THE UNITED STATES DEPARTMENT OF AGRICULTURE

Grain Inspection Advisory Committee Meeting

Moderated by: Barbara Grove

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DAY 1

A P P E A R A N C E S

Barbara Grove, Chairperson, Central Valley Ag

Arthur Neal, **D**eputy Administrator, Federal Grain Inspection Service

Dr. Carlos Campabadal, Kansas State University under the International Grains Program Institute

Rashad Hart, General Superintendent of Plant Operations, Cargill, Inc.

Sarah May, FBI,

John Morgan, Vice President, JD Heiskell & Company

Charles Parr, Acting Director, Field Management

Dr. Ed Jhee, Director, Technology and Science Division`

Phillip Garcia, Grain Inspection Program Manager, Washington State Department of Agriculture

Jess McCluer, National Grain Feed Association

Jacob Thein, Chief of Policy Procedures and Analysis, FGIS

Kia Adams-Mikesh, Vice President of NDGI and Official Grain Inspection

Mark Heil, Prairie Central Cooperative and General Manager of a Local Country Elevator Grain Company

Shayleen Rambur, JDH

Tracy Logan, United Grain Corporation, Director of

Export Documentation

Erin Casey-Campbell, Missouri Department of Agriculture, Missouri Grain Inspection

John Morgan, Supreme Rice

Chuck Bird, Neogen Corporation

Kendra Kline, USDA

Steve Goldsmith: FBI (Online)

Ignatius Liberto (Buck), **D**eputy, Chief Information Security Officer for Operations from USDA

Islelly Castillo, USDA

Christopher Coon, USDA (Telephonic and Online)

Dr. Charles Hurburgh, Professor, Iowa State University

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P R O C E E D I N G

CHAIR GROVE: All right, good morning, everybody. Welcome to this fall session of the Grain Inspection Advisory Committee Meeting. Um -- I want to call this meeting officially to order. We are going to go around the room and we are going to introduce ourselves, introduce the committee in -- um -- who you are, who you work for, and what avenue of the industry do you represent.

We want to look and see what our diversity is within the group as we're working through these issues. Uh -- we are going to start a little bit in the middle. I would like to start with Arthur as one of our leaders here and -- and go around the room.

MR. NEAL: Good morning, everybody. I'm Arthur Neal, Deputy Administrator for the Federal Grain Inspection Service, and I'm representing the Federal Government as the Designated Federal Officer.

DR. CAMPABADAL: Good morning, everybody. My name is Carlos Campabadal. I work at Kansas State University under the International Grains Program Institute as a Grain Storage and Feed Manufacturing Specialist, and I represent the connection between the exporters of U.S. Commodity, the Grain Commissions of the State of Kansas and others, with the different

clients around the world. Thank you.

MR. HART: Good morning, I'm Rashad Hart. Uh -- I'm a General Superintendent with Cargill Incorporated, in our Westwego Louisiana Port Terminals. I'm here representing the export grain business.

MS. ADAMS-MIKESH: Hello, my name is Kia Mikesh. I'm Vice President of NDGI and Official Grain Inspection, and I'm here on the capacity of representing Official Grain Inspections under FGIS.

MR. HEIL: Mark Heil with Prairie Central Cooperative and General Manager of a Local Country Elevator Grain Company. Uh -- We ship railcars of predominantly corn, soybeans, and wheat -- and representing that area of the industry.

MS. RAMBUR: Good morning, Shay Rambur, JDH, and I'm representing JDH as-a-whole who does some export business along with the internal grain – uh -- business in the U.S.

MR. GARCIA: Philip Garcia with the Washington State Department of Agriculture, and I'm representing the official agencies.

MS. LOGAN: Good morning. Tracy Logan from United Grain Corporation, Director of Export Documentation, and representing the export facility.

MS. CASEY-CAMPELL: Erin Casey-Campbell, Missouri Department of Agriculture, Missouri Grain Inspection, also representing official agencies.

MR. MORGAN: I'm John Morgan with Supreme Rice out of Crowley, Louisiana, and I'm representing the rice industry.

MR. BIRD: Chuck Bird with Neogen Corporation, representing diagnostics and – uh -- technology companies.

CHAIR GROVE: And I am Barb Grove, I'm with Central Valley AG, work with – uh -- grain quality, food safety, and I am representing the Inland Domestic Market. And we do have two members that will be here shortly -- um -- Dr. Kurt Rosentrater with ISU representing technology and research, and Dr. Charles Hurburgh with Iowa State representing, again, grain quality technology, and actually – um -- farmer producer.

All right, thank you everybody. A few – uh -- meeting notes. As the meeting is transcribed and recorded – uh -- be sure in the gallery if at some point you would like to address the Committee and have comments in a certain section – uh -- please raise your hand and I will try to address you. Come to the microphone that we have here, and please state your

first and last names, spelling last name, at least the first time you've come to address the microphone, and then any subsequent times that you may come up, and then go ahead and just state your name. That way we -- we -- can get that on the record. Those in the committee, we do have our -- our -- name tags in front of us and we do have a – um -- numbering system so that they're able to get our -- our names here appropriately.

I'm not going to make a mistake I made a couple of meetings ago and saying, "hey, make sure everybody has your phones off", and I forgot to turn mine off, and it rang in the middle. So just make sure to have your phones off. If you do have to take a call, please go ahead and step out of the room before doing so -- so as not to disrupt the meeting today.

Um -- as I mentioned earlier, we do have a very robust section, especially this afternoon, so we want to make sure we keep things on track. We do have a cybersecurity presentation later this morning with the USDA and the FBI. Something out of our last meeting that we talked about that we wanted to hear from industry stakeholders, hear some of the things that we may -- that we feel are concerns, and bring

that to us so we get some more information, learn a little bit more, and are there things that we need to suggest or recommend going forward and just to be -- uh -- better serving for the areas of the industry that we are all with.

So, thank you to Kendra and her team for making that happen for us. So, I'm very excited for that.

Um -- so, we are going to go ahead and – um --start this morning with FGIS program updates. And before I turn it over to Arthur, I am again going to mention we do have virtual and online attendees. So, attendees online, if you have a question for a certain section, go ahead and put it in the chat, and we will see if we can address it -- um -- at that time. If we can't address it during that period of time, we can come back to it later and get back to you. So, thank you, and I'll turn it over to you Arthur.

MR. NEAL: Thank you. Thank you, Barb. Well, good morning, everybody. It's good to see you. It's been a little while since we've seen some of you. Others we may have passed each other in different settings and meetings talking about other issues, but it's good to see you once again. Uh, Kendra -- can we put that presentation on the screen?

MS. KLINE: (Inaudible)

MS. NEAL: Okay, while we're working that out -- um -- last year and this year we've talked a lot about fees for FGIS and the -- the projected shortfall of nine million dollars that we'd be facing if we didn't increase our fees in a timely fashion. And I was concerned what would happen once we reached the end of the fiscal year. It has been a -- a very difficult lift for us, but we made it through the fiscal year in a better position than what we started the fiscal year. And so, I'm very grateful for that, and I want to say thank you to this Committee for helping us have meaningful dialogue around the process that we needed to facilitate. Uh -- make sure we had understanding in the various areas that you all represent and the groups that you represent, so that when you're asked questions, you can help explain what it was we're going through.

I want to say thank you for -- to my -- my team because we had to make a lot of difficult decisions this year with respect to the allocation of staff. Staff having to be away from their homes ninety days at a time, sometimes more than that. I think we've had one employee away from home almost eight or nine months serving in a different state just to make sure

we can have coverage in areas where we needed coverage, because we have to make sure that service could continue, and – um -- we didn't have the capacity to hire as rapidly as we needed to. And so, for all of the staff that served away from their homes, I just want to say thank you to them. For the staff that, you know, that had to deal with budget cuts because we cut across the board at FGIS. Everybody experienced tightening of the belt -- uh-- for still being able to facilitate the work that we have to do. So, I just wanted to say thank you to everyone, and for industry as a whole, for their support in this process. As you have understood, our -- our shortfall in terms of short staffing and working with us to make sure that we can continue to provide the service that you need -- uh -- without making a bigger issue than it could be. So, thank you all.

MS. KLINE: (Inaudible)

MR. NEAL: Okay. Okay. I'll kinda talk while

they're still working on that. When we started the fiscal year, we anticipated or projected that we'd probably facilitate about eighty-eight million metric tons of grain in terms of export

inspections for FGIS. That's lower than what we did last year. When I say last year, in '23, I think we're ninety-two million metric tons of grain inspected. So, we're anticipating ninety-six million -- um -- anticipating lower volumes for '24. I'm thankful that the number is actually higher than eighty-eight million metric tons. Things turned around. It started off slow -- like we were going to hit that eighty-eight million metric tons. The middle of the the export season, things turned around.

I think we ended up around -- ah -- one hundred and seven million metric tons of grain ex – uh -- inspected. For our -- the fee challenge that we were experiencing, there was a lot of work that was done to facilitate rule making so that we can adjust our fees. And, you know, the background was that we did not have any -- any provisions in our regulations that allowed us to -- to formulate hourly rates that we charge for the -- for the work that we perform. We were only -- we only had formulas for tonnage fees and for supervision fees, which is the official agencies would pay for the service that they provide. And so, we had to facilitate rulemaking -- the interim final rule for adjusting our fees, and now we're currently facilitating a proposed rulemaking to introduce a

formula that allows us to calculate hourly rates. That process was difficult, but we survived it, we interacted with Office of Management and Budget, Office of General Counsel, even the Department of Justice to facilitate this rulemaking. And so, it was done in record time. It was needed. It was successful, and we thank everybody for participating in that process.

We talked about the staffing challenges. That was something that was – uh -- very difficult for us to facilitate. It was done. The staff made it look easy. Easier than what it was. And, you know, one of the difficult parts of going through a situation like this is that we weren't out in the field much as senior leadership. I don't think we visited our staff maybe but one -- one time, maybe in one location – uh -- just to deal with an issue. And so, when you're going through tough times you kinda want to see your leadership. You want to talk to your leadership. You want them to understand your concerns and them to feel your heart. And our staff didn't have that luxury -- um -- because we didn't do much travel. We were only traveling to kinda interact with industry to deal with the issues that we had to facilitate. And so, that was a -- that was a

significant burden for us – uh -- knowing that we couldn't talk to them other than virtually. And so, we had to facilitate or manage that this year.

Collaboration made this much easier than – uh -- what it could have been, and that's on behalf of everybody. One of the biggest -- in addition to the fees and the staffing, another big issue that we've been trying to facilitate without fail is equipment evaluation. You all will hear more about that in talking to Ed, but the collaboration around equipment evaluation, and just modernization as a whole has been productive. And I realized that the culture has not been such that these type of conversations were -- were regular until, you know, of recent years. And we're trying to change that culture so that we can begin to think more forward. You know, think -- think more progressively as an organization so that we can facilitate growth because you all's businesses are evolving. And, you know, Nick put it best -- Nick Friant from Cargill, is that when you look at how grain grading was conducted 70 -- you know, 40, 50, 70 years ago, however long – uh -- they're still using some of the same equipment from way back then. And so, it's time for us to evolve. Other industries are doing it. And so, this collaborative process has been

good.

Also, I want to say thank you to industry because we've had some natural disasters to hit the country. Hurricane -- it says Ida, but it should say hurricane Francine and, and Helene. Those were significant events. And we were doing daily reporting to our senior leadership inside of USDA about the potential impact that those events had on the grain industry. And I want to say thank you to our industry partners for sharing. And that's USA Rice, that's National Grain and Feed -- uh -- NAGA, and just a ton of industry partners that were sharing information with us about how this is impacting the movement of grain and rice and other commodities that we serve. And then collaboration around the future. And, you know, what does grain grading and the services that we provide look like in the days ahead, and the years ahead? This is -- these are conversations that we're going to have to entertain ongoing. And if that looks -- if that means that we have to change how we deliver service, those are the things that we have to be engaged in and be prepared for.

Kind' a talked about the fees. We adjusted our tonnage and supervision fees through our regular kind of fee revision back in March. We

adjusted our hourly rates through our Interim Final Rule in June. It went into effect in July. Um -- and we proposed to change the insert of formula into our regulations that would allow us to calculate hourly rates. We published that on October 8th. There's a 45-day comment period that ends on November 22nd. Basically, the change introduces that formula, and it also lifts that five percent restriction on how rates can be increased.

Supervision fees, this is just a table that shows a kind of a historical chart of the operating reserves and revenues. There's been a heavy lift inside of AMS to lift some of the pressure off of the supervision and the grain accountants. The supervision account would have been in a negative state this year. We'll talk a little bit more about expenses and kind' a some of the things that we were working with with the agency to alleviate that. But, based on this chart, you can see here in FY24, revenue wise, was – uh -- $950,000. Obligation was $960,000. Shortfall of basically $10,000. And we have a operating reserve of $280,000, which is about three-and-a-half months of reserves.

This is a -- a graph that shows that supervision account. The -- the expenses on this

account benefited from our agency -- us working with the agency to find other sources of funding to take some of the administrative costs off of grain and supervision. So, that's one of the reasons why we're able to have a reserve in our supervision account. This is just a table that shows tonnage fees and supervision fees for FY24 – uh -- that were set back in April. No changes have been made there sense.

This particular slide talks about what we have projected the impact of our – of our revenue and obligations to be on our grain account. We have projected – um -- initially with just a tonnage fee adjustment and a supervision, fee adjustment that we'd be about nine point eight million dollars in the hole at the close of FY24. If we had adjusted our hourly rates in July -- that were effective in July -- we'd anticipated the -- the additional revenue generated from the rate increase would bring in additional revenue and reduce that deficit to about five point nine million dollars or six million dollars. That was the situation we were looking at earlier this year. The rates we were proposing back then in March was $65.00 for a regular contract rate, and -- shown on -- as shown on the slide. We did adjust the rates, as we spoke earlier, and we had projected that our cost, our

obligations, would be about three point six million dollars. As you can see here on this particular graph, it shows that our obligations are about twenty-five point six million dollars. That's a huge reduction in obligations. And a lot of that happened because AMS worked with us to help find other resources for us to move those costs off of the program for this year. I don't think we could ever do what we did this year again, because I don't think those resources -- I'm almost certain those resources will not exist again. But that's what really helped us to get bailed out of the situation we were in, because our fee increase did not take place until July, which means we only had August and September to realize any benefit from the increase.

Our revenue for FY24 was about twenty-nine million dollars. What we have projected revenue would be if we had the fee increase was about thirty million dollars. So we weren't that far off from the projected revenue. But we currently have, roughly about – a -- a month-and-a-half -- about a month of reserves in our account. So that's better than where we were last year. Last year, we closed out negative $500,000 that grew. We were burning about $1,000,000 a month after that in deficit because our rates still

had not been changed. So, we're in a better position this year than we were last year, and so we're grateful.

For the proposed rule that we talked about regarding the hourly rate, the purpose is to address the gap in the current formula structure that we have in our regulations. Talks about -- we talk about that the form -- the current formula was only to address tonnage fee and supervision fee. It does not include hourly rates and unit fees. The contents of that proposed rule really just kind' a lays out what will be the components of the formula. And so, it defines what regular rates are. The total direct pay of FGIS' personnel that's performing grading services, or any other services that's divided by the total direct hours for the previous year and multiplied by next year's percentage of cost-of-living increase, benefits rates -- benefits rates, the operating rate, and the bad debt rate.

I'm not going to walk through all of these different examples for you. You will have a copy of the slides. You can spend some time to look at the examples that we've provided for you. And if you have some questions, we can talk about that, you know, later today or tomorrow before you leave.

Another definition is our overtime rate, which is the total direct pay of FGIS' personnel performing our services, divided by the total direct hours for the previous year, multiplied by next year's percentage of cost-of-living increase. The only difference is that it's multiplied by 1.5 times, and then it's plus the benefits rate, plus the operating rate, and plus bad debt rate. Pretty simple. And, then our holiday rate. Similar to the other definitions, just multiplied by two. We define also what the benefit rate. Which is the cost of the benefits our personnel carry, divided by the total hours worked, multiplied by next year's calendar's percentage of cost of living.

UNIDENTIFED SPEAKER: All is gone.

MR. NEAL: Oh, it's gone?

UNIDENTIFIED SPEAKER: It's gone.

MR. NEAL: Oh. Then we define the operating rate, which the total operating cost of our personnel performing their services. It includes things like – uh -- training, equipment, lab testing, things of that nature – uh -- equipment testing, I'm sorry. It also includes any adjustments that we need to make to the operating reserve, and that is multiplied by the percentage of inflation. And then we have --

UNIDENTIFIED FEMALE SPEAKER: It's not on Zoom.

MR. NEAL: It's not on Zoom?

CHAIR, GROVE: INAUDIBLE

MR. NEAL: Okay – thank you **--** And then we have an allowance for battery -- bad debt. And FGIS doesn't carry a lot of bad debt -- uh -- and -- and if we do, it's typically some small business that has, you know, popped up and may have gone out of business really fast. But, bad debt is the total bad debt for providing service divided by total hours worked. And there's an example here that shows what that looks like. So, we ask for people to comment on this rule. If you have any concerns about the formulas that are being presented, as well as, you know, provide positive feedback too regarding what's being presented. I'll pause right there for any questions. Okay.

CHAIR GROVE: I -- I was just a little distracted there --

MR. NEAL: -- Mm-hum --

CHAIR GROVE: -- as you started the budget process there. Um -- so, your fee changes --

MR. NEAL: -- Mm-hum.

CHAIR GROVE: -- and that they include hourly

rates and services. Do you -- do you feel that the different types of services, not just inspection but testing, have you checked into those things to make sure they're -- they're at a rate that they need to be at?

MR. NEAL: We -- I think the -- this is the reality. FGIS has provided services at dirt cheap rates forever. If I'm not mistaken, in 1994 hourly rate -- hourly contract rate for service is around $34 per hour. 2024 we're charging $39.20. FGIS probably should have been out of business a long time ago.

For scientific testing, the reality is that scientists are more expensive than graders. They're more expensive than, you know, our technicians. And the -- the rates that they've been charging didn't include a lot of the cost that are involved or equipment recovery, at the full rates. So, I think it's debatable whether or not people will believe the rates are what they should be, but I do think they are including the cost of providing the service. How they should be presented, you know, whether it's presented as a flat rate or hourly rate, I think compared to some of our other -- we got to have another lab in AMS, National Lab. Their rates are pretty significant as well.

CHAIR GROVE: You know, I do appreciate that here about a year ago, as you presented to us the need, I appreciate that your team at that time were working through true costs of things. I mean, that's always much needed. You can't just set a budget and say, we'll just add 2% this year, add 10% this year. But you had everybody looking at, okay, what is -- what is the cost of whether it's tools, supplies, now let's look at people. All of that has to be done.

And it was -- like you said, probably long overdue. So, while sometimes – uh -- a raise in pricing is hard to swallow and, again, it -- it had been a long time coming, way overdue, so to jump and catch up to that, makes a big impact all at once. I think we're all aware we've done the same things in our own businesses. We reassess costs all the time. If -- if -- if you're either not making money or breaking even, you can't do business. It is just -- it's just hard --

MR. NEAL: -- It's hard --

CHAIR GROVE: -- It's a hard change so --

MR. NEAL: -- And this reality is that if the -- if the demand is not there, that means the business will go away.

MR. GARCIA: Hey, Arthur, that two point six

million for revenue, and then the eighty-two thousand hours, is that just line staff or is that administrative as well?

MR NEAL: You're talking -- you're talking about the example --

MR. GARCIA: -- Yeah, the example --

MR. NEAL: -- Those are just examples --

MR. GARCIA: -- But I'm just saying when you do the calculation, are you going to calculate just your line staff doing the work, or is -- does that also include your salaries, management salaries, and supervision?

MR. NEAL: This is direct service.

MR. GARCIA: Okay. So -- so --

MR. NEAL: -- so administrative costs are taken are paid for through tonnage rate.

MR. GARCIA: Okay.

MR. McCLUER: I'm Jess McCluer with the -- is this on?

CHAIR GROVE: It's on. It's on.

MR. MCCLUER: It is? All right. Jess McClure with the National Grain Feed Association. Thank you very much, Arthur, for your presentation and for working through the technical difficulties here. I just had one quick question, clarification. So, in

NGFA, we are actually reviewing this, and we will be submitting comments on this and do appreciate the ample time that you've provided to review. And so, I think it kinda gets back the question that Phil had on the numbers that are being used in here. Because when you look at the regular -- when I was looking here at the regular rate, like, if you go back to the slide on the proposed rule regular rate and you see the operating rate it's at 28.90, and then you go to the slide where you're calculating the operating rate and the operating rate when you calculate that's **69.61.** So, just trying to make sure that these are just different numbers that are being used in the examples?

MR. NEAL: Yeah. The examples are all different numbers. It's not intended -- it's not flowing continuously throughout the document using the same numbers.

MR. McCLUER: Gotcha. So, the numbers that are being used just as an example, but somehow the numbers here, they're different numbers in each formula.

MR. NEAL: Yep.

MR. **McCLUER:** Right. And that's just where we just want to make clarification –

MR. NEAL: -- yep –

MR. McCLURE: -- because this one's double in this slide compared to the other one. I wanted to make sure we weren't really missing anything and trying to figure out the calculation.

MR. NEAL: No, sir.

MR. McCLUER: Okay.

MR. NEAL: No, sir.

MR. McCLUER: Thank you.

MR. NEAL: Yes, sir. Just examples. All right. Thank you all for the questions.

Quick update from our Quality Assurance and Compliance Division. Just wanted to share their audit schedule for the rest of the year, fiscal year that is. Fall FY25, they'll be looking at Omaha Grain, Eastern Iowa, Champaign, Danville, Enid, and Maryland. Spring and summer of ’25. They'll be looking at Fremont, Louisiana Department of Ag, North Carolina Department of Ag, Amarillo Grain, North Dakota Grain Inspection, Cairo, Utah State Grain, and DR Shaw. That's the plan for FY25, provided there's nothing that pops up and and interferes with that. It'll be busy.

Many of you are probably wanting to know what's the next round of GIAC nominations are looking like. We've got 18 nominations received. We've gone

through the whole vetting process and assembled the package to submit to the department. It's been submitted. Tried to make sure we got it in before elections and changing of staff. Hopefully, we'll have a nomination before transitions occur. That's the objective.

So, we've been successful to get it there. Now we have to hope that the process will allow us to receive nominations -- receive appointments for -- from the Secretary. But it has been submitted, so that's progress. Regarding the Charter, one of the recommendations that you all made to us was to change the quorum to a simple majority. We've attempted to do that through the -- our charter update, and that would be changing the quorum to eight people. So, stay tuned for an update on that.

One of the topics of discussion has been the FDA, FGIS directive in terms of how FDA actions are handled and the reconditioning of such lots that may have been called actionable. FDA has been working to update that directive, to take into account the recommendations from the Grain Inspection Advisory Committee as well as industry that discusses major concern around, really a lot of issues, but I think the hottest topic is large animal filth.

So, it sounds like things are moving in the right direction in terms of what the collective body is wanting to see. We've not seen the final document, but based on conversations, things are looking like they're moving in a good direction. But it's in the clearance process at FDA. So, we're hoping that we can hear a final word on what that document's going to -- when it's going to be available for release soon.

Industry has also been working very closely with FDA having other conversations with them. National Grain and Feed, NAGA, they've been talking to them as well. One thing that's on here that you know, when FGIS merged, into AMS, all of the AMS programs -- grading programs, are under one treasury symbol, kind' a one account. FGIS is under a treasury symbol or account by itself. So, we're having discussions inside of the department about whether or not it's wise to bring FGIS under the treasury symbol with all of the other grading programs, so we're not exposed by ourselves like we had been over the past couple of years. Um -- and an update is -- that there's been an update to the NIRT Moisture Basis Handbook that was made in October One, and if anyone has any questions, we can touch base with Jake on that.

And so, that's all of my updates. Are there

any questions for me? All right. Hearing none – oh – –

MR. HART: -- one question. Arthur, one question. More so concerning the FGIS, FDA Directive on –

MR. NEAL: -- yes, sir –

MR. HART: -- the naturalized reconditioning.

MR NEAL: Agree --

MR. HART: -- Uh -- we like the progress that we're seeing. However, there's -- we got a change maybe a few weeks ago of the -- I guess you would say reconditioning proposal process where we had direct contacts within the region. They're in specifically, they're in the New Orleans region. However, that changed to the point where any type of reconditioning proposals actually went to, I guess, directly to FDA.

MR. NEAL: In -- in DC?

MR. HART: Yeah, In DC. And so, can you provide -- do you have any more insight on – uh -- I guess, would that speed things up and make it more efficient? Our concerns was that, hey, we don't want to lose the efficiency on getting approvals or disapprovals. But at the same token, we wanted to ensure that shared accountability was there with having that direct contact person within the region.

MR. NEAL: Let me ask a question. How was the response? Was it timely?

MR. HART: We have not gotten an active response just yet. We actually submitted one – uh -- actually yesterday.

MR NEAL: Okay.

MR. HART: And so, we have not gone through a test module --

MR. NEAL: -- all right --

MR. HART: -- just yet to see if that efficiency is still there.

MR. NEAL: So, I can't speak directly to it, Rashad, because I don't know if this is -- if that's long -- if that's a long-term modification. What I'm discerning, because I'm hearing different experiences, so, what I've heard is that New Orleans, and Parr, you can correct me if I'm wrong, what I'm hearing is New Orleans has been given -- at one point, they were getting doc -- given direct staff to contact from FDA, you know, so that they can get timely responses.

In other parts of the country, those contacts have not been necessarily given. Um -- and when they haven't been given those contacts, they say contact a certain person in DC because, you know they handle, you know, grain that's for animals or for

feed. And then CVM contact handles the grain for food. I'm not sure if that's going to be a long-term process. That may be short-term until they can get this document cleared. This is all a sum -- an assumption at this point because I haven't seen the document. I'm hoping that the document will allow more decisions to be made on the ground, and reporting be done to FDA. That's what I'm hoping.

MR. HART: Um -- okay. Thanks.

MR. NEAL: And -- um if I may ask, Jake, is that what you're also kinda assuming too?

MR. THEIN: Jacob Thein, T-H-E-I-N, Branch Chief of Policies and Procedures and Market Analysis Branch. So, what we've been kind of hearing in the meetings we've been having with FDA at this time is that they're setting things up more so, so that contact will be on a program basis like Arthur had mentioned, where if it's -- if it's animal, if the grain is going to be going to animal feed or animal use, then -- then that the CBM will be contacted. And, if it's going to human – uh -- food, it's going to be the CFSAN, or the food safety side of FDA is the one that's going to be contacted. So, my understanding is – um -- they'll be -- instead of having regional offices -- uh -- like in the past,

there'll be a contact information for each one of those programs. So, they -- it'll cut down the amount of trying to figure out who to -- who to contact and the -- that's my understanding. But, again, like Arthur said, we have not seen that – um -- their changes – um -- to the directive yet. So, we're waiting on that to get cleared with them and see those when they come back.

MR. NEAL: So, Rashad, you know, to answer your question, I don't know if that's going to be more efficient or not. I'm hoping that there's a piece that I -- I -- I discussed about some flexibility on the ground – uh -- that will be inserted into this process that may not yet have been revealed to us. Based on conversations it seemed like that could be something that will be happening, but I haven't seen it yet. This document is going through the FDA clearance process, so that means their attorneys and all their other groups are going to have to comment on what's being proposed. We're remaining hopeful because there's been a lot of dialogue around this issue. And I think industry is being clear about what they would like to see without introducing a great deal of risk to the process. So, we'll just have to stay tuned, but I appreciate that question.

MR. HART: Thank you and thank you both.

MR. NEAL: Mm-hum. Thanks.

MR. NEAL: All right. If there are no other questions for me, I'll turn it over to Mr. Charles Parr, the director for our field office.

MR. PARR: Thank you, Mr. Neal, and thank you to the Grand Inspection Advisory Counsel for the opportunity to speak with you this morning. Quick check-in on the presentation slides or were -- okay, perfect. Again, my name is Charles Parr. I'm the Director of Field Management Division for the Federal Grain Inspection Services that oversees all of our export field offices and also our domestic inspections operations office that oversees the domestic interior. As of today, I haven't had our USDA Market news branch beating down my door to offer me a position as a Market Reporter. But I'll -- I'll still continue to try to do my best. The 2024 market summary, if I had to sum it up in just a few statements, would be that – um -- you know, our bright spots for export are definitely corn and sorghum. Our soybeans to China are down from historical standards. And black sea wheat continues to keep prices across the board at a fairly low level. Fiscal year total export inspections were 12% higher than last year. And for

marketing year '25, we expect to see another 5% increase across the board. Export corn was up 40% from last year, and that's up about 4% for the five-year average, with our largest customers being, Canada -- or excuse me -- Mexico and Colombia. Our soybean export is down 15%.

Again, that's because our -- our numbers from China are decreased from normal. And we've also seen an increase in our Domestic Crush Capacity for the use of soybeans here domestically. So that, in turn, does give us a bright spot that we have seen an increase of -- of exports of soybean yield. Sorghum is a -- a 128% higher than last year and up 25% over the five-year average. Most of that is being shipped to China for production over there. Export wheat was up 8% this year, but down 12% over the five-year average. And a lot of that can be explained by the -- uh -- Russian Black Sea Wheat, kind of being dropped on the market at a fairly low price. In some cases, taking losses on it just to keep the price of wheat artificially low. We don't expect that to be as much of a factor for next year because of weather conditions. They've had a difficult time getting winter wheat planted in the -- in the Black Sea region. So, we don't expect their volumes to be as

high and the ability to kind of dump that wheat on the market. Update for Field Management Division Operations, we have had an extremely busy year. Arthur made mention of all the assistance that we received from the -- the AMS Budget Office to help us with our our fiscal year, budget problems, and issues. It wasn't just the AMS Budget Office that helped us navigate those. It was definitely a lot of changes made to operations and a lot of sacrifices made on behalf of Field Management Division staff, along with contributions from the others. Our goal this year has been to be lean and mean with our operations. We've had some staffing challenges that I'll cover here in a little bit.

Another one of our major changes was that we moved our Policies, Procedures and Market Analysis Branch to the Office of the Deputy Administrator. We spoke about this at the last GIAC Meeting. The intent behind that was to remove any potential for even a perceived conflict of interest with the Operations Group dictating policy and then having to follow said policy.

It’s also increased our efficiency in communication and collaboration with industry stakeholders and our official service provider

partners. It's allowed a much more streamlined approach for the intent of Arthur, the Deputy Administrator, for his vision of the agency to meet policy directly head on. Our Policies, Procedures and Market Analysis Branch has put together a schedule – um -- for reviewing a lot of our instructions. FGIS has a lot of instructions. It's -- it's -- I believe the last time I checked, in excess of 45,000 pages related to our grain inspection, processes and procedures. Those come by way of the regulations, handbooks, directives, program notices, lots of different documents that we have for instructions and review.

Mr. Thein has worked with his team to put together a review cycle. That review cycle will give us the opportunity to let you know what documents internally we're reviewing for simplification and updating. And that way we can solicit as much collaborative feedback as possible. We -- before we -- uh we sent the Policies and Procedures Group to the Office of the Deputy Administrator; we gave them a parting gift of a program to handle policy questions. So far that has been implemented from an internal standpoint. It's working very, very well. And as soon as we receive OMB approval for a hard copy of a

form that represents the electronic form, we'll be able to open that up to the general public. And you'll be able to submit your policy questions to PPMAB directly for them. And the program handles and tracks the life cycle of the -- as the policy question is being addressed. It also gives us an opportunity to see what types of questions are being asked related to our instructions. And it will also help as an additional guide for the review and update schedule. Part of being lean and mean in the Field Management Division is to focus on what it is that we do best. And that is, you know, the regulations require that we inspect export vessels. Traditionally we have done some other work in other field office areas. Some of that is work in the domestic interior – uh -- involved with unit trains, containers, phytosanitary work on behalf of APHIS. A lot of operations that are -- that are traditionally also handled by our Official Service Provider Partners. Staffing levels, we've begun to right-size our staff. In some areas we are short-staffed. But in other areas we have excess staff. And they're not in the proper places. So, it's more important for us to right-size our staff. Uh -- that's going to help us in the long-term addressing long-term budget issues as well. So, some of the work that

we've done to shift – um -- work that we're no longer specializing in -- uh -- to our Official Service Provider Partners. Uh -- the first area where we've conducted those types of operations is in the Toledo Field Office area. We had – um -- official agencies already designated to operate in those areas. North Dakota Grain Inspection, Eastern Iowa Grain Inspection, and in portions of Illinois, Kankakee and Champaign Danville Grain Inspection. So, this was a pretty easy and smooth transition for us because those designations already existed. We were able to just simply transfer the work that -- uh -- we were conducting. It was domestic interior work that was occurring at export elevators. So, we will continue to focus on – uh -- the inspection of the export vessels, but the additional service request volume will be handled by the official agencies. And I can't say it enough, how -- um -- happy -- happy I am with the transition of that work. Everything was extremely smooth. And I'm very thankful and grateful for those official agencies that were part of that transition.

Our next area of focus is in the state of Texas. If you see on this map the central portion of Texas, for those of you that maybe can't see it online -- Are they able to see this? -- okay -- so, the

central portion of Texas was previously unassigned and has been now designated – uh -- by Grain Inspection Services of Texas. Their short name is GIST. Mr. Pat Lacour heads up that new official agency. It's been a long time since FGIS has experienced a new official agency, so we're excited about the activity that's taking place there. If you look at the portion of Texas that is the southeastern portion this area was – uh -- didn't fall under the unassigned and did not fall under a designated category. It was serviced by the League City Field Office. But again, a lot of that work is vital sanitary inspections for APHIS, and our West Lico regions for shipments going across the border and land carriers. And then it was also a lot of domestic rail movements and other inspection.

Traditionally it was covered by the League City Field Office just due to proximity. But seeings how we're specializing in how we're set up, the regulations for us, and our fee schedules and how we conduct business, it's better suited for us to do more contract work that is very structured, it’s repeatable, it's schedulable. The demands made of the domestic interior have a high variability in their volume. They could be busy one day and be doing absolutely nothing the next. Just their structure is

private companies operating in the private sector are better suited to meet those – um -- that very elastic service demand.

We went out with a Federal Register Notice to put a designation in place for that territory. That FR notice was open for applications for official agencies to put in for the newly designated territory. That application process has closed. And the decision to make an award is with our Quality Assurance and Compliance Division, and we expect them to be back with us very soon with an update on who they plan to award that designated territory to. Once that occurs, we've already had excess staff in our Toledo Field Office, and we'll continue to increase excess staff in our League City Field Office. So, we have to -- um -- do the work to right-size our staffing. That is not an easy process in government, and it is not a quick process. I would say that the changes that we've made over the past year in Field Management Division, from a government standpoint, we're moving at light speed. I mean, we're making a lot of changes, very, very quickly. And we continue to keep that momentum going. I know sometimes from a private sector standpoint that can seem a little bit slow. But trust me, from a government standpoint, we're moving pretty fast.

We're continuing to assess our contract work and our non-contract work. Part of our fee schedule changes kind of increased the fees for the non-contract service. We're trying to create more of an economic decision for our customers and stakeholders and incentivize them to enter into contracts with us, so that we can better plan and manage our – our staffing levels accordingly. Also, the transition of a lot of that responsibility to our official service provider partners leaves us with the more, kind of, stable work of the export vessels. Part of this rightsizing of staffing involves what we call management directed reassignments. That is where -- it's the mechanism that we have on the government side to pick people up and move them to new locations to work. As I said, it's not a fast process. And it's also one that does require funding to -- to execute because we do have to fund relocations for the affected employees.

So that's why we couldn't immediately go out with management directed reassignments and right-size our staff as quickly as most people probably thought we should have. It was simply because we couldn't fund the activities that we had given the fiscal constraints that we had for FY24. With the new fees in place, and definitely a much, much more positive

outlook for our financial situation for FY25, we do expect to right-size our staff -- um -- with respect to moving excess employees out of their lower service volume areas to our higher service volume areas. And we've also identified two areas where we're actually going to begin the hiring process. For about two years now we've been under a hiring freeze with Field Management Division, just due to these -- um -- us being improperly staffed in in some areas. The financial constraints that that put on us simply left us with an inability to hire. We're looking at picking up a couple of inspectors in our Portland Field Office. And then we need to address the issues of hiring Agricultural Commodity Graders and Supervisory Agricultural Commodity Graders in our New Orleans Field Office.

Part of those goals with our staffing is also to reduce the overall impact of overtime on the agency. Overtime is a great tool sometimes to save the long-term risk of taking on additional staff. But it's also important to us that we create a good work life balance for our employees. We've had an excessive amount of overtime, especially in our New Orleans Field Office area. And it's been a goal, of not only us here in FGIS but for the Administrator's

office, to reduce the the number of overtime to a more reasonable level. With that, that's all I have for my updates this time, unless anybody's got any direct questions for me.

MR. MORGAN: I have one question. John Morgan with Supreme. When you divey up Texas, are you going to -- I don't know if I understood it correctly, are you still going to handle the Export phytosanitary Inspections for Texas or are you going to do that for the offi – is that going out to the official agencies?

MR. PARR: A majority of it will go to official agencies. I'm sure there will still be opportunities for field office staff to conduct those where it makes sense. But with the designated territories, it will become the expectation that the designated agency will handle those for that specific area.

MR. MORGAN: And the last question on Texas. The League City office, are you going to retire the rice lab there? Are the -- are official agencies going to take over rice grading services in that area?

MR. PARR: There's no plans to do that at this time.

MR. MORGAN: Okay.

MR. HART: Charles, Rashad Heart with Cargill.

MR. PARR: Yes, sir.

MR. HART: Hey, I appreciate the updates. As you were talking, specifically around the New Orleans Field Office – uh -- your teams -- big thanks for your teams. The amount of overtime and the dedication that we've seen is truly appreciated.

However, my question goes around, you know, we're operating in -- uh -- I guess you'd say, times of uncertainty, where volume has, you know, fortunately picked up and it has enhanced. But that window or that duration is uncertain. Are there any short-term options, viable options? Because we want to be fair here. I mean -- but are there any viable options where we can kind of help close the gap with the -- I guess you say shortage of supervision, you know, of graders or even graders within the short term, you know --

MR. PARR: -- yes, absolutely. And I've acknowledged the fact that there have been instances where we have been short staffed with respect to Supervisory Agricultural Commodity Graders. We've utilized a roving system at times, which I understand is not an ideal situation for our Gulf operations.

What we're doing right now is we're progressing as fast as we can with those management directed reassignments, but we're still utilizing official travel as well. So, we're utilizing staff. Jake's staff and PPMAB has people that used to be shift supervisors and they have previous experience. We're pulling from a lot of our staff that are in other areas and we're putting them on official travel to help support operations in the Gulf.

MR. HART: Thanks. That would help significantly. Because from the industry standpoint again, you know, there's uncertainty with the window of opportunity. Uh -- but at the same token, we're experiencing times where, hey, just a sheer volume on a daily basis is in that 10% range on reduction, you know, because of the lack of figure supervision or supervision as force graders or graders, you know. When it comes to reinspection process and just the timely -- timeliness of getting results. So, I greatly appreciate all efforts.

MR. PARR: And I appreciate industry's patience for us being able to address that situation. If there's no further questions, I will pass it to my colleague, Dr. Ed Jhee, for updates with the technology.

DR. JHEE: All right. Good morning, everybody. All right, let's get things going here. All right. So, this morning I'm going to provide some program updates on TSD initiatives. Kind of -- I think as we reflect on what we've heard so far this morning, it's balancing the -- and maximizing the use of our existing resources. Right? So going into fiscal year '25, one of the key focuses to cattle -- to serve as a catalyst on what we're going to do this year is conducting a program analysis, kinda going back to the beginning. What do we do? How do we do it? Where is our money going? What kind of data are we collecting? What does the data mean?

So, these types of questions, we're kind of asking ourselves how can we add more value to this Grain Industry, all right? With this outcome driven focus we're going to be focusing on some initiatives that will provide an impact to both internal as well as external stakeholders. So, let's start with one of our key efforts that we -- how -- on how we support the industry. With regards to mycotoxins, we have a voluntary mycotoxin monitoring program. The intent of this program is to provide information for evaluating, maintaining, and improving the performance of mycotoxin testing. We do issue weekly reports to

participants, and the intent is to create a feedback loop for continual improvement here. For some data, some specific data, aflatoxins in corn mostly the data indicates it's a non-detection, which is good news. Most of our results are less than five parts per billion.

For DON in wheat and corn, the frequency of DON detections are at quantifiable levels -- indicate that there may be an issue with performance. So, contributing factors may be sample preparation, operator proficiency, quality control processes, or even test kit performance.

Well, I mentioned what we are looking at? How do we how do we currently serve our industry? What are some possible ways to maximize efficiency? One of the thoughts that we've considered internally was a proficiency program. Right now, we have this voluntary monitoring program, but I think if we thought about proficiency and how to target --

UNIDENTIFIED SPEAKER: -- Uh-oh.

MR. JHEE: Oh, come on. Why me? Okay, didn't this happen last year?

MR. JHEE: So, back to proficiency programs.

One of the things that we were thinking of is how do we best target and find areas of improvement

and how do we provide that feedback directly to the participants? By creating prepared samples and being able to send those samples out blindly to the participants, it allows us to be able to kind' a take a -- a greater measurement in terms of where they stand in terms of performance and then providing that feedback and measuring the progress on getting to where we believe quality should be.

Falling number is another voluntary monitoring program. And oftentimes from a feedback perspective, we find incorrect calculations, differences in moisture, and then barometric pressure and water temperature tolerances are sometimes out of tolerance or sometimes out of range. So, what do we want to do about falling number?

We want to improve participation. We want to be able to collect additional data and be able to provide a better snapshot of how this industry performs. In addition, this year we're going to take a look at the current approved list. I think over the past couple of years as we've looked at instrumentation and equipment within our official service -- inspection system, we've started to identify instruments that have become obsolete. Um -- meaning that there are parts that are hard to find.

They're not even serviced by the manufacturer. So, I think we need to kinda take a look at what is currently out there that is obsolete and revisit that list. Um -- finally, I think, overall, what we're trying to accomplish here is explore ways to improve alignment. Speaking of alignment, the Board of Appeals and Review, they have been quietly in the background taking care of a lot of key initiatives for TSD. In partnership with Kendra and -- and Shane and the Digital Media Group, they've been working on a corn damage training video. My understanding is -- it's near final. I think they're working on some of the final voice over. I believe we missed out on James Earl Jones.

But this year, they do intend on beginning the development of soybean and wheat videos. Last year I mentioned that they started implementing microscopes, digital microscopes to enhance communication with our field offices. We tested them out at the New Orleans Field Office in Portland, found that, that they work. It does enhance communication. You can show, kind of from a training and walk through perspective. Really, you get to see what the inspector's looking at. The bar can show the inspector what we are looking at. Right? Uh --

finally, the bar also conducted what we call a proficiency program. So, in this case they sent out referee samples. To -- which allowed for more focused training and development of the inspectors and the QAS's in the field.

All right. So, technology update. I'm going to split this update into two parts. The first part will be a discussion about the Unified Grain Moisture Algorithm and the technology used in the moisture meters, and how they compare against the Quart Kettle for obtaining test weight measurements. Second update will be on where we stand with imaging technology and grading. All right. So, let's go back to the basics.

Why did we want to explore test weight with the UGMA instrumentation? It made sense, right? There are simultaneous processes that we hope to accomplish with this effort, performing check test and moisture at the same time. Also check testing those processes, simultaneously was another opportunity. I think at the end of the day, we all realized that to reduce time, labor, space, operator dependency, these were all drivers behind this initiative. But back in 2008, they were very quick to discover what potential barriers there could be. And in this case, there was

a basis of determination for moisture and test weight. I'll show this in a minute in another -- another slide. If we utilize existing test weight tolerances through the SIMS program, we have to consider, what are we going to be comparing the UGMA against, right? And then the other thing that we discovered was the impact of dockage and foreign material on the ac -- accuracy of test weight. And then there are fundamental physical differences between the test cell within these instruments as well as the cork or quart kettle. So, when we talk about the basis of determination, one of the complicating factors in terms of being able to run one sample and obtain two results exist for a couple of these grains here. Wheat, sunflower seed, and I believe it's barley, right? So, take a look at that. That is one of the operational challenges that we wanted to kinda show.

So, we went in 2013 to kind of explore how do the two methods compare. So, in 2013, we wanted to assess the accuracy of the UGMA instruments. We wanted to simulate test weight check testing with moisture check testing, and then we wanted to see if there was an effect or an impact of dockage and foreign material on test weight. The outcomes of 2013 indicate that if we're going to use these current SIMs

tolerance for quart kettle, we will need to widen those tolerances. Bias adjustments were able to be made. However, they were larger for the coarser grains, for corn and soybeans. Agreement between the UGMA and the kettle improved when we took out dockage in foreign material from hard red winter. So, their recommendation was to essentially control as many variables as possible. Remove the dockage, try it again. So, in 2017 we tried it again. So how do the methods compare? These are the questions. How do the methods compare? But we went further. We wanted to ask, what's the probability to exceed a defined limit? And then the last question we asked was, what's the expected range of differences between those methods? In this case, from an experimental perspective, we compared grain against grain where we removed all the dockage of the foreign material, and we tried to make this really on accuracy of the instrumentation.

I want to focus actually on the second question because the results in terms of accuracy were the same. But when we asked the question, "what is the probability to exceed a specified tolerance in this case", we're using the SIMS tolerance for corn. And for a particular meter, these were the results. Highlighted in red. When you look at the UG made of

Kettle and how many times that failed the warning limit compared to the Quart Kettle. I'll leave it at that.

So, in 2017 the UGMA instrumentation, they have a higher likelihood of exceeding the SIMS tolerance on more than half of the grain types tested. The SIMS tolerance will need to be wider if we're going to adopt that particular method. And then UGMA has higher measurement variation than the quart kettle.

We weren't done yet, though. So, a number of discussions that we've had over the past year, and I think the engagement that Arthur and Charlie have talked about in terms of meeting with key a stakeholder groups such as the NGFA and NAGA, AGWA, and this particular group. We wanted to see one more time if test weight could still be a possibility. And in this case, the Board of Appeals and Review in our instrumentation unit, they decided to create some corn samples that were in accordance with the Grates. So, we decided to put broken corn and foreign material back in but somewhat control the parameters. The repeatedly -- the lime -- the results were pretty much the same, right? So, if the SIEM's tolerance for corn is 0.6, the Kettle was performing at plus or minus about .3, while the two instruments were pretty high.

So, let's go on to a positive topic. Here we are Imaging Technology. Where are we today? Where do we hope to be? And where are we going to go? I am very excited to say that we were, over the summer, able to enter two Cooperative Research and agree CRADA, Cooperative Research and Development Agreements. With Sea Grain, based off the success that we had with this company Bay – uh -- out of Sweden on the rice projects. We are working with C Grain to explore wheat and wheat factors.

Videometer is a company based out of Denmark. They arrived yesterday. The instrument was delivered last week. They're in the process, actually downstair -- no -- around the corner, training our staff on how to build the ANN or the brain of these calibrations. So, this is exciting to be able to have the instrumentation in-house. I do believe we have a demo set up for everybody around 5 p.m. So, I know that the staff are working hard to see if we can get something ready for you.

All right, so we may be asking, how are we going to go through --

CHAIR GROVE: -- The Videometer that you said the C Grain for wheat, the Videometer --

DR. JHEE: The Videometer is corn, corn.

All right, so how do we go through this process? It's a three-step -- it's a three-step process. And I would say in this first phase -- I'll -- I'll talk about phases in a little bit.

What we want to do is consider three – the, the three key steps. The first one being building a baseline. We want to be able to have -- what are we comparing these factors against. So, the – the -- the baseline is going to be sound kernels, sound hard red wheat, sound yellow corn, all right? The second step is then training the instrument on what we want it to find. So those particular factors in this -- for example, like insect damage. So, the kernels that have the little holes bored through them, okay? So, thousands, and thousands, and thousands, and thousands of these samples are going to report to the instrument in order to train it to recognize it. That final step, step three, is when we test this calibration, this brain. Can the instrument find what we're looking for? So, we pour a sample where we know how many insect damage kernels there are, and we see if the instrument can find that same amount. That is the proof of concept. If we can get past the proof of concept, we can move forward, okay?

How are we going to go through this?

Samples. Lots, and lots of samples. So, when in the project that we're working with them with C grain, we have started collecting an enormous amount of samples. I can't thank the Board of Appeals and Review enough. These are individual kernels in the middle column. The right-hand column is the target amount we are trying to seek, all right? That's the starting point. You might -- you guys might be asking well, what is the number we're trying to get to? It is actually infinite, all right. As we proceed with this effort, we're trying to get as many images as possible to, right now, begin this process. And then hopefully, if the stars align and we have an instrument that actually goes beyond proof of concept -- it's -- the potential is exciting.

So, I wanted to show these photos to you because we have been working with C Grain in sending samples overseas. And so, these are some of the preliminary photos that they've already started to take through the instrumentation. From -- some of you guys might have been familiar with the C Grain instrument when you had an opportunity to look at it last year. Very simply put, the technology is, I guess, you could call it a gravity based photographic system.

So, the kernels will literally rotate in a bowl. It drops. And as the kernels dropped -- or it falls -- it falls within three mirrors, and a photo is taken, all right. So, what you're seeing is the three -- the three photo -- the one photo -- excuse me -- but it's three sides of that, that kernel. So, what we're seeing here is close to 88, maybe 90 percent coverage of the kernel. And so, the prediction model is really going to be based off of that coverage, right? So, in this case, we're looking at sound kernels. We did find an insect apparently inside a kernel. Here's germ damage.

I'm going to pause here because when I showed that list of what type of factors and what type of samples we're collecting, and this whole idea of proof of concept, we are starting with the most difficult factors we can think of. These, in particular, like germ damage or damage that is internal to a kernel that require physical manipulation, scraping, we have to overcome that.

UNIDENTIFIED SPEAKER: INAUDIBLE

DR. JHEE: No. No. Come on --

DR. CAMPABADAL: We have an hour --

DR. JHEE: Right. Right. One hour -one hour. Somebody set a timer. Hey, Siri --

So, where was I? Germ damage. Starting off with the hardest. Okay. So, again, it comes down to physical, physical manipulation. That's one of the time and process points that we're trying to, well, reduce, I think, here. So, if the instrument can't detect germ damage, we'll have to think about what the next steps are.

Sprout. Here's sprout damage. The yellow highlight is actually what the computer algorithm is reading. I can't explain that any further.

All right, corn and Videometer. This slide kinda shows you where we stand in terms of sample collection for our corn samples. It does indicate the targets. I did highlight in red, like I did with the wheat, kind of where we stand with our current samples. We did have a chance to talk with AAGIWA members yesterday, and they asked, you know, is it wise for us to start saving samples as we come across them? Yes, please. Yes, please.

All right. So, what does our outlook look like? I think when we think about these puzzle pieces, we have to find these puzzle pieces, how they fit together in collaboration with this industry, with all of the partners, getting feedback from all of you guys every step of the way. I think we can get there.

How do we get there? It's kind of a two phased approach. Arthur, did you mention the proposal?

MR. NEAL: I did not.

DR. JHEE: Okay. So, one of the things that the agency has done is work with the industry to propose to the Office of the Secretary a request for some funding. We wanted to request some funding to see if we can accelerate maybe or maybe increase the scope on what we're working on here.

We propose this effort in two phases, which we are actively in right now, all right? So, the first phase is this proof of concept. You might be asking, well, what happens after proof of concept? Several things. One, we'll probably attempt a beta test in-house, with the Domestic Inspection Operations Office to kinda see how it works from a field perspective, but in a controlled environment. But, at -- after -- immediately after proof of concept is engagement with as many stakeholders as possible because we have to start planning for the future. If we have Proof of Concept, we need to be start -- we need to start thinking immediately, what would this look like in the future, and how do we implement something like this in the future.

Thinking back in terms of experiences with

the moisture meters, barometric pressure corrections, etcetera, those types of things, I think are lessons learned. So right after proof of concept, we start talking about what the next steps are.

The second phase is actually going to be the field testing of these instruments. This is where we probably take a regional approach, where we're talking about Midwest, Upper Midwest. We want the West, probably Southern Gulf area. We want to see how these instruments potentially perform in extreme weather conditions. That is another test factor we do look at. How -- not just how an instrument performs, but in the field, in reality, how will it perform, right. So those two phases kind of encompass really the direction that we hope to go, with you guys, every step of the way, all right? With that, I'll take any questions.

CHAIR GROVE: I won't say a question, just -- uh -- uh -- more of a observation. If you know, test weight was looked at as, you know, different industry stakeholders and workshops have been held to look at, again, technology and how do we incorporate it into the FGIS system. And test weight was considered, oh, a low hanging fruit, right? And, you know, I have seen you present this, and we're like,

okay. Test weight's not low hanging fruit. And, of course, we want it to be right. It's not pushing something through just to make everybody happy -- just get it through. It seemed like it should make sense since the machines themselves are already approved for a particular function. I do think it is exciting looking at the, in a sense, the the video braiding because that was, you know, from some different organizations presented as more of a long-term goal, thinking it's going to take a while for that to happen. And, I mean, I think we're seeing -- actually some very good results or things happening very quickly. And again, that is very exciting as an option. As Charlie had talked about some of the challenges and in staffing, I think as an industry, we are all looking at the same thing. We all have some staffing issues.

So, when you look at technology, it's not about replacing people. It's about, well, I may not have a person to begin with, so it's helping to make the people I have make their job more efficient.

DR. JHEE: Mh--mm.

CHAIR GROVE: And so again, this is exciting not just for, for FGIS.

DR. JHEE: Right.

CHAIR GROVE: Again, as Charlie talked about your focus being on export, but the entire industry in general.

DR. JHEE: Mm-hum.

CHAIR GROVE: Again, to see the confidence or be able to gain confidence from what you're doing. Because I know I call you quite a bit. And say -- you say, "oh, man, why did Barb get my phone number?" But just say, "hey, here's a technology that's reaching out, have you heard of them, what do you think, have you seen them?" That's important to me also because if you're going to invest in something, you want to make sure that it's right.

DR. JHEE: Right.

CHAIR GROVE: So, I appreciate what's going into this right now. Thank you.

DR. JHEE: Thanks.

MR. CAMPABADAL: Hi, this is Carlos Campabadal from Kansas State University. Just as a comment, this is great. The rise in -- and I know for sure the Wheat Milling Industry has used this type of technology, and a machine called Sortex for more than 20 years, and you probably know this, but it will be kinda like a good idea to also to think about their experiences. I mean, for their purposes to clean out

3 the wheat. I'm not that familiar with the Rice Milling Industry, but in the wheat, even in Kansas State, we have one just to push out all the grains that are -- don't meet standards in terms of damage to avoid that on that cleaning process for milling. But it's similar technology.

DR. JHEE: It is. It's similar. And I think you bring up a great point is another key effort that we'll have to undertake together is identifying the needs and the musts of the industry and then the wants, right? So, I think right now, the focus is definitely going to be on what kind of factors are we going to be looking at, how does that add value to the inspection program or to the inspection system, what other factors are out there? And I think another way of looking at it is what matters the most when it comes down to these grade determining factors and then application of the technology. Thanks.

MR MORGAN: Dr Jhee, thank you for that presentation. I am encouraged to see how you're using C Grain to look at the wheat. As much cross functionality can develop, it'll be great for the -- all the grains involved. These machines are expensive. So, it's -- sometimes it's hard to find vendors that would maintain the technology. So, I do

encourage y'all to keep doing it. I'm interested in seeing what this Videometer does as well. Thank you.

DR. JHEE: A little bit about the -- a little bit about the Videometer technology, just to give them a little bit more sound time. I mentioned C Grain's technology and kind of a high-level overview of what my visual description of it is. Videometer utilizes a combination of RGB red, green, blue visual spectrum, but also multispectral. Some of you guys have may have heard the words multispectral, hyperspectral, it's all kinda like satellite-based imagery. It's really cool stuff. But now you can use it in a tiny little camera and scan grain with it. So, we're going to see if multispectral imaging does work. This is one of the technologies we believe can also help us look at germ damage, potentially.

MR. HEIL: Mark with Prairie Central Co-op. The research that you were doing on the test was it just on corn, or did you do it on other commodities as well?

DR. JHEE: The major grains, all eight major grains. Barley, oats, corn, wheat. Yep. That's it. All right, thank you, guys.

CHAIR GROVE: Yes. Great great timing there. We are set to go on a break here at 10:15 and

have our Cybersecurity Presentation start promptly at 10:30. So, please be back and prepared by 10:30. Thank you.

(Whereupon a break was taken at 10:15 a.m. and returned at 10:30 a.m.)

CHAIR GROVE: All right. Thank you. I think most of us are here in our seats. The Committee is here. We will go ahead and start with the next presentation. We have USDA online, and we have FBI in the room. Isn't that kind of exciting? To talk to us about cybersecurity. So, we'll -- I should've -- if we want to go ahead and have the speakers come up.

MS. MAY: All right. I think they said they hooked it up. There we go. Okay. Good morning, everybody. My name is Sarah May, last name M-A-Y, like the month. I am an Intelligence Analyst with the Federal Bureau of Investigation. I work here in Kansas City. I believe my colleague Steve Goldsmith is called in online, who works these things day-to-day. I cover the WMD program here for Kansas City, which covers a couple states, which I'll go through in my presentation.

But I formally worked at our headquarters building with Steve on Ag threats, and I'm now here in Kansas City working WMD threats and have been with the

Bureau for about 15 years now. And I'm just going to cover kind of a general Ag overview from the FBI's perspective, which is going to include agroterrorism and cyber threats.

All right. Okay, so general disclaimer that we kind of have to put up here from the FBI. This information is unclassified, but for official use only, which please just means please don't take any screenshots, photos, or anything like that. But contact information will be available at the end. I'm happy for you to reach out for me, and hopefully we can answer any questions or provide you anything that you guys need, okay?

Okay, so what is the FBI in terms of WMD, Weapons of Mass Destruction? We break down into a couple of different areas. On the left is a map of the United States. We have 56 field offices, actually kind of 55 now. Two of -- two of ours are combining in Tennessee. But I work in FBI Kansas City, which is one of those 55. And, we have over 300 resident agencies which are smaller field offices that fall into the major field offices. At the national level at FBI Headquarters, we have the WMD Directorate where Steve works, and they have a couple of different sections that manage national initiatives, some

countermeasures programs, as well as an intel shop up there where I used to work, and an investigative and operations section, which kind of helps oversee a lot of the field's work.

Then in Quantico, Virginia, the FBI has a laboratory there. These are where a lot of our scientists are. They do a lot of the response potential evidence collection in our National Bioforensic and Analysis Center where they would do that forensic analysis on any type of biological materials that can handle up to BSL four as part of the laboratory division as well.

And then worldwide, we do have offices overseas, 67 Legal Attaches in U.S. Embassies, including five WMD bodies in those, in five different Legats across the world. And here in FBI Kansas City, this is what we look like and what we cover. We cover the entire state of Kansas and probably about two-thirds in Missouri over to Jefferson City. We have another field office in Saint Louis, which covers the rest of the state of Missouri.

And you can see here, the map is broken down into our main office in Kansas City, just right across 29 over here, and our different resident agencies. And we have that one WMD Coordinator in each office

for Kansas City. She hits -- sits here in Kansas City. And we have multiple Assistant Coordinators throughout our RAs. I do want to highlight that we have an agent in the lab out in Manhattan that covers the INBAF facility for us specifically, as well as intelligence personnel like myself.

Okay. So, what do WMD Coordinators do? They are special agents, so their main job is investigative in terms of any threats to critical infrastructure, any use of WMD materials, but we do try to stay left of boom or try to prevent things from occurring in the WMD world. So, a lot of their job is liaison and outreach with partners and in the bio and agriculture sector. That would include our government partners, USDA, State Department, FDA, CDC, everything along those lines, as well as our diagnostic laboratories at the state level who do a lot of our local testing for us, as well as the public and private sector, whether that be producers, researchers, or academia.

And like I mentioned, I'm an Intelligence Analyst, and I work with our investigative personnel. So, the FBI is both an investigative and intelligence agency, which is somewhat unique. And in terms of WMD and agriculture threats, we could cover investigations across a lot of different programs, counterterrorism,

whether that be a domestic or international threat actor who's looking to either use biological agents or target a facility in the bio -- bio or agricultural community.

Our bread and butter is the WMD side of things. So, using these types of materials, threatening, hoaxes, incidents like that, and kind of, analysis in that biosurveillance thing to determine if incidents are intentional. On the counterintelligence side, we do a lot of counter proliferation work. So, looking at the acquisition of U.S. Tradecraft and Intellectual Property related to Bio and Ag. And on the cyber side, any threats to food, agriculture, anywhere along the spectrum, that could be for financial gain or potentially connected to one of the other threat actors. Okay.

So, this is pretty self-explanatory, but basically, agriculture and biosecurity is complicated and it could be pretty easy for a malicious actor to do something about that. And right now, we typically use the terms bioterrorism and agro-terrorism, but those are somewhat limited, and we don't necessarily love those. That kinda makes you think of a traditional terrorist threat actor, whether that be your Al Qaeda or ISIS or even a domestic threat actor

as we have here in the United States.

But in terms of the WMD perspective, we look at agroterrorism or agro threats or agro-crimes as we kind of say sometimes of who would those threat actors be? Like, who would benefit from disrupting the agricultural sector in any way? What are their motivations? What would they get out of it? And what would they do to do that?

So, some potential different types of threat actors or adversaries include state sponsored individuals who are doing espionage or temple sabotage of biological weapons, labs, trying to get information, state sponsored terrorism, or a more traditional terrorism actors, like I mentioned, those foreign terrorist organizations, domestic violent extremists, or potential lone actors. So, insider threats, radicalized self-individuals, employees who work at places who are angry. Anything could fall under that lone actor category. And then criminal organizations.

So, this is a lot of the cyber-crime, maybe more economic motivated, activists trying to get money. Agriculture is a big business. Or commercial competitors. So, economic issues and targeting of maybe a competitive business to try to gain

information or sabotage their operations. And in terms of emerging threat actors, some of the things we're seeing right now, it's like I just mentioned, some of that commercial and economic rival issues or adversaries. So, whether that be domestic companies targeting each other or foreign entities trying to look at U.S. companies as their direct competition in the biotech or ag fields, could be a potential threat actor as well as foreign entities trying to acquire U.S. technology.

And then, the always state sponsored espionage from any foreign country overseas, whether that be through foreign intelligence officers, kind of that traditional route, or the nontraditional intelligence collection, whether that be through foreign scientists or researchers, anyone visiting facilities, going on tours, or potential nontraditional collectors, as well as universities and other institutions. Anyone who basically has any type of allegiance to a foreign country could potentially be a witting or unwitting nontraditional collector for a foreign country.

Okay. So, agriculture is obviously a soft target. It's a huge industry, not only in terms of its breadth from cattle to crops to production

facilities, processing facilities, but it's a huge target just in terms of land mass, right? Farms are very large. These facilities can be huge and have little physical security, which we tend to look at as our first kind of layer of defense.

They can be in areas where not many people are around, so they don't have that kind of see something, say something advantage that things in a lot of our cities do. And so that inadequate physical and biosecurity practices, and then the cybersecurity protocols might not be exactly what major corporations who regularly face these sorts of things would be.

And then just the plants and animals themselves could be susceptible to certain disease risks. And that creates a vulnerability. So, I don't think in the Ag community everybody traditionally thinks about agro-crimes or agroterrorism, bioterrorism. It's not really thought of -- kind of as a threat to U.S. national security sometimes.

All right. So, what are we seeing in terms of threats? Okay. So, like I just mentioned, sometimes we don't have that assumption of a potential national security issue or like thinking that ag could be attacked, right? We think, kinda think, of this as something that is off limits. But to a lot of threat

actors, that's not the case. That's exactly what they want to target.

And so, we haven't seen a lot of intentional targeting of the agriculture community and there's not a lot of active -- there's a lot of easier targets that threat actors are interested in right now, and that's kind of what we're seeing.

This is a very low probability, but high impact, as we say in the intel world, potential threat. And so, this is something we really look at and try to make sure that we're on top of. So, in terms of high consequences or high impact, potential things that could happen in the bio-terrorism world are the potential introduction of biological agents, breaching containment of a laboratory so you don't have to get the dangerous pathogens yourself.

You can just break into the lab that already has them and let them out. Same deal. Stealing biotechnology, intellectual property, it's a big money business. A lot of money can be gained here to gain a competitive advantage. Using cyber attacks to disrupt operations. Exploiting even natural outbreaks, so you don't have to introduce it yourself. You don't have to steal it from a lab. You can just go find it in a wild population where a disease is either endemic or

there's a outbreak going on.

And, also, a lot of things -- something we're seeing a lot of right now is the exploitation of social media to create disinformation and hoaxes, which can not only inspire other individuals or threat actors to take action but can cost and use a lot of resources for the law enforcement and Ag community to respond to. All right. So, what would happen? Why is this such a high consequence event? So, an example would be the actual use of a select agent, any type of biowarfare attack. And the initial thing is the FBI is in charge of any type of terrorism investigation. So, if it's a bioterrorism event, we would be the lead agency and have to work with our government partners to investigate this incident to determine if it was a deliberate introduction.

And then the people you don't want involved will be involved. The White House, the National Security Council, they will all be looking at us to say, what is going on? Is this a hoax? Is this real? Was it terrorism? What's going on here? And we'll do our normal investigation of who, what, where, when, why. But why is it so important? What's the impact? And no matter who did it or why, there'll be immediate economic consequences. So, usually, kind of trade

will be greatly impacted. There'll be stop order movements on a lot of animals, which will have huge impacts on the way we do things here in the United States, and probably the loss of millions within just 24 hours related to these sorts of things. So, it is something that has the potential to cause a great impact for the United States were it to occur.

Okay. And one more time to come back to this difference between natural, accidental and intentional incidents. So, it's really important to be able to determine this. And this is what our job is, right? A lot of times in the Ag community, we might assume that something is naturally occurring or potentially an accident happened, and something escaped from a lab or spread from one farm to another through fomites or something like that.

But we don't actually know that's the case unless it's investigated, right? Unless we rule out the intentional introduction. So, that's why we at the FBI always encourage any type of suspicious incident to be reported so that we can do what we do, not interrupt anything, but just determine if we think there's anything to suspect that it was intentional. And if not, great. Everything moves on as normal. But if there is, it would be our job to be the lead

investigator in those types of incidents and just want to get ahead of things because if we wait too long, a lot of times, we can't go back and get evidence that was there before.

All right. So, what are we seeing in terms of biosecurity threats recently? I have a couple examples of some emerging threats. So, one thing is the illegal or non-declared importation and exportation of biological materials through personal transport, whether that be carrying it through luggage on an airplane, just over a border, manually through a vehicle or something like that. So, a lot of times, this is foreign scientists or researchers who are bringing into the United States potential biological materials. They say -- they potentially say it's for research, but it's not declared, so there's no permits or they make false statements about what's going on. We have a couple pictures there of examples of this.

So, they're not using regular filter paper and declaring things, but that's actually a notebook, where people dropped some liquids that likely contained some biological research samples that they could then get out into solution again once in the United States and things along those lines. So, again, we don't know exactly what this stuff is a lot

of the time, and it creates a huge vulnerability if biological materials that aren't declared and are unknown are coming into the United States.

So, we can work with partners like CBP and take certain actions when these things occur including denying entry and making individuals return to country of origin if they're attempting to enter the United States. We do open investigations on some of these incidents and can prosecute in certain instances and can potentially conduct analysis of these materials to determine what exactly it was that someone is trying to bring in and what type of potential danger could it have been.

And we do a lot of outreach with airports and CBP, related to these types of things. And this has been such an issue recently that CBP actually created a specialty position for biological threat operations specialist, and there's just a handful of them right now. But they are specifically looking for biological materials and have a little bit more of that scientific knowledge and can have conversations with these individuals to try to determine exactly what's going on.

Another interesting one we saw recently was unsolicited mailing of seeds from overseas. So,

thousands of individuals and businesses received random packages that they did not order anything, postmarked with Chinese mailing information, then all that was inside was a plastic bag with seeds. No other information. We worked with a lot of other agencies and private companies and did some testing of these materials. They were just seeds. They were just plants. A couple of different things. There were some herbs, some vegetables, weeds, things like that.

Our assessment was this was just a brushing scheme. So, a company creates a tracking record of a package so that they can then, like, write a review based on delivering a product to kind of boost their reputation or bona fides online. But it just shows a pretty big vulnerability that stuff is being shipped from overseas. We don't really have any idea what it was. And I know there were some reports that these - some people did plant these -- like, oh, seeds, let's throw them outside. And so, we definitely don't know what that is and that can create a really big vulnerability when things are just getting in that easily.

All right, and in terms of animal rights, violent extremists, just wanted to highlight Project

Counter Glow. So, Direct Action Everywhere is a direct-action animal rights group, which basically just means they want to actually take action and potentially go on farms and rescue animals. Are quotes there for people online? And in 2020 they published a large online database that contained information on thousands, almost 30,000 farm and agriculture facilities in the United States, including satellite imagery, information on what type of operations were going on at each facility, and they really marketed this as kind of like a community project that they wanted people to add information to. So, you could add a picture or add detailed information about what type of practices went on at each of these facilities. And while none of this is illegal, all free speech. This really shows the type of actions they're taking and potential vulnerabilities even just at the biosecurity level as when these types of individuals are in our facilities they are not normally, not following the biosecurity plan of the farm or facility they're visiting and can just, easily spread disease like anybody else. All right.

And in terms of cyber, we have more and more things on the agriculture side that are getting

basically connected to the Internet and run by computers. So, not only is foreign economic espionage in the cyber realm a big threat, we've always seen foreign countries attempt to acquire proprietary information from the United States. A lot of that is turning to the cyber realm now. But in terms of actual activities on facilities, farms, things like that, the Internet of Things, anything that's connected to the Internet, whether that be an iPad, a drone, or a fridge, it's part of the Internet of Things, and it can be something that can be attacked and linked into a network through and precision agriculture.

So, this is an interesting report that was put out by the Private-Public Sector Alliance, and it kind of looks at how farms are transitioning to this precision agriculture model and how that could be a potential threat, as all those things are being automated and put online. In terms of cyberattack, looking at the Ag community, we have seen a few things, some ransomware attacks, looking at Ag co-ops as well as a tractor sales company. And in the middle, there is another one I mentioned earlier of those types of misinformation campaigns online. These things spread very quickly, can be unwitting or

unwitting Individual sharing information that they think is true or knows to be false, but it can cause big issues and spark up a lot of debate and controversy surrounding certain facilities that may or may not be warranted.

And just an example of an Ag cyberattack. So, US Herds, which is a online, like, web based service that tracks movement of cattle, you can upload information about biosurveillance, testing, excuse me, locations of farms and livestock to really track where animals are in a state, where certain outbreaks are contained, where other farms might have come into contact with other animals to potentially be tested, and things like that. Over 30 states used this program, and it was the victim of a cyberattack that was traced back to a well-known cyber group that's based in China.

So, multiple individuals were infected. They would have access to all of these types of diagnostic information, tracking information that could be very sensitive. And while these things -- kind of -- are interesting, it's our job to kind of look at, like, what could a threat actor be doing with this information, right? So, okay, they got access to US herds or information on a tractor supply company. Why would that be interesting, and what could a threat

actor do with that?

So, we talked about specific types of data that they could have access to, like that biosurveillance laboratory diagnostic test information, epidemiological stuff. Other things are, like, our response plans, what would we do if there was an outbreak, information about the Strategic National Veterinary Stockpile, our equipment, capabilities, things like that. They -- all this information could be exploited and used by threat actors. Whether that be putting a false positive into the result, changing a negative to a positive so that we think there is an outbreak of a certain disease out there, erasing a positive so that we don't know about it and allowing the disease to spread before we can put a lot of these measures in place. Identifying the way that we're going to respond to an incident. So, where are our resources going to be? Would that create vulnerabilities in other places? Track our animals. So, know where animals are going to be moving to. If they know there's an outbreak at a certain farm, again, they could head there to try to acquire some of the biological material or agent and spread it to other places. So, a lot of these things could greatly harm us if they're used in a malicious

way, which is something that's very possible once people have access to all of these types of data on the cyber side.

All right. So, in summary, we've talked a lot about a couple of different sectors on the cyber side that could be the target of different types of adversaries, whether that be precision agriculture, equipment, or techniques that we use, that sensitive data related to crop and livestock techniques, the economic information, that health data, whether it's the biosurveillance or, epidemiology testing data that we look at anytime there's anything suspicious going on or our regular biosurveillance programs and intellectual property.

So, the vaccines, diagnostic tests, any type of industry equipment procedure that we might currently have that gives us an economic advantage over someone else. And all of these things can be targeted by threat actors to achieve their goals. Whether those actors are really motivated by a certain ideology, domestic, international extremist or an economic motivation to commit these types of things.

All right. So, I think that's it. This is Information, if you see anything suspicious or want to report anything to the FBI, that first URL is kind of

like our national tipline, or you can contact us here at your local FBI field office if that is Kansas City. Our WMD Coordinator, who's the main point of contact or the person you would probably want to reach out to if you had anything, her name is Casey Lydacker, and her cell and email is up there. And, again, my name is Sarah May. My contact information is up there as well. If I can ever do anything to help you, please reach out if you have any questions. And if you see anything suspicious, please let us know. All right. Are there any questions? And if Steve's online and I missed anything, feel free to jump in.

MR. MORGAN: Thank you, that was a great presentation, Sarah. John Morgan with Supreme Rice. You guys do a lot of -- it looks like internal looking and concern. What about food imports into the United States from all over the world, especially from regions that you're concerned about that some of these bad actors are in?

MS. MAY: Yeah, definitely. So, we definitely would work with our partners in that CBP would probably be the big one. FDA obviously would be involved as well. It is something that could be a concern. Obviously with things like African swine fever, we really don't want that to get into the

United States. And if it did, that would obviously be one of the ones that would trigger us to be involved to determine if it was intentional or not and something like that. So, we do a lot of outreach. Again, this would be on the preventative side to try to educate people at the national level at our FBI headquarters. We work with those partners regularly to try to create policy. We're involved in those types of things, to try to prevent those types of incidents from occurring. But, yes, that is a threat that we look at and are on -- try to prevent as well through a lot of our countermeasure activities. Yes. Yeah.

MR. NEAL: Sarah, Arthor Neal, USDA Program Inspection Service. Thank you for coming and for your presentation. Very informative. Another question that I have for you is if – if there are -- we have companies represented from different parts of the country. Is there a specific website that lets them know exactly who their contacts will be in their states.

MS. MAY: So, this website, right here, would give you the contact information for your local FBI field office. Like I said, each FBI field office has a WMD Coordinator. I don't think there's an open-

source list of those out there, but we have that. So, if you are in another location and just let us know where you are, we can get you in touch with the right person.

MR. NEAL: And one other question.

MS. MAY: Mm-hum.

MR. NEAL: You all also offer trainings to companies and other stakeholders about the work that you do and help educate them about a lot of the –

MS. MAY: -- mm-hum --

MR. NEAL: -- the type of threats. Where could they find that information too?

MS. MAY: Yeah. So, the best place would probably be your local WMD Coordinator because they're going to be, a lot of times, the one that either conducts those trainings or reaches out to our headquarters division to get those right people to come out. So, they'd be the best person to start the conversation with -- of this is what I'm looking for or this is the industry that we'd like to conduct outreach to, and they should be the ones to help you with that.

CHAIR GROVE: And thank you, Sarah, very much. Very much appreciated. Again, when you think of the Ag sector, I like what you talked about before,

that we think when people think of terrorism, you know, it's, you know, somebody coming in, in their mask and doing something, but we we've had a lot of attacks. And I guess, happily, we haven't heard of a lot of them that happened during harvest this year. But, you know, I had a counterpart, colleagues in the industry, that were affected by cyberattacks. A company I worked for had one, but luckily, just your protocol was stopped so quickly, most of us in the company didn't realize it happened. And, again, that's through things such as updating your computers. Using old computers and software that can't detect those simple things. Like sometimes we're a little bit cheap, say this computer works. This old software works. I'm just going to keep doing it and, you know, and then we kill ourselves with it.

And easy places that we in the industry can affect and protect ourselves that we don't think of, because some of these attacks, while companies were recovering, it's taken years to even get systems back in place. So, appreciate the information you've given to us. You know, things to think about, such as you get those random seeds in the mail, even if it isn't something that could cause health concerns when you get something not native. You know, sometimes we do

that. We introduce something purposely to take care of one thing, and we don't always think of the effect that it has on us on the other side. What else is it going to do? So, again, things that we all should continue to share, to make sure that we are protecting our industry.

I think Kurt, you know, you had brought up the cybersecurity topic at the last meeting. Any thoughts from yourself or Sarah? And we do have USDA on, that will be coming on here shortly. So, this is questions for the FBI here.

DR. ROSENTRATER: Thank you for your presentation. I'm thinking every company that's represented here is potentially a target, but I'm also thinking from the federal system, if we are exporting grain out of this country, is it a high priority? Well, absolutely, because whether it's economic harm or otherwise, I think from the federal system, we also need to be worried about not disrupting our supply chain even for a day.

MS. MAY: Any other questions? All right. Well, thank you for the opportunity to talk to y'all. I appreciate it.

CHAIR GROVE: Thank you. Okay, all right, and here just shortly, we will be switching over to a

virtual presenter. All right, here we go.

MR.LIBERTO: Good morning. Can you hear me?

CHAIR GROVE: Yes, we can hear you. Do you have the camera --

MR. LIBERTO: -- okay, it says I can't, I can't, turn on my camera, because the host has stopped it. I apologize for that.

CHAIR GROVE: Can you state your name, so we know which user to let in?

MR. LIBERTO: Okay. Good morning, everybody. I'm Ignatius Liberto. I'm the Deputy Chief Information Security Officer for Operations, USDA. Before I go in any further, can you hear me, and is the video good?

CHAIR GROVE: Just one moment. We have audio. We don't have video, but go ahead and keep going, and we'll get that going.

MR. LIBERTO: Okay. Good morning, everybody. I apologize. I do not have a presentation today, but I know we may be invited back for your spring session. But what I would like to do is just take a few minutes and tell you what USDA is doing in this sector.

First of all, as a Deputy Chief Information Security Officer for Operations, I work in our CPOC, which is the Cyber Privacy Operations Center. Our

CISO is Ms. Janelle Devore. I'm joined by two teammates today, and we're going to talk about their roles.

The first thing I'd like to open up with is, as we look at the Sector Risk Management Agency that the US government has assigned to USDA and the FDA, we are in co-partnership and leadership looking at the food and agriculture sector of our -- the private sector for critical infrastructure. Within USDA, it's the Office of Homeland Security, which is in the lead. I'm going to say right now, they're making some very good progress engaging, certainly engaging private industry across the United States. Additionally, every Thursday, we meet with the National Security Council, and we hear what the current threats are.

Fantastic brief this morning by the FBI, and they usually take the lead in briefing on the cyber incidents, which allows us to stay informed as we try to ensure that we have a hardened network with a good defense in-depth. While at the same time, allowing all of our missionaries to have those forward-facing assets and websites, which allows the US population and, basically, the world population interact with the information and the capabilities and the services that USDA provides. So, again, within the Sector Risk

Management Agency, we have some big plans for FY25. CPAC, again, part of the Office of the Chief Information Officer within our Cybersecurity and Privacy Operations Center is going into partnership with the depart -- with our Homeland Security. And together, we're going to start working this capability. At this time, it's very nascent. What happens right now is that we get information usually from the FBI or from CISA about events that occurred. I'm not going to go into any details, but just yesterday, we received information of a major agricultural industry out west that's suffering from a -- uh -- ransomware attack.

So, one of the things that we do is we get this information. We shared across our eight mission areas as well as other service centers. And we share this information with them saying we received this from the FBI. Can you please tell us if there's any impact to your core business functions? Because the entire role of our cybersecurity and privacy operation center is to protect people, defend our data, and to enable the core business functions of the USDA.

The first person I'd like to introduce just for a quick introductory is a newly promoted teammate of mine, Ms. Islelly, and she is going to be

overseeing from -- from the cybersecurity and privacy perspective, the, the Sector Risk Management for USDA and working with the Office of Homeland Security. Islelly, would you like to please introduce yourself?

CHAIR GROVE: Just one moment as we give that person access.

MS. CASTILLO: Good morning, everyone. Can everyone hear me?

MR. NEAL: Good morning. Yes.

MS. CASTILLO: And I'm trying to share my ugly face, but I can't seem to get on video. Let me apologize.

CHAIR GROVE: INAUDIBLE – (SPEAKING OVER MS. CASTILLO.) You are okay.

MS. CASTILLO: (INAUDIBLE – SPEAKING OVER CHAIR GROVE.) My name is Islelly Castillo. I am so --

CHAIR GROVE: (INAUDIBLE) --you're okay.

MS. CASTILLO: Okay. Wonderful. Thank you.

My name is Islelly J. Castillo. I am the Cybersecurity, Strategy Policy and Strategy Officer for the department. I was just entered into this role, serving as a liaison between OHS and USDA to serve as sector risk management from the cyber perspective. Currently, we lead the efforts to address cyber security threats that impact our

critical infrastructure. So, we will be working hand in hand with OHS to deliver that service across the food and agricultural sector. So, I will be engaging fully, fully engaging in these upcoming months and years out, to support the Ag sector in this role.

I'll be meeting with stakeholders, including private sector, and so forth, and partnering with the mission areas and entities to ensure that we are on top of our game and helping to support the mission area and building these collaborations and coalitions. And as Mr. Liberto said, it is something that we are starting to do. We are heavily engaged in weekly meetings, and I'll be participating more in those efforts as well. So, I look forward to any future events from this committee and invitations so that we can continue this good work. Thank you.

MR. NEAL: Thank you.

MR. LIBERTO: Okay. Thank you. Sorry about that. We needed a few seconds to be unmuted. If you could, when I'm done, please unmute Mr. Chris Coon, who is also on the call.

So, as -- as like you said, we are very nascent capability. OHS is in the lead. We have a very close partnership with them. And, you know, it really goes down to authorities. We do not really

have the authority from a cybersecurity perspective to engage. But with this ledges position as our liaison along with OHS and as OHS makes further engagements outward, I believe, is that we're going to be able to tighten our partnership.

Other partnerships also come from our mission areas. I know that MRP is one of the hosts here for today, and we work very, very closely with them as we move forward. The most important thing about cybersecurity is information sharing and engagement because our adversaries, they like to copycat one another. If they do an attack that works against one sector, it may very well work against another sector. So, this private-public partnership is essential to ensure that we're protecting our critical infrastructure. And, at this time, we're doing as much as we can within our lines of authority. Please understand that within the CPOC here at USDA, we're about protecting the USDA network, our enterprise network, and it's through our mission area partners that allows us to engage others. So, what I'd like to do very quickly is introduce Mr. Chris Coon who, at this time, is in two roles. He's our Acting Cybersecurity Operations Director. Additionally, he oversees our Threat Hunt Team.

Now I came just to make you aware of some of the capabilities that we have and what we've seen, as we continue to move forward. So, unless you have any questions for me, I'll turn it over to Chris.

MR. COON: I hear no questions. Can you guys see me?

CHAIR GROVE: Yes, we can.

MR. COON: Awesome. So as Buck said, my name is Chris Coon. I'm the Acting CDOT Director as well as the Cyber Hunt and Threat Intelligence Branch Chief here at USDA. Within SMRA, we're working with OHS, and all the partner branches on the intelligence side. As well as, you know, sharing what we can with, you know, attacks that we're seeing, to get that ball rolling. On the intelligence side, we are partnered with OHS. We do have access to multiple levels of information, working with OHS to create products to deliver out via the SMRA. With that, is there anything else you have to add, Buck?

MR. LIBERTO: No, Chris. We're -- we're very good. All right. So, what you've met today is the CPOC team from United States Department of Agriculture and the key leaders that are working the SRMA, issues with our partnerships in Homeland Security.

I would welcome any questions at this time,

and certainly in the future. I believe as we improve our -- get our SRMA team up and running, because we do have some open positions we're trying to hire.

Again, this is all very, very new. We're very excited that we have **Islelly** in as our leader, and we look forward towards our further partnerships. If you have any questions, I'll take them now. Otherwise, I would say thank you very much from the USDA.

MR. NEAL: Thank you both. This is Arthur Neal. Appreciate y'all's time joining us today. And also, thank you and the team for working with the Marketing Regulatory Information Technology staff regarding FCIS online. For those who are in the room, we, you know, use FGIS online to facilitate the grading and inspection and weighing work of USDA. That system goes through penetration tests with the Office of Homeland Security and the Cybersecurity and Infrastructure Security Agency.

And so, it's a very intense process and we work very closely with these individuals that presented to you today to make sure that our system is hard and against these type of cyber-attacks. And so, over time, we hope to engage more with our IT professionals at USDA as well as CISA and FBI so that

we together can figure out, you know, how to move forward in this space with more knowledge, more access to resources, connections. And if there are questions, you can reach out to somebody who may be able to guide you and give you some insight that you may not otherwise have. So, I just want to say thank you.

CHAIR GROVE: So, with --

MR. LIBERTO: -- all right. Thank you, Arthur. And if you'd like, I could put my email information in the group chat so other people could have access to it. Thank you for the opportunity today just to say good morning and hello to everybody. And we look forward towards working with our teammates at OHS to bring maybe a better SRMA presentation the next time you get your team together. Thank you, appreciate your time.

MR. NEAL: Thank you.

CHAIR GROVE: I just had a quick question then to go along, Arthur, with what you just mentioned with FJS online. In past meetings as we've talked about technology and data and, I guess, the more efficient or quick transference of data, and we've had some of the exporters -- have brought that up. So, if we were needing and wanting then, say, a collaboration

or connection with computers at my facility to FGIS online or to the graders, are you working on what is that process and protocol? I would say, obviously, USDA, FGIS would be looking at what we have in place so that we aren't the avenue of that threat. You know, to make all of this happen, to make the data transference quicker, obviously, we have to consider that.

MR. NEAL: Great question. Great topic. Not bad timing. You know, we're looking at that right now with our Automated Wayne Project. The pilot has been going on in the Gulf with CHS and Cargill's been involved in it as well.

And, you know, companies are wanting to update their Automated Weighing Systems. And because these are new systems in this environment where there are new threats, we're engaged with the companies as well as with USDA IT staff to figure out what does that process look like in terms of data exchange and us being connected to other company systems. And so, we're still in the evaluative process of these pilots to figure out what do these data connections and relationships have to resemble. You know, what do they have to resemble? What type of securities do we need to have in place on both sides to ensure proper

data transfer and safety? We -- that has not been concluded yet, but we're evaluating it.

CHAIR GROVE: Okay. Thank you. I was going to say, just with the technology presentation already, we did talk about that. We don't want to do it just for the purpose that we want it, but we have to do it right. Technology has to be right. Data transference have to be right. So, appreciate that.

MR. NEAL: So, you're tracking with me 100%. In phase two -- If we pass, as Ed said, Proof of Concept Phase, as soon as we pass Proof of Concept in addition to engaging with industry around field testing, we will also be engaging with marketing regulatory information, technology staff, as well as department's information technology staff because this equipment is going to have to be evaluated for cybersecurity risks. So that's already built into our process. We've already started talking to them so they're full aware of what this, this venture will engage or involve. And so, we're thinking of tracking along the same lines.

CHAIR GROVE: Any other questions for either USDA or the FBI as we have them here? Thank you both. Thank you, Sarah and the USDA group, for joining us today. Again, this was our first start in saying, oh,

you know, we want to have presenters for some of these issue areas, some -- some -- if you want to say, stakeholders or partners in the industry, and appreciate your time.

Gives us a little look and a little insight. I look back to Kurt again. You brought this up as an issue in the last meeting, an industry issue, and certainly one that we all have to take to heart. Giving us more information and understanding what we have to do to protect ourselves. Very important. Um -- I think that is it then for the cybersecurity presentation.

We are a little early. We will break for lunch here at 11:30. So, I am going to jump to a little bit of an ad hoc that we need to add to our agenda tomorrow. And for the Inspection Advisory -- Advisory Inspection, sorry, to consider.

We need to have election of officers. And, in that consideration, you know, currently I serve as Chair, Chris Frederking as the Vice Chair, and Kia is our secretary. And we have terms ending for six people on this committee that end in March of 2025, myself, Charles Bird, Chris Frederking, Phil Garcia, John Morgan, and Kurt Rosentrater. So, with that in mind, I would like you guys all to think of that, your

ability to serve or you want to serve in an officer position and think about that. And at the end of the meeting tomorrow, we will take nominations, and we'll have elections. So those that are eligible would-be Kia, who is our current secretary, Rashad, Carlos, Mark, Erin, Charles, Charlie, Tracy, Erica, and Shay. So, if you guys would all consider your want or interest in serving as an officer, and sometime tomorrow we can have that discussion for your nomination.

All right. Thank you. I think we will go ahead. If there are no other questions or comments, we'll go ahead and break early for lunch. We start back, right at one. If everybody is back in the room a few minutes early, that would be great because, again, we have a lot of topics this afternoon to get through and have some meaningful discussion on, so that we can talk about what are things that we can present. Thank you, and we'll go ahead and end this morning.

(Whereupon, at 11:30am, the proceeding was concluded for lunch.)

CHAIR GROVE: All assembled, and we have a quorum present of the Grain Inspection Advisory Committee, which is what we need for this section of the day. We are going to just follow down our agenda in the order of how we have our topics. If you had anything other than your -- the submission, if you have a presentation, make sure that is sent to Kendra so they can get that up and on the screen. Otherwise, I assume, Kendra, you'll be putting on the screen the written submissions so that online they can see those also.

MS. KLINE: (INAUDIBLE)

CHAIR GROVE: Okay. All right. Thank you. So, with that, we are going to move directly into equipment equivalence, and Dr. Charlie Hurburgh will go ahead and present that for us.

MR. HURBURGH: Now let's see here. Can I put this like that probably? Good afternoon. I'm Charlie Hurburgh. Know everybody now. This is my second meeting and so I'm happy to be here. I think I mentioned last -- at the last meeting the question of equivalence as being something we ought to take a look at. Equivalence is basically the equality of two testing instruments on individual samples beyond just on average with a reference. And I'm going to --

rather than put everybody to death by Power Point, I'm going to just read the submission that I posted on the website. There are a few grammatical changes and so forth to maybe make it a little more understandable, but otherwise -- and then I'll end up with a short recommendation so we can talk about that.

New technologies are steadily increasing our grain analysis capability. The challenge for FGIS and for grain market participants is to incorporate new technologies in the operating efficiencies, operating procedures without creating discontinuities, disruptions, or misevaluations among markets. Analytical differences can create instant economic stress if products are revalued or misvalued within a market network. FGIS goes to great effort to standardize test results across inspection points, not only on average performance relative to a reference, but on individual sample to sample results. Especially for calibrated, often electronic tests, the inherent differences in response of different measuring systems, like moisture meters, NIR analyzers, or test weight systems, creates statistical variability across testing locations. Variability that potentially increases the natural variability of a single instrument system. There are cases, like

particle size-based factors, for example, for which the standard is defined around the specific instrument used. In this case it is the Carter Dockage Tester.

This is the reason that FGIS limits the number of makes and models of instrumentation for a given test, to control variability across technologies and platforms. Exclusive use of a single make and model of instrument naturally creates a protection for that instrument. Examples are one in NIR unit for composition testing, two units of the same cells designed for moisture, or one sieving device. In 2014, this committee asked FGIS to determine for one test, NIR composition, how large the variability might be for multiple instruments compared to the one instrument that FGIS now uses, and still does.

In a 2016 report, the conclusion was that when three NTEP approved, NTEP is the testing program that's run by the states, when three NTEP approved NIR instrument models were calibrated to this FGIS reference lab on the same calibration set, that's an important point here, the standard deviation across instruments on wheat protein was only a 100th of a percentage point greater than for all three models -- greater for all three models pulled together than for multiple copies of the official instrument.

In other words, it worked. In other words, the -- the equivalence worked with the caveat -- I'm going off script here a little bit, sorry -- but with the caveat that the -- the base dataset for calibration was the same samples and the same chemistry. That did not work if you changed any of those. Then you got situations where one sample would read high, and another sample would read low, and then the next time, it'd be reversed. And that's the problem, and that's the problem that we were seeking to examine. And we did the test. We -- so, I guess I'm a little biased here because we did the test of the instruments and so forth.

But at any rate, read that last sentence again, that the standard deviation across instruments of wheat protein, and we just tested wheat protein, was only a 100th of a percent point greater for all three models pooled than for the official instrument copies alone. That's hope for the future.

My recommendation here is that we should attempt to develop a pro -- a proposed, excuse me, proposed protocol for measuring equivalence that can be applied to potential new technologies under consideration for official use. The general criterion is that the use of additional technologies for a given

test would not create unacceptable systemic variability beyond what we already have in the -- with whatever is being used. And that's a that recommendation is generic. The design of the test and the protocol would be different for screening machines versus NIR versus, so, any other objective measurement that the specific design to prove that equivalence would be different with the factor involved and so forth. But the concept is that -- that could we develop a protocol that would -- could be just inserted in the system that would allow the introduction of new technologies with the likelihood that it would not create intermarket discrepancies within the system.

Thank you for listening. And I -- I handed out -- this is a little bit updated from what was on the website, because I don't always use the right grammar and so forth and it got fixed a little bit. So, questions --

CHAIR GROVE: -- any questions from the group?

MR. HURBURGH: Stones, tomatoes, rocks, whatever.

CHAIR GROVE: You know, I will say that -- oh, jeez. It seems very hot. I could agree with and

find it uh interesting proposal. Again, in finding equivalency across machines. As you mentioned, there's, you know, a particular machine right now that is approved for NIR. There are others out there. So, as long as they're using apples to apples, like you said, they are using the same standard set of calibration.

MR. HURBURGH: Yes. That's an important point --

CHAIR GROVE: -- That's very important --

MR. HURBURGH: -- in the whole deal.

CHAIR GROVE: In that, aside from calibration, is there -- do you feel there is need for also, let's say, other aspects, environmental aspects? Because I have used other machines, and their calibration may be very good, but environmentally they aren't as sound as a current approved one. Is that outside the scope of how you're feeling about this? This is more about --

MR. HURBURGH: Well, excuse me, somewhat, but the calibration -- I'll take an NIR unit as an example. The calibration includes whatever random error sources and nonrandom error sources, and so forth, that you include in them. And if one machine doesn't have error sources built into its calibration

and another one does, that's going to blow the equivalence right there. I am assuming that when you -- that when in this process that the multiple instruments that are calibrated on the same calibration set include the same random factors as -- as would be encountered in actual practice. So, it's sort of built into the word calibration. Kia?

MS. ADAMS-MIKESH: What would something like this – Let me turn it up. What would something like this look like for FGIS as far as resources?

MR. NEAL: Well, Ed's in the room, him and Tim, but I think this is already built into how we currently are evaluating instrumentation. We use the same sample sets to make sure the instruments are being calibrated on them so that there's no variation. Uh --

MR. HURBURGH: -- but **--**

MR. NEAL: -- or **--**

MR. HURBURGH: -- but you probably don't have the same base calibration set that was used by the manufacturer or whatever. Probably wasn't the same and that's the key to making the equivalence thing work is to have the same base calibration set at the -- at the root of the calibration process. Otherwise, you're going to have some discrepancies

that will show up and did.

MR. NORDON: Tim Nordon with FGIS. Is this thing on?

CHAIR GROVE: Yes.

UNIDENTIFIED SPEAKER: Yep.

MR. NORDON: Okay. Yeah. Can't tell. So, in December of 2022, we published our Technology Evaluation Program. And so that allows manufacturers to submit any equipment for evaluation. So, there we do address equivalence in the sense that we say that you need to have results in terms of accuracy that are -- that we've got equivalent to or better than what we have at the current time or in the official system. So, and in there we -- we describe what we mean by accuracy, which is the trueness, which is how close are you to the bull's eye, and then the precision. So, in terms of trueness and precision, we want things to be as good or as equivalent as what is we're using today. So, at least we don't have a specific, here's how you demonstrate equivalence, but we leave that up to the manufacturers to provide evidence, you know, of equivalence. And then that part of the process would be that we would then verify that, if the --

DR. HURBURGH: -- and -- and -- that all presumes accuracy relative to whatever the base

reference is for the particular testers. But what I'm talking about is that two testers -- well, I'll give you an example. We had this example, this is old data, but it was a number of years ago. But we -- it was high oil corn, as a matter of fact. And we developed, Iowa State developed, a calibration for a NIR instrument and so did the company that sold the chai oil corn seed.

And so, there were two being used in the marketplace. That either both of them will fall -- would fall easily within acceptable tolerance relative to the -- relative to the reference method. But, when the two were used in different points of the market, let's say at barge loading and at barge unloading somewhere -- uh -- and it was both calibrations were used, they had a tendency to have a different error pattern. Where one would read the tolerance above and the other would read the tolerance below and vice versa. So, the difference between -- the difference between this, between the two, turned out to be one -- about -- say it was about one percentage point. And it turned out that that represented, at the price of the high oil corn on the barge, that represented somewhere in the area of I think it was $20,000 a barge that was up in the air between the merchants on

both ends.

So, you can imagine that the merchants on both ends were doing a little bit of arguing about who's right and who's wrong, and so forth. But that met accuracy standards but didn't always meet equivalency standards. And that's what this is all about. And I don't know that we can do this in a practical way, but I think it deserves a look.

MR. NEAL: So, kind' a going back to Kia's question. This is Arthur. You know, what does that look like staff wise? We don't have the staff to take it on. You know, a major project at this moment because we've got two -- we've got two -- uh -- pieces of equipment, we're evaluating right now with probably a very small instrumentation evaluation staff. And we're putting a lot of resources right now behind sample prep so that we can run samples through these instruments. We have our current workload of making sure current equipment is calibrated properly in the field. It is a, you know, it'll -- it can be put in a queue. But I can't say when we'd get to something like this.

MR. HURBURGH: Exactly. It has to fit within the organizational possibilities of --

MR. NORDEN: Is the consideration of what

the new technologies or any -- or even existing equipment -- just the efficiencies that appear to me need to be brought to this part of the industry without compromising the standards. I mean, that to me, that --

MR. HURBURGH: -- that's --

MR. NORDEN: -- that is where we need to be going. It's just how do we get there? And I didn't -- you said the word efficiently, but I think it was a slip on your part when you said that. But to me, the efficiency is a critically important part of this as we look forward.

MR. NEAL: I mean, one of the things I'm taking into consideration, Dr. Hurburgh, is like when we're evaluating the new, the two pieces of equipment we talked about this morning, we're trying to build in some of the things you referenced about location. So, we'll be doing field studies. If these instruments pass proof of concept, you know, we'll be sending them out through the various regions of the country to see how they're operating in different environments. Cold environments --

DR. HURBURGH: -- yep --

MR. NEAL: -- hot environments, dusty environments, high pass-through environments because

we want to see the variability as introduced through them. This is one way we're trying to build in this type of equivalency component. I think if there's other instruments that are introduced to us and submitted to us for review, that may be something we could clarify that, you know – the -- the data we'd like to see how these instruments perform regionally. So, there's not just one location --

DR. HURBURGH: -- And relative to each other --

DR. NEAL: -- Yeah. Yeah. So, I think that's something we can take into consideration.

DR. HURBURGH: Okay. Thank you.

CHAIR GROVE: Thank you, Charlie. Great point, Mark, that -- that it is about efficiency. And that is why we have, you know, as we talk about technology in the industry, it's about, not just new equipment, but utilizing what we have appropriately or does it have other uses, even possibly, if you want to say market competition. That if what Charlie is talking about, if similar pieces of equipment are acting and working in the same manner --

DR. HURBURGH: -- making the same test, basically.

CHAIR GROVE: Yes. That what it does is it

helps all of us. So, thank you. Good thing to think about. Thoughts? Anybody else have any thoughts about as we go forward and look at possible recommendations with this particular topic? Again, Arthur has told us right now, it's not an immediate, you know, on the front of the list. But I think as we look at recommendations, you know, asking can this be put in the queue that as long as a recommendation is here and in play, it's out there. It's out there to be able to pick up when the availability arises. So, thank you. We're going to have Erin Casey-Campbell talk to us about container handbook.

MS. CASEY-CAMPBELL: All right. So, I'm not getting very creative here with this, so I will also just read what we've got up here -- uh -- then hopefully lead into a discussion, learn a little bit about what FGIS is doing. So, I do kind' a want to back out this idea started as, wouldn't it be great if there was a container handbook? But as we've kind of been thinking about this a little more, we may have some additional discussion points that maybe a handbook is not where we could go with it, but hopefully, we could talk about that as a group.

The Grain *I*nspection Industry and official agencies are bound to an abundance of requirements

regarding container inspections. There are instructions written in directives, program notices, policy bulletins, sections of other handbooks supplemented by website FAQs, various emails or memos, in person seminars, and such over the years. Further, there are instructions that are not necessarily container specific, but that must be considered as well including weights, exporter registrations, and fumigation.

Some of these instructions are conflicting, unclear or may supersede others. Scattering of instructions makes it extremely difficult for customers and potential customers to understand their requirements, for official agencies to maintain compliance, for all parties to train and supervise their employees, and to easily identify solutions when unusual circumstances or requests arise. Much of the time, these containers are being loaded for export, further compounding the need for clarity, consistency, and compliance to ensure the gold standard of the official system is maintained.

So, I guess to start out with, that I have a couple of questions that I think may – maybe -- may be beneficial to consult FGIS, maybe Jake, on this in terms of what sort of progress maybe already going in

this direction, and then maybe some information regarding the review and approval process as far as what does it look like to be getting a new handbook or anything along those lines which could also lead into our -- our next topic as well. So, that's what I have to start out with at least.

CHAIR GROVE: You are asking that question about --

MS. CASEY-CAMPBELL: -- yes --

CHAIR GROVE: -- do I have to ask that question right now --

MS. CASEY-CAMPBELL: -- yeah, yes --

CHAIR GROVE: I think if you guys want to jump in.

MS. CASEY-CAMPBELL: Put you on the spot.

MR. THEIN: This is Jacob Thein with FGIS. Um -- so -- um -- this question actually has come up from multiple different sources -- um -- at the time that I took over this position in policy. So, I would like to let everybody know that this year we actually do have this on our Policy Document Review Agenda. Um -- we are -- we are looking at taking those procedures for bulk grain export and containers and moving that into a handbook or possibly a chapter in another handbook. We have our Book Three Inspection,

Handbook. We're looking at basically -- basically taking all that container information and moving that into a chapter in there to go along with the ship inspection and other of those type chapters.

We're looking at beginning that review in -- uh -- April of 2025. There's -- so -- so April, our review period scheduled for that will be April 1st of 2025 through September 30th of 2025. That's the time period we plan to take and look at what all those instruction types may be, what things we can move and consolidate into those, like getting the Q and A, the Questions and Answers, all that stuff moved into that instruction. Um -- and -- um -- and then during that time period, we -- if industry would like to provide comment to us and things like that, we're looking at maybe taking the schedule and making this public.

So that way Rob Dorman would be our -- our PPMB staff that would be leading up that project. So, during that time frame from April till September, if anybody has any questions, comments, things that they would like us to consider, they can reach out to us with that contact information and provide that so we can, you know, maybe look at if we need to add that to the handbook or whatnot. So, this -- this is something that is already on our radar that we plan on

working on this fiscal year in 2025.

MS. ADAMS-MIKESH: I guess as a follow-up to that Jake, so with some of the directives and various elements that maybe change more frequently, so this is where I was going with the -- is the handbook the best choice? With some of those things that do update frequently, how difficult or easy will it be to incorporate that information so that we're still not circling back to the -- well, you can read this one chapter in the handbook, but we're still going to have 20 different directives to refer to.

MR. THEIN: So, there are certain things that we would need to keep as separate instructions. So, the plan to be in that instance is we would actually in -- in the chapter or in the handbook that we would create, we would link those instructions so that we would put a section or a titled section in there that would talk about it, but it would link actually to the document. So, you would have that within there that it would link. It would just make it more convenient, so you don't have to go searching all over the website to find it. And then when we do update those other instructions, we would just have to go in that chapter and update those links to make sure they're current and then let everybody know.

MS. ADAMS- MIKESH: Jake, are you seeing that instructions regarding containers have essentially stabilized? I know that a big reason why we were keeping it more fluid was because the market was evolving so much and constantly changing. Do you feel that there really -- has there been a lot of changes to instructions with it or those questions?

MR. THEIN: In my time within the past year, we have not received a lot of instructions. And those that we do receive are usually things that are already covered in the instructions that we do have out there.

MS. ADAMS- MIKESH: Yes. Another follow-up would be, would it -- does that review include only USGSA commodities or would it also be AMA like processed commodities such as DDGs and soybean meal?

MR. THEIN: So, that's one thing that we would have to look at. The current directive that's out there, 9180.78, that only covers grain. So, as part of this process, we would also probably look and see what we could entail on the AMA side of that. A lot of the AMA work that's done is phytosanitary inspection only. For APHIS, of course, we would link that directive into the handbook so that it would be easy access for everybody with it.

CHAIR GROVE: Again, as I am not an

exporter, and I -- I don't do containers. You know, I don't know if he has answered the questions or if you feel you have direction to continue with this or if you need -- I mean, if there's definitely something you feel that we still need to move forward with for clarification, please bring that.

MS. ADAMS-MIKESH: I know for us, for – um -- Erin had mentioned it, but as official agencies as one of the pieces is it's getting difficult to let our customers know what they're supposed to be abiding by. And so, the -- I guess if there's anybody that does have experience with containers in the room on industry side, is there anything that would be object to this?

On the official agency side, it would definitely ease a burden that we have, but is there anything that it would impact industry on?

MR. MORGAN: I thank you guys. This is John from Supreme. I think you guys are talking mostly about bulk containers. Our experience is we do a lot of break bulk containers, which is 50 kg, 25 kg bags. So, which of -- which some of those require FGIS Certificates if it's going on USAID shipments.

So, our experience is a little different. We explored bulk containers at one time, but we never

really did any. So, but we are we do mostly we do quite a few break bulk containers though.

MS CASEY-CAMPBELL: Jake, I appreciate the set schedule that you have proposed and knowing that the -- what timelines that they could be on so that we can also speak with our customers. We can talk among official agencies and provide good feedback by the time you start. Thank you.

CHAIR GROVE: Okay. Again, Erin and -- and Kia, if you feel you have enough to either move forward, make some recommendations, all right. Thank you. There is time for more comment again later. We'll go ahead and move on with handbook reviews and industry engagement, and that would be John Morgan.

MR. MORGAN: Thank you. John Morgan with Supreme Rice. Thank you, Erin. Handbooks are sometimes a hot topic around our mill, as we -- especially as we get into new products. We just commissioned a Par Ball Mill this past year. First Par Ball Mill for rice built in probably over 40 years in the United States from the Greenfield Project from the ground up.

So, we're learning our way through different regulations and processes and procedures that are being used at FGIS. And the FGIS inspectors that are

doing it are learning their way as well, because they didn't have experience prior to, although the Stuttgart office, in Arkansas, had quite a bit.

So, we just went through a major review of our rice inspection handbook in 2020. It was released as a multiyear effort. We did have a lot of directives upon directives, and we had a lot of notes in the margin from the right specialists that we incorporated into a new handbook. I think it was more of a mass production. Let's try to get everything into it that we can on how the procedures that are done. The Rice Inspection Handbook is, I don't know, 484 pages. I just looked at it. Like I said, released -- rereleased in 2020.

Prior to that, it'd probably been 20 or 30 years since it'd been updated. I would suspect in other grains that you may have the similar issues. Whereas we find in this revision, as we go through the different types of rice that we handle and process, we see some inconsistencies. So just for an education purpose for rice, we have rough rice, which is the raw product that we process in the mills. And then we have standards for milled rice, which is basically the head rice that comes off the mill, white rice. And within that, you have head rice, you have second

heads, and you have brokens, which is called, Brewers. And then you can have brown rice as well. So, brown rice you have raised to grade brown in the head rice, brown in the broken. You also have what's called Par Ball Milled rice. So, after you par ball, the rice is basically you steam it in the husk, you dry it back down, then you mill it like you would mill white rice. There's regulations and, you know, and grades around parboiled rice, parboiled brokens, which includes the second heads as well. What we find as we go through the handbook is we noticed that some inconsistencies as well, like around, with the highest moisture content.

So, for each type of rice we handle rough, milled, and parboiled as well as the brokens. There are seven grades for that rice, and they have standards around all seven of them. So, we have quite a bit to keep up with as we try to ship all these different types of rice from the mill. And we've noticed that, you know, just the moisture content on some of these things could throw it off grade, as well, and it's not consistent across all the different ones, or does it make sense at times to us.

There's also a lot of techniques used in grading different types of rice where they use

different seeds, different plates, and you could see that could be inconsistent from if you're grading milled rice, white or if you're grading the Parball milled as well. And I know it gets a little confusing because rice has a lot of different categories to keep track of. But -- so when I was here last time in October, when Charles got up here and mentioned that we're going to do a rice review, or it might have been Jacob, we're going to do a rice inspection review. I think we -- it kind' a went off in our minds, and we talked about internally. And I've talked about it with our industry group as well is what do we want to see in the handbook, which is -- was originally written in the '50's, be updated for commercial, standards for today. So, a lot of things that may have been done 25, 30 years ago are either no longer necessary or we wonder why it's even in there.

So, we would like to have the avenue to engage USDA as you guys do the review and put forth, kind of as an industry what we think could potentially change. And it's not really changing the overall grade standard necessarily, but more the techniques and processes to how it's determined, in that process. So, I know, Jacob, you mentioned earlier, which I was happy to hear that there y'all are coming up with a

process to -- so that we can engage you guys. And really what I'm looking for from this committee is there any other handbooks? I guess there is a container handbook out there that -- or there's a lack of a container handbook out there for these other grains that require the same process. But, as I told Charles in the break, I said it's interesting how this has become an issue. I guess, yeah, they've been hearing it. So, they've actually already been working on the solution before I can stand before you to offer the problems. So, with that, I would like to either open it up to -- for questions. If anyone in the committee has questions or if anyone with the FGIS has any questions of me.

MR. NEAL: Yeah Josh, Arthur. Just, you know, similar comment that I've been telling the grain industry as well. It's like, you know, these standards -- we're the keepers of the standard. But the standards belong to the industry. We've heard in different settings that, hey, you know, some of the things we're assessing or expecting, we don't even use in the marketing of the commodity. And so, my question is why are we looking at it?

We don't market the product. We just -- we're gatekeepers of the standard. So, if there are

things that need to change based on the evolution of the business, we're expecting that to come in to us from industries. And so, what I would -- I can't make a recommendation. But one thing to consider -- but I can't.

One thing to consider, particularly, like, when the standards committee gets together, looking at that -- the rice handbook or the standards, whatever section, and putting pen to paper. So, this is what we need to have. Assessing, evaluating. And then we facilitate the dialogue around the changes to ensure that whatever potential changes could come forth, everybody's will impact before anything happens. We're open. We're not trying to keep things the same. I think one of the things you've heard, part of Jake's review process and Charlie mentioned it, I think -- yeah, he's still here. 4500 pages of instructions in grain. That's a lot of paper. And when you -- when you're hiring new people, how many people going to retain that kind of information? We need to simplify as much as possible. We can't do that on our own. We do need help.

GROVE CHAIR: So, I think and just for you, John, looking at that very last line, what are the steps needed to be taken by industry stakeholders? I

-- I -- I -- I think to tag on to what Arthur said, they can facilitate. But if it's specifically rice, who are the stakeholders that are important to get together, and what is your association that that would be helping to bring those together and then communicate that with Arthur. But I agree. It's the stakeholders. If there's things in the standard that you aren't marketing by, then it's just extra fluff on the paper. So very good --

MR. MORGAN: -- yeah, as we got into new lines of business within the right we've seen a lot of it. And we will be getting that in December, and I hope Arthur can make it again this year. But it's not like we have a whole lot of time at that particular point in time to make the -- to make a bunch of recommendations. But seeing that Jake is opening an avenue for us, I would like to explore that further. And I'm -- I would -- I would think that other industries or other grains would be probably doing the same thing. But, yeah, I knew it was coming back in on my shoulders. I was just looking for the right avenue, and the right approach to doing it. I used to be the standards whisper to Beverly who is a rice industry expert here in Kansas City for a long time. And a lot of her notes was incorporated into the new

handbook.

MR. NEAL: Yeah. That's a great point. So, one of the things we've been trying to do, implement across the board, is transparency and process so everybody is aware of what's happening. Who's the contact? Lauren Allman is kind of the point person for rice standards.

Uh -- all of the standards -- you know, FGIS has typically facilitated standards reviews every five years, like, on a rotation. But we're going to stop that because standards are kind' a open all the time. And it's been an exercise in bureaucracy for us because we go through the motions. And that's a lot of work, a lot of time, a lot of people involved in clearing those documents and there's no changes. And so, that's time we can be spending looking at instructions or, you know, new handbooks or consolidating streamlining handbooks versus going to bureaucracy.

But if industry, you know, if you -- when you're coming together in a small group or larger body, it doesn't matter. If there are things that you see that you'd like to make recommended changes for, you could let us know that at any point in time. When we pick it up, we'll be in communication on whether or

not we think that's something we can do, should do, but we'd have a conversation about it. We're not opposed to that. So that same kind of whisper, you know, little bit more formal.

MR. MORGAN: Right.

MR. NEAL: But we're open.

MR. MORGAN: Thank you.

MS. ADAMS-MIKESH: One of the things, you know, Jake mentioned that you guys are working on a list of -- or schedule of when you're going to be looking at things. Maybe that's something us -- as the Advisory Committee, if we knew that ahead of time we could have those as items and come with recommendations.

I really have loved lately where we talked about the NIRT and we talked about, you know, we have on their scales. So, I know for me, if you and I are talking about standards or Jake and I are, I can give my opinion, but I don't know how it affects industry. And so, I've really enjoyed the collaboration that this group gives to see everything, but then also on the other hand, industry can have insight as to why we do those things, if it is something that can't be changed. So, it could be kind of a standing topic if we knew ahead of time.

M**R. NEAL:** So, I believe the goal will be to publish publicly the list and the timelines so that everybody will have access to it to know how to prepare when we get together for conversations around those standards within the timelines, it will still be brought up.

CHAIR GROVE: I think that makes great sense. Because, again, in our format of agenda items, if we don't make something an agenda item, it isn't something we can make recommendations on this time for kind of our current protocol. And so having that ahead of time can help us, again, be prepared for it and put that in. Um -- but as Kia mentioned, is there -- even if we want to have something as a standing agenda item, it still has to be put in by a committee member publicly. So even if we want to have it every time, somebody still needs to put it in. And that's easy enough. That's a copy and paste every year, change your date type of thing to say we -- this is important, and we want to be prepared for it.

What is your look at the publication of this in time frame to be prepared? I mean, if we look at a committee, you know, every six months possibly to be able to have that information in a way that stakeholders can get together ahead of time. So, it

wouldn't be -- we would want good lead time, I think, is what we're asking. So, as we consider this -- where did (inaudible) go?

MR. NEAL: I think once we post it, it'll be posted because you got it for FY25. You got it all the way through FY25. So, once it's posted, it'll be posted. I think what will probably happen, and this is all speculative at this point, once a meeting date is set, you know, the standards would be something you all want to talk about.

What we could probably do, you know, in preparation for the meeting like we normally do. We get together and we have a conversation about the status of things. That way, folks can kind' a be prepared about the kind of conversation they can kind' a get ready to engage.

MR. MORGAN: Yeah, Arthur, I think I wouldn't expect this committee to be making decisions on rice standards. But other than potentially getting updated on how the industry has engaged with Jacob's group, Jake's group and to see what's been recommended and, you know, just to keep them updated that there are changes. I think what I'm looking for is more on the -- a little bit on a lower level in engaging with Jake and his group on -- hey, we'd like to see some

movement in these areas. And then, obviously, the committee can then make a decision, you know, kinds of final approval or I don't know if that's required or not.

MR. NEAL: No. So, on the right side of the house, it will probably -- that would look like, you know, you all coming to Jake's team, you know, identifying the sections of the standards handbook instructions, whatever it is. Say hey, these are some things that we see need to change. These are the reasons why we believe they need to change. These are some of the pros and cons of it because we don't know it all.

MR. MORGAN: Right.

MR. NEAL: And then what we will have to do is do our intel, come together, you know, as we do at the standards meetings, have those conversations, and work things out.

CHAIR GROVE: Anything else you think you need, John, to be able to go forward?

MR. MORGAN: No. I – I -- I just wanted to bring it up as an issue, especially if it's an issue with other grains. And really, I'm looking for the process and avenues and how we do it, more than anything. And I think we're starting off at on a good

foot with Jake and what he's doing and how he's doing his is reviews and everything. But it's nice to know it's always open for review. Our discussion is just getting everybody on my side of the aisle on the same page, which is my next challenge.

MR. NEAL: You know, I had a joke for you, but I left it off the mic.

CHAIR GROVE: Okay. Thank you. Thanks, John. Thanks for the input. We are going to switch the order around just a little bit because we have somebody on the phone. Sorry about that, Tracy. We're going to jump to lab scales, and we have that on the phone.

MR. NEAL: Okay.

MR. SEAPY: Testing. Testing. All right. How about this? Audio good? You're okay?

CHAIR GROVE: Yes. We can hear you.

MR. SEAPY: All right. Thanks. So good afternoon. Thanks for the opportunity to go over the options for addressing lab scale concerns with you. For a little bit of background, FGIS has to upgrade the weighing standard since class F weights are no longer legal to be manufactured. We don't have a choice in that matter. Since we're already updating weighing standards, this is a good time to address the

check test weights for lab scales as well. Also, responding to GAIAAC's request for better information regarding the impact of scale precision on grading, FGIS analyzed several years of grading data. We've -- I believe this was talked about at your last meeting - uh -- finding that current policy provides little chance of incorrect grading samples -- incorrectly grading samples with the exception of canola and flaxseed, which could be graded at approximately a rate -- or mis-graded at a rate of 13% and 4% respectively. So, in order to address those issues and better align policy with NIST and better use the hardware that we have, we're proposing the following options for you to consider.

The first option, which, you know, was -- is where -- what we'd like would be to adopt ASTM Class Four Weights for check testing instead of the current NIST Class F, which once converted to ASTM would be similar to ASTM Class Six. This, along with a simplified check test would get our scales tested appropriately for the range in which they are used, and it would provide justification for the use of expanded resolution.

Now while it would be testing appropriately for the range that they're used in, it's not NIST

policy to only test scales for the range in which they are used. So, it would not get us into complete compliance with NIST, but it does give us confidence in what we're doing. It provides justification for expanded resolution, and we have precision across the area that we're actually using the scales. This would cost -- this would require replacing weight sets, about $500 per set, and that would be for, you know, FGIS and the official agencies that would need to replace those. But once you've got those weights, they're good for, you know, a very long time. As I mentioned, this would not get us into best practices with NIST, and it would be using scales beyond their design specification, but it would be using scales within the range for which or -- using scales in the range that we actually need them to be properly used and tested.

Option Two would be basically adopting ASTM Class Six Weights, which is the closest thing we have to NIST Class F, but leaving everything else the same, kind of a status quo, with only the required changes to allow for ASTM Class Six. Since they're similar to NIST Class F, there shouldn't be a problem. A lot of NIST Class F Weights could be recertified or reclassified as ASTM Class Six. Some might be out of

tolerance because the standards are slightly different, but that's relatively minor.

The downside of this option is that it doesn't address the main reasons we brought this topic up in the first place. We're still going to be using scales beyond their design specifications, using expanded resolution without any verification, checking scales to the 10th and using them to the 100th. And it doesn't address the issue of potentially mis-grading samples, in particular for those smaller grains.

Lastly, Option Three would be full NIST compliance. We'd need to go to ASTM Class Two Weights because in order to properly check test scales that are precise to the 100th of a gram, you need to have weights that are appropriate, and those would be ASTM Class Two. They are more expensive. And we'd have to move scales to a standard of E equals 0.01 grams instead of what we currently have, which is mostly E equals 0.1. And that's, again, the digit to which there is precision in this scale. This would be the most expensive option, but it would put us on the same page as NIST, and it would resolve all the various issues previously presented. The downside of this one being the cost, the ASTM Class Two Weight Sets are

more expensive, approximately $2,000 per set last time we checked the prices. And for agencies with scales that don't meet the E of .01 grams, scales would need to be replaced or relocated. And those scales cost, again, last we checked, $2,000 a scale.

Based on our initial estimates, the number of scales needing to be replaced would bring the total cost for scales to around 600,000 across the official agencies. So, again, you know, Option One would be try to use some procedure, update our weights so that we can, along with some new procedures, check the scales in a way that meaningfully improves our grading precision without excessive cost.

Option two would be, you know, do as little as possible, but it doesn't really address some of these issues that we'd like to clean up. And then option three being full compliance with NIST, which goes beyond what we need for precision on the lab scales, but it does bring us into best practices. Um -- are after that -- I guess I'd are there any questions?

CHAIR GROVE: So, what about agencies? I mean, obviously, this affects you. You look at the cost wise first, are there any -- I wasn't sure in the in the gallery, are there any designated --

MR. GARCIA: -- I have a question.

CHAIR GROVE: Back there? Okay.

MR. GARCIA: What's the risk? So, we see $500 a set. And what's the risk assessment on that compared to -- because I don't see the gap or understand the -- other than meeting some standard, is there any risk to the inspection?

MR. SEAPY: I did not.

MR. NEAL: Wait a minute -- This is Arthur.

MR. SEAPY: -- Sorry for the unconventional communication --

MR. GARCIA: What my question was, what's the risk? Why are we doing this other than to meet some standard so that we can make an educated decision on spending money?

MR. SEAPY: The primary would be the risk of mis-grading samples, with no ability to catch it because this the weights aren't precise enough to catch error in the scale, and the error in the scale that could slip through is large enough to start flipping grades from one to two, two to three, as the case may be, or the other way around. This isn't a one directional grade switch, but the primary is the risk of changing grades.

MR. NEAL: Yes.

CHAIR GROVE: I'm just going to jump in here

quick, and obviously, you can't hear me, that probably a year ago, I do think Ryan presented this to us. And one of the things that was discussed, again, was the precision on the smaller grains. Things such as wheat, that -- that 100th of a percent or 100th -- yes. The 100th versus 10th can make a huge difference. So, if there's variability or, again, that -- that plus or minus tolerance can very easily be pushed out of tolerance due to a scale. I think that is where I remember this coming from.

MR. GARCIA: Yeah. No, I remember that. And I remember that the factors weren't regular. Things that we saw normally, like heat damage, I believe, was one of them or **ergot**. And so, I think a $600.00 investment, you know, I'd want to see what is the actual -- the benefit of that to agencies, and to the system, right? $500, like, we could eat that.

Six hundred thousand or two thousand and then maybe possibly two more thousand for scales, they're -- we probably need more information to truly understand, I think, as an agency.

MS. ADAMS-MIKESH: I believe when we were to go off of what Phil's talking about, we had talked about last time, and correct me if I'm wrong, that -- so they did the study. FGIS did the study to see how,

how much of an impact it would be -- and if I'm reading this or listening to correctly -- Ryan, even though I can't -- can you hear me -- is that basically all of the grains, there is no statistical impact on it changing a grade. And I believe that was done through analyzing IDW data. And it -- so that was our big question last time was, does industry feel that it's enough where it could impact them financially by us not having that extra precision?

So, I believe -- I guess I would kind of put it back on the industry for -- with this information that Ryan has shared. Do you feel like this is a big enough item that could impact you? Where us, as official agencies, and FGIS, really need to dig a lot deeper into what the financial impact would be for us? Or do you feel that changing the way it's set, because that's necessary, would be enough of a change and okay by you as industry.

MS. LOGAN: Well, I have a question. From the option one, where they're saying only test for how the scales are used, does the variance matter if you're only using the scales for wheat versus corn or is it because it would be varied because you're going back and forth between different commodities?

MR. NEAL: Tommy.

UNIDENTIFED SPEAKER: Yes?

MR. NEAL: Can -- is Ryan getting any of this relay through you? Okay -- So, because we're disadvantaged right now, I think Ryan has done some of the work to show the difference in each grain based on scales not being calibrated using respective -- what do you call them -- weights. There is some difference with the smaller grains. So, I -- without him being able to engage in the conversation, it's going to be tough for us to really continue the conversation. He knows it more so -- he knows it better than, I think, any of us here. So, in the -- you know, it's unfortunate he can't be here for it, but we may not be able to answer the questions today. We won't be able to answer the questions today.

CHAIR GROVE: You know, unfortunately, you hate to table something. But probably best until the next meeting so we can get those questions answered. If it's only affecting certain grains, when, you know, Option Three talks about changing everything and it's a $600,000 impact to the agency and only certain areas may need to change if an area doesn't have the smaller grains, certainly, we would need to know that. So, yes, if he would be able to supply a little bit more of that information and background, and it can be sent

to us as a committee on an informational basis, and then if there's something we want to -- again, you hate tabling something because, again, it was a year ago that we first heard a presentation about this. So, you don't like something hanging around for two years and no decisions have been made. But, again, it does have financial impact. So, I guess having some of that background information would have been good for this time frame even if you couldn't have answered it. Now if there is an ability for that information to come to us before tomorrow, we still have time to discuss this tomorrow. So, if that is an option, we can table it for more information tomorrow unless there's somebody else who can answer those questions.

MR. NEAL: We'll Look and see if we can get that. And just speaking on behalf of Ryan -- Jake, you confirmed for me. I think we're leaning towards Option One because with the current weights that are being used, they're not helping us calibrate the scales properly anyway. And the check testing procedure needs to be updated because so many official agencies are getting dinged by our quality assurance and compliance division because the check testing procedure is not really adequate for what we're using weights for. So that's just background. We're

leaning towards Option One.

MS. CASEY-CAMPBELL: Arthur, I guess, a follow-up on that if we are leaning towards Option One, I guess, my question then becomes, are we still trying to get to Option Three eventually? Is Option One just a just a holdover and then we're going to have to buy new weight sets again and have this conversation continually? Is Option Three the ultimate goal?

MR. NEAL: Based on my understanding, no. It is to utilize -- we're looking at -- we're putting options out in front of you for practicality purposes, not for, you know, less totally aligned with NIST just for the sake of saying where everything is done exactly like NIST would do it because we're using the scales differently as well. So, we're trying to think about, you know, practically how we're using scales, how we're also making sure our procedures test the scales in such a way that our customers as well as our work is being performed with this best accuracy, which is reading out beyond, you know, the 10th? You know, those scales have the ability to measure out beyond that 10th, but the weights that we're calibrating them for are not helping us to get that accuracy. So, what we're trying to do is blend the options. Like, let's

get new weights. Let's update the check test procedures so everybody knows how to do it right. And let's let that be fine because we've been using the scales this way for a long time. Let's just use them a little bit better than what we've been doing. Good, Jake. All right. Yeah. I didn't grow up in the grain industry.

MS. CASEY-CAMPBELL: And I would like to add just to the financial side of it, obviously, that 600,000 for Option Three is -- that is, you know, still on the table. That is a huge number, especially for state agencies that have other hoops to jump through. But with that, you know, I don't know what the business model of other official agencies are, but a lot of our on-site labs and equipment is purchased by the applicant. So, it's not just agencies funding $600,000, it's industry who is going to be buying these scales. And some of them are newer, and they may not be particularly happy with replacing perfectly working scales. So --

CHAIR GROVE: I very much agree with that, thank you, Erin. Because we do. If we have labs on-site for rail, we are the ones purchasing that equipment and the inspection service that services, that lab then does the check testing.

When we look at Option One, it says it doesn't align with NIST best practices, but it could bring the check test method -- could bring the scales closer in use. Would you change -- then are you looking to change the tolerance? I mean, if we're -- you're looking to be closer to a hundredth versus a tenth for those types of grains, the smaller grains. We are in wheat territory, part of my company, so it does affect us. How much, I don't know. We don't think about it.

If you have something that the grade comes back heat damage above tolerance we just automatically dump and reload. Yes, there is a cost to it, but I don't know statistically if, you know, if we kept track of that. I don't know if you, Mark, feel that you have a good handle on that. It's not necessarily reported if it's dump and reload. It stays at the location usually when that happens, so we don't have statistics for it. But what you're just looking at that option to help make locations a little more accurate. Obviously, this one was written by FGIS, but if there were any type of recommendation to be made, it would need to be made through this committee. Somebody writing that recommendation to you for tomorrow?

MR. NEAL: Yeah, basically, you know, a green tabling, you know, dissenting with the -- with what we're putting forth. And, yeah, I mean you summarized it well. We know we'll eventually -- we're going to have to update the weights anyway because they won't be able, you know, they're not authorized for use anymore. So, we're trying to update our process reasonably.

MR. HEIL: Yeah, Barb, on that one, I don't think we would know if it's three-tenths or two-tenths, was it just at that level to be very difficult? And the cost structure, we just bought Graham's Scale, it's twenty-six hundred bucks. So, I mean it's going to be more than what it's shown.

CHAIR GROVE: Correct. So, I do think maybe there -- if there is some information on statistics to see what we feel it affects, that would be great to know. But also, we have to keep in mind that if no matter what, the weights have to be changed, a decision has to be made on an option.

You have to change your procedure because you have to change the weights anyway so you're trying to be proactive on it. So, again, I'm going to have to defer to those people that are doing the grading on an official level to say this is the better practice.

Yes, it will affect on-site for us. There will be a cost to us. But if it's a matter of changing the weights, not so impactful to me. So, I'm going to have to rely on, you know, Aaron, Phil, and you know Kia to help guide us in that if we want to make a decision tomorrow or give guidance for this. So, anybody else have any questions or comments, otherwise, we will go ahead and move on. And if again there's some more data or information that would be helpful for us that we could get by tomorrow, that would be great. Okay, Tracy, if you would like to go ahead and present to us, the FIDU issuance policy.

MS. LOGAN: So, from of my head -- So for this one -- so the background of what I wanted to talk about is there's an MOU agreement between FGIS and APHIS. So, at an export facility, in order for us to obtain a phytosanitary certificate, FGIS sends a document called the 921-2 to APHIS. And the issue that can come up is if the FGIS and FGIS inspection services are waived or otherwise unavailable, then the current MOU agreement between FGUS and APHUS does not allow for a Fido certification without a 921-2 form.

So, in case of natural disasters or other interruption of services, I would like to see a procedure that provides a Fido issuance, which is

always going to be required by the importing countries. So, I just said, we need a 921-2. I've kind of spelled out, is it on there? So that's just the process of how this works -- is during grain grading, under this MOU agreement, PPQ does not come to the exporting facilities, so they asked GIPSA to handle the whole process.

They take the official sampling. They do the reviews of the insects. They'll write down if they find any insects, what those insects are, if they're damaging to grain. And then they will either -- if they find insects and we fumigate, they have to witness the fumigation, and all that information goes on in 921-2.

So, if you go to the next page just for informational purposes. That's what has to go to APHIS. So, they fill out this form and the issue that we have run into before and, for example, what happened in the case of the Gulf during Hurricane Ida, either APHIS has to agree to waive this or come up with some sort of process to issue our Fido, or we really can't export the grain in case a waiver is provided. So, we can get the waiver of weighing and inspection from the customer, Buyer and Seller agrees, but we really can't ship it because we can't get our

Fido. So, the MOU agreement states from plant quarantine we have to have this form. But if we have a waiver of weighing and inspection, we can't get this form. So, if you go back to the -- go to the last page.

So, if services aren't available, Official Inspection of Class X Weighing and Grain can be waived if official personnel are not and will not be available within a 24-hour period to perform the services needed, and both Buyer and Seller of the grain are made aware that the grain has not been officially inspected. But there's not a provision in the grain standards acts which automatically delegates a third-party provider in case of this waiver. APHIS, and this was -- this was brought up at a recent NAGA meeting. APHIS is going to treat each situation on a case-by-case basis rather than have something automatically in place in case of a waiver. Each time, APHIS is going to determine what that process will look like, whether or not we actually can proceed with the export or not. So, as I mentioned Hurricane Ida in 2021 -- so little different circumstances.

My understanding is that they were loading off barges, and so they didn't have the capability of sampling and weighing. And in that case, APHIS went

ahead and provided the phytosanitary as long as each cargo was fumigated. But what about in cases that it's not considered an emergency? If there's not a hurricane or something? Each case APHIS is going to have to review and decide, are we going to allow the phytosanitary issuance?

If they decide that they won't, then it doesn't matter if Buyer and Seller agree to waive the inspection. If it's not some kind of emergency situation, then we're kind' a back to square one. So next steps or recommendation is I'm just wondering if in these MOU agreements, you know, there's nothing we can do on the APHA side. They're looking for 921-2. But if FGIS would allow 3rd- party inspections, if they aren't available to perform, could there be some wording where there is something on, say, a third-party inspection that they could put on letterhead that would also provide the information that APHIS requires saying, we checked, there's no bugs. Some kind of, you know, format in what both sides are looking for in order to continue and not disrupt at export facilities.

MS. ADAMS-MIKESH: Tracy, what are some examples that when you say a third-party inspection what -- could you give some examples of what you are

thinking of?

MS. LOGAN: I would say any -- so, for example, if we have to have some, we'll have a customer overseas that wants a falling number, and they require FGIS procedures, but they accept it from a lab. So, they know that it's the equivalency of the same certification and testing that FGIS would have done, but we've just paid the lab to do it based on a submitted sample.

DR. CAMPABADAL: Can I just add here? This is Carlos from K-State. So, what you're meaning is a third-party, like a third-party surveyor, like LGS, Intertek, any of those. But a lot of importers act -- I mean, they will actually pay for those services anyway too.

MS. LOGAN: Right.

DR. CAMPABADAL: For extra, you know, from that perspective --

MS. LOGAN: -- right –

MR. CAMPABADAL: -- so, okay --

MS. LOGAN: Yeah. Often, you know, it has to be, you know, there's a list of acceptable survey type companies that overseas companies will accept. And more and more, we're do -- we're seeing on the export side a lot heavier use of these surveying

companies outside of FGIS. They -- that's at the request of our overseas customers.

DR. CAMPABADAL: I will agree with you a hundred percent from the importing companies or the expert markets. A lot of them actually do -- to analyze things that actually are not even in the grades, and like extra mycotoxins or other components and just for their own knowledge and, of course, to get the results in a different way. Two, as an example, my family's involved in importing used grain in Costa Rica, and we actually use a couple of those on a normal basis.

MS. LOGAN: Yeah, I would say, you know, when I say using FGIS procedures, when you see that 921-2 report, it goes through every sublot. So, in those cases, you know, I think you would have wording that it's not like you're just going to pull a five-pound composite and show it to, you know, plant quarantine or the lab. You would -- it would have to be the same procedures. We would pull the sublot samples, you know, and a third-party grading company would verify it. But it's just today there's -- it's up in the air each time for APHIS to decide how they're going to do this.

MS. ADAMS-MIKESH: One thing that I see with

the difference between using surveys and other laboratories for qualitative testing is more a contractual basis, whereas, when we're talking about insects and other things, that becomes more of a government-to-government issue in my opinion. I have a lot more experience on the container export side, not shipment vessels. So, I don't know where if everything overlaps, but we have where if they are to follow the FGIS procedures, you know, we are specifically licensed for that. We have 4700 pages worth of stuff to go through to be allowed to do these items. And for something like call -- that could be a very big impact on the government. I know for containers; we see -- we're on those emails with AFIS and FGIS from these other countries even after things have been fumigated and there's a lot of any complaints with that. So, I just -- I feel like there's risk there.

MR. NEAL: Just for context, as it pertains to this recommendation, you know, FGIS is not the initiator of FIDO's. It's -- this isn't APHIS, APHIS's realm. And so, the recommendation, whatever you all choose to make, you know, we would take back and have conversations with APHIS about what -- how they would like to, you know, review their process.

We're just involved in APHIS's process.

MS. LOGAN: Mh-hum.

MR. NEAL: So, we wouldn't change anything from the FGIS perspective because it's not our process.

MS. LOGAN: I think the catch, the circle we get into, is APHIS requires a 921-2. Only FGIS can create a 921-2. So that MOU agreement between the two, if a weighing and inspection is waived, puts us in a loop.

MR. NEAL: Yeah. That's why it would have to be discussed with AFIS because they would probably have to revamp their entire process. Because, you know, we have -- we talked about in the PNW fumigation. FGIS, we are not fumigation experts. Yet we're the whole, you know, we hold the fumigation protocols. I think we have to figure out, you know, where we belong, and you know, with this type of recommendation because it's not our process. We're facilitating a process on behalf of somebody else, similar to FDA. You know, it's FDA's process. They've asked us to do this for them, and that's why we can't make the change. FDA is the one who has to make all of the changes. APHIS would have to make a lot of changes on their end to facilitate this. And

so, I can't put APHIS in a box, but I just want you to be aware that this recommendation goes beyond FGIS. We would be -- we would help facilitate a conversation around.

MS. LOGAN: Mm-hum, okay.

CHAIR GROVE: So, I think too for you, Tracy, again, in helping word this as FGIS as a facilitator to have the conversations --

MS. LOGAN: -- yeah --.

CHAIR GROVE: -- of what you're wanting. I very much understand that. You know, if I have railcars sitting, I know what that costs to wait for something. So, to have containers, vessel ships to have them sitting and waiting --

MS. LOGAN: -- mm-hum --

CHAIR GROVE: -- if you can't get this, you know, there's a lot of cost to that. Why load something if you can't ship it?

MS. LOGAN: Yeah. I think that's what we're thinking is if there's a protocol in place and that discussion's been, you know, brought up ahead of time rather than after the fact when a situation is occurring, you know, even in a hurricane or whatever, you scramble around, but a few days makes a big -- big difference. So.

CHAIR GROVE: Yes. And you certainly aren't -- you're not trying to circumvent -- FGIS. This is a if-and, you know, situation. If they're not available, they can't get there. You're asking for the possibility of approval of a third agency. It isn't about not using FGIS --

MS. LOGAN: -- correct --.

CHAIR GROVE: -- at all, so –

MS. LOGAN: -- correct --

CHAIR GROVE: -- I think that's important to make sure we remember; you're not trying to get away with –

MS. LOGAN: -- no --

CHAIR GROVE: -- not being with FGIS --

MS. LOGAN: -- it's only in the case of the waiver, yeah.

CHAIR GROVE: Correct.

MR. NEAL: All right. This is Arthur again. I think that's an important note to make that you're talking about specific. And I see it there, but I think it needs to be, you know, clear that you're talking about in emergency situations –

MS. LOGAN: -- mm-hum –

CHAIR NEAL: ---where you say, you know, FGIS is not available to provide –

MS. LOGAN: -- yep -

MR. NEAL: -- the service --

MS. LOGAN: -- yep, make that concise. Okay.

MR. NEAL: And for further context, I think part of the challenge is, you know examples, Hurricane Helene. There's anticipation that something's going to happen. And folks want to make plans sooner than later. That's where you come in from our perspective, FGIS doesn't make decisions about whether or not waivers are going to be granted before an event occurs.

MS. LOGAN: Right.

MR. NEAL: You're just trying to get your house in order --

MS. LOGAN: -- mm-hum --

MR. NEAL: -- from operational standpoint to have people on standby and ready to go.

MS. LOGAN: And in particular, where you've got an MOU. You know, where you're saying it's not just FGIS, but it's also not just APHIS. And so that's where an exporter can get in a loop.

MR. NEAL: So, I think what Barb has mentioned concerning the facilitating the conversation, you know --

MS. LOGAN: -- mm-hum --

MR. NEAL: -- we would definitely do that.

MS. LOGAN: Okay.

CHAIR GROVE: Okay, the -- if you feel Tracy, you have an avenue to go. If anybody else has any input for Tracy. Otherwise, I think we had some -- a good recommendation for you to go off of. I want to make sure I didn't miss anybody. Um -- Technology and Grain Inspection. Can you get that up here in front of me? So, this is one of those, as I mentioned before, when we talk about something we want to make sure is on the agenda every time. Technology in grain inspection was added to be sure that through the presentations we were given today through the Technology and Science Division and some other talks that we've had that if we have any recommendations for other avenues that we feel we would like to add to the plate of FGIS to put in their queue that we have an option to do so.

So, again, with a little background, the grain inspection industry has been using the same equipment and procedures since its inception in 1976. So, while these methods have served the industry well over the years, it's becoming clear they are not keeping pace with the rapid technology advancements being made within the grain industry itself. This

discrepancy is causing issues or holding entities back in terms of staffing consistency, accuracy, and inspection. I think everybody can probably read for themselves the rest of it.

The objective is to become efficient or make sure we stay efficient and relevant. I look at, as we've talked about the scale issues, wheat. When I look at industry stakeholders that I'm invested in, that is one that is a slowdown for us. When we are loading trains, grain inspection can't always keep up with how fast we are loading. Technology advancements in receiving and shipping equipment is far faster than the human eye and the human hand. So, we want to continue to be sure we are looking at those abilities to be able to keep up and to do it effectively. So, I just more wanted to be able to keep this as an open dialogue, and I am going to bring up a few short term and long-term goals that came from industry stakeholders.

You know, one of them that we have discussed, again short-term goals, one was test weight, and we realize now that's not such a low hanging fruit. But is there anything with test weight as Ed discussed with us today? Do we feel we want FGIS to continue looking at this or is this not an effective use of

FGIS time and dollars, people, since that again was one of the short-term standards? It is something we put in last meeting as one of the objectives. Do we feel this is still relevant? Keep it out there.

If anybody has a thought of something going forward, you know, I'll even look to Ed if you have some thoughts on this. You know, is it a stalled in the water, or are there possibilities? Or is it more going back to the equipment manufacturer and there needs to be changes on that side before this is even an option?

DR. JHEE: To everything you just said – uh -- -- test weight. Some of you guys might have asked -- you guys have been looking at test weight since 2008, and it's 2024, and you're just now talking about it. It's because when we started looking at test weight and exploring this back in '13 and in '17, we, meaning FGIS, thought the data was so ugly. We didn't want to move forward with it. I presented the data to you again. I don't think with our existing limited resources we should continue to pursue this. I think I can take my team and focus on Videometer and Sea Grain and what else strategically we can work on to position ourselves for modernization.

CHAIR GROVE: I appreciate that

recommendation because, again, we saw the data. You gave us 2009, 2012, '17, '24, and it hasn't changed. And you've tried different methods, tried different ways of looking at it to see can this happen. And it seemed to make sense as a recommendation, again because equipment -- the equipment that can do test weight is approved for a different function, for a different factor. You know, it is something since there has been a recommendation we can revisit in the future. And I think as you've talked to us before, it has to be within the machine manufacturer in a sense to change how the machine might work, but it could then also change the factor we rely on it to use. You change one thing, you could affect it up, and we certainly don't want that. **DR. JHEE:** Right.

CHAIR GROVE: So, something I think -- yeah, back burner, and we'll see if there's something that comes out for us in the future. I appreciate your input on that. Thank you.

DR. HURBURGH: Barb.

CHAIR GROVE: Yes.

DR. HURBURGH: Just remember that the test weight is also part of the NTEP National Conference on Weights and Measures testing, and the decision of FGIS

whether to use the -- rather to allow the meter as a proxy for official test weight will have some impact on Local Country Elevators' ability to use the test weight, which they do now. There's no doubt they do. But it will interact with that discussion. That's all I'm going to say is that it will certainly interact with that discussion.

CHAIR GROVE: And you are very right. I'll say in the domestic trade, test weight off the moisture meter is used for unofficial grades. It's already being utilized in that fashion, assuming we all are aware the plus or minus tolerance as prescribed by the NIST handbook. So, we are aware of that. And, as I think every state requires a state certification every year to make sure we are within that. Then when -- if we load grain in some capacity that requires official inspection, official inspection practices are used. Again, as Ed showed us again the plus or minus tolerance using the machines versus the quart kettle method, don't meet standard at this time. So, it does take an adjustment. And, again, we are all aware we all do use moisture meter for the test weight option right now.

DR. HURBURGH: It's going to fan the discussion. That's all I'm going to say.

CHAIR GROVE: Yeah.

DR. HURBURGH: Well.

MR. NEAL: I just wanted to clarify. What will fan the discussion by not accept -- not maintaining this course?

DR. HURBURGH: Yeah. The -- it will fan the discussion by the -- actually, your data will fan the discussion more than anything because it documents the differences and perhaps the inadvisability or unacceptability of the meter test weight. And I can -- I'm on the NTAP Committee, and I just as well book an extra night of discussion because that's going to -- that has been one of the more controversial issues in the past, and it will again.

CHAIR GROVE: Okay.

DR. HURBURGH: I can't help you with an answer, but --

CHAIR GROVE: Another short-term goal had been about the adoption of Auto Kicker or other technologies for official use. So that had been out there. It wasn’t an official recommendation last time but had presented as one of the short-term goals.

And I know there had been some discussion on our -- have there been conversations possibly? Okay. All right. So again, the auto kick it -- the official

method is using at Carter Day for dockage testing in certain commodities. Auto kicker is not approved. So, if they were interested in being part of the short-term goals, that company would need to submit for the process of approval.

And again, with the Auto Kicker specifically listed, again, we're not making recommendations for a particular company or not, but there -- that is equipment out there that does have approved pieces of equipment within it when it is utilized. Streamlining sampling, cutting down on the sampling process, and the amount handled, again was a short-term goal. Those on the inspection side, thoughts on the need to look into this or do we feel this is something that is already possibly in the works, and looking at, again, it's that sampling.

And I think the first of it came from the export side, the huge quantity of samples needing to be taken. Any thoughts on this? Again, this was one at one point that was presented, not as a recommendation to go forward, but in the presentation of some different goals from stakeholders in the industry. Any thoughts on that?

MR. NEAL: Charles is not here. I think Charles had gone down to see what that, you know, what

that – not formal recommendation -- but that suggestion looked like. And, that we weren't able to kind' a get any synergy on it right away. So, we don't have anything to report on it.

It's not that it's falling off, it's just I think with the culmination of operations and trying to maintain operations at the export level and facilitating the work around equipment evaluation and missing an opportunity to connect when you went down, we weren't able to get the visibility into it. So, you know, we'll still look into it to see what does that mean.

CHAIR GROVE: Okay. And again, I am working through again a stakeholder's suggestion or priority list that has come through industry workshops. And we did in the last meeting -- we kind' a talked about them, but it was test week that we keyed in on some of the mid-range goals, which maybe seem a little more feasible for us with some of the technologies being presented and tested.

There was a wheat, the HBK long varied results based on sampling process and also the falling number. And, again falling number is something Charlie did talk about, and you're assessing again equipment to see if some of it is not obsolete, I

think, is what he presented. So, in the equipment, in the technology, and maybe Ed can answer this, in Sea Grain, you are looking at --

MR. NEAL: (INAUDIBLE)

CHAIR GROVE: No. I don't know if I do or if I should. Is vitreousness something in the week, something that you feel –

MR. NEAL: -- I don't see--

CHAIR GROVE: -- you will be looking at testing with the current options on Sea Grain as you're training it, building its library on samples?

DR. JHEE: Correct. Correct. We want to get past germ and heat damage. If we can get past those, I'm – we -- on -- we totally understand vitreousness is another factor that we should be exploring too.

CHAIR GROVE: Okay. Okay. And then just the last thing, and again Charlie touched on this, modifying mycotoxin testing to eliminate those liquid based processes or even the chemical based processes. I think, again, are there -- with the process official inspection has to use, there's a difference between some of the processes that, industry might use or things available that aren't official process but --

DR. JHEE: We are aware that there are a couple of instrument manufacturers close to our industry

that are in the process of developing tools that can assess mycotoxins without utilizing chemicals or the test kit approach. I think it is a completely different way of analyzing mycotoxins. Both these organizations are aware of the technology evaluation process, so I think we're just sort of in patiently waiting mode to see if and when they will submit. We're also engaged with, ARS, the Agricultural Research Service. You know, I think oftentimes we overlook the fact that we're USDA. There is a research arm that conducts this type of support for the rest of this industry. And so, Pullman, Washington, you know, falling number. I think that's a natural fit to be able to talk with those, researchers there. I believe, LSU, University of Georgia, University of Florida, all of those ARS units are working on AMS type of efforts or mycotoxin falling number type of efforts. So, the opportunity exists for us to engage with ARS to see what are you working on and then have a conversation with you guys as well to see what's the potential for applicability of this research. How do we go from research to application?

CHAIR GROVE: You know, last September

I think we had a very good -- A sense, I will call it, workshop, just industry meeting, different aspects of the USDA. We had cotton. We had beef. There was poultry and egg and there was grain. And to be able to look at what other avenues of agriculture are utilizing in their technology, and I think some those some of those are coming into play for us. But that was to me that was a great gathering, great information, and I do like, you know, that you have the opportunity to engage with ARS. To again look at what is out there and what can we do. Again, this is a topic for us to keep open. And think in your area of industry, what are technology lags possibly that we see, that we feel we need to look into considering again, time, money, resources of people that are in availability. And go ahead, Kurt.

DR. ROSENTRATER: I would also add I have some colleagues in ARS in Manhattan that are extensively involved in cereals research but, as well as at the Peoria, which is one of the national research centers for ARS, there's a large contingent of mycotoxin testing going on there.

MR. NEAL: Nice. Nice.

DR. ROSENTRATER: Two additional suggestions to add.

DR. JHEE: There we go. The list is getting longer.

DR. ROSENTRATER: Oh, and one more. Maybe reach out to National Program staff in Beltsville, Maryland --

DR. JHEE: -- right --

DR. ROSENTRATER -- because I think it's National Program 306 that the value-added products is where the grains fall.

DR. JHEE: Right.

DR. ROSENTRATER: And they can connect you to even more resources that we may not know about.

DR. JHEE: Thank you. I think it's definitely going to be worthwhile seeing what's out there. Hopefully, being able to have those conversations before next engagement and report out maybe what the rest of USAI -- or what USDA is working on.

CHAIR GROVE: Thank you, Ed. Appreciate that. We have in the gallery, Jess, if you want to come forward.

MR. MCCLURE: Hi Jess McClure, National Grain Feed Association. Great discussion here. There's a lot of topics that you all have been going over that we've had a lot of discussions internally at

NGFA as well, especially in the technology related issues. I think also about the standards and the and the handbooks as well. There's been a lot of discussion. In fact, I've been texting with Nick Friant the whole time here about all this. Nick does send his regards. I don't think he's listening right now. But, you know, a lot of the things we've been talking about internally is, I think, what would and it'd be helpful, I believe, for the advisory committee as well. But we're thinking about doing a survey internally, with our members, trying to get a feel to where everything fits as far as the standards, as far as the handbooks, as far as the technology.

I think this is all very important because a lot of the discussion here about the technology, I think it's almost like the chicken and egg. Right? We're talking about the technology that we can be used to help expedite the process, but then you think about some of these handbooks and the processes themselves. Right? And how do you streamline that? That, and I think that's going to take some time to really kind of sit down and go through, but that's also tied to the standards as well. And so, I don't think those are things, you know, you want to be making any changes to those if you don't have to, but I think it's good to

have that type of discussion. And this is a discussion that we had from an industry workshop that we do every year with FGIS.

We did it in Portland a couple weeks ago, and it was a topic that came up with our members that were there. I know not all of you were there. I know Ed and Charlie, I know Arthur, you all were there. But it was a very good discussion on many of these same topics. So, I think those, just to let the committee know, for those of you that couldn't participate, these are discussions that are happening, you know, outside of this meeting, as well throughout industry. So, it's good to see that this, the committee and these discussions, it's on track, in line with a lot of other and from the NGFA standpoint, obviously, we do appreciate, obviously, a lot of the transparency, openness, having these types of discussions, and we know the work that FGIS is doing. Right? We know a lot of the work and time and effort that they're putting into this, and we're very supportive. And we'll do whatever we can to assist in that process.

But I think that internally we need to have some continued discussions to really, I think -- how -- which -- I think, they're not easy discussions.

Right? And I think it kind of gets back to some of these standards of how long have they been in place, how long have these practices been in place? A lot of these nuances that go with these practices and making any of these changes, it's not going to happen overnight. Right? And it's just like the technology development. That's not going to happen overnight. But if you are going to be developing this technology, these handbooks and how you go about the process, that's at some point, there's going to have to be change to that. Right? So, anyway -- these are all -- these are all factors that were all -- that are all under consideration.

And I think any feedback input from the Advisory Committee too, I think that'll be helpful. But I just wanted to make sure you all were up to speed on that, if that'll help with any of recommendations that you may have as well. Thank you.

CHAIR GROVE: Thank you, Jess. I appreciate that, especially, you know, again the survey. Survey to your -- your membership, the stakeholders is important, because, again, during the handbook discussion, Arthur did make sure to say, FGIS isn't the maker of the rules, they're the keeper of them.

It's -- what is industry want and need in

the standards and looking at things that are no longer needed. So, I think that is important. And if that's something, you know, John is going to be looking at too, in the rice industry, what are things that they're there because they were needed 50 years ago or wanted 50 years ago. And how has our industry changed?

How has the end user need and want changed? So, again, having that data, having that information is very important because, again, yes, FGIS is keeping it for us and following the standard industry wants. So, thank you. Appreciate that input. Again, if there's nothing -- this is more of an open discussion because if there was something that comes out of it, we need this agenda item to make a recommendation.

I do think, again, looking at Ed's presentation to us, the sum of the technology pieces in the visual referencing and sorting is already underway. So, I think we're good to move on unless somebody has another topic within that technology standard that they feel we need to go on. And, again, we'll keep it as an ongoing. We'll put this on there every time. The last topic that we have here for today is emerging export issues, and it is, again, an open discussion.

From the export side if there are things that we feel we need to look at and move forward and also at the NGFA NAGA workshop a few weeks ago, this was a topic. And so, if there's anybody who wants to give some updates from that meeting, that would be great. Unless -- or we can rely on Arthur for that. So, again, any emerging export issues anybody wants to discuss?

MR. HART: I guess I can, it's more so of a recap. I wasn't present for the Portland meeting, but yeah. It may be just a recap for Dr. Hurburgh and Kurt, you know, and others who were -- we talked a lot about it in certain instances this morning, you know, with Arthur, with the initial discussion and, of course, with Charles.

You know, personnel, you know, it's a big, it's a growing issue. It's not just an issue within FGIS. It's a issue all across the board if we're realistic about these things. And, you know, just to give you some context of background, I guess in general what we're dealing with all throughout the spring, all throughout the summer, you know, every indication we had with an export grain division was that we would be at 65, 70% capacity. And then it seemed as though it was a two or three week span that

that turned, did 180.

And we were at 90 to 95% capacity. And that's very tough, you know. And from a personnel standpoint, the industry, you know, we are in position where we may be able to weather the storm just a little bit better, you know, than our partners and business partners, you know, within FGIS.

You know, they travel in a little bit of a different vehicle that has, you know, different parameters than we have, I should say it mildly. You know, a lot of things change within this and two big issues where I'm going within this, there's no real plug and play solution that we have here for the short term. And right now, our challenges are, is that, you know, this was a pleasant surprise.

However, it's a short window that we may have. Most believe that, you know, on the export grain side, this window of opportunity may last only until the end of the calendar year. And things may be different, come January for multiple different reasons. And so, most industry members will consider this kind of an emergency state, you know, to say, hey, what do we do in this short term to make sure we capture the business opportunity at hand. And all of what we discussed this morning, you know, and from

Charlie to Arthur all of viable solutions. But they are not plug and play solutions that's going to help us within the next 30 to 45 days. And so, we have some real deals that, you know, when they export grain it's seven days a week like it is in most other areas within the supply chain. And, you know, when it comes to weekend activity, you know, a lot of the industry only see, you know, basically about 50% of what they -- 50% of the personnel staffing that they typically would have. And when you only have 50% of your personnel staffing and you're running at 95 to a 100% capacity, that's going to create some inefficiencies, I should say. And so, you know, just looking at open discussions on what short term solutions that we can possibly have that are viable. You know, I know some are kind of farfetched than others, you know.

But just looking for, you know, any type of suggestions that we may have to close the gap here in this short period. The short time span of a window that we have for business opportunities for exporting grain.

CHAIR GROVE: I think that's pretty – a very good point. As we've all had discussions throughout the day -- hey, how's harvest going? And talking about the opportunities we've had here at harvest, one

of them has been -- hey, there's some of these markets we're just told to tuck it away and hold it, and we don't have that market. So, to be able to capitalize, like you said in the short term, we don't know how long it's going to last.

You know, Arthur, from the FGIS standpoint, how do you feel we can react quickly to cover quickly? I know -- you know I know some of your personnel have had long term assignments. Have been, you know, living out of a hotel somewhere for a long period of time to be able to cover an area. As you talked about or Charlie had talked to us about, you know, you're looking at what is your focus.

Your focus is to export grain and some of the businesses you're, you know, shifting to other agencies. How is that helping you to then staff where you need it right now? You know, if somebody's feeling the brunt of not having the personnel for FGIS, how do we help that?

MR. NEAL: I don't know that, you know, you can for us - yeah, for us, say for instance, our Toledo staff I think went from 35 people to seven because we were sending people on details. Some people quit. They resigned. Is that number wrong, Charles?

MR. PARR: Charles Parr, Director of Field Management Division. No. That number is accurate. I'm just standing here getting ready. But I'm going to raise this microphone stan, so it works a little bit.

MR. NEAL: At the same time, we had some of that same staff voluntarily move to New Orleans and take on assignments. The same staff is moving across the country as we speak, covering, you know, Milwaukee and other parts of the country that New Orleans -- you know, our Texas staff that's, you know, maybe slow. They're covering New Orleans. The supervisors, we've got people on detail right now from Jake's team that should be writing policy. They're in New Orleans. You know, some of the staff in DC they're -- they were in New Orleans two weeks ago. We got some more going down. So, I mean, we're using the people that we have. That's the fastest thing we can do. The things that Charlie talked about are procedural. We can't just tell somebody you have to pick up your family and move to another state. There are processes, there are timelines, there are approvals, those are going to take us a little longer. There's money required, as Charles said. We have to pay for that. The conversations we have to have with folks to get them

mentally prepared for change, we were talking about that on, you know, during lunch. There there's a lot. So, there's no quick reaction that solves it immediately, long-term. We're -- the quick reaction is detailed assignments. Long-term is the balancing out of the rightsizing of our offices so that we can redirect resources to where the work is consistent and predictable.

MR. HART: Quick question Arthur, and thanks for that. I totally agree with both approaches. I'd be remiss if I didn't mention this because I hear it a lot, you know, within the industry.

For the immediate short term, most would look at this as an emergency. Is it a viable option to introduce a 3rd-party to help out with inspections much like what Tracy described, you know, with APHIS and 921-2 if in the event of emergency where FGIS personnel wasn't available. Is it a viable option where that can be explored for the next 30, 45, 60 days, you know, in lieu of trying to move people around and try to cover the shortages here in the short interval?

MR. NEAL: I'll take that under advisement. Well, I'm just saying because I can't say yes right away because, you know, it depends on how that really

looks. Because if FGIS contracts with anybody, there's a whole contracting process we gotta go through. And by the time, you know, that emergency be over with by the time we get through it, you know, just to be honest with you. So, I've got some thoughts in my head that I can't speak publicly, and I haven't talked to staff about, but I'm thinking of some things. Yeah.

MR. HART: Totally understand. Great, I appreciate it.

MR. NEAL: If you don't mind, I want to turn to Charles.

CHAIR GROVE: Right. Yep.

MR PARR: Again, Charles Parr, Director of Field Management Division. Just to reiterate what Arthur was saying, you know, by the time we would actually be able to put together a plan to even pilot something like that, our situation should be, for the most part at least, if not completely resolved, but very, very close to being resolved.

And I think a lot of that comes from people are asking, you know, what's the difference between now and what we were doing when we first identified that we had these staffing issues? And really, it comes down to the finances. You know, it comes down

to last fiscal year. We had to be able to close the books without being deficient. We'll be -- we've been able to do that. And then when our fees -- our fee increase hit the books and it actually gave us a little bit more sustainability. That's when we're able to also turn around and fund the projects that we've been able to save for. Basically, in order to do the kind of -- the permanent fixes.

When we first identified the kind of -- the financial crisis situation, it was a triage type scenario. You know, we had a patient come into the emergency room and instead of working on trimming and doing their fingernails, we wanted to go ahead and take care of the, you know, the bleeding chest wound of the issues. And I think we were able to do that. And the reason why we went out with long-term details assignments then was we placed a lot of those individuals on non-contract work where we could recoup a lot of those costs. So, we were getting them out of nonrevenue generating positions into revenue generating positions, but then we were also recouping some of those costs. And we were spreading it out over long term, those 90-day details, and that was in order to soften the blow for the noncontract customers that were picking up that cost.

You know, if you take a $500 plane ticket and you prorate that over multiple customer over a 90-day period, it kind of disappears into a bill, if you will. And so, it really minimized the impact to industry and the noncontract customers, especially. And, you know, those types of activities got us to a point where we were able to stop the bleeding, and then we could look.

And, we had a lot of things fall into place, like Arthur mentioned, where we had voluntary transfers. We had people that decided that they could kind' a see the writing on the wall of the future of the agency. That maybe they would be asked to do a management directed reassignment. And they made the personal choice that that was not for them, and they decided to seek other employment. For each one of those little actions, that was relief to our budget situation. And once we were able to stop the clock, if you will, on the, you know, closing the fiscal year, that's when we could really, you know, make some of the changes that we need to in order to address the wrong size staffing.

You know, as far as the -- I missed the first part of this conversation because I just took a meeting in my office to make sure that we were on task

to get people on a plane tomorrow. Identified yesterday to be in Toledo to take care of some service requests there.

So, I mean, we're extremely dynamic, you know, and that doesn't happen overnight either. We have to kind' a convey the mission and the vision to employees that, you know, we're expecting, you know, to be able to be that dynamic force in travel to provide service if they're called upon.

And so, you know, that takes a little bit of time, but that mindset is sinking in especially with the people that we plan on kind of repeatedly leaning on to be able to travel at a moment's notice.

The benefit to that is that we don't necessarily have the constraints of having to go out with those long-term details because of the increased fees. So, we've got, you know, more stable revenue stream coming in, and that means that we can travel short, you know, only for the times that we need. So, you have a lot more voluntary enthusiasm when it comes to that type of travel than you do with the longer-term travel. And that helps us out when we're short on those, you know, supervisory positions and things of that nature.

MR. NEAL: So, Rashad, you know, I've got

some ideas swirling in my head.

MR. HART: Mm-hum.

MR. NEAL: For some additional conversations. Not sure how – how – um -- well developed they'll be but, you know, we'll have more conversations with you all in the day -- in days to come here.

MR. HART: Absolutely. Thanks for -- yeah, thanks for the context.

CHAIR GROVE: You know, you brought up some very good things. Important to have that discussion. And, you know, I think it's that circle that comes around that we ask if -- as you first presented us with the possibilities of fee increases that, you know, we countered with are you being efficient? Are you looking at your costs? Are you looking at your personnel? And as you have done that, then we also come back with now we're seeing effects of it or maybe problems. So, there's a big circle to it. You know, one thing definitely does affect the other, but we appreciate you taking our concerns definitely into consideration, you know, for yourself.

Again, you being able to export affects me being able to ship to you. So again, it all trickles down to our ability to move our grain. And we certainly in no part of it do we want to -- we don't

want to shortchange what we say our standard is.

I know as we've looked at some of the technology and some of the technology people have come to us from other countries, and they're implementing it. One was in the European Union, and then say, oh, we look at the US standard, and it's like, it's daunting. There's good and bad to that because, again, we feel that we are presenting and have things in place for our product that doesn't compromise its integrity, and that is certainly something that we don't want to change.

We want to make sure that if somebody has the confidence in our system to want the grain from us. So, again, thank you for your consideration in looking into these matters, Arthur. And any other thoughts from -- as we -- the emerging export issues if somebody on the export side has some thoughts? Otherwise, we will move into a public comment. So, with the topics that we had today, I know we have had a few. We've asked to come forward already in public comment, but we are running a little bit ahead of -- Great efficiency group. It means you did your homework on the front side, to really read into this, and that's important because, boy, when we were looking at this agenda as it was turned in, Kendra's

like, do you have any priorities on this? Because this is -- it's a lot. It's a lot of topics. So, we did a good job today.

From the public gallery, any comments on the agenda items today. There is time for public comment. Also, tomorrow as we will talk tomorrow about possible agenda items for the next meeting. So, if it concerns agenda items for our next meeting or concerns for our next meeting, please hold them till then. Otherwise, for the topics that we have in consideration today that we're going to be needing to -- looking at and voting on, again, any public comments, and that also goes to those virtually.

If you have a question, you can put your question out in the chat, and that will be relayed to us. I will give it just a few moments. I figure if somebody doesn't stand up, then they didn't have a question.

Okay. I will take a quiet room as you've had all your questions answered for today or you're trying to think of some more things for tomorrow. So, with that, we are going to wrap up our industry issues sections.

Those on the committee that turned in a paper through our discussions today, if you would be able to

update -- if you have any updates to what your recommendations for FGIS would be tomorrow, and we will kind' a present and wordsmith those tomorrow. So that I will take -- will be the end of our public section today.

I'm going to make a quick non-meeting change in that maybe we can -- we can all step up front and take our photos now since we have extra time. And then Ed and Charlie, since we are running ahead, are we still available for the tour demonstration or do we need to wait? Will you guys check with that?

So, I am going to go ahead and ask for an adjournment for today's meeting, and we'll continue tomorrow morning at 8:30. Thank you.

(Whereupon, at 3:09pm, the proceeding was concluded.)

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I, Dana McInteer, do hereby certify that this transcript was prepared from the digital audio recording of the foregoing proceeding, that said transcript is a true and accurate record of the proceedings to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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