

Grain Inspection Advisory Committee

June 24-25, 2009

Summary of Meeting Renaissance Grand St. Louis Suites & Hotel

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WELCOME

Nick Friant, Chairperson, opened the meeting with a welcome and introductions.

ACCEPTANCE OF DECEMBER 16-17, 2008, MEETING MINUTES

The Committee approved the minutes of the December 16-17, 2008, meeting as presented.

REVIEW AND ACCEPTANCE OF JUNE 24-25, 2009, AGENDA

The Committee approved the agenda of the June 24-25, 2009, agenda as presented.

MEETING ATTENDEES

Committee Members

Tammy Basel, Vice-President, Women Involved in Farm Economics
Thomas 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
William Dumoulin, Producer, Illinois
Nicholas Friant, Grain Handling Coordinator, Cargill
Jerry Gibson, Regional Manager, Bunge North America
Edgar Hicks, Grain Marketing Advisory, Hurley/FC Stone LLC
Mark Hodges, Executive Director, Oklahoma Wheat Commission
Bennie Lackey, Jr., Management Director of Commodity Operations, Riceland Foods, Inc.
Marvin Paulsen, Professor Emeritus, University of Illinois
Jon Stoner, President, Stoner and Sons, Inc.

Alternate Members

Cassie Eigenmann, Marketing Product Manager, DICKEY-john Corporation
Tom Fousek, Grain Merchant & Manager of Terminal Operations, Bartlett Grain, L.P.
Gene E. McEntee, Senior Management, Colusa Elevator Company

GIPSA

J. Dudley Butler, Administrator, (GIPSA)
Clive Ellis, Union Representative
Terri Henry, Management Support Staff, GIPSA
Eric Jabs, Acting Chief, Market and Program Analysis Staff (MPAS), FGIS, GIPSA
Randall Jones, Deputy Administrator, Federal Grain Inspection Service (FGIS), GIPSA
Bob Lijewski, Assistant Director, Field Management Division(FMD), FGIS, GIPSA
Tom O'Connor, Director, Compliance Division, FGIS, GIPSA
John Pitchford, Director, Office of International Affairs, FGIS, GIPSA
John Sharpe, Director, Technical Services Division (TSD), FGIS, GIPSA

Other Attendees

Todd Canatella, Zen-Noh Grain
Pat Dumoulin, Producer, Illinois
David Krejci, Grain Elevator and Processing Society
Tom Meyer, Kansas Grain Inspection Service
Shelee Padgett, U.S. Consumer Protection

ADMINISTRATOR'S OPENING REMARKS

J. Dudley Butler, Administrator, GIPSA, welcomed the Grain Inspection Advisory Committee and attendees.

Mr. Butler gave a brief presentation on his background and stated that he looks forward to working with the industry so that everyone has a level playing field. He indicated that he understands that it takes every part of society and industry to save the most valuable part of our country—rural America. Mr. Butler stated that it takes educating all; from government to farmers to ranchers, regarding the need to work together to make this happen. He mentioned that he is glad to be with GIPSA to help make this come about.

Mr. Butler closed by thanking the attendees for taking part in the Advisory Committee meeting.

DECEMBER 2008 RESOLUTIONS RECAP

Randall Jones, Deputy Administrator, FGIS, GIPSA, gave a recap of the resolutions from the December 2008 meeting held in Kansas City.

1. The Advisory Committee recommends that GIPSA continue the private party inspection program with the goal of implementing the program across the country. As part of the 2005 Reauthorization a study was requested of FGIS to determine if using contractors for export would be beneficial and offer a cost savings as compared to utilization of GIPSA employees. In 2006 a pilot program began and continued through 2008. In March 2009 a report was issued and can be found on GIPSA's website. Based on the findings of GIPSA's pilot study and other available information, GIPSA concluded that the use of contractors did not demonstrate additional savings or efficiencies that would enhance the competitiveness of U.S. grain exports in the global market. Mr. Jones stated that FGIS has used contractors in the past, for which it has the authority, and if it is beneficial, we will continue to do so.
2. The Advisory Committee recommends that GIPSA embark on a review of how the sour/musty odor is determined for official grades of grain sorghum. Input from all stakeholders in the form of an industry group that has at its members a cross section of users, producers, and handlers.

Input was received at a meeting held on April 8, 2009, in Kansas City. John Sharpe, Director, Technical Service Division, FGIS, GIPSA, provided a presentation later in the meeting on the challenges of odor as it relates to sorghum.

3. The Advisory Committee recommends that GIPSA's fees for the hourly export services reflect the actual cost of the hourly export services provided. Furthermore, the actual hourly cost should be a line item in the financial report given to the Advisory Committee.

GIPSA accepted this advice and a presentation on this was given later in the meeting entitled "2009 Program Update".

4. GIPSA has forecast for a significant reduction in export inspections for FY 2009. The Advisory Committee recommends that GIPSA aggressively pursue cost containment for this current fiscal year and at the next Advisory Committee meeting report what steps were taken to contain costs.

GIPSA accepted this advice and a presentation on this was given later in the meeting entitled "2009 Program Update".

5. The Advisory Committee commends GIPSA for their initial work and recommends continuation of efforts to develop GEAPS, Grain Inspection 101 and any subsequent course materials as needed for training of employees, contractors, and others interested in grain inspection procedures.

GIPSA continues to work with Kansas State University and the first class was held beginning in June with approximately 36 students enrolled. GIPSA has received positive feedback and looks forward to additional feedback at the conclusion of this class. GIPSA will continue to work with GEAPS and Kansas State University on this effort.

6. In FY 2008, USDA Natural Resources Conservation Service funded the Conservation Initiative Grant (CIG) on behalf of the Kansas Black Farmers Association (Nicodemus, Kansas) to field test TEFF as an alternative crop to address moisture utilization/drought tolerance and Celiac Sprue. The Advisory Committee is asking GIPSA to share the results with its Ethiopian contacts.

The field test is on-going, with the final report expected to be published in 2011 or 2012. GIPSA will share this report, as well as any interim reports, with Ethiopian contacts.

GIPSA'S STRATEGIC PLAN/ PROGRAM INITIATIVES

Mr. Jones presented GIPSA's Strategic Plan and Program Initiatives which included FGIS' Core Business Practices: Provide the Market with Terms, Standards and Methods; Protect the Integrity of the U.S. Grain and Related Markets; Provide Official Grain Inspection and Weighing Services; and Optimize Operational Efficiency.

Strategic Plan

The GIPSA Strategic Plan is now in the review process for approval and GIPSA intends to finalize it later this summer.

A group of senior FGIS managers has been tasked with reviewing new technologies to utilize FGIS resources and to analyze what additional efforts warrant further review. GIPSA is seeking guidance from the Advisory Committee regarding the utilization and focus of GIPSA resources.

Wheat Functionality

GIPSA, in consultation with the Agricultural Research Service, USDA, is working to develop a rapid test for protein quality that can be used throughout the market. GIPSA's goal is to have the test available for use in 2011.

Unified Grain Moisture Algorithm

Moisture instrument manufacturers are developing instruments and working to improve the accuracy. Initial information is showing promise. We should see something on the market, as a few manufacturers are close, possibly within 1 year.

Sorghum Odor Line Evaluation

In April 2009, a meeting was held in Kansas City to obtain input from grain handlers, producers, and end-users with the goal of reaching consensus on the official line for musty sorghum odor, this effort is continuing. At the April meeting, GIPSA again heard concerns about consistent application of odor determination in the official inspection system. To address this concern, GIPSA is working with Dr. Edgar Chambers IV, a recognized sensory expert from Kansas State University, to develop a reproducible standard for storage musty odor that can be utilized by inspectors and industry representatives when making odor determinations. The introduction of a reproducible standard should provide inspectors with a tool that can be used to promote adherence to the established line and therefore promoter consistency across the inspection system.

Farm Gate Assessment

The Farm Gate Assessment was initiated in 2006 using sorghum and soybeans in 2007. GIPSA plans to collect sorghum data through 2010 and through 2011 for soybeans.

Customer Survey

GIPSA has conducted surveys of customers that use official inspection, weighing, and grading services in 1996, 2000, and 2007, is conducting a survey in 2009, and plans to continue the survey on a bi-annual basis. In 2009, GIPSA will ask 1,100 customers twelve questions to evaluate timeliness, cost-effectiveness, accuracy, consistency, usefulness of services and results, and professionalism of FGIS and the official inspection, grading, and weighing programs' employees. To increase efficiency of the survey and to reduce operating costs, GIPSA is exploring an electronic survey format for 2011.

Quality Management Program

GIPSA finalized and issued its directive implementing a Quality Management Program in March 2009. The program represents a major enhancement in the way the Agency ensures that official service providers meet their obligations under the U.S. Grain Standards Act (USGSA) and associated regulations. Following publication, GIPSA officials engaged in a number of outreach efforts with official agency personnel to discuss program elements and explain the implementation schedule. GIPSA is currently reviewing draft quality manuals for completeness and beginning the transition to a new audit-based system for measuring performance within the official system. The program is expected to be fully operational by the end of 2009.

Contract Review Program for Export Shipments

The contract review program was initiated in October 2009 and compares the type of official inspection requested by a shipper to applicable contractual specifications. The current program expands on an earlier program discontinued in 2000 to include grain exported in containers and rail as well as vessels. Under the USGSA and associated regulations, official service requests provided by shippers must reflect contract specifications for grade and other official criteria.

Any adverse situations detected during the program will be communicated to individual shippers for corrective action. The program is scheduled to continue through at least September 2010.

International Trade

GIPSA values its role in facilitating international trade and maintaining positive relationships with stakeholders. GIPSA is working with Mexico to educate them on the U.S. system to increase their confidence in U.S. commodities.

GIPSA works closely with the Foreign Agricultural Service and the Animal Plant Health

Inspection Service regarding issues related to trade.

One of GIPSA's successful programs has been the collaborative duty program in Asia. It has proven invaluable to inform importers about GIPSA's programs, and to facilitate resolution of trade disruptions that have arisen on specific shipments.

Container Regulations

In 2007 GIPSA conducted a comprehensive evaluation of the container inspection and weighing program and will propose changes to the USGSA regulations to harmonize export policies across diverse carriers (ship, rail, container and barge), to improve quality uniformity in container shipments, and to ensure that the regulations effectively address market conditions.

Scale Program

Under the requirements of the National Master Scale Calibration Program, the maximum life span of a test car is 50 years. GIPSA currently has 5 test cars, 2 of which are 48 years of age. GIPSA is working with the Association of American Railroads for funding to secure funding to replace the 2 cars.

Official Agency Training

In conjunction with GIPSA's centralization efforts, GIPSA is consulting with the American Association of Grain Inspection and Weighing Agencies to develop and provide technical training to the official agencies on grading, sampling, certification, and other areas. GIPSA anticipates that the majority of the training will be conducted at the National Grain Center.

FGISonline

FGISonline is a suite of business applications that will provide inspection and weighing business functions and information accessible via a desktop. This will be a significant shift in the way GIPSA and the official agencies provide inspection and weighing services. Under the new system, certificates will be available electronically. This new technology will be state of the art and place GIPSA in a favorable position to provide services in the 21st century.

National Grain Center

GIPSA is continuing to work with the building owner to finalize the interior design drawings for the National Grain Center under construction in Kansas City. The National Grain Center is located at the same site of GIPSA's current technical center. The existing building will be completely renovated and an addition constructed. The owner has stated that the addition will be ready for occupancy in October 2009, the upstairs of the existing building will be completed in January 2010 and the downstairs ready for occupancy in April 2010. The National Grain Center will allow GIPSA to provide oversight of the official inspection from one central location and with enhanced facilities for training official inspection personnel and industry representatives.

Consolidation of Oversight Functions

GIPSA has begun consolidating its oversight activities to Kansas City. Currently 15 official agencies providing 43 percent of all inspections are being monitored from Kansas City. These agencies were previously monitored by GIPSA field offices that have subsequently closed. Centralizing GIPSA's monitoring activities will allow for increased consistency by ensuring all service providers are correlated to one central reference point. GIPSA's initial centralization activities have been taken to coincide with attrition in domestic oversight field offices. Continued consolidation will occur after completion of the FGISonline Quality Assurance/ Quality Control module. Completion of this module will enhance GIPSA's ability to monitor the accuracy of inspections throughout the entire official system.

SORGHUM STANDARDS

Eric Jabs, Acting Chief, Market and Program Analysis Staff, FGIS, GIPSA, presented an overview and an impact analysis of the revised sorghum standards that took effect June 1, 2008.

Changes to the sorghum standards were discussed as well as impact to the industry related to the reduction in the allowable levels of Broken Kernels and Foreign Material (BNFM) and Foreign Material (FM). The sorghum farm gate assessment data, ability to meet grade specifications, and material portions were covered in detail for League City, Texas; New Orleans, Louisiana; and the Portland/Northwest area.

SORGHUM ODOR

John Sharpe, Director, Technical Services Division, FGIS, GIPSA, briefed the Advisory Committee on sorghum odor.

The sorghum odor issue began about a year ago in May 2008 when GIPSA observed potential differences in sorghum odor determinations between origin and export locations. It is important to realize that when an odor is determined to be present in grain that the grain is graded sample grade, the lowest grade in the standards regardless of the other quality factors.

Exporters, domestic handlers, and the sorghum producers met with GIPSA in June 2008 to express concerns about GIPSA's odor line for sorghum and inconsistencies in the application of the odor line. Based on these concerns, GIPSA took 10 samples to various sorghum end-users in November 2008, and obtained their opinion on the acceptability of each sample for their specific end product. GIPSA gathered input from 62 individuals representing 26 companies in 5 States and presented these findings to Advisory Committee meeting in December 2008. The Advisory Committee resolved that GIPSA should create a taskforce including end-users, producers, and handlers to further examine this issue. In January 2009 the National Sorghum Producers also requested that GIPSA convene a taskforce to try and resolve this issue.

Specifically the USGSA requires that standards are too:

- Promote the marketing of high quality grain to both domestic and foreign buyers.
- Offer users of such standards the best possible information from which to determine end-product yield and quality of grain.
- Provide the framework necessary for markets to establish grain quality improvement incentives.
- Reflect the economic-based characteristics in the end uses of grain.

Based on the resolution and the National Sorghum Producers recommendation, GIPSA convened a taskforce that met on April 8, 2009, in Kansas City. The taskforce included representatives from each of the parties requested. The taskforce included two producer representatives, six handlers (domestic and export), and four end-users. There were two end-users that were identified but could not attend the meeting. They provided their evaluation of the samples at later dates.

The taskforce was charged with seeking consensus on the official odor line for storage musty sorghum. Dr. Chambers guided GIPSA and the taskforce through the sensory evaluation.

Working with Dr. Chambers, GIPSA developed five sets of samples, with each set of sample containing five samples. Each set of samples contained varying degrees of odor with the emphasis being the storage musty odor. Participants were asked to evaluate each sample and determine if it was acceptable for their intended usage.

The results indicated that:

- End-users tend to have a tighter line on musty odors than handlers and producers, especially on storage musty odors.
- There are differences between the needs of individuals even within the same group.

The taskforce was unable to reach a consensus as to the establishment of the odor line. To address the consistency issue, GIPSA is entering into an agreement with Dr. Chambers to develop a sustainable reference for storage musty sorghum odor that can be utilized by inspectors and industry representatives when making odor determinations. The introduction of a reproducible standard should provide inspectors with a tool that can be used to promote adherence to the established line and therefore promote consistency across the official inspection system.

This would allow GIPSA to:

- Ensure the line is maintained over time;
- Official inspectors could be trained with a standard reference;
- Official inspectors could have reference samples when needed; and
- Industry could also have references for their house inspectors.

Dr. Chambers will also provide GIPSA with odor evaluation techniques that enhance the odor determination process, provide guidelines for the environment in which inspectors make determinations, and the process for using and maintain the standard reference.

CONTAINER REGULATIONS

Bob Lijewski, Assistant Director, Policies and Procedures Branch, Field Management Division, FGIS, GIPSA, briefed the Advisory Committee on amendments to the regulations concerning inspection and weighing of grain in combined and single lots.

Grain exported in containers has grown exponentially in the past 5 years to levels that far exceeded grain industry forecasts.

To accommodate the containerized grain trade, GIPSA has remained flexible with regards to sampling, combining samples for composite purposes, and certification procedures. While GIPSA has worked to accommodate these requests, the increase in container shipments prompted GIPSA to review current policies and procedures pertaining to containerized cargoes, and also the regulations for the inspection and weighing of grain in single lots and combined lots.

In 2007 GIPSA performed a comprehensive evaluation of the container inspection and weighing program and is proposing changes to the USGSA regulations to harmonize export policies across diverse carriers, to improve quality uniformity among containers, and to ensure that the regulations effectively address market conditions.

Consequently, based on the findings of the review, GIPSA concluded that the regulations need to be amended to:

- Ensure that containerized shipments are uniform in overall quality;
- Containerized lots are loaded in a reasonably continuous operation;
- Weighing in combined lots is performed in accordance with regulations; and
- Certificates reflect the range of dates for loading and the method of grading when performed on an alternate basis (e.g., composite or average grade analysis).

GIPSA also reviewed regulations that are specific to the CuSum loading plan and is proposing that regulations applicable to inspections of shiplots, unit trains, and lash barges be amended to address situations where load orders specify "Average Grade" or "No subplot to exceed" analysis.

The general regulations that GIPSA is proposing to amend are:

- 7 CFR 800
- CFR 800.84-.86
- 7 CFR 800.97-.98
- 7CFR 800.152

GIPSA implementation of these changes will occur in approximately 12-18 months. For additional details, please see the attached presentation, Container Regulations.

CONTRACT REVIEW

Tom O'Connor, Director, Compliance Division, FGIS, GIPSA, briefed the Advisory Committee on the Contract Review Program that was initiated by GIPSA in October 2008 to compare service requests provided by shippers for export cargos with associated contractual specifications. Mr. O'Connor explained that a discrepancy between these two items might constitute a violation of the USGSA and associated regulations.

GIPSA reported that the current program is similar to an earlier program initiated in the early 1980's but discontinued in 2000 that looked exclusively at export vessels. However, the new program has been expanded to include grain exported in containers in recognition of the increased amount of grain being exported in containers. This program will also gather data on export rail shipments and evaluate conformance with requirements for aflatoxin testing of export corn.

Mr. O'Connor reported that GIPSA is generally encouraged by the level of compliance found so far. He noted that GIPSA intends to run the program through September 2010, at which time GIPSA will decide if the program should be extended, terminated, or modified.

INTERNATIONAL PROGRAMS AND OUTREACH ISSUES

John Pitchford, Director, Office of International Affairs, FGIS, GIPSA, briefed the Advisory Committee on a variety of international trade and outreach issues which included:

China Soybean Project

China has repeatedly reported finding treated seeds in U.S. soybean shipments. To address these concerns and build positive relationships with our Chinese counterparts, GIPSA discussed the possibility of conducting a study on a single shipment of U.S. soybeans from loading to destination in China. The Foreign Agricultural Service (FAS) will fund the study which includes FAS, North American Export Grain Association (NAEGA) and the U. S. Soybean Export Council as cooperators.

GIPSA drafted a project protocol for the study which included a visit to production areas, a barge loading facility, TSD, and the port. FAS submitted the protocol to China's State Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) for concurrence with AQSIQ responding that they want to include phytosanitary issues in the study (weed seeds) despite USDA insistence that these issues should be discussed with Animal and Plant Health Inspection Service (APHIS) in their regular bilateral discussions.

A GIPSA representative will travel to China to discuss the soybean project and other soybean concerns with AQSIQ.

Long-Term Assignments to Asia

The long term assignment to Asia began in 2002 with GIPSA placing a representative in Kuala Lumpur (KL) on a 3.5-month temporary duty assignment to work with customers and their Governments in Southeast Asia.

The last 4-month assignment was May-September 2008 in Hong Kong. The GIPSA officer visited 7 countries, gave 14 grain grading seminars on corn, wheat, and soybeans and also included presentations on containerized grain shipments.

In July, GIPSA will begin training a new person as a Collateral Duty Officer (CDO) for possible deployment in Asia next fiscal year. A U.S. Wheat Associates representative in Singapore expressed interest in having a GIPSA CDO give five wheat grading seminars in five different countries sometime in August/September.

Mexico Update

U.S. shipments of grain (corn, wheat, and soybeans) to Mexico are faced with uncertain border crossing procedures resulting in transportation delays and uncertainty among exporters and importers. The delays stem from Mexican inspectors no longer accepting copies of the APHIS phytosanitary certificates and require detailed wording on them without any typographical errors, otherwise the shipment is delayed entry pending a corrected certificate.

Representatives of FAS, APHIS, and GIPSA planned to meet with SENASICA officials (APHIS' Mexican plant health counterparts) in Mexico City, Eagle Pass, and Veracruz to discuss the issues in June 2009. However, APHIS met with SENASICA officials in Mexico City and reached an agreement to delay the enforcement until October 1, 2009. Since the issue was resolved, the USDA visit was canceled.

For the last several years, Mexican importers have not submitted any official complaints concerning corn quality. Recently, a major Mexican poultry producer and importer of U.S. corn complained about excessive broken corn and foreign material and damaged kernels. GIPSA believes they complained because of not understanding GIPSA's sampling, inspection, and testing procedures.

Earlier this month GIPSA met with representatives of the U.S. Grains Council (USGC)/ Mexico City and APPAMEX, (a Mexican grain importer association) and proposed an outreach program later this year to bring several of their quality control people to the U.S. to learn about the role of GIPSA and our quality control programs. USGC will discuss the potential training with the importer.

Importer Discrepancies

In the first quarter of FY 2009, GIPSA received 13 complaints from importers in 8 countries which is more than the typical number of complaints from importers of U.S. grain.

StarLink Corn Update

There have been significant positive changes regarding StarLink corn, which was first detected in the U.S. food supply in 2000. In April 2008, the Food and Drug Administration and the Environmental Protection Agency rescinded recommendations to test corn going into dry milling. In June 2008, the Ministry Health, Labor and Welfare (MHLW) (Japan's food ministry) ended pre-export testing requirements for U.S. food corn exports, but maintained monitoring at the port of entry. In April 2009, MHLW ended import monitoring for StarLink in food corn. In April 2009, MAFF (Japan's feed ministry) ended testing requirements for U.S. feed corn exports.

This means that after 8½ years, there are not any requirements to test for StarLink corn on a global basis.

2009 PROGRAM UPDATE

Mr. Jones briefed the Advisory Committee on 2009 Program Updates. The briefing included the activities under and revenue generated by the Inspection and Weighing Program, Official Agencies, Rice Inspection Program, and the Commodity Inspection Program.

Inspection and Weighing Program

GIPSA has established and maintains 12 standards and provides sampling, inspection, weighing, stowage examination, certification, and auditing and verification.

The chart below reflects fees categorized by revenue, direct, and indirect costs for fiscal years 2006, 2007, 2008 and year-to-date data for 2009.

Inspection and Weighing				
	FY 2006 (entire FY)	FY 2007 (entire FY)	FY 2008 (entire FY)	FY 2009 (to date Oct-May)
Revenue generated by "direct costs"	\$20,519,000	\$21,478,000	\$24,376,000	\$14,446,000
"Direct costs"	\$17,952,000	\$18,700,000	\$20,163,000 \$	\$13,497,000
"Indirect costs"	\$8,886,000	\$8,886,000	\$9,977,000	\$6,984,000
Revenue generated by tonnage fees	\$7,214,000	\$7,222,000	\$8,221,000	\$4,158,000
Million metric tons exported (MMT)	77.3	78.5	81.5	68 (estimated)

Official Agencies

GIPSA supervises the performance of State and private official agencies (official agencies) and approves their fee schedules. Each agency submits a tonnage-based fee to GIPSA to cover the cost of these supervisory activities.

Rice Inspection Program

GIPSA provides permissive official sampling, inspection, weighing, testing, and certification of rice via original services at field offices and cooperative agreements with official agencies.

GIPSA anticipates inspecting 2.5 million metric tons in fiscal year 2009 and is projecting a positive margin of \$389,000 for the program.

Commodity Inspection

GIPSA establishes official U. S. grading standards and testing procedures for rice, lentils, dry peas and a variety of edible beans. GIPSA offers inspection services for additional commodities purchased by USDA such as flour, oil, and syrup. Various agencies responsible for procuring processed commodities maintain Commercial Item Descriptions for those commodities and contract with GIPSA to carry out the inspection.

Services are provided by FGIS field offices and through Cooperative Agreements with official agencies. To date FGIS has entered into agreements with 41 official agencies to provide AMA services.

GIPSA conducted a fee analysis for the inspection and weighing program and the commodity inspection program. As a result of this review, GIPSA expects to publish Federal Register Notices in the fall of 2009 that will modify fees with an expected implementation date in October 2010.

COMMODITY INSPECTIONS – 580

Mr. Jabs presented to the Advisory Committee an overview of the commodity inspection program, financial history, and the fee development process for hourly, unit, and commodity testing services for graded and processed commodities. As a result of recurrent losses for several years, fee changes are needed to stem losses and ensure program viability.

Fee increases of approximately 17 percent in fiscal year 2011, 3 percent per year for fiscal years 2012-15 for hourly and unit fees, and fee increases to cover actual costs for commodity testing services were presented. The proposed fees for hourly, unit, and commodity testing services, slated for implementation in fiscal year 2011, are projected to stem program losses and maintain retained earnings at an acceptable level. For additional details, please see the attached presentation, Commodity Fee Analysis.

COST CONTAINMENT – STEPS TAKEN

Mr. Sharpe presented an overview to the Advisory Committee on cost containment steps taken by FGIS.

They included:

- Saving salaries and benefits for positions not being filled;
- Delaying the assignment of a collateral duty officer in Asia;
- Implementing changes to improve the efficiency of the Farm Gate assessment program;
- Discontinuing the use of home purchases as part of relocating employees, thus saving approximately \$125,000 per move; and
- Expanding the use of certain work schedules for the export facilities in New Orleans, Portland, and League City that will result in fewer overtime hours worked that will lower the cost to exporters.

ELECTION OF VICE-CHAIRPERSON

Tom Bressner, General Manager, Assumption Cooperative Grain Company, Assumption, IL, was nominated and unanimously elected vice chair. Mr. Bressner will resume the role of Chairperson at the spring 2010 Grain Inspection Advisory Committee Meeting.

RESOLUTIONS

1. The Advisory Committee recommends to GIPSA, to ensure a smooth transition when replacing FGIS personnel, that GIPSA look within current staffing with the experience to continue the facilitation of new programs being implemented.
2. The Advisory Committee applauds GIPSA on being a leader of governmental agencies by developing a Quality Management Program, conducting strategic planning, and developing FGISonline. Furthermore, we encourage GIPSA to continue setting positive examples and continue to be a leader of governmental agencies and recommends continuing work to develop an updated strategic plan, which focuses on current and future needs of the Agency, industry, and producers.
3. The Advisory Committee recommends that GIPSA report the future 520 Program accounting information to the Advisory Committee in a manner that reflects revenue and direct costs by field office location.
4. The Advisory Committee recommends that GIPSA reconvene the Sorghum Odor Task Force. The Task Force would work with Dr. Chambers to establish a definitive odor line, that through proper training, would be consistently interpreted and applied system wide.
5. The Advisory Committee recommends that the Chairperson work with GIPSA and FGIS to write a meeting summary containing pertinent information from the meetings in the 2 weeks following the meeting. This meeting summary shall be given to the Advisory Committee members, trade association (e.g., GEAPS, NAEGA, etc.), trade publications (e.g., Grain Journal) and producer publications (e.g., Successful Farming) for publication/distribution.

NEXT MEETING

The Committee recommended the next meeting be held November 18-19, 2009, in either Kansas City or Chicago.