

# U.S. Grain Standards Act: Overview and Issues for Possible Reauthorization

June 23, 2025

Congressional Research Service

<https://crsreports.congress.gov>

R48577



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June 23, 2025

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## U.S. Grain Standards Act: Overview and Issues for Possible Reauthorization

The U.S. Grain Standards Act (USGSA) of 1916, as amended (P.L. 64-190; 39 Stat. 482, 7 U.S.C. §§71 et seq.), authorizes the Secretary of the U.S. Department of Agriculture (USDA) to establish official marketing or quality standards for certain grains: barley, canola, corn, flaxseed, mixed grain, oats, rye, sorghum, soybeans, sunflower seed, triticale, and wheat. Under the USGSA, USDA, through the Federal Grain Inspection Service (FGIS), also conducts official grain inspections and weighing services and supervises official services conducted by authorized state and private agencies.

Although most provisions of the USGSA are permanently authorized, several are set to expire on September 30, 2025. These provisions authorize annual appropriations for standards development and maintenance, provide USDA with authority to charge fees for supervision of inspections and weighing, apply an administrative/supervisory cost cap, and authorize the grain inspection advisory committee. A lapse in authorization might, depending on its duration, disrupt aspects of the grain inspection and weighing program.

Congress enacted the USGSA to encourage the marketing of high-quality grain, particularly for export. The USGSA requires exported grains to be officially inspected and weighed. Inspections and weighing of domestically marketed grain, while often done, are optional. On average, 58% of eligible grain produced in the United States was officially inspected each year in 2015-2024, and grain for export accounted for 42% of officially inspected grain on average. Voluntary inspections of domestically marketed grain accounted for more than half of all inspected grain in each year of that period.

Under the USGSA, FGIS may delegate to certain states responsibility for grain inspection at export ports. FGIS may also designate state and private sector agencies as official service providers at non-port locations. Delegated and designated agencies operate within specific geographic areas established by USDA. The USGSA requires USDA to establish boundaries so that each area contains one official inspection agency, with limited exceptions. In FY2023, FGIS supervised 4 delegated state agencies, 6 designated state agencies, and 31 designated private sector agencies.

The USGSA requires USDA and delegated and designated agencies to charge user fees for official grain inspections and weighing. Activities such as developing grain standards and procedures for measuring quality are financed with congressionally appropriated funds. Statute requires FGIS to update fees annually and set an amount of fees adequate to maintain an operating reserve of between three and six months of expenses. Since 2015, FGIS has faced challenges in meeting the requirement on operating reserves. FGIS did not meet the requirement on at least one operating reserve account in each of FY2021-FY2024.

The USGSA's expiring provisions were most recently reauthorized in the U.S. Grain Standards Reauthorization Act of 2020 (P.L. 116-216). The act also included provisions addressing discontinuance of services, FGIS reporting requirements, funding from appropriations and user fees, terms of service on the advisory committee, and the geographic boundaries for designated agencies.

The 119<sup>th</sup> Congress may consider reauthorizing USGSA's expiring provisions. Among other topics, Congress may also consider addressing policy issues related to requirements on user fees, USDA's authorities to grant waivers of geographic boundaries, USDA's authorities to invest operating reserves in interest-bearing accounts, and USDA's role in supporting commercialization of new grain inspection technologies.

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## Introduction

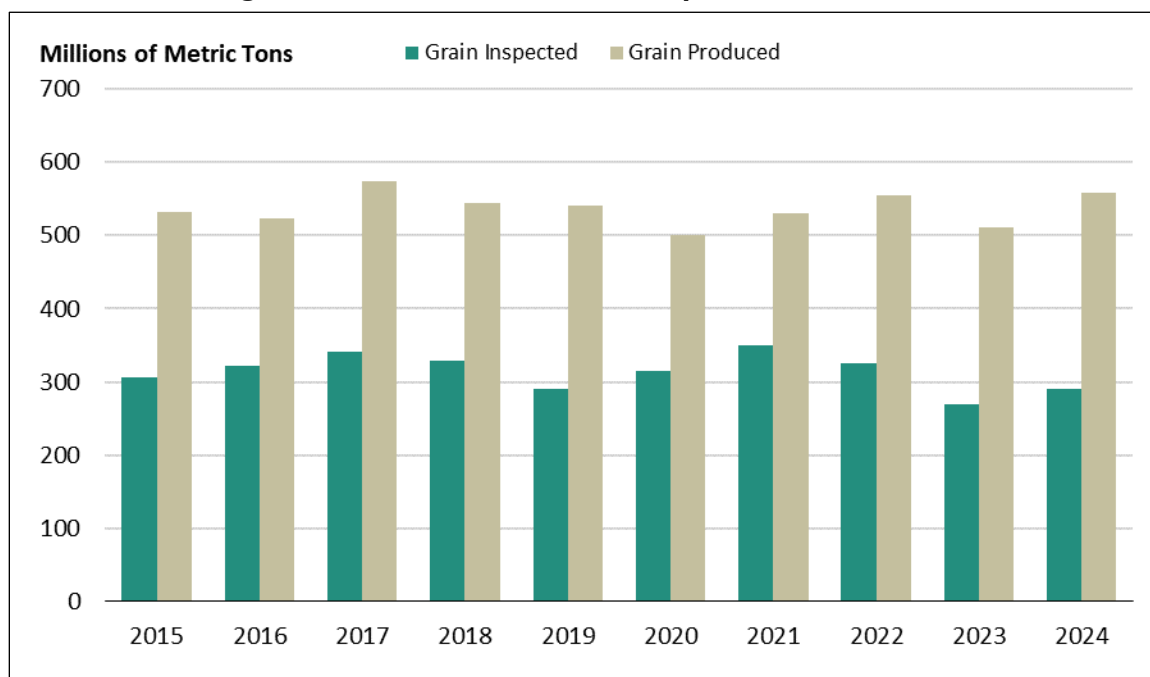
The U.S. Grain Standards Act (USGSA) of 1916, as amended (P.L. 64-190; 39 Stat. 482, 7 U.S.C. §§71 et seq.), authorizes the Secretary of the U.S. Department of Agriculture (USDA) to establish official marketing or quality standards for certain grains and requires exported grains to be officially inspected (if sold by grade) and weighed.<sup>1</sup> Although most provisions of the USGSA are permanently authorized, four provisions are scheduled to expire on September 30, 2025. These four provisions control funding available for supervision of the grain inspection program and the authorities for the program's advisory committee. Congress last reauthorized the USGSA in the U.S. Grain Standards Reauthorization Act of 2020 (2020 reauthorization act; P.L. 116-216). The 119<sup>th</sup> Congress may consider further reauthorization of the provisions set to expire, as a lapse in authorization might disrupt aspects of the grain inspection and weighing program.

Within USDA, the Federal Grain Inspection Service (FGIS) conducts official grain inspections and weighing services and supervises official services conducted by authorized state and private agencies. Exported grains are officially inspected (if sold by grade) and weighed. For domestic grains, inspections and weighing are optional.

Official grain standards under the USGSA are to facilitate the marketing of high-quality grains domestically and for export by enabling buyers and sellers to determine quality (and therefore value) of these commodities. For example, buyers of corn may use an official grade to signify the likely value of that corn for use as livestock feed. The official grain standards also can be incorporated into private contracts and used for promoting grain trade. The official grain standards are widely used by the agricultural sector. On average, more than half of eligible grain produced in the United States was officially inspected each year in 2015-2024 (**Figure 1**).

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<sup>1</sup> These standards do not include health or safety standards, such as protein content or presence of mycotoxin.

**Figure 1. Grain Production and Inspections, 2015-2024**

**Source:** CRS calculations using U.S. Department of Agriculture (USDA), National Agricultural Statistics Service, Quickstats database, downloaded April 14, 2025; and USDA, Agricultural Marketing Service (AMS), *Federal Grain Inspection Service Annual Report to Congress*, various years.

**Notes:** “Grain” includes agricultural commodities with standards authorized under the U.S. Grain Standards Act (7 U.S.C. §§71 et seq.). “Grain produced” is by marketing year, and “grain inspected” is by fiscal year. Grain inspected includes mandatory and voluntary inspections. A marketing year is the 12-month period that begins at harvest time and varies by commodity. Marketing years do not align with fiscal years for any grains inspected under the U.S. Grain Standards Act. Consequently, the above figure is illustrative in nature.

### Brief History of the USDA Federal Grain Inspection Service (FGIS)

Prior to 1976, USDA did not directly perform official grain inspections. State, local, and private sector agencies conducted official grain inspections under licenses authorized by the Secretary of Agriculture. Since 1976, Congress has authorized USDA to conduct official grain inspections, with the authority to conduct official inspections placed with different officials over time. The current authority resides with the Secretary of Agriculture, and FGIS is a program area implementing this authority from within the Agricultural Marketing Service (AMS). Congress established FGIS as an independent agency reporting to the Secretary and provided such authority to the FGIS administrator directly. A brief history of FGIS’s evolution from independent agency to program area is provided below.

Congress established FGIS in 1976 as an independent agency within USDA in response to criminal investigations regarding the credibility of the U.S. grain inspection system (see **Appendix C**). Congress specified that the FGIS administrator was to be responsible for implementing the U.S. Grain Standards Act (USGSA), including developing and maintaining grain standards, conducting grain inspections at certain export locations, and supervising grain inspections at other locations. Per statutory requirement, the FGIS administrator reported directly to the Secretary of Agriculture.

When FGIS was created, multiple independent agencies reported to the Secretary of Agriculture, including the Packers and Stockyards Administration (PSA). PSA was established in 1921 through the Packers and Stockyards Act (P.L. 67-51, 7 U.S.C. §§181 et seq.) and was to regulate livestock marketing activities at public stockyards and operations of meat packers and live poultry dealers.<sup>2</sup>

<sup>2</sup> U.S. Department of Agriculture (USDA), “About GIPSA: History and Mission,” accessed on May 21, 2025, through (continued...)

In 1994, Congress passed the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354). Among other provisions, the act directed the Secretary of Agriculture to consolidate agencies within USDA and transferred authority for official grain inspections from the FGIS administrator to the Secretary of Agriculture. In accordance with this directive, the Secretary of Agriculture combined FGIS and PSA into a new agency: the Grain Inspection, Packers, and Stockyards Administration (GIPSA).

In 2017, the Secretary of Agriculture reorganized various USDA agencies and offices with the stated goals of consolidating functions and improving efficiencies and customer service.<sup>3</sup> As part of the reorganization, the Secretary merged GIPSA into the Agricultural Marketing Service (AMS), and FGIS became a program area within AMS.<sup>4</sup>

## The U.S. Grain Standards Act

Congress determined that “grain is an essential source of the world’s total supply of human food and animal feed” and that promoting grain trade is in the interest of “the general welfare of the people of the United States,” as well as the grain sector. Congress enacted the USGSA to establish official grain standards and promote official grain inspections and weighing in order to facilitate orderly and timely marketing of high-quality grain for interstate and foreign commerce.<sup>5</sup>

The USGSA requires the Secretary of Agriculture to establish standards for barley, canola, corn, flaxseed, mixed grain, oats, rye, sorghum, soybeans, sunflower seed, triticale, and wheat.<sup>6</sup> The standards are to address the cleanliness, physical soundness, purity, and moisture content of the grain. The USGSA authorizes appropriations of \$23 million for each of FY2021 through FY2025 to carry out these activities.<sup>7</sup> Actual funding levels are subject to annual appropriations.

The USGSA requires that exported grain and oilseeds be officially inspected and weighed, with certain exceptions.<sup>8</sup> Domestically marketed grain and oilseeds can be officially inspected and weighed, but doing so is not required. Inspected grain receives an official certificate that documents the inspection date and location, procedures applied, and results.<sup>9</sup>

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the web archive at <https://web.archive.org/web/20060408155751/http://www.gipsa.usda.gov/GIPSA/webapp?area=about&subject=landing&topic=hm>.

<sup>3</sup> USDA, “Secretary Perdue Announces USDA Improvements for Customer Service & Efficiency,” press release, September 7, 2017, <https://www.usda.gov/about-usda/news/press-releases/2017/09/07/secretary-perdue-announces-usda-improvements-customer-service-efficiency>.

<sup>4</sup> Under USDA’s 2017 reorganization plan, responsibilities for enforcing the Packers and Stockyards Act were transferred to the Packers and Stockyards Division within the Agricultural Marketing Service’s (AMS’s) Fair Trade Practices Program.

<sup>5</sup> 7 U.S.C. §74.

<sup>6</sup> 7 U.S.C. §76(a). The Federal Grain Inspection Service (FGIS) also establishes standards for beans, certain pulses, and rice under the Agricultural Marketing Act (AMA) of 1946 (60 Stat. 1087 and 1090, 7 U.S.C. §1622 and §1624), as amended.

<sup>7</sup> 7 U.S.C. §87h.

<sup>8</sup> 7 U.S.C. §77(a). The USGSA excepts from this requirement grain that is officially inspected and weighed at domestic locations, grain during emergency situations, and grain in the event that the parties to the contract mutually agree to waive the requirement. In 7 C.F.R. §800.18, USDA established waivers for exporters and grain elevators who export less than 15,000 metric tons of grain annually; grain exported for seeding purposes; grain shipped in bond; grain exported by rail or truck to Canada or Mexico; grain not sold by grade; grain for which service is not available within 24 hours and the buyer and seller of grain are informed of the lack of official inspection; and high-quality specialty grain shipped in containers.

<sup>9</sup> For more information about the types of certificates available, see USDA, AMS, “Certificates and Inspection Data Warehouse,” <https://www.ams.usda.gov/services/fgisonline/idw-cert>.

Official export inspections are carried out by federal inspectors or federally supervised inspection agencies.<sup>10</sup> Federally supervised inspection agencies include *delegated state agencies* and *designated state or private sector agencies*. Delegated state agencies are authorized to perform official inspections and weighing at export port locations. Designated state and private sector agencies are authorized to perform official inspections and weighing at locations other than export ports. Under the USGSA, the Secretary of Agriculture may permit delegated and designated agencies to perform all or a portion of the functions required for official inspections (but not for appeal inspections).

Delegated and designated agencies operate in specific geographic areas established by USDA. The USGSA requires the Secretary of Agriculture to establish the boundaries so that each area contains no more than one official inspection agency, with limited exceptions (see “Geographic Area Boundaries for Official Service Providers”).<sup>11</sup>

The USGSA requires USDA to charge user fees for official inspections (see “Fee Schedules”).<sup>12</sup> For inspections conducted by FGIS, the USGSA requires that the fees cover the costs of performing official inspection services, including administrative and supervisory costs. For inspections conducted by delegated and designated agencies, the USGSA requires the Secretary of Agriculture to charge fees to cover the costs of supervising those agencies. The USGSA also requires the Secretary of Agriculture to adjust fees at least once per year to maintain an operating reserve equivalent to between three and six months of operating costs.

The USGSA also prohibits deceptive practices with respect to the inspection and weighing of grain and provides penalties for violations of the act. Prohibitions include altering official certificates, exporting grain without official personnel on site, and adding foreign material to any grain.

The USGSA requires the Secretary of Agriculture to report to Congress annually on the effectiveness of grain inspections and weighing services.<sup>13</sup> The 2020 reauthorization act requires the Secretary of Agriculture to provide quarterly reports on certain quality and food safety factors that USDA previously had reported annually, the number of geographic area exemptions requested and granted, and the number of waivers for official inspections and weighing services requested and granted.<sup>14</sup> The law also grants the Secretary of Agriculture the option to publish additional testing, inspection, and weighing data, in consultation with state and official agencies and the grain industry. USDA must also protect any trade secret and business information collected.

Although most provisions of the USGSA are permanently authorized, four have expiration dates (see “Expiring Provisions of the USGSA”). These four provisions address authorizations for funding available for the grain inspection program and the authorities for the grain inspection advisory committee (GIAC).

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<sup>10</sup> Other private entities may provide grain inspections, but only delegated and designated agencies may issue official inspection certificates.

<sup>11</sup> 7 U.S.C. §79(f)(2).

<sup>12</sup> 7 U.S.C. §79(j). The Agricultural Marketing Act of 1946 does not require USDA to charge user fees. The act providing FY2000 appropriations for USDA (P.L. 106-387) prohibits inspection and certification of certain commodities under the AMA unless USDA (1) inspects and certifies the equipment used and (2) imposes a fee for inspection and certification. This provision requires USDA to charge fees for official inspections under the AMA for beans, hops, processed commodities, pulses, and rice.

<sup>13</sup> 7 U.S.C. §87f-2.

<sup>14</sup> Quarterly reports on exceptions and waivers are available at USDA, AMS, “FGIS Reports and Publications,” <https://www.ams.usda.gov/reports/fgis-reports-and-publications>.



**Appendix A** contains links to the USGSA’s statutory provisions, associated regulations, official service providers, and other information.

## U.S. Grain Inspection and Weight Standards

The USGSA requires the Secretary of Agriculture to establish standards for barley, canola, corn, flaxseed, mixed grain, oats, rye, sorghum, soybeans, sunflower seed, triticale, and wheat. USDA has promulgated regulations in 7 C.F.R. §810 that define each of these grains, the classes of each grain (e.g., yellow corn, white corn), and numerical grades (e.g., no. 1, no. 2).<sup>15</sup> The grades are based on physical characteristics, such as minimum weight per bushel and maximum percentage of defects (e.g., foreign material, damaged kernels).

The USGSA requires exported grain to be officially weighed. USDA refers to weighing conducted by FGIS as *Class X weighing* and weighing conducted by delegated and designated agencies as *Class Y weighing*. USDA regulations in 7 C.F.R. §800 and §802 define the requirements for Class X and Class Y weighing procedures and equipment.

FGIS periodically reviews and updates existing standards. For example, in 2022, FGIS completed reviews for canola and wheat standards.<sup>16</sup> In 2023, FGIS amended the soybean standard for color to remove grading qualifications that generated adverse grades for certain newly introduced varieties of genetically modified soybeans.<sup>17</sup>

## U.S. Grain Inspection System

Under the USGSA, official grain inspections and weighing services are required for exported grain (with certain exceptions) and voluntary for domestically marketed grain. Grain exporters pay user fees for all official grain inspections and weighing, regardless of whether the inspection is mandatory or voluntary. The amount of the user fee depends on the agency conducting the inspection, and the agency assigned to conduct the inspection depends on where the inspection takes place. For example, official grain inspections and the weighing of grain that is exported via bulk shipping typically occur at a port. Depending on the port, either FGIS or a delegated state agency would conduct those inspections. For grain that is exported using other modes of transportation (e.g., rail, truck, container shipping) and for grain that is marketed domestically, official inspections and weighing services most often occur at grain elevators as the grain is loaded for shipment.<sup>18</sup> Designated agencies commonly provide official inspections at grain elevators not located at ports.

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<sup>15</sup> The standards for rice—established under the AMA—are defined in 7 C.F.R. §868.

<sup>16</sup> USDA, *2024 USDA Explanatory Notes – Agricultural Marketing Service*, accessed on May 21, 2025, <https://www.usda.gov/sites/default/files/documents/24-2024-AMS.pdf>.

<sup>17</sup> USDA, *2025 USDA Explanatory Notes – Agricultural Marketing Service*, accessed on May 21, 2025, <https://www.usda.gov/sites/default/files/documents/23-AMS-2025-ExNotes.pdf>.

<sup>18</sup> FGIS reported that official certificates were issued in over 2,000 cities in the United States and British Columbia, Canada, in 2017-2021 and provided an interactive data visualization of those locations at USDA, AMS, “USDA FGIS Boundary Review,” <https://agtransport.usda.gov/stories/s/a384-djzj>. USDA, AMS, *United States Department of Agriculture, Agricultural Marketing Service’s Federal Grain Inspection Service: Review of Geographic Area Boundaries*, October 2022, <https://www.ams.usda.gov/sites/default/files/media/GeographicalBoundaryReview.pdf> (hereinafter USDA, AMS, *Review of Geographic Area Boundaries*).

## Businesses Purchasing Official Grain Inspections

The USGSA requires grain exporters and persons who handle, weigh, or transport grain for export to register with USDA and pay fees for official grain inspections. USDA regulations define a *grain exporter* for the purposes of the USGSA as a business that regularly buys, handles, weighs, or transports at least 15,000 metric tons of grain per year for sale in foreign commerce.<sup>19</sup> In 2024, 174 businesses were registered to export grain, 31 of which qualified as “large firms,” according to the Small Business Administration’s criteria (i.e., firms with receipts in excess of \$34 million).<sup>20</sup> The large firms accounted for the majority of grain inspected and fees paid in 2019-2023.

## Official Service Providers of Grain Inspections

Entities authorized to provide official grain inspections and weighing include FGIS, delegated state agencies, and designated state and private agencies. Other (unofficial) inspection companies may perform grain inspections and weighing but are not authorized to issue official inspection certificates. In 2022, 42 state and private agencies and 2,700 licensed or authorized personnel provided official grain inspections (including FGIS staff).<sup>21</sup>

- **FGIS.** FGIS is headquartered in Washington, DC. Most FGIS employees are located at the National Grain Center in Kansas City, MO. FGIS has six field offices located in Kansas City, MO; League City, TX; New Orleans, LA; Portland, OR; Stuttgart, AR; and Toledo, OH. FGIS also provides mandatory inspections and weighing services at 29 export facilities nationwide. In FY2023, FGIS had 379 permanent employees, 15 intermittent employees, and 54 temporary employees.<sup>22</sup>
- **Delegated state agencies.** As of FY2024, FGIS supervised delegated agencies in four states: Alabama, Virginia, Washington, and Wisconsin. These agencies may perform official grain inspections, weighing, and scale testing services. The USGSA requires USDA to evaluate and recertify delegated states every five years.<sup>23</sup> USDA recertified Virginia and Wisconsin in 2020 and Alabama and Washington in 2024.<sup>24</sup>
- **Designated state agencies.** As of FY2024, FGIS supervised designated state agencies in six states: Louisiana, Maryland, Missouri, Montana, North Carolina, and Utah. These agencies may perform official grain inspections and weighing. The USGSA requires USDA to review designated states every five years.<sup>25</sup>

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<sup>19</sup> 7 C.F.R. §800.30 and §800.31.

<sup>20</sup> USDA, AMS, “Fees for Official Inspection and Weighing Services Under the United States Grain Standards Act,” 89 *Federal Register* 105381, December 27, 2024.

<sup>21</sup> USDA, AMS, *Review of Geographic Area Boundaries*.

<sup>22</sup> USDA, AMS, *Federal Grain Inspection Service 2023 Annual Report to Congress*, April 2024, <https://www.ams.usda.gov/sites/default/files/media/FGISFY23AnnualReport.pdf>.

<sup>23</sup> 7 U.S.C. §79(e)(2).

<sup>24</sup> USDA, AMS, “Certification of Export Port Locations for Alabama and Washington and Geographic Areas Under the Delegated Authority of United States Grain Standards Act,” 89 *Federal Register* 82199, October 10, 2024; and USDA, AMS, “Certification of Alabama, Virginia, Washington, and Wisconsin to Provide Official Services at Export Port Locations Under a Delegation; Cancellation of South Carolina’s Delegation,” 85 *Federal Register* 84293, December 28, 2020.

<sup>25</sup> 7 U.S.C. §79(g). Prior to October 2015, designations were for three-year terms.

USDA completed reviews and redesignated Louisiana, Maryland, North Carolina, and Utah in 2021 and Missouri and Montana in 2022.<sup>26</sup>

- **Designated private agencies.** As of FY2024, FGIS supervised 31 private agencies authorized to conduct official domestic inspections and weighing services for domestic grain marketing. The USGSA requires USDA to review designated private agencies every five years.<sup>27</sup> In 2024, FGIS solicited competition for the designated private agencies serving Fargo, ND, and Keokuk, IA, and the regions of Lower Northwest Texas and Southeast Texas.<sup>28</sup>

FGIS supervises all delegated and designated agencies. All employees of an approved agency must be licensed, and the agencies' lab equipment must meet federal standards. Delegated agencies that temporarily discontinue official inspections or weighing services are required to notify USDA at least 72 hours in advance. This provision was added during the 2015 USGSA reauthorization in response to disruptions caused by labor strikes at port facilities (see **Appendix C**). The 2020 reauthorization act added a requirement for states to also notify affected customers.

FGIS approves user fees charged by state and private agencies for official inspections and weighing, which must be "reasonable."<sup>29</sup> An additional fee is charged by FGIS for supervising official inspection and/or weighing services.

In addition to official inspections, agencies may choose to perform other types of inspections (e.g., stowage inspections, inspections for nutritional and safety standards). FGIS performs certain types of nonofficial inspections at customers' requests for additional fees. FGIS does not supervise nonofficial inspections performed by state agencies or the private sector.

## Geographic Area Boundaries for Official Service Providers

Under the USGSA, delegated state agencies have the authority to perform official grain inspections and weighing services at port locations within their states (7 U.S.C. §79(e)). For designated agencies, the USGSA requires USDA to establish geographic boundaries wherein a designated agency is the sole authorized provider of official grain inspections and weighing services (7 U.S.C. §79(f)(2)). **Figure 2** shows the boundaries that were in effect for FY2024. Geographic areas are often bounded by state or county lines, and some geographic areas include multiple states and/or counties in multiple states. In some cases, geographic areas are bounded by rivers, landmarks, or roads within counties. USDA stated that it defined certain geographic areas to include only portions of counties "in an effort of evenly distribute grain merchandising locations among geographic areas."<sup>30</sup>

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<sup>26</sup> USDA, AMS, "Award of Designations and Designation Amendments to Class X or Class Y Weighing Services Under the United States Grain Standards Act," 87 *Federal Register* 67855, November 10, 2022; and USDA, AMS, "Certification of Export Port Locations for Alabama and Washington," 89 *Federal Register* 82199, October 10, 2024.

<sup>27</sup> 7 U.S.C. §79(g).

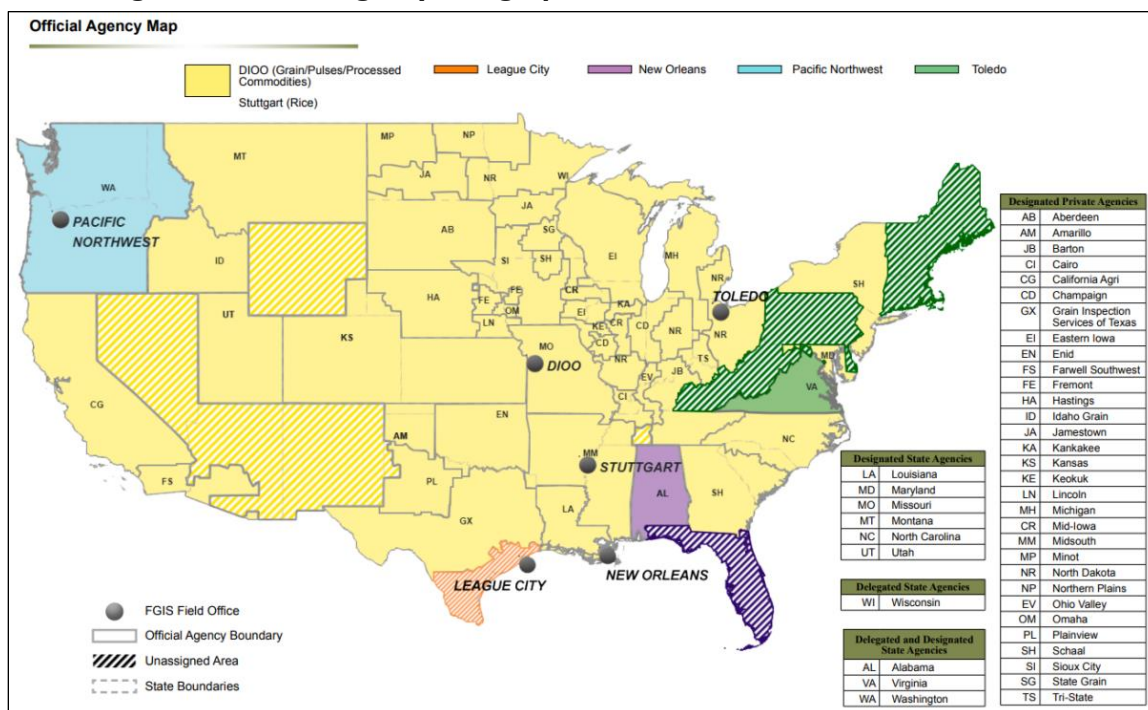
<sup>28</sup> USDA, AMS, "Opportunities for United States Grain Standards Act Designation in the Lower Northwest Texas Area; the Southeast Texas Area; the Keokuk, Iowa Area; and the Fargo, North Dakota Area," 89 *Federal Register* 58327, July 18, 2024.

<sup>29</sup> USDA regulations (7 C.F.R. §800.70) specify that fees are to cover the cost of inspections and weighing services, be consistent with similar fees assessed by adjacent agencies, be assessed based on the average cost of similar services at all locations, and be supported by information showing how the fees were developed. Approved fee schedules are posted at USDA, AMS, "FGIS OSP," <https://www.ams.usda.gov/fgis-osp>.

<sup>30</sup> USDA, AMS, "Geographic Areas for Official Grain Inspection Services," 90 *Federal Register* 2664, January 13, 2025.

The 2020 reauthorization act required USDA to conduct a comprehensive review of the official agency geographic areas. USDA published its review results in October 2022.<sup>31</sup> On January 13, 2025, USDA announced updates to the boundaries to address changes in natural and man-made landmarks, railroad lines, roads, and signs.<sup>32</sup> USDA also established new identifiers for the geographic areas (e.g., new “Area 1” is the geographic area previously labeled “State of Alabama”).

**Figure 2. Official Agency Geographic Areas and FGIS Offices as of 2024**



**Source:** USDA, AMS, *Federal Grain Inspection Service FY2024 Annual Report to Congress*, March 2025, p. 6.

**Notes:** DIOO = Domestic Inspection Operations Office. Agencies provide sole service within their delineated geographical areas. Delineated geographical areas for state agencies may not correspond with state boundaries. The Federal Grain Inspection Service (FGIS) provides official inspections for unassigned areas, and the FGIS Pacific Northwest office provides official inspections for Alaska and Hawaii (not illustrated on the map). Information about grain inspections for the insular territories may be available from USDA on request. In January 2025, USDA clarified boundaries that do not correspond with state or county boundaries and established new identifiers for geographic areas as Area 1, Area 2, for example, to Area 44. For additional information, see USDA, AMS, “Geographic Areas for Official Grain Inspection Services,” 90 *Federal Register* 2664, January 13, 2025.

Within each geographic boundary, one official service provider is authorized to provide official grain inspections and weighing. Congress established the requirement for geographic boundaries in 1976 in response to criminal activity involving grain inspectors in the 1970s (see **Appendix C** for details). Establishing one official grain inspection agency within a geographic boundary is to prevent exporters from “grade shopping” from different agencies and help ensure the agency receives enough business to remain financially viable and maintain qualified staff for on-site laboratories.

<sup>31</sup> USDA, AMS, *Review of Geographic Area Boundaries*.

<sup>32</sup> USDA, AMS, “Geographic Areas for Official Grain Inspection Services,” 90 *Federal Register* 2664, January 13, 2025.

Over time, the number of designated agencies and geographic areas has declined. In 1979, there were 86 designated agencies, declining to 62 in 1999, and 43 in 2019.<sup>33</sup> This trend may reflect business closures, consolidations, and competition in the designation process.

All official service providers must provide official inspections in accordance with FGIS standards, but agencies may differ in terms of the auxiliary services they offer and in their adoption of new technologies to facilitate grading, among other differences. Inspection customers who prefer to have their official inspections performed by an agency other than their assigned official service provider may seek waivers of the geographic boundary restriction. Congress amended the USGSA in 2015 and in 2018 to address waivers to geographic boundary requirements (see **Appendix C**). As amended, the USGSA allows USDA to grant waivers under the following circumstances:

- the official inspection agency cannot conduct a timely inspection,
- the requester is not a previously existing customer of the official agency (i.e., nonuse of the official agency),
- the requester is requesting a probe inspection of grain transported on barges, or
- the official inspection agency agrees in writing to waive the geographic area restriction.

On May 3, 2023, USDA published a final rule to update the waivers available for timely inspections and nonuse of the official agency and USDA's process for granting waivers.<sup>34</sup> In April 2025, there were 47 active exceptions to USGSA geographic boundaries, all granted on the basis of nonuse of the official agency.<sup>35</sup>

## Fee Schedules

Exporters pay fees to cover the costs of grain inspections and weighing services. These fees are paid directly to FGIS for services conducted by its personnel and directly to delegated and designated agencies for their services. FGIS charges additional fees to delegated and designated agencies to cover the costs of its supervision of those agencies. In 2015, Congress amended the USGSA to require that USDA adjust fee schedules annually and set fees at levels adequate to maintain an operating reserve of between three and six months of FGIS expenses (see **Appendix C**).<sup>36</sup>

FGIS charges an hourly fee for labor and a tonnage fee for inspections conducted by its personnel. These fees are applied uniformly for all grain inspected by FGIS personnel under the USGSA.<sup>37</sup> Statute requires FGIS to calculate tonnage fees based on the rolling five-year average of export tonnage volumes.<sup>38</sup> For inspections conducted by delegated and designated agencies, FGIS charges a supervisory fee per metric ton of grain inspected and/or weighed. FGIS also

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<sup>33</sup> USDA, AMS, *Review of Geographic Area Boundaries*.

<sup>34</sup> USDA, AMS, "Exceptions to Geographic Boundaries," 88 *Federal Register* 27685, May 3, 2023.

<sup>35</sup> USDA, AMS, "MyFGIS: Active Exceptions to USGSA Geographic Boundaries," downloaded April 11, 2025, <https://fgisonline.ams.usda.gov/MyFGIS/USGSAExceptions/Index>.

<sup>36</sup> 7 U.S.C. §79(j)(4) and 7 U.S.C. §79a(i)(3).

<sup>37</sup> FGIS charges different fees for rice and other commodities inspected under the AMA.

<sup>38</sup> 7 U.S.C. §79(j).



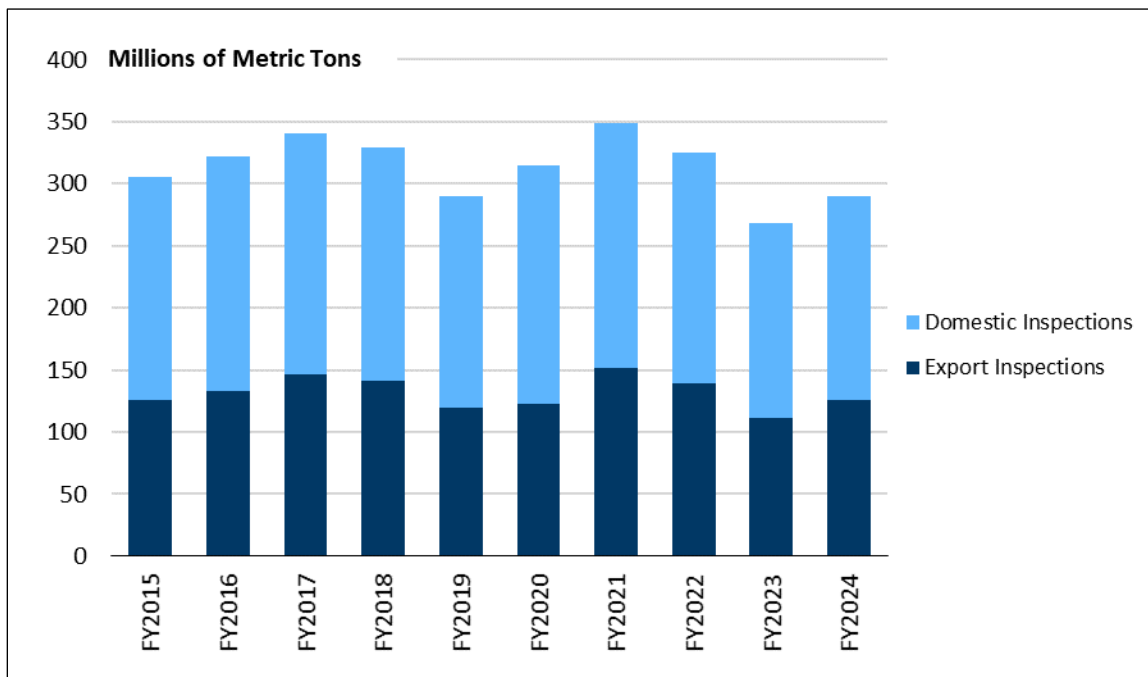
charges fees for sampling, additional tests, appeal inspections, stowage examinations, and other services offered.<sup>39</sup>

FGIS regulates the fees charged by delegated and designated agencies to ensure they are “reasonable and nondiscriminatory” (7 C.F.R. §800.70). Delegated and designated agencies may differ from each other in fees charged for specific services, but an agency must charge the same fees to all customers purchasing a particular service. Local labor costs, travel distances, and others factors may contribute to the variation in fees charged by different agencies. FGIS examines various factors to assess the reasonableness of an agency’s proposed fee schedule, including the estimated total cost to the delegated or designated agency, consistency with fees charged by geographically adjacent agencies, the average cost of performing similar services at all locations served by the agency, and documentation for how the agency developed the proposed fee schedule.

## Trends in Official Grain Inspections

More than half of the eligible grain produced in the United States received official inspections under the USGSA each year in 2015-2024 (**Figure 1**). Official inspections are mandatory for exported grain and voluntary for domestically marketed grain. Grain for export accounted for 42% of officially inspected grain on average in FY2015-FY2024 (**Figure 3**); 58% of officially inspected grain was voluntarily inspected on average in that period.

**Figure 3. Official Grain Inspections for Exported and Domestically Marketed Grain**



**Source:** Figure created by CRS using USDA, AMS, *Federal Grain Inspection Service Annual Report to Congress*, various years.

**Note:** “Inspections” include mandatory and voluntary inspections.

<sup>39</sup> The fee schedule is published as FGIS Directive 9080.74, *Service Fees and Billing Codes*, [https://www.ams.usda.gov/sites/default/files/media/FGISDirective9180\\_74.pdf](https://www.ams.usda.gov/sites/default/files/media/FGISDirective9180_74.pdf).

FGIS records indicate the type of agency providing official inspections of exported grain. FGIS provided the official inspections for more than half of exported grain each year in FY2015-FY2024 (**Table 1**). Between FY2015 and FY2024, the share of exported grain officially inspected by FGIS declined, and the share officially inspected by designated agencies increased (**Figure 4**). (FGIS does not provide this information on inspections of domestically marketed grain).

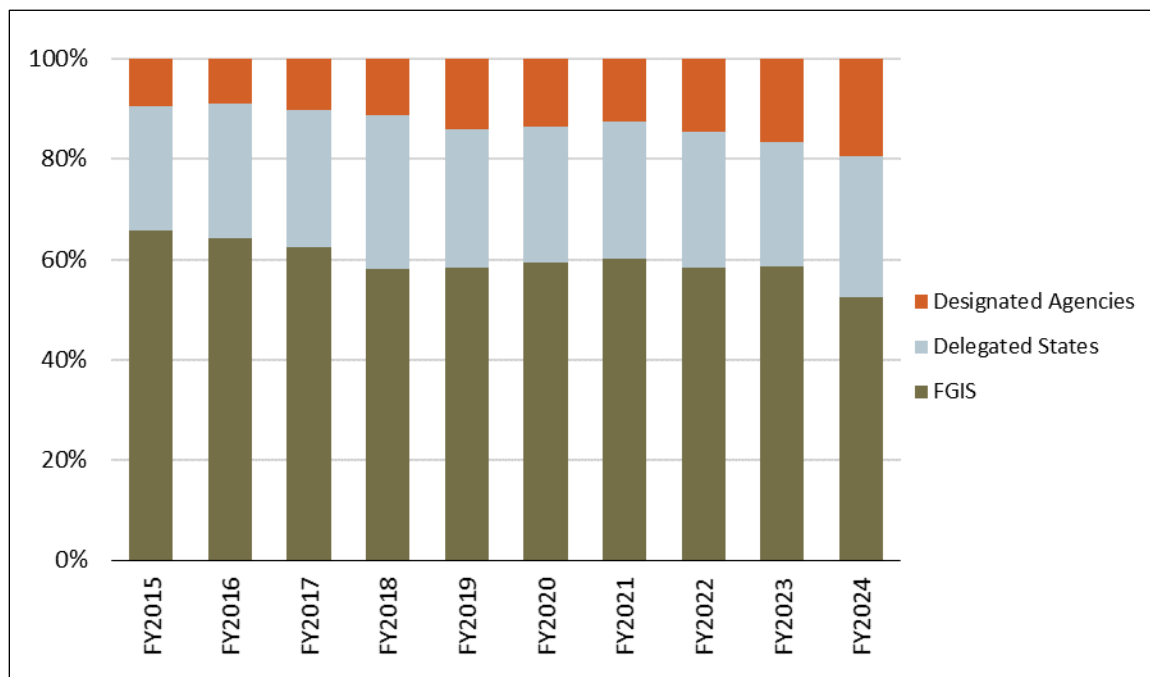
**Table 1. Official Inspections for Exported Grain by Type of Agency, FY2015-FY2024**  
in millions of metric tons

Fiscal Year	FGIS	Delegated States	Designated Agencies	Total
2015	82.4	31.0	11.9	<b>125.3</b>
2016	85.7	35.7	11.8	<b>133.2</b>
2017	91.2	40.2	14.9	<b>146.3</b>
2018	82.0	43.3	15.8	<b>141.1</b>
2019	69.9	32.8	16.9	<b>119.6</b>
2020	73.1	33.3	16.6	<b>123.0</b>
2021	90.8	41.3	19.1	<b>151.2</b>
2022	81.4	37.9	20.3	<b>139.6</b>
2023	64.9	27.6	18.4	<b>110.9</b>
2024	66.1	35.3	24.3	<b>125.7</b>

**Source:** Figure created by CRS using USDA, AMS, *Federal Grain Inspection Service Annual Report to Congress*, various years.

**Note:** FGIS = Federal Grain Inspection Service.

**Figure 4. Share of Exported Grain Officially Inspected by FGIS, Delegated States, and Designated Agencies, FY2015-FY2024**



**Source:** Figure created by CRS using USDA, AMS, *Federal Grain Inspection Service Annual Report to Congress*, various years.

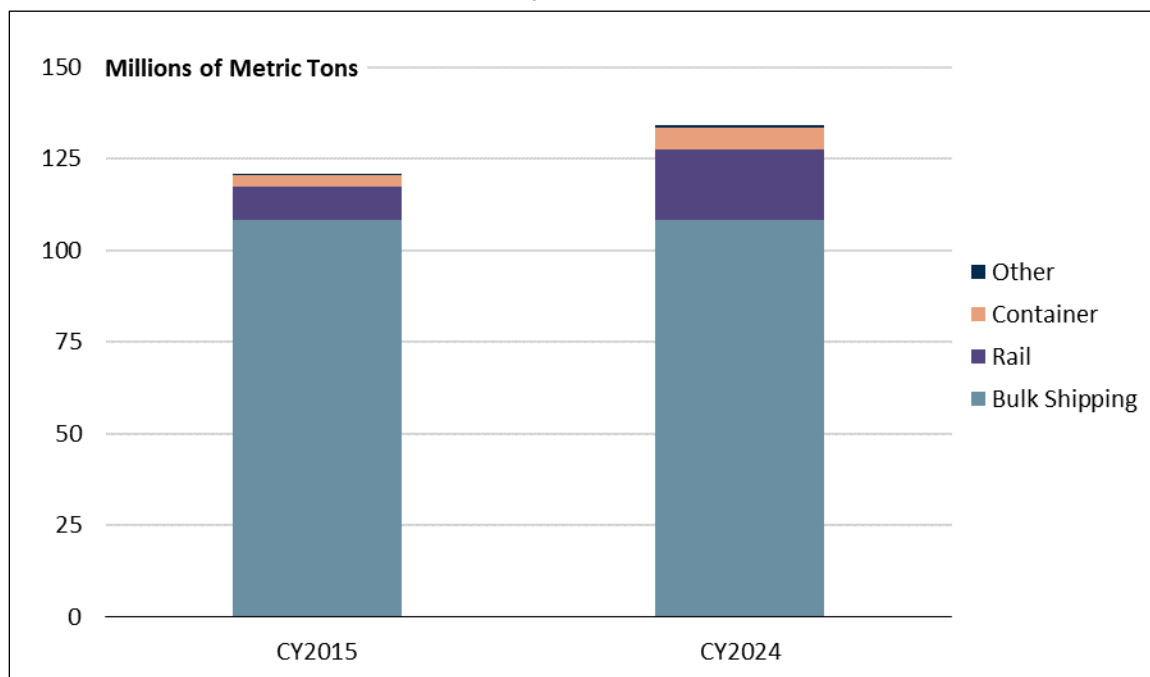
**Notes:** FGIS = Federal Grain Inspection Service. Delegated states and designated agencies conduct official grain inspections in specific geographic territories. FGIS conducts official grain inspections at certain locations nationwide and supervises inspections conducted by delegated states and designated agencies at all other locations. Figures exclude officially inspected grain that was marketed domestically.

One factor contributing to the rise in the share of exported grain officially inspected by designated agencies is change in grain shipping modalities. Between 2015 and 2024, the amount of officially inspected grain that was exported via bulk shipping remained relatively consistent, while the amount of officially inspected grain that was exported by rail or via container shipping increased (**Figure 5**).<sup>40</sup> Official grain inspections of exports for bulk shipping generally occur at port locations and are conducted by FGIS or delegated state agencies. Official grain inspections for exports via railroad, container, truck, or other transportation modes generally occur at grain elevators in various locations nationwide and may be conducted by designated agencies, delegated states, or FGIS.

<sup>40</sup> Bulk shipping of grain refers to specialized ships that can transport relatively large quantities of unpackaged grain.



**Figure 5. Officially Inspected Grain for Export by Transportation Mode**  
in calendar years 2015 and 2024



**Source:** CRS calculations using USDA, AMS, FGIS Yearly Export Grain Totals, various years, updated March 10, 2025.

**Note:** Figures exclude officially inspected grain that was marketed domestically.

## Funding for the Federal Grain Inspection Service

FGIS receives funding via congressionally appropriated funds and user fees. Appropriated funds and user fees are used for FGIS activities authorized under the USGSA and the Agricultural Marketing Act of 1946 (AMA, 60 Stat. 1087 and 1090, 7 U.S.C. §1622 and §1624).

- **Congressionally appropriated funds** are used for FGIS development and maintenance of standards as authorized under the USGSA and AMA. In FY2023, Congress appropriated \$19.342 million for FGIS to develop and maintain standards under the USGSA and AMA.<sup>41</sup> These appropriated funds were less than the level of authorized appropriations under the USGSA (\$23 million).<sup>42</sup>
- **User fees** fund official inspections (by FGIS and delegated and designated agencies) and FGIS activities to supervise delegated and designated agencies. Statute limits USDA's use of user fees to the funding of direct and administrative costs for official grain inspections and weighing (including costs associated with supervising delegated and designated agencies). Statute also prohibits the use of user fees for development and maintenance of grain standards or other activities

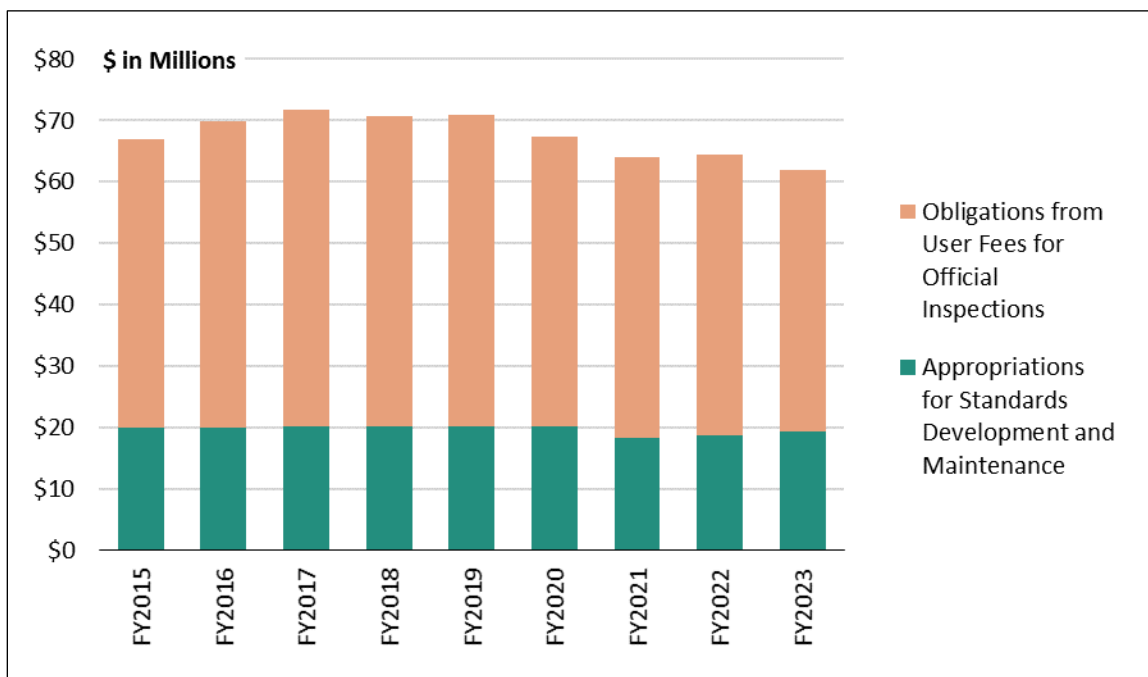
<sup>41</sup> USDA, *2025 USDA Explanatory Notes – Agricultural Marketing Service*, accessed on May 21, 2025, <https://www.usda.gov/sites/default/files/documents/23-AMS-2025-ExNotes.pdf>.

<sup>42</sup> The USGSA authorizes appropriations of \$23 million per year for FY2021 through FY2025 for development and maintenance of grain standards under the act. From 1988 to 2020, FGIS was authorized to receive indefinite appropriations of "such sums as are necessary" for standards development and maintenance. The 2020 reauthorization act authorized appropriations of \$23 million for each of FY2021 through FY2025.

not directly related to official grain inspections or weighing.<sup>43</sup> FGIS budgets for fees separately for direct inspections and supervisory activities. In FY2023, total obligations from user fees were \$42.519 million, including obligations for inspections and weighing under the USGSA and AMA.

Between FY2015 and FY2023, congressional appropriations for FGIS standards development and maintenance activities remained relatively level (**Figure 6**). FGIS's use of user fees varied over that period. Limited user fee income has constrained FGIS operations in recent years. In 2024, FGIS stated that it had been taking steps to reduce costs for inspections and supervisory activities, including detailing staff, freezing hiring and awards, and reducing overtime and travel.<sup>44</sup>

**Figure 6. FGIS Appropriations and Obligations from User Fees, FY2015-FY2023**



**Source:** Created by CRS using USDA, 2025 USDA Budget Explanatory Notes, Agricultural Marketing Service, various years.

**Notes:** FGIS = Federal Grain Inspection Service. Funds include activities authorized under the U.S. Grain Standards Act of 1916, as amended, and the Agricultural Marketing Act of 1946, as amended.

## Limits on FGIS's Use of User Fees

FGIS uses income from user fees to cover its costs for official inspections and weighing. These costs mainly fall into three categories: (1) direct costs associated with FGIS-conducted inspections and weighing, (2) supervisory costs associated with inspections and weighing conducted by delegated and designated agencies, and (3) administrative costs.

The amount of user fees that FGIS can expend each year is constrained by multiple factors. The USGSA limits what FGIS can spend each year on administrative and supervisory costs to 30% of the total costs of FGIS's inspections and supervisory activities.<sup>45</sup> The limitation requires that as

<sup>43</sup> 7 U.S.C. §87h(b)(2).

<sup>44</sup> USDA, AMS, "Fees for Official Inspection and Weighing Services," 89 *Federal Register* 105381.

<sup>45</sup> 7 U.S.C. §79d.

direct costs for FGIS-conducted inspections and weighing decrease, FGIS must reduce costs of administrative and supervisory activities accordingly.<sup>46</sup> According to USDA, expenditures for administrative and supervisory costs are less than 30% of total costs in most years but have approached the 30% cap in years when FGIS invests in upgrading equipment and technology.<sup>47</sup>

Appropriations language has limited FGIS's obligations for inspections and weighing services from fees collected. In FY2024, the limit on obligations was \$55.0 million. Additionally, the user fee accounts are subject to sequestration.<sup>48</sup> For FY2025, the amount sequestered exceeded \$2 million.<sup>49</sup>

Although statute permits FGIS to invest user fees collected in interest-bearing accounts,<sup>50</sup> FGIS has not to date invested any user fees held as operating reserves. FGIS has stated that it has not been investing user fees because there have been differing USDA legal interpretations on the permissibility of investing the user fees under the existing statutory provisions.<sup>51</sup> Interest collected on operating reserves could provide additional revenues for use in program operations, federal government debt reduction, or both. FGIS has stated that the existing statutory permissions to invest operating reserves may be in conflict with other provisions of the USGSA.<sup>52</sup>

## Limits on Operating Reserves

When reauthorizing the USGSA in 2015, Congress directed FGIS to maintain between three and six months of operating reserves. Prior to 2015, there was a statutory minimum of three months and no statutory maximum imposed on operating reserves. There have been several years when FGIS operating reserves were not within the statutory limits (**Table 2**). On an annualized basis, the account for FGIS-conducted inspections was not within the statutory limits for FY2021-FY2024, and the account for FGIS supervision of delegated and designated agencies was not within the statutory limits for FY2020-FY2023.

**Table 2. FGIS User Fee Accounts, FY2020-FY2024**

\$ million, not adjusted for inflation

Item	FY2020	FY2021	FY2022	FY2023	FY2024
User Fees from FGIS-Conducted Inspections					
Revenue	\$30.26	\$34.86	\$31.77	\$28.21	\$29.45
Obligations	\$35.80	\$37.81	\$35.80	\$31.75	\$25.69

<sup>46</sup> The limitation also permits FGIS to increase costs of administrative and supervisory activities as the costs for FGIS-conducted inspections and weighing increase, such as when exporters increase the volume of exports directly inspected by FGIS.

<sup>47</sup> FGIS personal communications to CRS, April 30, 2025.

<sup>48</sup> *Sequestration* is the automatic cancellation of previously enacted spending. For background on sequestration, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*.

<sup>49</sup> Office of Management and Budget, *OMB Report to the Congress on the BBEDCA 251A Sequestration for Fiscal Year 2025*, March 11, 2024, [https://bidenwhitehouse.archives.gov/wp-content/uploads/2024/03/BBEDCA\\_251A\\_Sequestration\\_Report\\_FY2025.pdf](https://bidenwhitehouse.archives.gov/wp-content/uploads/2024/03/BBEDCA_251A_Sequestration_Report_FY2025.pdf).

<sup>50</sup> 7 U.S.C. §79(j)(3).

<sup>51</sup> FGIS personal communications to CRS, May 12, 2025.

<sup>52</sup> FGIS personal communications to CRS, April 30, 2025. According to FGIS, the nature of the conflict pertains to restrictions on USGSA user fees that are retained in trust revolving funds. For additional background on trust revolving funds, see GAO, *Revolving Funds: Key Features*, GAO-24-107270, January 16, 2024, <https://www.gao.gov/assets/gao-24-107270.pdf>.

Item	FY2020	FY2021	FY2022	FY2023	FY2024
Net Earnings/Losses	-\$5.54	-\$2.96	-\$4.04	-\$3.54	\$3.76
Operating Reserve	\$10.01	\$7.07	\$3.04	-\$0.50	\$3.26
Months of Operating Cost Equivalent	3.4	2.2	1.0	-0.2	1.1
User Fees from FGIS Supervision of Delegated and Designated Agencies					
Revenue	\$0.00	\$1.69	\$0.39	\$0.28	\$0.95
Obligations	\$1.81	\$1.37	\$1.23	\$1.19	\$0.97
Net Earnings/Losses	-\$1.81	\$0.32	-\$0.84	-\$0.91	-\$0.01
Operating Reserve	\$1.73	\$2.04	\$1.20	\$0.30	\$0.28
Months of Operating Cost Equivalent	11	18	12	1	3.5

**Source:** Compiled by CRS from USDA, AMS, FGIS User Fee Accounts data, various years; and USDA, AMS, “Federal Grain Inspection Service Updates,” presented at the Grain Inspection Advisory Committee meeting, October 2024, [https://www.ams.usda.gov/sites/default/files/media/FGISUpdates\\_GIACOct2024.pdf](https://www.ams.usda.gov/sites/default/files/media/FGISUpdates_GIACOct2024.pdf).

**Notes:** FGIS = Federal Grain Inspection Service. Net earnings/losses are calculated as revenue less obligations and are positive when revenue exceeds obligations and negative when revenue is less than obligations. FGIS suspended collection of fees for supervision of delegated and designated agencies in calendar years 2016-2020 and 2022. Revenues for FGIS supervision of delegated and designated agencies for FY2022 were collected in calendar 2021. In FY2023, user fees from direct inspections and operating reserves were insufficient to cover total obligations for direct inspections, and USDA reallocated FGIS overhead costs to address the funding shortfall.

FGIS faces various challenges to meeting the statutory requirements on operating reserves. One challenge is the variability of FGIS user fee revenue in recent years. FGIS user fee revenues (for direct inspections and supervisory activities) vary from year to year for two reasons. First, user fees depend on the volume of grain inspected, and the total amount of grain inspected each year varies annually. Between FY2015 and FY2024, the total amount of grain inspected each year ranged from a low of 268.7 million metric tons in FY2023 to a high of 349.2 million metric tons in FY2021 (**Figure 1**). Large annual changes in the volume of grain inspected by FGIS personnel can result in large changes in user fee income to fund FGIS activities. A shortfall in the volume of grain inspected relative to FGIS’s expected levels can result in operating reserves that fall below the statutory three-month minimum, and a significant increase in the volume of grain inspected relative to FGIS’s expected levels can result in operating reserves that exceed the statutory six-month maximum.

Second, FGIS varies the fees charged for direct inspections and supervisory activities from year to year in response to FGIS costs and funds available in the operating reserves. In 2016, FGIS determined that operational reserves exceeded the amount needed for six months of operation for the direct inspection and supervisory inspection accounts. In response, FGIS reduced the fees charged for direct inspections each year from FY2017 to FY2019. From July 1, 2016, through

December 31, 2020, FGIS suspended the collection of fees for supervisory activities.<sup>53</sup> Fee collection for supervisory activities resumed on January 1, 2021. Each year from FY2020 to FY2024, FGIS increased fees for direct inspections and varied the fees charged for supervisory activities, including suspending collection of fees for supervisory activities again in 2022.

In 2023, the grain industry reported challenges planning for annual changes in fees.<sup>54</sup> In January 2025, USDA published a final rule to establish standardized formulas to calculate hourly and unit fees.<sup>55</sup> FGIS said that the rule will improve transparency in how rates are calculated and mitigate instances of large rate increases from year to year.

## Grain Inspection Advisory Committee

The USGSA requires USDA to establish a GIAC to advise on the act's implementation.<sup>56</sup> The committee consists of 15 members, each of whom serve 3-year terms. Prior to 2020, GIAC members were limited to two terms. The 2020 reauthorization act allows members to serve more than two terms, with a maximum of two in succession.

The membership must represent the interests of grain producers, processors, handlers, merchandisers, consumers, and exporters and must include grain inspection agencies and scientists with expertise in grain standards. Participation in the committee is uncompensated, though members are eligible to receive travel expenses and per diems. Typically, the committee meets twice a year. USDA's authority to establish and maintain the committee is set to expire on September 30, 2025.<sup>57</sup>

## Expiring Provisions of the USGSA

Most of the USGSA is permanently authorized, including the mandatory inspection and weighing of exported grain, voluntary inspection of domestically marketed grain, and federal authority to establish and amend grain quality standards. Four provisions of the law are set to expire on September 30, 2025:

1. **Authority for appropriations (7 U.S.C. §87h).** FGIS uses appropriated funds to develop grain standards, improve measurement procedures, and pay for related agency costs.
2. **Authority to collect fees for federal supervision of state agencies' export inspections (7 U.S.C. §79(j)(5)) and weighing (7 U.S.C. §79a(l)(4)).** FGIS or official agencies supervised by FGIS perform official inspections and weighing services. These authorities allow FGIS to charge fees for the required federal supervision of inspections and weighing performed by designated and delegated agencies.

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<sup>53</sup> USDA and Grain Inspection, Packers, and Stockyards Administration (GIPSA), "Suspension of Supervision Fee Assessment Under the United States Grain Standards Act," 81 *Federal Register* 41790, June 28, 2016. The notice of suspension through December 31, 2020, is found at USDA, AMS, "Notice of Continued Suspension of Supervision Fee Assessment Under the United States Grain Standards Act (USGSA)," 84 *Federal Register* 7016, March 1, 2019.

<sup>54</sup> USDA, AMS, "FGIS User Fees & Budget," presented at the Grain Inspection Advisory Committee (GIAC) meeting, August 2023, <https://www.ams.usda.gov/about-ams/giac-aug-2023-meeting/user-fees-budget>.

<sup>55</sup> USDA, AMS, "Formulas for Calculating Hourly and Unit Fees for FGIS Services," 90 *Federal Register* 531, January 6, 2025.

<sup>56</sup> 7 U.S.C. §87j.

<sup>57</sup> 7 U.S.C. §87j(e).

3. **Administrative and supervisory cost cap of 30% (7 U.S.C. §79d).** The USGSA limits USDA's expenditures for administrative and supervisory costs relative to the total costs of FGIS's inspections and supervisory activities. Congress established the cap in 1988 to encourage USDA to reduce costs for the program. Since 2000, the limit has been set at 30%.
4. **Authority for an advisory committee (7 U.S.C. §87j(e)).** The GIAC meets regularly to advise FGIS on the programs and services it delivers and makes recommendations designed to help the agency better meet its customers' needs.

If the authority for appropriations were to expire, FGIS grain standards development and maintenance activities would cease until authorities are restored either through reauthorization or if Congress were to fund such activities through appropriations.

If the authority to collect fees for supervising delegated and designated agencies were to expire, FGIS and delegated and designated agencies may be able to carry out official grain inspections and weighing so long as sufficient operating reserves are available. Delegated and designated agencies can conduct official grain inspections and weighing only under FGIS's supervision. In the event of a lapse in this USGSA authority, FGIS may be able to continue to conduct supervisory activities to the extent operating funds in the operating reserve would permit. In the absence of funds for FGIS supervisory activities, FGIS would not be able to charge fees for supervising inspections and weighing done by delegated and designated agencies. Inspections by delegated and designated agencies may be curtailed, and exporters may be required to seek official inspections from FGIS directly, which may require grain exporters to incur additional costs and/or experience delays in service depending on the availability and location of FGIS inspectors. FGIS's authority to collect fees for inspections conducted by its personnel does not expire. FGIS would be able to conduct direct inspections and weighing services, which accounted for more than 60% of inspections and weighing of exported grain in FY2024 (**Figure 4**).

The administrative and supervisory cost cap limit the costs that FGIS can incur for administering and supervising official grain inspections and weighing. If the statutory cost cap were to expire, FGIS would be able to expend user fees on these activities regardless of funds expended on direct costs for FGIS-conducted grain inspections. This may allow FGIS to incur higher administrative and supervisory costs in certain years when FGIS collects relatively low revenues from direct inspections and weighing services.

If the authority for the GIAC were to expire, advisory committee activities would cease until authorities were restored either through reauthorization of the USGSA provisions or if Congress were to fund such activities through appropriations.

## Issues for Congress

Congress enacted the USGSA in 1916 to establish national grain standards and facilitate the orderly marketing of grain exports. Since 1916, Congress has amended the law numerous times to address evolving market conditions and policy concerns (see **Appendix B**). In general, the grain industry supports the continuation of nationally uniform grades, the availability of official inspections in the domestic market, and the mandatory application of official weighing and inspection for exported grain.<sup>58</sup> Since the USGSA was last reauthorized in 2020, USDA has made numerous changes to the grain inspection system to address the user fee calculations, update

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<sup>58</sup> See, for example, Jess McCluer, "The Role and Reauthorization of the U.S. Grain Standards Act," *Grain Journal*, December 11, 2024, <https://www.grainjournal.com/article/1062497/the-role-and-reauthorization-of-the-u.s.-grain-standards-act>.



geographic boundaries of service areas for designated agencies, and improve the transparency of various aspects of program operations.

Certain USGSA provisions related to program funding and the GIAC are set to expire on September 30, 2025. Some policy options of potential interest to Congress that typically would be addressed during USGSA reauthorization debates include the following:

**User fees.** Since 2015, FGIS has faced challenges in maintaining compliance with statutory requirements on operating reserves and, as a result, made changes to user fees in some years. Grain exporters have noted difficulties in managing recent annual increases in user fees. FGIS published a new rule in 2025 to improve the predictability and transparency of future user fee updates. Congress could consider additional proposals to further reduce the annual variability of user fees, including the following:

- **Modify fees based on tonnage for all inspections.** Statute requires FGIS to calculate tonnage fees based on the most recent five-year average of grain inspected for export. Congress could consider alternative methods of calculating tonnage fees that might smooth annual variation (e.g., Olympic averaging tonnage volumes, capping annual changes in tonnage fees). Olympic averaging would remove the highest and lowest values before calculating the average. Capping annual changes would restrict the amount that the average could increase or decrease from year to year. Smoothing the annual variation in the tonnage rate calculation may improve the predictability of year-to-year changes in FGIS's user fees for supervising delegated and designated agencies.
- **Modify requirements on operating reserves.** Congress originally imposed requirements on operating reserves to ensure that FGIS could continue operations for at least three months during a lapse in appropriations and would manage fees to prevent accumulation of excess operating reserves (see **Appendix C**). Statute requires FGIS to maintain operating reserves equivalent to between three and six months of costs. Congress could consider adjusting these requirements to permit FGIS flexibility to manage program costs and burdens on grain inspection system participants.
- **Modify the cap on administrative and supervisory costs.** Congress originally imposed limits on administrative and supervisory costs to encourage FGIS to control costs. The cap has not restricted operations in recent years, although FGIS costs approached the cap in 2018 and 2019 because of one-time costs incurred for upgrading equipment and adopting new technologies. Certain administrative costs are exempted from the cap (i.e., costs incurred for standardization, compliance, and foreign monitoring). Some policymakers may support incentivizing further reductions of administrative costs from current levels. Congress could consider whether the cap meets current goals for FGIS cost containment. Other policymakers may support FGIS investments in upgrading equipment and adopting new technologies. Congress could consider exempting these costs from the cap.
- **Modify the limit on use of user fees.** Provisions in annual appropriations limit FGIS's use of user fees for all purposes (i.e., direct, administrative, and supervisory costs). Congress could consider adjusting this limit to permit FGIS to use more of the fee revenue collected for program operations. USDA's FY2025 budget request proposed to increase the limitation on fee-funded inspections and weighing and examination services from \$55 million to \$60 million. In its FY2025 budget request, USDA said the increase would address the 2024 and

2025 cost of living adjustments for FGIS staff and fund additional activities. The National Grain and Feed Association (NGFA) and North American Grain Export Association (NAGEA) suggested exempting commodities inspected under the AMA from the limit, which would allow FGIS to use up to \$55 million in user fees from USGSA inspections and an uncapped amount of user fees from AMA inspections.<sup>59</sup>

- **Modify flexibilities for exporters to use alternative service providers.** Statute requires FGIS to assign geographic areas to each designated agency wherein that area the agency serves as the sole provider of official grain inspections and weighing services. Congress established this requirement to prevent exporters from engaging in “grade shopping” and to ensure that designated agencies would receive sufficient business to fund on-site inspection facilities. Statute permits FGIS to grant waivers of the geographic area requirement under certain circumstances. Other circumstances could arise where a grain exporter might wish to use an alternative vendor (e.g., a business dispute with its assigned agency or an alternative vendor add-on service beyond the official inspection and weighing service that is not available from the assigned agency). Congress could consider maintaining the existing waiver system, expanding FGIS’s authorities to grant waivers and/or allowing exporters to request services directly from FGIS in certain circumstances, or reducing FGIS’s authorities to grant waivers. Increasing the circumstances in which USDA is allowed to grant waivers may increase incentives for buyers and sellers to seek official inspections for domestically marketed grain and reduce delegated and designated agencies’ financial incentives for participating in the program. Reducing the circumstances in which USDA is allowed to grant waivers may decrease incentives for voluntary grain inspections and increase state and private sector agencies’ incentives to become a delegated and/or designated agency.
- **Clarify rules on investment of operating reserves.** Legal opinions may differ on the existing statutory permissions to invest operating reserves. Interest collected on operating reserves could provide additional revenues for use in program operations and/or could be returned to the U.S. Treasury for other purposes. Congress could consider revising the USGSA to eliminate any perceived conflicts with provisions allowing for investment of operating reserves in interest-bearing accounts.
- **Consider public investments in grain grading technologies.** Congress funds the development and maintenance of grain standards through annual appropriations as a public good to benefit the entire grain industry. Investments in commercialization of new grain grading technologies are typically funded by the private sector. NGFA and NAGEA have proposed that FGIS annual appropriations be used to fund investments in new grain grading technologies.<sup>60</sup> Historically, FGIS has engaged in limited partnerships with USDA’s Agricultural Research Service (ARS) to support commercialization of specific new grading technologies developed by ARS. Congress could consider establishing conditions for FGIS support of new grain grading technologies. Expanding FGIS’s support of such technologies may require additional budgetary resources.

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<sup>59</sup> McCluer, “The Role and Reauthorization of the U.S. Grain Standards Act.”

<sup>60</sup> McCluer, “The Role and Reauthorization of the U.S. Grain Standards Act.”



## Appendix A. References for the U.S. Grain Standards Act

**Table A-1. U.S. Grain Standards Act (USGSA), Regulations and Other Information**

Item	Reference	Link
Statute	Compilation, as amended through P.L. 116-216, September 30, 2020	<a href="http://www.ag.senate.gov/download/united-states-grain-standards-act">http://www.ag.senate.gov/download/united-states-grain-standards-act</a>
	P.L. 116-216 (USGSA reauthorization in 2020)	<a href="https://www.govinfo.gov/content/pkg/PLAW-116publ216/pdf/PLAW-116publ216.pdf">https://www.govinfo.gov/content/pkg/PLAW-116publ216/pdf/PLAW-116publ216.pdf</a>
Codification	7 U.S.C. §§71 et seq.	<a href="http://uscode.house.gov/view.xhtml?path=/prelim@title7/chapter3&amp;edition=prelim">http://uscode.house.gov/view.xhtml?path=/prelim@title7/chapter3&amp;edition=prelim</a>
Regulations	7 C.F.R. §800 - General regulations	<a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr800_main_02.tpl">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr800_main_02.tpl</a>
	7 C.F.R. §801 - Official performance requirements for grain inspection equipment	<a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr801_main_02.tpl">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr801_main_02.tpl</a>
	7 C.F.R. §802 - Official performance and procedural requirements for grain weighing equipment and related grain handling systems	<a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr802_main_02.tpl">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr802_main_02.tpl</a>
	7 C.F.R. §810 - Official United States standards for grain	<a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr810_main_02.tpl">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=89728873dd6db7cbd4920c182863a5a1&amp;tpl=/ecfrbrowse/Title07/7cfr810_main_02.tpl</a>
Historical standards	Historical compilation of standards changes	<a href="https://www.ams.usda.gov/sites/default/files/media/GrainHistory.pdf">https://www.ams.usda.gov/sites/default/files/media/GrainHistory.pdf</a>
Official service providers	List of providers that comprise the official grain inspection and weighing system	<a href="https://fgisonline.ams.usda.gov/MyFGIS/OSPDiretory">https://fgisonline.ams.usda.gov/MyFGIS/OSPDiretory</a>
Fee schedule	Fees charged for required and optional inspections and weighing services, updated October 2024	<a href="https://www.ams.usda.gov/sites/default/files/media/FGISDirective9180_74.pdf">https://www.ams.usda.gov/sites/default/files/media/FGISDirective9180_74.pdf</a>
FGIS information	Agency reports and publications, including annual reports, grain export quality reports, and directories and technical handbooks, brochures, and procedure references	<a href="https://www.ams.usda.gov/services/grain-rice-pulse-inspection-services">https://www.ams.usda.gov/services/grain-rice-pulse-inspection-services</a>

**Source:** CRS.

**Note:** FGIS = Federal Grain Inspection Service.

## Appendix B. U.S. Grain Standards Act Legislative History

**Table B-I. USGSA Legislative History and Selected Provisions**

Date	Statute	Public Law	Selected Provisions
Aug. 11, 1916	39 Stat. 482	P.L. 64-190—United States Grain Standards Act (USGSA)	Authorized the Secretary of Agriculture to investigate grading of grain and establish standards of quality for corn, wheat, rye, oats, barley, and flaxseed. If sold by grade, prohibited interstate or foreign shipment unless inspected. Directed USDA to issue licenses to state inspectors and private inspection agencies and supervise their activities.
Jul. 18, 1940	54 Stat. 765	P.L. 76-750—USGSA, amendment	Added soybeans to list of commodities.
Aug. 1, 1956	70 Stat. 780	P.L. 84-861—USGSA, amendment	Prohibited issuance of false certificates.
Jul. 11, 1958	72 Stat. 352	P.L. 85-509—USGSA, amendment	Authorized USDA to recover the cost of overtime from performing appeal inspection services.
Aug. 15, 1968	82 Stat. 761	P.L. 90-487—USGSA	Removed requirement for inspecting interstate shipments if sold by grade; greater penalties for violations.
Oct. 21, 1976	90 Stat. 2867	P.L. 94-582—USGSA of 1976	Established the Federal Grain Inspection Service (FGIS); authorized the FGIS administrator to set grain standards; established official weighing services; required elevator recordkeeping and exporter registration; authorized direct FGIS inspections for exports; required user fees for federal supervision of inspections and weighing services.
Sept. 29, 1977	91 Stat. 1024	P.L. 95-113—USGSA, amendment; Title XVI of the Food and Ag. Act of 1977 (1977 farm bill)	Supervisory costs to be paid via appropriations only. Established a temporary advisory committee and reduced recordkeeping burden for users.
Oct. 13, 1980	94 Stat. 1870	P.L. 96-437—USGSA, amendment (Dole-Ashley bill)	Permitted grain to be delivered into or out of export elevators without official weighing if conveyed by means other than barge.
Aug. 13, 1981	95 Stat. 357	P.L. 97-35—Omnibus Budget Reconciliation Act of 1981	Revised the system covering inspection and supervision fees; limited the administrative and supervisory costs to a maximum of 35% of total costs; established a permanent advisory committee; specified authorization for appropriations for FY1982 through FY1984.
Dec. 22, 1981	95 Stat. 1268	P.L. 97-98—Agricultural Food Act (1981 farm bill)	Permitted state agency authority for grain inspection at export port locations if operating prior to July 1, 1976.
Oct. 11, 1984	98 Stat. 1831	P.L. 98-469—Omnibus Budget Reconciliation Act of 1981, amendment	Extended the authorization for appropriations through September 1988. Increased the cap on administrative and supervisory costs from 35% to 40% for FY1985 through FY1988.
Dec. 23, 1985	99 Stat. 1632	P.L. 99-198—Food Security Act of 1985 (1985 farm bill)	Directed FGIS and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications. Required a study by the Office of Technology Assessment on grain export standards, blending practices, and export competitiveness.
Nov. 10, 1986	100 Stat. 3564	P.L. 99-641—Futures Trading Act of 1986, Title III—Grain Quality Improvement Act of 1986	Prohibited the reintroduction of foreign material (including dust) once removed from grain; required a study of incentives for high quality and a feasibility test for determining the value of end-use characteristics.

Date	Statute	Public Law	Selected Provisions
Oct. 24, 1988	102 Stat. 2584	P.L. 100-518—USGSA Amendments of 1988	Extended the authorization for appropriations for FY1989 through FY1993; expanded the advisory committee from 12 to 15 members; mandated a study on dockage in wheat grades; established a pilot program on incorporating premiums for superior quality grain delivered to the Commodity Credit Corporation.
Nov. 28, 1990	104 Stat. 3928	P.L. 101-624—Food, Agriculture, Conservation, and Trade Act of 1990 (1990 farm bill), Title XX- Grain Quality Incentives Act of 1990	Established a Committee on Grain Quality at USDA to evaluate concerns with quality of U.S. grain; established provisions for improving the cleanliness of grain through existing standards and additional prohibitions on grain contamination; directed FGIS to test all exported corn for aflatoxin contamination.
Nov. 24, 1993	107 Stat. 1525	P.L. 103-156—USGSA Amendments of 1993	Extended the authorization of appropriations for grain inspection services and collection of user fees for FY1994 through FY2000; authorized inspections and weighing activities in Canadian ports; authorized a pilot program to permit more than one official agency to carry out inspections within a single geographic area; directed USDA to carry out a cost containment plan to minimize taxpayer expenditures and user fees.
Oct. 13, 1994	108 Stat. 3237	P.L. 103-354—Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, USGSA Amendments of 1994	Removed authorities from the FGIS administrator and granted them to the Secretary of Agriculture. Authorized the Secretary of Agriculture to consolidate administrative units, including FGIS.
Nov. 9, 2000	114 Stat. 2058	P.L. 106-472—Grain Standards and Warehouse Improvement Act of 2000	Reauthorized the pilot program to allow more than one designated official agency to carry out inspections and weighing services within the same geographic area under certain conditions. Reduced the limitation on administrative and supervisory costs in user fees from 40% to 30%; prohibited the disguising of grain quality; extended from FY2001 through FY2005 the authorization of appropriations for grain inspection services, collection of certain user fees, and authority for an advisory committee.
Sept. 30, 2005	119 Stat. 2053	P.L. 109-83—USGSA, amendment	Extended expiring provisions from FY2006 through FY2015.
Sept. 30, 2015	129 Stat. 513	P.L. 114-54—Agriculture Reauthorizations Act of 2015, Title III	Extended expiring provisions from FY2016 through FY2020. Also, included provisions addressing disruptions of inspections and weighing services, certifying state agencies, and setting conditions for allowing designated agencies to cross geographic boundaries.
Dec. 20, 2018	132 Stat. 4490	P.L. 115-334—Agriculture Improvement Act of 2018, Sec. 12610	Expanded conditions for allowing designated agencies to cross geographic boundaries.
Dec. 11, 2022	134 Stat. 1048	P.L. 116-216—United States Grain Standards Reauthorization Act of 2020	Extended expiring provisions from FY2021 through FY2025. Also, included provisions addressing discontinuance of services, reporting requirements, funding from appropriations and user fees, the advisory committee, and the geographic boundaries of service zones for inspection facilities.

**Source:** Compiled by CRS using statutes and Lowell D. Hill, *Grain Grades and Standards—Historical Issues Shaping the Future* (University of Illinois Press, 1990).

## Appendix C. U.S. Grain Standards Act Through the Years

Today's U.S. grain inspection system dates back to over 100 years ago when numerous states and trade organizations were inspecting grain for quality at inspection points across the country, often with widely different standards and terminology. The lack of accepted grain standards and inspection procedures contributed to chaotic marketing conditions and inefficient marketing. Disputes arose between producers, traders, and buyers with charges of poor quality and unfair practices.<sup>61</sup>

Following unsuccessful attempts by the industry to adopt voluntary grain standards, the U.S. Grain Standards Act (USGSA) was enacted on August 11, 1916, to “prevent or eliminate burdens on” interstate or foreign commerce.<sup>62</sup> The first established standard was for corn and became effective on December 1, 1916. The act required official inspection of certain export and interstate shipments of grain sold by grade and directed USDA to issue licenses to state inspectors and private inspection agencies and supervise their activities. Only licensed inspectors could issue official grade certificates.

### Legislative History: First 60 Years

Congress has amended the USGSA 21 times since enactment (see **Table B-1**). The first change came in 1940 when soybeans were included. In 1956, it was amended to prohibit issuance of false certificates by the deceptive loading, handling, or sampling of grain. In 1958, an amendment authorized USDA to recover the cost of overtime resulting from performing appeal inspections.

Another revision came in 1968, when Congress eliminated the inspection requirement for interstate grain shipments sold by grade. The requirement for domestic grain reportedly created inefficiencies in grain movements and added costs by requiring inspections regardless of whether buyer or seller wanted an official grade.<sup>63</sup> Other provisions extended lead times to initiate changes in standards from 90 days to 1 year and increased penalties for violations of the act.

In the mid-1970s, investigations revealed grain misgrading, “short” weighing, bribery, and other irregularities in grain inspections and weighing services, threatening the credibility of the U.S. grain inspection system. Between 1974 and 1976, 124 federal grand jury indictments were issued against 94 individuals and 14 firms; according to USDA, as of 1977, 93 individuals and all firms had been convicted.<sup>64</sup>

In February 1976, the General Accounting Office<sup>65</sup> reported that USDA was unable to ensure the integrity of the grain inspection system operated by a widely dispersed group of over 100 state and private agencies. The office also noted that the system generally operated without effective

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<sup>61</sup> See USDA, *The Federal Grain Inspection Service (FGIS), Annual Report to Congress*, November 1977, pp. 7-8, accessed on May 21, 2025, through the web archive at [https://web.archive.org/web/20150906002022/http://www.gipsa.usda.gov/fgis/publication/ar/1977\\_fgis\\_AR.pdf](https://web.archive.org/web/20150906002022/http://www.gipsa.usda.gov/fgis/publication/ar/1977_fgis_AR.pdf); and Lowell D. Hill, *Grain Grades and Standards—Historical Issues Shaping the Future* (University of Illinois Press, 1990). This appendix draws primarily from these sources. Where other sources are used, they are specifically footnoted.

<sup>62</sup> 7 U.S.C. §74.

<sup>63</sup> Lowell D. Hill, *Grain Grades and Standards—Historical Issues Shaping the Future* (University of Illinois Press, 1990).

<sup>64</sup> USDA, *The Federal Grain Inspection Service (FGIS), Annual Report to Congress*, November 1977, p. 9.

<sup>65</sup> The General Accounting Office was renamed the Government Accountability Office in 2004.

controls, tolerated conflicts of interest, and did not respond to the limited supervision of the Agricultural Marketing Service.<sup>66</sup>

In response to the reported criminal activity and investigations, Congress passed the U.S. Grain Standards Act of 1976 (P.L. 94-582), which amended the USGSA to establish official weighing services, recordkeeping by elevators, registration of grain exporters, and user fees to address federal supervision costs. The 1976 law established the Federal Grain Inspection Service (FGIS) and required either federal inspection or state agency inspections for exported grains. Previous law had required either state agency or private agency inspections but had not authorized federal inspections. The 1976 law moved authority for setting grain standards from the Secretary of Agriculture to the FGIS administrator. The 1976 law included provisions restricting grain companies and boards of trade (commodity exchanges) from sponsoring inspection agencies, which had created conflicts of interest.

## **Focus on Funding, the Advisory Committee, and Quality in the 1980s and 1990s**

In the late 1970s and early 1980s, legislation focused on funding and advisory issues, including a repeal and then reinstatement of user fees, establishment of an industry advisory committee, elimination of the requirement for official weighing except for exports, and limits on administrative and supervisory costs in user fees. The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) provided the authorization of appropriations for a specified period of time (i.e., FY1981 through FY1984). Prior to 1981, Congress had not specified an expiration date for the authorizations of appropriations. Subsequent reauthorizations of the USGSA extended this authority for periods of 4, 5, 7, or 10 years.

Beginning in the mid-1980s, congressional focus shifted to grain quality. The 1985 farm bill (P.L. 99-198) required a study on grain export standards and blending practices. In 1986, measures were enacted to prohibit reintroduction of foreign material (including dust) removed from grain. The quality emphasis continued in the 1990 farm bill (P.L. 101-624), which established a grain quality committee within USDA and provisions for improving cleanliness of grain through existing standards and additional prohibitions on contamination.

## **Cost Containment in the 1990s and Early 2000s**

In 1993, Congress enacted the U.S. Grain Standards Act Amendments of 1993 (P.L. 103-156), which extended the authorization of appropriations for grain inspection services and collection of user fees through FY2000, authorized inspections and weighing activities in Canadian ports, and authorized a pilot program to permit more than one official agency to carry out inspections within a single geographic area. Congress also directed USDA to develop and carry out a comprehensive cost containment plan to minimize expenditures and user fees.

In 2000, the Grain Standards and Warehouse Improvement Act of 2000 (P.L. 106-472) reauthorized the pilot program allowing more than one designated official agency to carry out inspections and weighing services within the same geographic area under certain conditions. It also reduced the limitation on administrative and supervisory costs in user fees from 40% to 30% and prohibited disguising of grain quality. Congress also extended through FY2005 the

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<sup>66</sup> General Accounting Office, *Report of the Comptroller General of the United States: Assessment of the National Grain Inspection System*, February 12, 1976, p. i.

authorization of appropriations for grain inspection services, collection of certain user fees, and authority for an advisory committee.

In the 2005, the USGSA reauthorization amendment (P.L. 109-83) extended the respective end dates through FY2015 for the four provisions set to expire. Prior to reauthorization, Congress considered giving USDA authority to contract export inspections and weighing services to private companies (with federal oversight) to reduce federal staff costs, but USDA determined it already had that authority.<sup>67</sup>

## **Reforms in 2015-2020**

Between 2015 and 2020, Congress amended the USGSA three times, in the Agriculture Reauthorizations Act of 2015 (2015 reauthorization act; P.L. 114-54), the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334), and the U.S. Grain Standards Reauthorization Act of 2020 (2020 reauthorization act; P.L. 116-216). These amendments addressed policy issues on (1) interruption in service and continuity of operations, (2) geographical boundaries for official agencies, (3) duration of official agency designations, (4) the approval process for delegated state agencies, and (5) fee calculations. In some instances, these policy issues were addressed in multiple acts.

## **Interruptions of Inspection Service**

In 2013-2014, grain inspections were disrupted at the Port of Vancouver (WA) when labor negotiations between United Grain Corporation (UGC) and the International Longshore and Warehouse Union (ILWU) reached an impasse, and UGC locked out the union workers. Picketing at the UGC facility raised concerns about the safety of the UGC employees and grain inspectors who were employees of the Washington State Department of Agriculture (WSDA).<sup>68</sup> In July 2014, WSDA stopped official inspections and requested inspection assistance from USDA and federal inspectors. As reported, USDA determined that conditions did not allow state or federal inspectors safe access to conduct grain inspections.<sup>69</sup> About five weeks after inspections were halted, WSDA resumed official inspections and weighing services after a labor agreement was reached. The dispute was resolved the night before the plan to start federal inspections was to go into place.

The 2015 reauthorization act amended the USGSA to require USDA to take immediate action to address disruption of inspections and weighing services and to subsequently resume activities. Within 24 hours of a disruption, USDA is required to submit a report to Congress describing the disruption and the actions needed to address it. USDA is required to send Congress daily update reports until inspections and weighing services are resumed.<sup>70</sup>

In addition, the 2015 reauthorization act required any state agency that decides to temporarily suspend inspections and weighing services to provide USDA advance notice of at least 72 hours ahead of discontinuing services.<sup>71</sup> The 2020 reauthorization act requires state agencies to also

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<sup>67</sup> Sen. Saxby Chambliss, “U.S. Grain Standards Act,” remarks in the Senate, *Congressional Record*, daily edition, vol. 151, no. 123 (September 28, 2005), p. S10583.

<sup>68</sup> The Washington State Department of Agriculture is the official delegated agency to provide inspections and weighing services for the Port of Vancouver.

<sup>69</sup> See, for example, Aaron Corvin, “Port of Vancouver Faulted in Grain-Inspection Dispute,” *The Columbian*, August 7, 2014, <https://www.columbian.com/news/2014/aug/07/port-vancouver-faulted-grain-inspection-dispute/>.

<sup>70</sup> P.L. 114-54, §301(a).

<sup>71</sup> P.L. 114-54, §301(b).



notify affected customers. The requirement does not extend to disruptions caused by major disasters.

The 2015 reauthorization act also directed USDA to issue a report to Congress on the disruption at the Port of Vancouver and describe policy changes that would be implemented in the case of a similar disruption. USDA released the report in February 2016 and outlined policies that focused on communications between parties to a labor dispute, state and local government, and law enforcement. In the report, USDA noted that FGIS-conducted inspections in Portland, OR, where a similar labor dispute was taking place between the Columbia Grain Company and the ILWU, were mostly unimpeded by the labor dispute. USDA attributed the continuity of inspections to communications between the disputing parties, FGIS, and the Portland police to prevent disruptive incidents.<sup>72</sup>

### **Geographical Boundaries for Official Agencies**

Each official agency covers a specific and exclusive geographic area, which is authorized by the USGSA. Exclusivity is granted to ensure the economic viability of inspections and weighing services (see “U.S. Grain Inspection System”). Prior to 2015, the USGSA granted USDA discretionary authority to conduct pilot programs that allowed for multiple designated agencies within the same geographic area and exceptions to geographic areas exclusivity for lack of timely service, prior nonuse of service, and barge probe sampling and inspection. The 2015 reauthorization act removed USDA’s authority to conduct the pilot programs and required USDA to grant exceptions for three causes: (1) lack of timely service; (2) barge probe sampling and inspection; and (3) when the official agency agrees in writing to waive the restriction in favor of inspections and weighing services by an adjacent official agency.

The 2015 reauthorization act removed USDA’s authority to grant waivers for prior nonuse of service. As a result, USDA revoked waivers previously granted for that reason. In response to feedback from the industry, Congress restored USDA’s ability to grant waivers to geographic area exclusivity based on prior nonuse of service in the 2018 farm bill and required USDA to conduct a comprehensive review of official agency geographic areas in the 2020 reauthorization act.

### **Duration of Designation Authority**

Under the USGSA, USDA delegates authority to states and private entities to provide official inspection and/or weighing services on behalf of the federal government. Prior to 2015, the period for “official agency designation” was three years. The final 2015 reauthorization act changed the period of designation from three to five years.<sup>73</sup>

### **Approval Process for Delegated State Agencies**

During the 2015 reauthorization debate, grain industry associations advocated for more openness in the USDA process of approving a delegated state agency (for export inspections).<sup>74</sup> The

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<sup>72</sup> USDA, GIPSA, *Report to Congress on the Disruption in Federal Inspection of Grain Exports at the Port of Vancouver in the Summer of 2014 as required by Title III of the United States Grain Standards Act Reauthorization, Section 301*, February 29, 2016.

<sup>73</sup> 7 U.S.C. §79(e)(2)(B)(i).

<sup>74</sup> Testimony of Nick Friant, food safety leader, Cargill Inc., on behalf of National Grain and Feed Association (NGFA) and North American Export Grain Association (NAEGA), in U.S. Congress, House Committee on Agriculture, Subcommittee on General Farm Commodities and Risk Management, *Hearing to Review Reauthorization of the U.S. Grain Standards Act*, 114<sup>th</sup> Cong., 1<sup>st</sup> sess., April 22, 2015, H.Hrg. 114-11, p. 14 (hereinafter Friant, Testimony in House, April 22, 2015).

associations believed the process did not provide for a periodic and public review of state inspection agencies and wanted FGIS to adopt the approach used for approving agencies for domestic inspection that includes a *Federal Register* notice and comment period. The 2015 reauthorization act required USDA to establish, within one year of enactment, a certification process for delegating authority to state agencies that includes a *Federal Register* notice and comment period. Since enactment, USDA has published *Federal Register* notices detailing the review and certification process for all delegated agencies.

## Fee Changes and the User Fee Trust Fund

Grain exporters pay inspection and weighing fees to cover USDA's costs to perform these services. Part of the fees that USDA charges are based on the volume of grain that is inspected and weighed. With reduced levels of grain volume in FY2012 and FY2013 due to drought-reduced crops in 2012, fee revenue did not keep pace with costs, resulting in a negative balance in the user fee trust fund for the export inspection and weighing program in FY2013. In 2013, amid broad industry support to maintain inspection services, USDA increased fees to ensure full funding of official inspections and weighing services in future years.<sup>75</sup> With a rebound in grain volumes and higher fees assessed, FGIS fee revenues increased substantially in FY2014, resulting in a positive trust fund balance.

During the 2015 reauthorization debate, the grain inspection advisory committee recommended suspending further increases in export grain inspection and weighing fees while FGIS retained earnings (fee revenue minus obligations) exceeding the agency's three-month reserve levels.<sup>76</sup> Additionally, the National Grain and Feed Association and the NAEGA advocated for tonnage fees based on a flexible calculation that would result in fees that are more accurate and prevent an excessive buildup in the trust fund.<sup>77</sup> The 2015 final reauthorization act specified that export tonnage fees be based on a five-year rolling average of export tonnage volume.<sup>78</sup> The 2015 reauthorization also directed USDA is to maintain a three- to six-month operating reserve and adjust fees annually to maintain the reserve.<sup>79</sup>

USDA's FY2021 budget request noted that it was using administrative authorities to increase fees for grain inspection to provide additional revenues to the U.S. Treasury and offset government spending. USDA proposed to increase user fees to provide \$190 million over 10 years. During the 2020 reauthorization debate, the grain industry argued against user fees being used to finance activities other than official grain inspections and weighing conducted or supervised by FGIS.<sup>80</sup> The industry also reaffirmed support for using appropriated funds to cover the costs of FGIS standards development and maintenance; it argued that these activities were beneficial to the grain industry as a whole, not only the businesses using official inspections and weighing

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<sup>75</sup> USDA did not receive any comments opposing the proposed rule. See USDA, GIPSA, "Fees for Official Inspection and Official Weighing Services Under the United States Grain Standards Act (USGSA)," 78 *Federal Register* 22151-22166, April 15, 2013.

<sup>76</sup> USDA, AMS, *GIAC Summary of Meeting*, November 4-5, 2014, p. 8, accessed on May 21, 2025, through the web archive at <https://web.archive.org/web/20170126165149/https://www.gipsa.usda.gov/fgis/advcommittee/Nov2014/November-2014.pdf>.

<sup>77</sup> Friant, Testimony in House, April 22, 2015, pp. 15-16.

<sup>78</sup> 7 U.S.C. §79(j)(1)(D) and 7 U.S.C. §79a(l)(1)(D).

<sup>79</sup> 7 U.S.C. §79(j)(4) and 7 U.S.C. §79a(l)(3).

<sup>80</sup> U.S. Congress, Senate Committee on Agriculture, Nutrition, and Forestry, *Perspective on Reauthorization of the U.S. Grain Standards Act*, hearing, 116<sup>th</sup> Cong., 1<sup>st</sup> sess., July 24, 2019. Witnesses included representatives from the National Association of Wheat Growers, NGFA, NAEGA, and American Association Grain Inspection and Weighing Agencies.



services. The 2020 reauthorization act prohibits FGIS from using user fees for developing or maintaining grain standards or for other activities not directly related to official inspections and weighing services. The act maintained the use of appropriated funds to support FGIS standards development and maintenance activities, authorizing annual appropriations of \$23 million per year in lieu of the previous authorization for “such sums as are necessary.”

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