. Sharpe concluded that the Committee would be kept informed as GIPSA refines its plans.

Mr. Vinjamoori asked how GIPSA would continue to operate in other emergencies, for example, if a tornado damages TSD labs. Mr. Sharpe responded that GIPSA has Continuity of Operations (COOP) plans in place to address such emergencies. Mr. Shipman asked for advice from the Committee and stated we are not planning to keep the domestic side operational. The key question is how the industry would operate if we cannot provide service. Export inspection is essential. We can waive the mandatory plan, but cannot operate with 40 percent absenteeism. In the past, we detailed employees to fulfill service needs, but will not be able to in this case. Mr. Kidd wondered if the Agency has emergency authority to hire people to perform work. Mr. Shipman responded that there would not be sufficient time to hire and train personnel to perform the work. GIPSA does have the authority to exempt or waive service, but the market place will still want the service.

## GENERAL DISCUSSIONS

Committee members expressed their thanks to everyone on putting together the meeting. The timeliness, presentations, and financial update was commended but they would like to have the presentation portion in a pdf file. All presentations were in-depth, including the international outreach portion, which the members would like included as an agenda item at all future meetings Succession Planning. Mr. Fulmer asked if the draft succession plan applied to all FGIS staff or just field staff. Mr. Shipman noted that it included all staff. Mr. Smigelski stated that the focus should be on key staff and not all positions. Mr. Fulmer stated that at a certain point employees will need to be replaced so new hires could learn from them before they retire. Mr. Shipman outlined the succession plan, which balances recruiting, training, and development activities to meet future needs with contracting. At the fall meeting, GIPSA will report on two development programs, one for front-line supervisors and the other for inspectors. An update on the Succession Plan is the subject of Resolution No. 1.

Safety Guidelines-Stowage Exams. Mr. Fulmer said more needs to be done to get workers out of dangerous situations and to provide written guidelines. Tim Paurus added that FGIS has not provided guidelines on what type of equipment to use for remote stowage options. Mr. Shipman indicated that GIPSA will work on providing guidelines. Safety guidelines is the subject of Resolution No. 2.

Soybeans. Mr. Dalenberg asked whether a standards change making soybean protein and oil a requirement of the standard is needed? Other members indicated that it was a contract issue and no standard change is needed and that this service is available upon request.

Financial: Mr. Potter commended the presentation on finances. He would like the financial presentations to give a better understanding of large planned expenditures for the year. Finances is the subject of Resolution No. 3. Central Monitoring. Mr. Vinjamoori asked that the Committee be kept informed about specific timeframes, goals, and objectives for this project. Mr. Shipman reported that GIPSA plans to hire a consultant to facilitate this project. Other events, such as information technology modernization, will dictate time frames. Mr. Tanner commented that the concept is targeted for implementation in 2008. An update will be presented at the next meeting. Updates on activities is the subject of Resolution No. 4.

Third Party Contracting. Mr. Vinjamoori and other members requested that the status of third party contracting be presented at the next meeting. Third-party contracting is the subject of Resolution No. 5.

OAS. Mr. Vinjamoori expressed concerns about the OAS survey results on awards and recognition, and asked whether the Committee had the authority to recognize GIPSA staff. Terri Henry stated that the Advisory Committee Charter does not allow for the Committee members to provide cash or other awards. Mr. Shipman noted that the Agency has an internal awards process such as spot awards, time off, and cash awards. An update on the OAS survey will be presented at the next meeting.

Federal Register. Mr. Potter stated that when GIPSA publishes Federal Register notices that pertain to Committee activities, the members be notified with a link to the Notice. Mr. Shipman said that members would receive such emails upon issuance of all future notices.

## **RESOLUTIONS**

1. Due to the upcoming retirement of the majority of FGIS employees, at what point do they need to start hiring new employees to replace outgoing employees? The hope would be for the newer workers to have the opportunity to work with and learn from the experiences of the retiring staff. For FGIS to report on a succession plan at the next Advisory Committee meeting.
2. For FGIS to continue examination of safer methods of performing carrier stowage examinations and to provide written guidelines.
3. The Committee commends the Financial Staff of GIPSA for a much improved presentation of information to the Committee. We encourage the staff to have a better understanding of large expenditures to be made prior to the end of the Fiscal Year.
4. The Committee would like to have updates at the next meeting include more specific time frames and identification of project schedules associated with each activity, including centralized monitoring, QA review and the farm gate quality survey.
5. The Committee commends GIPSA staff's efforts toward the establishment of the use of thirdparty contracting for inspection of export grain. We recommend that at the next meeting the staff give a full report including the metrics used and the progress of the pilot projects and a schedule for full implementation.

## **NEXT MEETING**

The next meeting of the Grain Inspection Advisory Committee will be scheduled during late October or early November. The Committee requested GIPSA consider holding the meeting in Portland, Oregon, or, as a second choice, Washington, DC.

## **ELECTION OF VICE-CHAIRPERSON**

Tim Paurus was nominated and unanimously elected vice chair.

William Cotter thanked everyone for attending and for their contributions to make the meeting a success. Meeting was adjourned.