

A REVIEW OF THE U.S. GRAIN STANDARDS ACT

HEARING

BEFORE THE
SUBCOMMITTEE ON GENERAL FARM COMMODITIES,
RISK MANAGEMENT, AND CREDIT
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
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THURSDAY, JUNE 26, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GENERAL FARM COMMODITIES, RISK
MANAGEMENT, AND CREDIT,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 1300, Longworth House Office Building, Hon. Austin Scott of Georgia [Chairman of the Subcommittee] presiding.

Members present: Representatives Austin Scott of Georgia, Rouzer, LaMalfa, Johnson, Miller, Moore, Finstad, Rose, De La Cruz, Harris, Taylor, Thompson (*ex officio*), Davids of Kansas, Brown, Davis of North Carolina, Budzinski, Sorensen, McDonald Rivet, and Craig (*ex officio*).

Staff present: Austin DeBerry, Luke Franklin, Harlea Hoelscher, Sofia Jones, Josie Montoney, Thomas Newberry, Sam Rogers, John Konya, Kate Fink, Emily Pliscott, Ashley Smith, Michael Stein, and Jackson Blodgett.

OPENING STATEMENT OF HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS FROM GEORGIA

The CHAIRMAN. Good morning, everyone. Thank you for joining us today. I would like to start by welcoming the witnesses before us as they help to lay the groundwork for legislation to reauthorize the United States Grain Standards Act. I also want to thank Ranking Member Davids for participating with me to make today's hearing happen.

Originally passed in 1916, the United States Grain Standards Act (Pub. L. 64–190, Part B) gives the Federal Government the authority to set official marketing standards for grains and oilseeds. It provides procedures for grain inspection and weighing that are essential to helping U.S. grain maintain its strong reputation for reliable quality and consistencies. Bad actors in the 1970s routinely manipulated the market in various ways to take advantage of producers and buyers, including through bribing officials or contaminating shipments. However, over the years, this Committee, working with the USDA and industry partners, devised a system of standards and measurements that have earned the positive reputation we see now, ultimately benefiting both farmers and consumers.

While much of the Act is permanently authorized, such as mandatory inspection and weighing of exported grain, there are still key provisions that are set to expire this September. A lapse in au-

thorization would disrupt the current grain inspection and weighing process, potentially creating dramatic consequences for the U.S. grain industry.

Grain standards play a critical role in keeping a key agricultural supply chain strong and supporting U.S. trade, while ensuring farmers receive a fair price and buyers get the product they need. Trust and consistency are what make the U.S. grain industry the gold standard across the globe. I hope the discussion today will provide Congress with necessary insight into the importance of grain standards and shed light on areas where improvements may be necessary. I look forward to getting this vital piece of legislation across the finish line.

[The prepared statement of Mr. Austin Scott follows:]

PREPARED STATEMENT OF HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS
FROM GEORGIA

Good morning everyone and thank you for joining us today—I would like to start by welcoming the witnesses before us as they help to lay the groundwork for legislation to reauthorize the United States Grain Standards Act.

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With that, I'll turn it over to Ranking Member Davids for her opening remarks.

The CHAIRMAN. With that, I will turn it over to Ranking Member Davids for her opening remarks.

OPENING STATEMENT OF HON. SHARICE DAVIDS, A
REPRESENTATIVE IN CONGRESS FROM KANSAS

Ms. DAVIDS of Kansas. Thank you. Good morning, everyone. Thank you, Chairman Scott, for holding today's hearing. I look forward to working with you and the rest of the Subcommittee on reauthorizing the U.S. Grain Standards Act later this year.

The inspections provided by the Federal Grain Inspection Service define and classify grains, as well as assign grades to specify weight and quality requirements. These inspections provide a gold

standard assurance, backed by the Federal Government, to both grain buyers and sellers.

Grain farmers in Kansas and across the country participate in a very competitive world market. Foreign grain buyers should be confident in the process we have in place to ensure that our exports are adequately inspected. As we move ahead with reauthorization, I hope we can take this as an opportunity to support and improve our grain inspection system, which remains critical to global grain trade.

I am proud that Kansas is home to the one-of-a-kind Kansas State University Department of Grain Science and Industry, which prepares students to become agricultural professionals in this space. As we discuss potential improvements in technology for grain grading, we must consider how to prepare the next generation of our workforce to adapt to changing jobs.

I would like to thank our panel of witnesses for making the trip all the way to D.C. during one of the hottest weeks of the year. I very much look forward to your testimony and appreciate your time and your expertise.

Again, thank you to our Chairman for holding today's hearing, and I look forward to working together on reauthorization this year. I yield back.

[The prepared statement of Ms. Davids of Kansas follows:]

PREPARED STATEMENT OF HON. SHARICE DAVIDS, A REPRESENTATIVE IN CONGRESS
FROM KANSAS

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I very much look forward to your testimony and appreciate your time and expertise.

Again, I thank the Chairman for holding today's hearing and look forward to working together on reauthorization this year.

The CHAIRMAN. Thank you, Ranking Member Davids.

I should have said this before, but in consultation with the Ranking Member pursuant to Rule XI(e), I want to make Members of the Subcommittee aware that other Members of the full Committee may join us today. I expect Chairman Thompson to come back from a meeting that he is in right now.

And I would now like to recognize Ranking Member Craig for any opening comments she would like to make.

**OPENING STATEMENT OF HON. ANGIE CRAIG, A
REPRESENTATIVE IN CONGRESS FROM MINNESOTA**

Ms. CRAIG. Thank you so much, Chairman Scott and Ranking Member Davids.

Considering the fact that we are in the middle of a worldwide trade war, we should be doing everything we can to avoid further disruption to our domestic trade system.

Every summer, grains planted by hardworking Minnesotans cover 40 percent of my district. Ensuring grain can get from our farms and grain elevators and onto ships bound for overseas markets requires an operationally efficient and properly funded Federal Grain Inspection Service. That is why I am so glad to see the bipartisan nature of this hearing today and the support from across this Subcommittee for reauthorizing the U.S. Grain Standards Act. Our grain farmers need to know they can rely on the Federal Government and USDA as reliable partners, not roadblocks to trade. Reauthorizing the U.S. Grain Standards Act is important for our farmers and their customers, and I am glad to see this bipartisan effort to ensure we meet their needs.

Thank you again for holding this hearing, and thank you to our witnesses for coming to educate us today about the critical role grain standards play in your businesses and the farm economy.

Mr. Chairman, I yield back.

[The prepared statement of Ms. Craig follows:]

PREPARED STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM
MINNESOTA

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Our grain farmers need to know that they can rely on the Federal Government and USDA as reliable partners, not roadblocks, to trade.

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Thank you again for holding this hearing, and thank you to our witnesses for coming to educate us today about the critical role grain standards play in your businesses and the farm economy.

I yield back.

The CHAIRMAN. Thank you, Ranking Member.

The chair would request that other Members submit their opening statements for the record so the witnesses may begin their testimony and to ensure that there is ample time for questions.

Each of the witnesses will have approximately 5 minutes. And our first witness today is Mr. Nicholas Friant. Nick serves as the Chairman of the National Grain and Feed Association Grain

Grades and Weights Committee and is the Director of Raw Material Quality and Regulatory at Cargill.

Our next witness is Ms. Kia Mikesch, the President of the American Association of Grain Inspection and Weighing Agencies, Kia is also the Vice President of the North Dakota Grain Inspection, where she oversees the operations and strategic direction of her family-owned network of agricultural inspection and testing businesses in Fargo, North Dakota.

Our third witness today is Mr. Dave Walton, Secretary of the American Soybean Association. He grows soybeans, corn, alfalfa, grass, hay, and also raises beef cattle at his family farm in Wilton, Iowa, with his wife and two sons.

I will now turn it over to Ranking Member Davids to introduce our final witness.

Ms. DAVIDS of Kansas. Thank you, Mr. Chairman. I am excited and proud to introduce a Kansan to testify today. Dr. Kevin Donnelly is an Emeritus Professor of Agronomy at Kansas State University and a farmer in central Kansas. During Dr. Donnelly's 47 year teaching career, he taught college students about grain quality and grain grading using Federal Grain Inspection Service, or FGIS, standards. He also conducts workshops illustrating FGIS grain inspection procedures for the International Grains Program at Kansas State University for industry professionals throughout the world. Dr. Donnelly, thank you for joining us today.

I yield back.

The CHAIRMAN. Doctor, I used to go right past your area headed to Tuttle Creek. It is a wonderful, wonderful part of the world.

Thank you to all of our witnesses for joining us today. We will now proceed to your testimony. You have 5 minutes. The timer in front of you will count down to zero, at which point, time has expired. If you go over by 5 seconds, that is okay. If you go over by 10 or 15, it is \$5 per second.

Mr. Friant, please begin when you are ready.

STATEMENT OF NICHOLAS R. FRIANT, DIRECTOR, RAW MATERIAL QUALITY AND REGULATORY, CARGILL, INC.; CHAIRMAN, GRAIN GRADES AND WEIGHTS COMMITTEE, NATIONAL GRAIN AND FEED ASSOCIATION, WAYZATA, MN

Mr. FRIANT. Chairman Scott, Ranking Member Davids, and Members of the Subcommittee, thank you for the opportunity to appear before you today to provide the perspective of the National Grain and Feed Association on reauthorizing the U.S. Grain Standards Act. I am Nick Friant, Director of Raw Material Quality and Regulatory at Cargill and Chairman of NGFA's Grain Grades and Weights Committee. Cargill is proud to be a long-time participant in the U.S. grain system and member of NGFA.

Since 1896, NGFA has represented grain industry members that operate more than 8,000 facilities. This includes farmer-owned cooperatives and multinational grain exporters. Together, we rely on a strong, consistent, and transparent official inspection and weighing system to deliver confidence and value across the global supply chain.

We urge Congress to reauthorize the U.S. Grain Standards Act in a timely and bipartisan manner. Doing so will provide certainty

to farmers, grain handlers, and international customers who depend on the integrity of the U.S. official grain inspection system.

I want to focus on two core issues that are top priorities for our industry in this reauthorization. First, investment in grain grading technology to speed and improve the inspection process; and second, strengthening the emergency waiver authority to ensure continuity and flexibility in grain export inspection services.

The U.S. grain inspection system has long set a global benchmark for quality and reliability. While this basic framework of grain standards has remained stable over time, the international grain market has become increasingly competitive. Thus, our inspection and grading systems must evolve accordingly.

Today, the Federal Grain Inspection Service still relies on legacy technologies for determining grade factors that ultimately influence a commodity's value and fungibility. FGIS must prioritize research, development, and validation of modern grain grading technologies that improve accuracy, speed, and consistency. The agency should actively collaborate with industry and academia to identify innovative tools that can reduce human error and improve grading objectivity.

Furthermore, we believe that new technologies can help the agency drive efficiencies, reduce costs, and address the staffing challenges it faces, all of which ultimately benefit U.S. farmers, agribusiness, and rural economies. We believe the U.S. Department of Agriculture should allocate dedicated resources, both staffing and funding, to expedite this process.

NGFA and its members are ready and willing to partner with USDA and FGIS to pilot and implement new technologies, provided there is a clear pathway for scientific validation, standardization, and eventual deployment. Therefore, we have worked with our partners at the American Association of Grain Inspection and Weighing Agencies and the American Soybean Association, who are also testifying today, on language for the U.S. Grain Standards Reauthorization Act that will provide FGIS with the necessary tools to focus their resources on this important issue. We encourage this Committee to approve this proposal.

The second central area we urge Congress to address is the need for enhanced flexibility in issuing emergency waivers of official inspection requirements during service disruptions. The 2015 reauthorization wisely included provisions requiring FGIS to act transparently when official services are disrupted at export ports due to withdrawal of a service by delegated state agencies.

Let me be clear, the U.S. industry strongly supports the requirement for mandatory official inspection and weighing of export grain. It is fundamental to preserving market integrity and the credibility of our supply chain. But during natural disasters or other *force majeure* events, or in rare instances where buyers and sellers mutually agree to waive inspection due to service disruptions, the Act must allow for pragmatic flexibility. We recommend that Congress revise the Act to clarify the definition of *emergency* and authorize FGIS to issue conditional waivers.

Further, the waiver would be applied provided that the buyer and seller voluntarily agree, the absence of an official inspection does not impair the transaction, and such a waiver would not un-

dermine the objectives of the Act. Establishing transparent and predictable contingency planning for future disruptions would provide exporters, importers, and customers with confidence that the flow of U.S. grains can continue during unexpected challenges without compromising overall integrity of the system.

While I have highlighted two key priorities, we are ready to discuss other elements of the Act, including advisory committee functionality, ensuring timely appointments and maintaining a quorum, clarify use of user fees. We support FGIS's final rule that decoupled Schedule A fees from tonnage-based rolling average fees, we will continue to monitor the impact of the new fees on the industry moving forward. And user fee cap reform—limit the cap to USGSA-regulated commodities.

The U.S. grain inspection system is a foundation of our country's reputation as a reliable agricultural supplier. Timely reauthorization of the U.S. Grain Standards Act, combined with the enhancements we have outlined today, will ensure that our inspection system continues to meet the high expectation of U.S. producers and our global customers.

As Chairman of the NGFA Grain Grades and Weights Committee and on behalf of Cargill and the broader grain industry, I would like to express my sincere appreciation for your oversight and bipartisan leadership on this issue. We look forward to working with you to modernize and strengthen this vital Act.

Thank you for the opportunity to testify, and I welcome your questions.

[The prepared statement of Mr. Friant follows:]

PREPARED STATEMENT OF NICHOLAS R. FRIANT, DIRECTOR, RAW MATERIAL QUALITY AND REGULATORY, CARGILL, INC.; CHAIRMAN, GRAIN GRADES AND WEIGHTS COMMITTEE, NATIONAL GRAIN AND FEED ASSOCIATION, WAYZATA, MN

Chairman Scott, Ranking Member Davids, and Members of the Committee, I am Nick Friant, Director, Raw Material Quality and Regulatory at Cargill and Chairman of NGFA's Grain Grades and Weights Committee. I am pleased to testify today on the very important topic of reauthorizing the U.S. Grain Standards Act (USGSA) on behalf of the National Grain and Feed Association (NGFA), where I serve as Chairman of the Grain Grades and Weights Committee. I have also served several terms as an appointed member of the Federal Grain Inspection Service's (FGIS) Grain Inspection Advisory Committee.

I have been with Cargill for more than 20 years and I provide technical and regulatory compliance assistance on a wide range of issues related to grain quality, handling and inventory for Cargill's operations and merchandizing.

For 160 years, Cargill has been proudly headquartered in the United States, where today we connect 54,000 American farmers and ranchers to domestic and global markets and employ 39,000 people across 39 states. We have operations in 70% of the Congressional districts represented by Members of this Subcommittee and are privileged to play an important role in your communities and local economies.

Globally, Cargill employs 160,000 people in 70 countries, providing food, ingredients, agricultural solutions, and industrial products that help nourish the world in a safe, responsible, and sustainable way. We are proud to connect farmers with markets so they can prosper. And by providing customers with products that are vital for living, we help businesses grow, communities prosper, and consumers live well in their daily lives.

NGFA, established in 1896, consists of grain, feed, processing, exporting and other grain handling companies that operate more than 8,000 facilities that handle grains and oilseeds. NGFA's membership encompasses all sectors of the industry, including country, terminal and export grain elevators; commercial feed and feed ingredient manufacturers; biofuels producers; cash grain and feed merchants; end-users of grain and grain products, including processors, flour millers, and livestock and poul-

try integrators; commodity futures brokers and commission merchants; and allied industries. The NGFA also has a strategic alliance with the North American Export Grain Association. In addition, affiliated with the NGFA are twenty-seven state and regional grain and feed trade associations.

NGFA strongly supports reauthorization of the USGSA to maintain and continually improve the U.S. Official grain inspection system. Our association has a long history of advocating for a Federal Official grain inspection and weighing system. We have worked continuously for over 50 years to encourage continued improvements to this system—and have several recommendations to further enhance it in our testimony today. NGFA also works to improve the broader regulatory and commercial environment to enhance the value, safety, competitiveness and sustainability of U.S. agriculture, and the positive contribution it makes to America's balance of trade and job-creation.

FGIS performs an essential role by establishing, maintaining and updating the Official U.S. grain standards, which are critical to establishing value and price-discovery in the U.S. and global grain and oilseed marketplace. The inspection and other services provided by FGIS, which are funded principally through industry-paid fees, contribute significantly to the marketing and trading of U.S. grains and oilseeds by farmers and other commercial parties. The U.S. grain handling and export system is recognized around the world for its ability to market and provide a competitively priced, fungible, abundant, safe and sustainable commodity supply that is responsive to customer needs.

U.S. competitiveness in global markets, as well as stakeholders ranging from farmers to end-users, benefit when FGIS and its delegated and designated state and private agencies provide state-of-the-art, market-responsive Official inspection and weighing of bulk grains and oilseeds, and do so in a reliable, uninterrupted, consistent and cost-effective manner.

At the outset, I want to state that NGFA aligns itself with, and supports, the testimony being provided here today by the American Association of Grain Inspection and Weighing Agencies whose member companies provide Official inspection and weighing services on behalf of FGIS.

NGFA wishes to begin by expressing its appreciation to Congress—and particularly this Committee—for its leadership in enacting fundamental reforms as part of the 2015 reauthorization of this statute, which set in motion dramatic improvements within FGIS that place our industry and our farmer-customers in a much better position today than we were then, when the reputation of the Official system for providing reliable and cost-effective Official inspection and weighing service was under serious challenge during a service disruption in 2013–2014.

The second major contribution was former Secretary of Agriculture Sonny Perdue's decision as part of his 2017 USDA reorganization plan to extricate FGIS from the Grain Inspection, Packers and Stockyards Administration (GIPSA) and return it to the Agricultural Marketing Service, where it had resided prior to 1994, as well as to install fresh new leadership at the agency.

NGFA strongly supported this aspect of Secretary Perdue's reorganization plan. The merger of FGIS and the Packers and Stockyards Administration into GIPSA during the Clinton Administration had always been an odd fit, since the two agencies have distinctly different missions and functions. FGIS is an agency focused on maintaining grain standards and providing Official inspection and weighing service to facilitate the marketing of U.S. agricultural products under authority provided by both the U.S. Grain Standards Act and the Agricultural Marketing Act, under the latter of which AMS operates. By contrast, the Packers and Stockyards Administration is primarily an enforcement agency operating under a completely different statute (the Packers and Stockyards Act).

In addition, the synergy provided by AMS's administrative support services, development of quality standards, training expertise and experience in operating user-fee-funded services have enhanced FGIS's performance. So, too, has the capable new leadership installed at the agency. Further, the reorganization helped FGIS address problems that occurred over the last decade involving the overall expense and effectiveness of federally mandated FGIS Official grain inspection services by eliminating programmatic redundancies, reducing administrative costs, and providing opportunities for interaction with AMS personnel with a similar mission and focus. We especially want to recognize and commend the dedication of many career public servants within AMS and FGIS for their hard work and commitment in addressing important stakeholder issues during this transition.

While continual improvement is necessary and important for all enterprises, NGFA believes that the service-oriented culture of AMS has had a demonstrable and transformatively positive impact that is serving American farmers and our industry well.

While changes to the USGSA in 2015 and the reorganization of FGIS in 2017 have improved Official inspection and weighing services, NGFA believes there are several additional improvements that can be made to create an even more reliable, competitive and cost-effective system to facilitate the marketing of U.S. grains and oilseeds in export and domestic markets.

NGFA's recommendations consist of the following:

- First, we urge that the USGSA be strengthened by prioritizing the importance of modernizing grain grading technologies to assist FGIS in the research process to improve the accuracy, speed, and consistency of the Official inspection and weighing process.

The U.S. grain inspection system has long set a global benchmark for quality and reliability. However, as the international grain market becomes increasingly competitive, our inspection and grading systems must evolve accordingly.

Today, the FGIS still relies on legacy technologies—some of which date back decades—for determining grade factors that ultimately influence a commodity's value and fungibility. While the basic framework of grain standards has remained stable over time, the tools used to assess quality must keep pace with the demands of modern agriculture and the expectations of international buyers.

FGIS must prioritize research, development, and validation of modern grain grading technologies that improve accuracy, speed, and consistency. The agency should actively collaborate with industry and academia to identify innovative tools—such as enhanced visual imaging systems, rapid chemical analysis, and machine learning-based detection platforms—that can reduce human error and improve grading objectivity. Furthermore, we believe that new technologies can help the Agency drive efficiencies, reduce costs, and address the staffing challenges it faces—all of which ultimately benefit U.S. farmers, agribusinesses, and rural economies.

We believe the USDA should allocate dedicated resources—both staff and funding—to expedite this process. Updating the methods and technologies behind our Official inspections will enhance customer satisfaction, support U.S. export competitiveness, and reduce the long-term costs of service delivery.

NGFA and its members are ready and willing to partner with USDA and FGIS to pilot and implement new technologies, provided there is a clear pathway for scientific validation, standardization, and eventual deployment.

We have worked with our partners at AAGIWA on language for the USGSA that will provide FGIS with the necessary tools to focus their resources on this important issue. We encourage the Committee to approve the proposal.

- Our second recommendation pertains to the need for enhanced flexibility in issuing emergency waivers of Official inspection and weighing requirements during service disruptions.

The 2015 USGSA Reauthorization wisely included provisions requiring FGIS to act transparently when Official services are disrupted at export ports due to the withdrawal of service by delegated state agencies. However, in practice, the implementation of these provisions under 7 *CFR* 800 has been overly restrictive and has not kept pace with operational realities.

The U.S. industry strongly supports the requirement for mandatory Official inspection and weighing of export grain. It is fundamental to preserving market integrity and the credibility of our supply chain. But during natural disasters or other *force majeure* events, or in rare instances where buyers and sellers mutually agree to waive inspection due to service disruptions, the Act must allow for pragmatic flexibility.

We recommend that Congress revise the Act to clarify the definition of “Emergency” and authorize FGIS to issue conditional waivers. Specifically, after the existence of a general emergency is declared, the agency would publicly identify the port(s), terminal(s), or region(s) so affected; and waive the requirements for official inspection and weighing for 7 days or until the general emergency has concluded, whichever occurs first.

Further, the waiver would be applied provided that:

- The buyer and seller voluntarily agree;
- The absence of an official inspection does not impair the transaction;
- And such a waiver would not undermine the objectives of the Act.

Establishing a transparent and predictable contingency plan for future disruptions would provide exporters, importers, and customers with confidence

that the flow of U.S. grain can continue during unexpected challenges without compromising the overall integrity of the system.

- Third, we recommend that the FGIS Grain Inspection Advisory Committee (GIAC) be reauthorized and modifications made to the process for accepting applications and officially announcing new members.

The advisory committee provides counsel to the FGIS administrator on the implementation of the USGSA. It is comprised of members who represent the interests of grain producers, exporters and handlers. NGFA believes the advisory committee serves a worthwhile function by providing expert advice and assistance to FGIS—and helps hold the agency accountable—for fulfilling its core mission of ensuring that Official inspections are performed in a reliable, consistent, cost-effective and uninterrupted manner to facilitate the export of U.S. grains and oilseeds to global customers.

However, delays in approving nominees and failure to have a quorum for official business, limit the effectiveness of the committee and the knowledge and expertise of those that are limited in the time they can participate. Therefore, we propose that a specific time frame for the Secretary to name new committee members—*e.g.*, 90 days—be included in the USGSA. Additionally, we recommend the USGSA allow the option for current GIAC Members to serve until new Members are announced by the Secretary. This provides flexibility for achieving a quorum and conducting business if the nominations process is delayed.

- Fourth, we support FGIS's final rule that decoupled all other Schedule A fees from the rolling average-based tonnage fee. We will continue to monitor the user fee formula that was implemented by the FGIS on January 27, 2025. The formula is the same one used with other AMS agencies but is the first time that it has been used for Official grain inspection services.

Overall, NGFA supported the fee increase but urged the FGIS to take the necessary steps to mitigate the issues that could lead to significant fee increases moving forward. FGIS acknowledged that they supported the comments and are addressing the concerns raised.

FGIS published an interim rule in the *Federal Register* on June 6, 2024 establishing revised fees for official services performed by FGIS and requesting comments. The revised fees announced in the interim rule became effective on July 8, 2024. On December 27, FGIS published a *final rule* that adopts the fees established by the interim rule without change and responds to the comments submitted by NGFA.

The hourly contract rate increased from \$41.20 to \$65, and the non-contract rate increased from \$73 to \$93.30. The contract rate for weekends and overtime increased from \$49.10 to \$81.30. The non-contract rate increased from \$73 to \$116.60. With the increased revenue, as well as the continued implementation of cost-saving measures, FGIS “projected” positive revenue and a positive operating reserve balance by the end of FY24. Based on the interim final rule and the increase Officially inspected grain, FGIS completed FY24 with a 1 month operating surplus of \$3.5 million. Further, FY24 Officially inspected grain reached 108mmt, a 12 percent increase from the previous year. The current revenue for FY25 is projected at \$38M. Prior years revenue was around \$30M.

All official USGSA services are financed by user fees, with the Federal portion of fee revenue maintained in an operating reserve (OR) fund. Activities such as developing grain standards and procedures for measuring quality are financed through Congressional appropriations (management level salaries are also covered by appropriated funds). Currently, 70 percent of FGIS's budget is based on user fees while the other 30 percent is covered through appropriated funds. In addition, there is a \$55 million cap on these user fees that is maintained annually through Congressional appropriations. This means that FGIS cannot exceed \$55 million in expenses unless the Secretary of Agriculture makes a formal request to Congress. Therefore, any increase in expenses to perform official services counts against the user fee cap. In addition, the user fee cap includes work that FGIS does in inspecting rice and lentils which is regulated by the Agricultural Marketing Act, not the USGSA.

The USGSA provides FGIS with the authority to charge and collect reasonable fees to cover the cost of performing official services. In 2015, the USGSA was amended by the Agriculture Reauthorizations Act of 2015, to require FGIS to adjust annually the export grain inspection and weighing fees when the operating reserve (OR) is less than or more than 4½ months of operating expenses. The amendments also instructed the Program to adjust tonnage fees on an annual basis using a rolling 5 year average of export tons.

NGFA led the efforts to amend the USGSA in 2015. NGFA believed that the rolling 5 year average in tonnage fee calculations would result in predictable tonnage rates that will accurately reflect and gradually adjust to changing national and local tonnage volumes. Since the change to the fee structure, the national tonnage fees have decreased significantly while exports have increased which was the original intent. In addition, since the tonnage fee rates are directly impacted by FGIS's national and field office administrative costs, FGIS administrative cost reductions have also helped to lower the fees.

The significant increases in hourly contract rates and other Schedule A fees, not tonnage fees, paid by industry are unsustainable. User fees should be predictable and market-based to provide enough funding and properly reflect the work performed. We encourage the FGIS to continually monitor the fee formula, maintain transparency with industry and be flexible in streamlining the process to make changes when applicable.

- Fifth, and finally, we recommend that the USGSA-related expenses should only apply to the user fee cap. Each year, Congressional Appropriations Committees set a cap on how much of the industry-funded user fees can be spent on FGIS's inspection and weighing services—currently set at \$55 million. The user cap covers commodities that fall under the scope of both the USGSA (*e.g.*, corn, wheat and soybeans) as well as the Agricultural Marketing Act, or AMA, (*e.g.*, rice and pulses).

The additional expenses for AMA commodities has limited the amount of resources that can be spent on administrative costs to improve grading and inspection services, *e.g.*, technology related to the USGSA. This cap should exclude AMA crops since most fees are used to cover expenses for services on USGSA commodities.

Conclusion

The grain storage, handling and export industry specializes in the logistics of purchasing the commodities a farmer grows and finding a market for it here at home or in global markets. In serving this role, our industry relies on FGIS and its delegated and designated state and private agencies to provide competent, state-of-the-art and reliable Official inspection, weighing and related services for which the industry pays to facilitate the efficient and cost-effective marketing of U.S. grains and oilseeds.

NGFA believes our legislative recommendations to amend the USGSA will strengthen the Official inspection and weighing system, foster the competitive position of U.S. grains and oilseeds in world markets, and maintain the integrity of Official inspection results. In addition, reauthorizing the USGSA on schedule—or even a bit early—would provide continued certainty to grain handlers, farmers and our global customers. NGFA is committed to working constructively with Congress to enact policies that achieve these positive outcomes.

Thank you for the opportunity to testify. I am pleased to respond to questions you may have.

The CHAIRMAN. Thank you. Ms. Mikes.

STATEMENT OF KIA MIKESH, PRESIDENT, AMERICAN ASSOCIATION OF GRAIN INSPECTION AND WEIGHING AGENCIES; VICE PRESIDENT, NORTH DAKOTA GRAIN INSPECTION SERVICE INC., FARGO, ND

Ms. MIKESH. Good morning. Thank you, Chairman Scott and Ranking Member Davids, as well as Chairman Thompson and Ranking Member Craig, for prioritizing this important issue and working together to hold this bipartisan hearing. My name is Kia Mikes. I am privileged to serve as President of the American Association of Grain Inspection and Weighing Agencies, or AAGIWA. I am also the Vice President of North Dakota Grain Inspection, the third generation of my family to help lead the business.

AAGIWA's members are agencies delegated and designated by USDA's Federal Grain Inspection Service to weigh and inspect the nation's grain. From the public agencies, such as the State Departments of Agriculture of Washington, Missouri, Alabama, or North

Carolina, to private agencies like my own, AAGIWA's members work alongside USDA's FGIS to provide essential support to the agricultural economy. The U.S. Grain Standards Act authorizes this unique public-private partnership to carry out its uniform standards and export grain inspection mandate.

While FGIS and certain state agencies weigh and inspect every load of grain on an export vessel, state and private agencies will conduct nine times as many inspections before grain ever reaches port. At all hours of the day and night, our inspectors are at railyards, grain elevators, and in the lab. Yes, we work to maintain trust in U.S. grain contracts, but we are also testing for toxins harmful to Americans and our livestock herds. The export inspection mandate underlies official inspection, but it also allows a uniform voluntary inspection system to provide trust in U.S. grain, no matter whether it is destined for export or for domestic feed, food, or biofuels production. The significance of this system might not be obvious, but it helps explain why America remains the world's leading agricultural exporter.

Before the 1976 Act (Pub. L. 94-582, United States Grain Standards Act of 1976), our grain markets were inefficient, even chaotic. Markets did not trust U.S. grades and weights, which meant that producers and agribusinesses earned lower prices abroad than their grain was really worth. Today, thanks to official inspection, U.S. grain standards and quality are the gold standard of the world. Buyers will pay a premium for American grain, giving our farmers and exporters a critical competitive edge.

American standards are the universal reference for grain contracts. Even transactions that never touch our country rely on them. Our system is so successful that changes to the Act should always be weighed cautiously, but the Committee should also know that cracks are beginning to show, and maintenance is required.

Grain inspection has relied on the same basic technology for 100 years. As the ag supply chain has become more efficient, inspection remains reliant on an ever-shrinking pool of highly trained human inspectors. It is time- and personnel-intensive. The lack of technological advancement is creating unnecessary costs to taxpayers, exporters, producers, and our own agencies. We have become the bottleneck. Without new technology, the consequences could be stark. The rigorous standards that were yesterday's privilege will be tomorrow's burden, simply because we lack modern tools to implement them efficiently.

On the other hand, the efficiencies reaped by grain inspection technology would reduce costs in the food supply chain and the direct cost to taxpayers of maintaining the inspection system. The barriers of new technology reflect the fact that FGIS and official agencies have a near monopoly on the data and expertise necessary to develop the technology, but we are not R&D agencies nor venture capitalists. We need to be able to work flexibly with the private-sector to find solutions to our unique problems and foster the conditions necessary for investors to take risks in our field.

FGIS's dedicated staff have made a heroic effort to advance technology, but they need more than resources. They need flexibility that reflects the realities of the unusual small market for inspection technology. I urge the Committee to reauthorize the Act with

a modest toolbox of new authorities for FGIS to speed technology development.

Specifically, Congress should clarify in the statute that FGIS may leverage official agencies for R&D, provide other transactions authority for inspection technology research and development, and establish a modest dedicated funding account through user fees and appropriations to support the evaluation and deployment of new technology. With these tools, FGIS can coordinate flexible partnerships with research institutions, technology developers, official agencies, and the grain trade so that promising technologies can be developed outside government, validated in the real world, and approved quickly once they reach FGIS. This reauthorization is an opportunity to modernize the most trusted inspection system in the world, ensuring it remains competitive, cost-effective, and resilient.

I want to thank the Committee for recognizing the urgency of this issue and for your ongoing support of American agriculture and the inspection system that underpins it. I look forward to your questions.

[The prepared statement of Ms. Mikesch follows:]

PREPARED STATEMENT OF KIA MIKESH, PRESIDENT, AMERICAN ASSOCIATION OF GRAIN INSPECTION AND WEIGHING AGENCIES; VICE PRESIDENT, NORTH DAKOTA GRAIN INSPECTION SERVICE INC., FARGO, ND

Good morning. Thank you Chairman Scott and Ranking Member Davids, as well as Chairman Thompson and Ranking Member Craig, for prioritizing this important issue, and working together to hold this bipartisan hearing.

My name is Kia Mikesch. I am privileged to serve as President of the American Association of Grain Inspection and Weighing Agencies (AAGIWA). I am also the Vice President of North Dakota Grain Inspection—the third generation of my family to help lead the business.

AAGIWA's members are agencies delegated and designated by USDA's Federal Grain Inspection Service (FGIS) to weigh and inspect the nation's grain.

From the public agencies—such as the State Departments of Agriculture of Washington, Missouri, Alabama, or North Carolina—to private agencies like my own, AAGIWA's members work alongside USDA's FGIS to provide essential support to the agricultural economy. The U.S. Grain Standards Act authorizes this unique public-private partnership to carry out its uniform standards and export grain inspection mandate.

While FGIS and certain state agencies weigh and inspect every load of grain on an export vessel, state and private agencies will conduct nine times as many inspections before grain ever reaches port. At all hours of the day and night, our inspectors are at railyards, grain elevators, and in the lab. Yes, we work to maintain trust in U.S. grain contracts, but we're also testing for toxins harmful to Americans and our livestock herds. The export inspection mandate underlies official inspection, but it also allows a uniform *voluntary* inspection system to provide trust in U.S. grain, no matter whether it is destined for export or for domestic feed, food, or biofuels production.

The significance of this system might not be obvious, but it helps explain why America remains the world's leading agricultural exporter.

Before the 1976 Act, our grain markets were inefficient, even chaotic. Markets did not trust U.S. grades and weights, which meant that producers and agribusinesses earned lower prices abroad than their grain was really worth.

Today, thanks to official inspection, U.S. grain standards and quality are the gold standard of the world. Buyers will pay a premium for American grain, giving our farmers and exporters a critical competitive edge. American standards are the universal reference for grain contracts—even transactions that never touch our country rely on them.

Our system is so successful that changes to the Act should always be weighed cautiously. But the Committee should also know that cracks are beginning to show, and maintenance is required.

Grain inspection has relied on the same basic technology for one hundred years. As the ag supply chain has become more efficient, inspection remains reliant on an ever-shrinking pool of highly-trained human inspectors. It's time and personnel intensive. The lack of technological advancement is creating unnecessary costs to taxpayers, exporters, producers, and our own agencies—we have become the bottleneck.

Without new technology, the consequences could be stark. The rigorous standards that were yesterday's privilege will be tomorrow's burden, simply because we lack modern tools to implement them efficiently.

On the other hand, the efficiencies reaped by grain inspection technology would reduce costs in the food supply chain and the direct cost to taxpayers of maintaining the inspection system.

The barriers to new technology reflect the fact that FGIS and official agencies have a near-monopoly on the data and expertise necessary to develop technology, but we are not R&D agencies nor venture capitalists. We need to be able to work flexibly with the private-sector to find solutions to our unique problems and foster the conditions necessary for investors to take risks on our field.

FGIS's dedicated staff have made a heroic effort to advance technology. But they need more than resources—they need flexibility that reflect the realities of the unusual, small market for inspection technology.

I urge the Committee to reauthorize the Act with a modest toolbox of new authorities for FGIS to speed technology development. Specifically, Congress should clarify in the statute that FGIS may leverage official agencies for R&D, provide Other Transactions Authority for inspection technology research and development, and establish a modest, dedicated funding account—through user fees and appropriations—to support the evaluation and deployment of new technology.

A Technology Toolbox for FGIS

Authorizing Research Activities by Official Agencies

The objective of authorizing research activities by official agencies would be to resolve regulatory uncertainty that slows data collection in grain inspection technology development.

- Under current regulation, Official agencies cannot use unapproved inspection methods under any circumstances. The intent of the existing restriction in CFR 800.76 is well-meaning and a straightforward application of the Act's intent. But the regulation did not anticipate the need to leverage the whole official inspection network for technology development—these technologies often require an enormous volume of data, and collecting such data is a key bottleneck in the speed of developing technologies.
- Permitting the use of the whole network would exponentially increase the pace of data collection. It is unclear under current law if FGIS has the authority to except R&D purposes from the restriction—an outcome universally supported by stakeholders. The proposed provisions are essentially technical correction that would resolve the uncertainty.

We recommend two changes toward this objective:

- 7 U.S.C. 87(e) of the United States Grain Standards Act currently authorizes the Secretary of Agriculture to conduct a continuing research program, in cooperation with other agencies within the Department of Agriculture, aimed at improving the accuracy and uniformity of grain grading methods. Additional language would explicitly authorize the Federal Grain Inspection Service (FGIS) to engage official agencies in its research and development efforts.
- Additionally, positive language could be included to clarify that official inspection agencies may use unofficial inspection methods solely for research and development purposes, but not for issuing official inspection certificates.

Other Transactions Authority

Lawmakers have long acknowledged that the constraints required of grants, cooperative agreements, and contracts, which are heavily regulated and are not always fit for small-scale technology development. Congress has situationally carved out innovation initiatives from these onerous requirements, authorizing lean and nimble research and development partnerships—called “Other Transactions.”

AAGIWA recommends the inclusion of Other Transactions Authority (OTA) to permit FGIS to enter into flexible research and development agreements led by the private-sector with the facilitation and assistance of FGIS:

- OTA enables FGIS to pursue unconventional, outcome-driven agreements not governed by traditional procurement or cooperative agreement regulations.

- This tool is important for engaging vendors outside the usual Federal contractors (which is most potential inspection technology developers) and accelerating experimentation.
- This provision does not require FGIS to assume development risk but enables it to support innovative partnerships where appropriate.

Grain Inspection Technology and Efficiency Fund

The Committee should consider establishing a dedicated fund to support innovation in grain inspection technology. The benefit of such a fund would be to:

- Hold multi-year or non-expiring appropriations and limited user fee funds;
- Allow outlays to follow the technology cycle rather than the fiscal year;
- Ensure that technology development expenditures need not compete for resources with the day-to-day activities of FGIS.

One such model could be a “Grain Inspection Technology and Efficiency Fund:”

- Provide authorization for additional appropriations of \$5 million annually for FY 2026–2030;
- Additional funding flexibility could be granted through permissive use of other appropriated dollars and up to 5% of user fees collected in the prior fiscal year, allowing the investment of excess collections from exporters after FGIS has met its reserve requirements;
- The fund would support the use of current personnel and short-term experts on technology evaluation, and provide funding for incentives, financing, or other resources useful to other transactions or cooperative agreements for research, development, and implementation of grain inspection technologies.

Conclusion

With these tools, FGIS can coordinate flexible partnerships with research institutions, technology developers, official agencies, and the grain trade—so that promising technologies can be developed outside government, validated in the real world, and approved quickly once they reach FGIS.

Other Recommendations

AAGIWA is aligned with and supports the testimony provided by the National Grain and Feed Association (NGFA). AAGIWA supports NGFA’s proposals on:

- The definition of a new category of emergency to address major disruptions to grain inspection.
- Amendments to the Grain Inspection Advisory Committee.
- Decoupling Schedule A fees from the rolling average-based tonnage fee.
- Applying the user fee-cap only to USGSA expenses.

Conclusion

AAGIWA believes that these changes would improve the grain inspection system and enhance the significant value it provides to American agriculture. I want to thank the Committee for the opportunity to testify, for recognizing the urgency of this issue, and for your ongoing support of American agriculture and the inspection system that underpins it.

I look forward to your questions.

The CHAIRMAN. Thank you. Mr. Walton from the great State of Iowa, 5 minutes, please.

STATEMENT OF DAVE WALTON, SECRETARY, AMERICAN SOYBEAN ASSOCIATION, WILTON, IA

Mr. WALTON. Thank you. Good morning, Chairman Scott, Ranking Member Davids, and distinguished Members of the House Agriculture Subcommittee on General Farm Commodities, Risk Management, and Credit. It is an honor to join you today to testify on behalf of the American Soybean Association regarding this Committee’s review of the U.S. Grain Standards Act.

My name is Dave Walton, and I am a soybean farmer from Iowa. I also have the privilege of serving as Secretary of ASA, which represents U.S. soybean farmers across 30 main soy-producing states.

Soybeans are the largest ag export in the U.S., and a robust international trade is a priority of our industry. Market access and relationship maintenance would not be possible if it were not for the trusted and reliable grain inspection and marketing efforts undertaken by the Agricultural Marketing Service's Federal Grain Inspection Service, as authorized by this U.S. Grain Standards Act.

For most soybean farmers, our sole interaction with FGIS designated or delegated agencies and the U.S. grain standards are at our local elevator. When I deliver my soybeans to the elevator, they are then tested, sorted, and consolidated into larger lots for eventual shipment. The grain standards determine the price a farmer like me receives for their soybeans at the elevator, and I know the official grain grades provide our international customers with the knowledge that the commodity they receive has been assessed for quality, purity, moisture, and soundness.

Recently, the industry conducted a series of conversations with stakeholders across the soybean sector, including farmers, inspectors, regulators, exporters, and international buyers, about the value and perception of FGIS and the U.S. grain standards. While the full results are still being evaluated, initial feedback shows that the value of the U.S. grain standards and the Federal inspection is extremely high for the soybean exports value chain and our international customers. Global customers consider FGIS the international gold standard for grain grading. Inspections carry the weight of the U.S. Government, creating peace of mind for international customers and providing impartiality that private inspections may lack.

Additionally, the standards are simple, and the customers rely on that simplicity to mitigate risk. The ability to effectively hedge risk through the futures market is a key differentiator for U.S.-origin soybeans. The longstanding simplicity and consistency of U.S. grain standards have allowed for the development of extensive futures markets for U.S. products that promote true price discovery.

The U.S. soybean industry has a strong relationship with FGIS, and when issues arise, we can address them in a manner that meets the needs of U.S. farmers while maintaining the integrity of the standards. Most recently, the U.S. soy industry worked with FGIS to review and remove soybeans of other color, or SBOC, as an official grade-determining factor under the U.S. standard for soybeans. This was due to rising occurrences of SBOC resulting from a new soybean seed variety that had a tendency to produce off-color seed coats. This had no impact on the soybean's protein or oil content, but farmers were being penalized because of the seed coat color.

In response to rising levels of SBOC, FGIS conducted a study on the functionality of protein and oil content of the soybean samples containing varying amounts of SBOC. The results found that there was no significant differences in the protein or oil content as compared to samples not containing SBOC. However, marketing concerns still remained, and FGIS took multiple meetings with industry, solicited feedback, and provided notice of proposed rulemaking to remove SBOC from the U.S. standards for soybeans.

In July of 2023, a final rule was issued removing SBOC as a grade-determining factor for soybeans, a win for soybean farmers,

an example of this industry collaboration that we seek. Changing the standard for soybeans benefited farmers, exporters, and international customers by providing additional clarity and ensuring our trading partners knew that no matter what, they were still receiving the soybeans that they required.

Reauthorization of the U.S. Grain Standards Act is vital for the continued success of U.S. soy in the international marketplace. On behalf of ASA, I thank the Subcommittee for their timely attention to the expiring provisions of the U.S. Grain Standards Act. We appreciate the opportunity to share the importance of the Federal grain inspection system and look forward to working with this Committee to reauthorize the Grain Standards Act this year.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Walton follows:]

PREPARED STATEMENT OF DAVE WALTON, SECRETARY, AMERICAN SOYBEAN ASSOCIATION, WILTON, IA

Introduction

Good morning, Chairman Scott, Ranking Member Davids, and Members of the House Agriculture Committee General Farm Commodities, Risk Management, and Credit Subcommittee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding the reauthorization of the U.S. Grain Standards Act. My name is Dave Walton. I am a soybean farmer from Wilton, Iowa, where I grow soybeans, corn, alfalfa, grass hay, and raise beef cattle and sheep alongside my wife and sons. I serve as Secretary of the American Soybean Association (ASA) and am also a member of the ASA Executive Committee. Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in the 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's No. 1 export crop, and a by-the-numbers look demonstrates the value of the soybean industry to our domestic economic health. The U.S. Department of Agriculture (USDA) reported 86 million acres of soy were harvested in 2024, with production of 4.4 billion bushels. Soybean production accounts for more than \$4 billion in wages and over \$80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Check-off and National Oilseed Processors Association (NOPA). This economic impact does not include secondary soy markets and supporting industries like biofuels, grain elevators, feed mills, ports, rail, refining, barges, *etc.*, which bring the national total economic impact of the soybean value chain to a significant \$124 billion.

Soybeans are the largest agricultural export in the U.S., and robust international trade is a priority of the U.S. soybean industry. In conjunction with our partners at the U.S. Soybean Export Council (USSEC), the World Initiative for Soy in Human Health (ASA-WISHH), USDA, and the Office of the U.S. Trade Representative (USTR), our industry is working actively across the world to open new markets and introduce new customers to the value of high quality, high protein U.S. soy. Opening new markets is just the beginning: Markets require time, attention, and long-term relationship maintenance to ensure that once a market is open to U.S. soybean exports, access remains unhindered.

Market access and relationship maintenance would not be possible if it were not for trusted and reliable grain inspection and marketing efforts undertaken by the Agricultural Marketing Service's (AMS) Federal Grain Inspection Service (FGIS) as authorized by the U.S. Grain Standards Act of 1916 (since amended). The Act authorized FGIS to establish official marketing standards for certain grains and oilseeds, including soybeans, corn, oats, wheat, and sorghum, among others. Prior to export, inspections are carried out by FGIS or by state agencies that have delegated inspection authority by FGIS.

FGIS offers specialized testing in addition to standard grading offered by inspectors. These tests can vary by commodity, and include aflatoxin testing for corn, testing oil content in soybeans, and protein content in wheat. Inspectors also conduct cargo inspections to ensure grain vessels are free from contamination, ensuring U.S.

grain reaches its international customers at the same high-quality it was when it left the U.S.

For most soybean farmers, our sole interaction with FGIS, designated or delegated agencies, and the U.S. grain standards are at our local grain elevator. When I deliver my soybeans to the elevator, they are then tested, sorted, and consolidated into larger lots for eventual shipment. The grain standards determine the price a farmer receives for their soybeans at the elevator, and I know the official grain grades provide our international customers with the knowledge that the commodity they receive has been assessed for quality, purity, moisture, and soundness.

The official standard for U.S. soybeans includes the following:

1. U.S. Grades No. 1 to 4 (1 being highest quality) are based on:
 - a. Test weight (52–60 pounds/bushel)
 - b. Damaged kernels (2–8%)
 - c. Foreign material (1–5%)
 - d. Splits (10–30%)

Additional grading factors can include moisture and oil content for processing into vegetable oil and soybean meal. Grain grades are a true vector for price discovery due to their influence over the marketability for U.S. soybeans and other commodities.

Recently, the industry conducted a set of conversations with stakeholders across the soybean sector (including farmers, inspectors/regulators, exporters, and international buyers) about the value and perception of FGIS and the U.S. grain standards. While the full results from those conversations are still being evaluated, initial feedback shows that the value of the U.S. grain standards and Federal inspection is extremely high for the soybean exports value chain and our international customers. A few highlights of these conversations include these themes:

Trust: Global customers consider FGIS the “gold standard” internationally for grain grading. Inspections carry the weight and impartiality of the U.S. Government, creating peace of mind for international customers and providing impartiality that private inspections may lack. Customers in export markets trust that when they receive a shipment of U.S. soybeans, they are receiving a high-quality, inspected product because of the services provided by FGIS. Furthermore, this trust is reinforced by the transparent and impartial appeal system available through FGIS. Samples are retained by FGIS for 90 days, allowing any disputes between customers to be resolved by an independent board. U.S. customers can also file complaints and note discrepancies in grades through U.S. embassies throughout the world, further reinforcing the integrity of U.S. grain standards and FGIS’s services with U.S. soy customers[.]

Consistency: The standards established and carried out by FGIS are simple, and customers rely on that simplicity to mitigate risk. The ability for buyers and sellers to effectively hedge risk through futures markets is a key differentiator for U.S. origin soybeans. FGIS’s standards and their simplicity and consistency over time have allowed for the development of extensive futures markets for U.S. products that promote price discovery and liquidity. These markets benefit the entire supply chain, from farmers to end-users, and are underwritten by the grade factors developed by FGIS.

FGIS’s quality controls also ensure that when trading partners in Japan place an order for No. 1 soybeans in November, and another order for that same grade soybeans in February, both orders—despite being placed months apart—will comprise of soybeans graded to the grade standard for No. 1 yellow soybeans.

When asked about what would happen should the U.S. grain standards no longer be in place, the most common answer was “chaos.” Ultimately, our strong grain standards, backed by the force and weight of the U.S. Government, are one of the strongest reputational enhancements available to U.S. soybean farmers.

The U.S. soybean industry has a strong relationship with FGIS, and when issues arise, we can address them in a manner that meets the needs of U.S. farmers while maintaining the integrity of the standards. As part of its duties, AMS regularly reviews grain standards to ensure they are able to effectively meet the marketing needs of the grain trade, and groups like ASA regularly engage with AMS when our industry faces issues regarding the standard.

Prior to 2023, USDA maintained “soybeans of other colors,” or SBOC, as an official grade-determining factor under the U.S. Standard for Soybeans. The seed coat of a soybean can naturally vary in color based on a variety of reasons, and the grading standard allowed for a certain percentage of SBOC within the soybean standards. For example, U.S. No. 1 soybeans could have up to 1% SBOC, U.S. No. 2 soybeans up to 2%, *et cetera*.

However, occurrences of SBOC began to rise in 2021, and in 2022 hit levels that had not been seen before in the modern era. This was due to adoption of a new seed variety by many farmers across the U.S. This new variety is extremely popular and has proven to combat herbicide-resistant weeds. An unexpected side effect of this new soybean seed variety was the occasional occurrence of off-color seed coats. In response to rising levels of SBOC, FGIS conducted a study on the functionality of protein and oil content of soybean samples containing amounts of SBOC. The results found no significant differences in the protein or oil content as compared to samples not containing SBOC.¹

However, marketing concerns remained, and FGIS took multiple meetings with industry, solicited feedback, and provided notice and comment on a proposed rule to remove SBOC from the U.S. Standard for Soybeans. In July 2023, a final rule was issued removing SBOC as a grade-determining factor for U.S. soybeans—a win for soybean farmers and an example of industry collaboration. Changing the U.S. Standard for Soybeans benefited farmers, exporters, and international customers by providing additional clarity and ensuring our trading partners knew that no matter what, they were still receiving the soybeans they wanted.

Reauthorization of the U.S. Grain Standards Act is vital for the continued success of U.S. soy in the international marketplace. As industry noted in a letter to the Senate during the 2020 reauthorization process, international buyers place a premium on the U.S. inspection service, which helped U.S. farmers maintain some competitiveness despite the negative impact of tariffs on exports. In 2025, we are again seeing negative tariff impacts on exports, and the value provided by FGIS and our grain inspection system can help keep our exports competitive.

On behalf of U.S. soybean farmers, I thank the Subcommittee for their timely attention to the expiring provisions of the U.S. Grain Standards Act. We appreciate the opportunity to share the importance of the Federal grain inspection system. ASA looks forward to working with this Committee to reauthorize the Grain Standards Act this year.

Thank you again for your attention to this matter, and I look forward to your questions.

The CHAIRMAN. Thank you, Mr. Walton.

Dr. Donnelly, please begin when you are ready.

STATEMENT OF KEVIN J. DONNELLY, Ph.D., PROFESSOR EMERITUS, DEPARTMENT OF AGRONOMY, KANSAS STATE UNIVERSITY, MANHATTAN, KS

Dr. DONNELLY. Chairman Scott, Ranking Member Davids, and Members of the Subcommittee, thank you for the opportunity to testify. I am Dr. Kevin Donnelly, Emeritus Professor of Agronomy at Kansas State. My experience with the U.S. Grain Standards Act is through my teaching, so I will offer a different perspective since I am not directly involved with grain handling, merchandising, or processing. I am most familiar with the FGS standards and inspection process, which is the focus of my grain grading course, the crops contests that I have trained students for, and the workshops that I conduct for the International Grains Program at K-State. I also own a farm in central Kansas, so I know how important reliable and consistent grain standards are for our producers.

I have been interested in grain quality since my 4-H and FFA days exhibiting grain samples at the county fair, so as a professor, I have tried to integrate crop quality topics into several of my agronomy courses. In the Grain Science Program at K-State, we offer three very unique degrees in milling, feed, and bakery science. Graduates typically enter industries with a vested interest in quality as end-users of grain. Agronomy students learn how environmental and management practices affect the quality of grains pro-

¹ USDA, Agricultural Marketing Service. (2022). “Study of Soybeans of Other Colors and the Impact on End-Use Functionality in 2021–2022 Market Samples.” (Link: <https://www.ams.usda.gov/sites/default/files/media/FGISSBOCStudy.pdf>)

duced, which may in turn impact the grade and price received by the farmers, as noted by Mr. Walton. So although most of our students do not take specific courses on the subject or become grain inspectors, we strive to incorporate some knowledge of the Federal grain standards into our curricula, especially for these majors.

As mentioned, the system is also called the gold standard. What that means is that it provides benefit to producers, handlers, merchandisers, processors, exporters, importers, and end-users of grain. It also determines the manner in which grain is segregated, stored, handled, and transported along the supply chain. As I interact with foreign visitors enrolled in the IGP courses at K-State, I have found them eager to understand how our integrated system of impartial third-party inspection functions. A visit to the National Grain Center is generally included in these courses to showcase FGIS activities which maintain the integrity of our export markets.

FGIS standards typically describe physical characteristics of grain, such as test weight, damaged kernels, foreign material, *et cetera*. Factors and factor limits differ for each crop and reflect the levels of soundness and purity consistent with typical end-uses. The system provides a basis for marketing that can include quality specifications, and the FGIS official inspection certificate then provides validation of the actual quality and weight of grain loaded. Although not required for the official grade, FGIS also provides many other quality tests upon request, such as mycotoxins or chemical residues and composition factors such as oil or protein that may impact end-use.

Most of the Act is permanently authorized as noted, but several provisions expire in September. It is critical that we maintain the ability of FGIS to continue its functions and not allow a lapse that could disrupt grain exports so critical to our trade balance.

My peer witnesses have offered some recommendations to consider as you develop legislation for reauthorization, which I support. As already noted, there is a strong focus on advancing technology-driven solutions to reduce costs and improve efficiency. An example that I might relate from my personal experience is the potential use of imaging to facilitate inspection. Our FGIS personnel pass rigorous tests and undergo extensive continuing training to ensure inspection accuracy. I know from training my crops team that is a very challenging and tedious process. Many of them become very good at it and can well transition into a grain inspection position, but still very few of them aspire to do that.

Although visual inspection has served the system very well for many years, advanced imaging technology may be able to give equal or even better inspection results and could help meet limited workforce challenges in the future. Incorporating more technology might also make careers in grain inspection more attractive to young people. If their focus can be first on the interest in technology rather than tedious inspections or crawling around taking samples on top of a barge, they may be more interested in entering the profession.

I strongly encourage you to move forward promptly with reauthorization of the U.S. Grain Standards Act to avoid a lapse, including the proposed provisions that will further enhance the Act.

A more detailed version of my testimony will be included in the record. Thank you for the opportunity to testify today.
[The prepared statement of Dr. Donnelly follows:]

PREPARED STATEMENT OF KEVIN J. DONNELLY, PH.D., PROFESSOR EMERITUS,
DEPARTMENT OF AGRONOMY, KANSAS STATE UNIVERSITY, MANHATTAN, KS

Chairman Scott, Ranking Member Davids, and Members of the Subcommittee, thank you for the opportunity to testify today. I am Dr. Kevin Donnelly, Emeritus Professor of Agronomy at Kansas State University. My experiences related to the U.S. Grain Standards Act (USGSA) are through my university teaching career, so I offer a bit different perspective than the other witnesses, since I am not directly involved with grain handling, merchandizing or processing. I am most familiar with application of the Official U.S. Standards for Grain and the FGIS inspection process, as that is the focus of what I have taught in my grain grading course, the crops team contests that I have trained students for, and the workshops that I direct for the International Grains Program at Kansas State. I also own a farm in central Kansas, so I also know how important reliable and consistent grain quality standards are for our producers.

I have long been interested in grain quality, probably stemming from my 4-H and FFA days when my projects involved crop production, and I started exhibiting grain samples at the county fair. As a college professor, I have integrated crop quality topics into several of my courses. We offer three unique degree programs in Grain Science at Kansas State (Milling Science and Management, Feed and Pet Food Science, and Bakery Science and Management). These programs produce graduates that typically enter industries with a vested interest in quality characteristics as end-users of grain and oilseeds. Agronomy students who enter farming or consulting jobs need to understand how environmental and management practices impact the quality of grains produced and delivered to market, which may impact the grade and price received. Although most of our students do not take specific courses on the subject, nor become grain inspectors, we strive to incorporate at least some knowledge of the Federal grain standards into our curricula at Kansas State, especially in these majors.

The United States Grain Standards Act originally passed in 1916, and as amended since, authorizes the Federal Grain Inspection Service to establish uniform standards for grain and oilseed quality, regulate grain handling practices, and manage a network of Federal, state, and private laboratories that provide impartial official inspection and weighing services. For over a century, the USGCA has provided the foundation for quality assessment of grains and oilseeds.

In 1976, to address some issues with export inspections, FGIS was established, and increased the role and oversight provided by Federal inspectors. Today, the system is often called the "gold standard" for grain quality assessment that assures uniform and consistent standards are applied for the benefit of producers, handlers, merchandisers, processors, exporters, importers, and end-users of grain. It also determines the manner in which grain is segregated, stored, handled and transported along the supply chain.

As I have interacted with foreign visitors from across the globe enrolled in short courses with our International Grains Program at Kansas State, I have found them eager to understand how our integrated system of impartial, third-party inspection functions. A visit to the National Grain Center in Kansas City is generally included in these courses to showcase FGIS quality assurance and science and technology activities and give them more confidence in the integrity of the system. The USGSA is critically important to maintain the integrity of our export markets, especially with ongoing international trade negotiations.

The USGSA requires that all exported grains and oilseeds be officially weighed and inspected. Domestically marketed grain and oilseeds are often officially inspected, but are not required to be. Export inspections must be completed only by FGIS inspectors or FGIS supervised state inspection agencies, called delegated official inspection agencies. Domestic official inspections are predominately done by FGIS supervised state agencies or private companies, called designated official inspection agencies.

FGIS standards describe physical characteristics (such as test weight, damaged kernels, foreign material, broken kernels, defects, *etc.*), market class, special grades and dockage as appropriate. Grade-determining factors and factor limits differ for each crop, and reflect levels of soundness and purity consistent with typical end-use of the crop. Under the USGSA, FGIS establishes and maintains official standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed,

triticale, wheat, and mixed grain. This system provides a basis for contract marketing by allowing sellers and buyers a reliable and consistent measure of quality to value commodities, and the FGIS official inspection certificate provides validation of the actual quality and weight of the grain loaded for domestic delivery or export.

Although not required for the official grade, FGIS also provides many other quality assessments upon request, including sanitary factors such as mycotoxins or chemical residues and composition factors such as oil, protein or starch that impact nutritional value and end-use functionality. These factors are often very critical in domestic or international marketing. In addition, numerous other agricultural and food commodities not covered by the USGSA are assigned to FGIS for standardization, classing, inspection, grading, sampling, or testing.

Official inspection and weighing services are provided based on user fees. Per recent amendments to the USGSA, federally collected fees can only be used for activities directly related to the performance of inspection and weighing services. Costs for activities such as developing grain standards and or new procedures for measuring quality must use Federal appropriations.

Most of the USGSA is permanently authorized, including mandatory inspection and weighing of exported grain, as well as authority to amend the grain standards. However, several provisions expire in September of 2025, including a number that were added during the past two reauthorizations in 2015 and 2020. Those include the authority for USDA to collect fees to fund official inspections, a cap on administrative and supervisory costs, and continued authorization of the Grain Inspection Advisory Committee. It is critical that we maintain the ability of FGIS to continue performing its functions and not allow a lapse in authorization that could disrupt the grain inspection and weighing program, and grain exports so critical to our trade balance.

Your witnesses representing organizations more directly involved with the industry and inspection operations have provided recommendations to consider as you develop legislation for reauthorization, for which I encourage your careful consideration. One area that I might emphasize involves advancing the use of technology driven solutions in for the grain inspection process to reduce costs and improve efficiency. The Grain Inspection Advisory Committee has been discussing this topic also. Examples include use of imaging technology and equipment that is more automated or combines separate measurements into one apparatus (*i.e.*, moisture and test weight).

Official personnel pass rigorous tests and undergo extensive and continuous training to ensure inspection accuracy. I know from personal experience in training my K-State Crops Team students for competitions using FGIS standards that it is very challenging, and tedious. System-wide quality control requirements ensure that official personnel consistently provide high-quality, accurate services and information. Although visual inspection has served the system very well for many years, we should think ahead. I would encourage continued evaluation of advancements in imaging technology, which may provide potential for equal or even more consistent inspection results, and could also be a key to meeting limited workforce challenges in the future. Incorporation of more advanced technology would likely make careers in the grain inspection profession more attractive to young people.

I strongly encourage you to move forward promptly with reauthorization of the U.S. Grain Standards Act to avoid a lapse. The 2020 bill included a number of improvements, and we hope that the next reauthorization bill will consider additional provisions that further enhance the Act.

Thank you for the opportunity to testify.

The CHAIRMAN. Thank you all for your important testimony today.

At this time, Members will be recognized for questions in order of seniority, alternating between Majority and Minority Members in order of arrival for those who joined us after the hearing convened. Every Member will be recognized for 5 minutes each in order to allow us to get as many questions as possible.

I now recognize myself for 5 minutes.

During the first Trump Administration, significant efforts were made to restructure and streamline key functions within the USDA, including the realignment of FGIS. Mr. Friant, you noted your support for former Secretary Perdue moving FGIS back under AMS. Are you able to speak to any measurable improvements as

a result of the realignment? And additionally, are there any issues remaining, whether structural or cultural, that hinder the effectiveness of FGIS that we should be aware of?

Mr. FRIANT. Thank you, Mr. Chairman, for the question. And I would also like to thank former Secretary Perdue for that decision to realign FGIS to put the agency under AMS. And I think some of the areas that we definitely saw improvements in, and what we heard both from the agency and actually Mr. Perdue, was putting the *service* back in Federal Grain Inspection Service. And so we saw a much, much better relationship with the agency where we wanted to collaborate and make sure that we still had the most effective, efficient grain inspection service in the world, so we definitely have seen those types of improvements.

As far as future improvements, current leadership at the agency has been very open to maintaining that dialogue, and that is what we would like to continue to see going forward is that opportunity to interact with them when we have concerns, when there are issues that the industry needs to address together, and be able to continue to have that open dialogue and conversation with them.

The CHAIRMAN. Consistent and reliable grain standards are an essential piece of the puzzle for our producers being able to maintain market access. Mr. Walton, your testimony alluded to the fact that, as a producer, the work of the FGIS is done beyond the farmgate and is not necessarily felt on a daily basis within your operation, but it is foundational to your overall success as a farmer. Even though farmers may not directly feel the impact of the work that FGIS does, it is critical. Can you share what some of the real, immediate impacts would be if services were disrupted due to a lapse in authorization, even for a short period of time?

Mr. WALTON. Yes, thanks for the question. You are correct. We don't normally have direct contact with it, but what we do is rely on that system to keep the grain flowing through. So once we deliver to the elevator, it gets consolidated. In my case, I consolidate onto a barge shipped to New Orleans, transloaded there. And if there was any disruption to that system, it would disrupt the flow of soybeans from my farm to our foreign customers. And that would basically back up the system and create an impact on price. So the direct impact on us would be lower price. The longer-term impact would be just a disruption of that supply chain from my farm to our foreign customers.

The CHAIRMAN. Thank you. I am going to yield now to Ms. Davids.

Ms. DAVIDS of Kansas. Thank you, Chairman.

The CHAIRMAN. I am sorry. I am going to recognize Ms. Davids for her 5 minutes.

Ms. DAVIDS of Kansas. Thank you. Thank you, Mr. Chairman.

Here in Congress, I have the privilege of representing a district in Kansas. Kansas is often called the wheat state, where agriculture plays such a critical role in our country's economy. Kansas farmers and ranchers feed not just the nation but the world. And in 2023 alone, Kansas farmers exported \$5.2 billion in agricultural products around the world. Whether it is wheat, sorghum, or soybeans, Kansans know what it means to work hard and produce results.

As a Member of the House Agriculture Committee, I have made it a priority to support family farmers and strengthen our supply chains because I know that this is a way to support our economy. I know how vital these folks are to rural economies and to our country's global competitiveness. I am also proud that the Kansas City region is home to the National Grain Center and that Kansas State University continues to lead in agricultural research and workforce development through its Department of Grain Science and Industry.

So Dr. Donnelly, I will say I have continued to be impressed by the work that is happening at K-State, particularly in the International Grains Program. I am curious if you could share a bit more about how the program helps build relationships with our international trading partners and supports the export of high-quality American grain.

Dr. DONNELLY. Well, thank you for the question. I think the International Grain Program Institute mission really reflects the answer to your question in that we try to work with industry professionals internationally, do some training for them, and hopefully, in return, that will start their use or enhance their use of U.S. grains. So these relationships established through these courses are a first step in that.

Many of the courses involve partnerships then with our national organizations focused on grain exports, like the U.S. Wheat Associates and U.S. Export Grain Council, United Sorghum Check-off Program. In fact, wrapping up today is the 18th year of a Sub-Saharan African milling course that is supported by U.S. Wheat Associates. And some facts from that, in 2024, IGP hosted 814 participants from 44 countries and 31 onsite and 11 distance courses, so certainly, it is a way to make a connection with folks from around the world that uses our grain.

Ms. DAVIDS of Kansas. That is amazing. Thank you. And I might want to get a few more of the stats after. We will follow up on that.

My next question I was hoping to hear from Ms. Mikesch about your testimony you gave. You started to talk about this—I know it is in your written testimony as well—the potential for grain grading technologies. I am curious if you could share a bit more about how additional either appropriations—you had mentioned user fee allocations—or additional staffing could be used to support the Federal Grain Inspection Service research and development partnerships.

Ms. MIKESH. Thank you, Ranking Member Davids. At the most basic level, the private-sector should be the driver of the research and development, and FGIS should remain being able to quickly evaluate and approve technology when a finished product is submitted to them. However, there are many tools that we can work on to be a partnership with industry, official agencies, and FGIS.

Right now, flexible partnerships would allow for FGIS to dedicate personnel and experts to technical assistance and facilitation at any stage of the development process as necessary. The partnerships could do a number of things that would improve investor and entrepreneur confidence in final approval down the road, which is important because it means more developers will make an attempt in the first place. Cooperative agreements are a good start, and

FGIS has utilized this tool, but they have much more red tape that can scare away small developers. Other transactions authority were specifically designed to remove those barriers to entry for small innovators and would allow for more flexible partnership structures that follow the needs of the technology.

So in review, FGIS would not drive the process specifically, but their formal involvement as a resource to developers could make the R&D smoother and increase attempts at innovation. Many of these flexibilities might not be used in full right away, but we are looking at this for the long-term. For example, FGIS could use funding to incentivize development of an especially important technology, or FGIS could work with the private-sector to facilitate a consortium of developers and researchers working toward the technology goal that private markets struggle to produce on their own, and other transactions authority can also help for those flexibilities using grad students in other areas.

Ms. DAVIDS of Kansas. Thank you. And I would love to stay in touch about additional innovations happening.

Mr. Chairman, I yield back.

The CHAIRMAN. The chair now recognizes the gentleman from North Carolina for 5 minutes.

Mr. ROUZER. I thank the Chairman and my friend from Georgia.

Mr. Friant, I am going to start with you. I always have a few basic elementary questions that I like to get the answers on the record because I think they are important for the record.

As you know, the Grain Inspection Advisory Committee is authorized under the Grain Standards Act. This is a group that advises the Department on matters dealing with grain inspection, of course. Recommendations by the Committee help AMS to better meet the needs of growers, handlers, processors, and their customers. Can you tell me what happens to the Grain Inspection Advisory Committee if the Grain Standards Act is not reauthorized?

Mr. FRIANT. Thank you for the question. And if the Act is not reauthorized, it is one of four provisions that it expires, and so in fact, we would lose the advisory committee.

Mr. ROUZER. So tell me what are some of the areas that you have seen the advisory committee work on that have benefited growers and others in the grain value chain?

Mr. FRIANT. So I have personally had the chance to be on the committee three different times, and what we see is a great opportunity for industry, producers, grain handlers to have a public forum to talk with FGIS about ways we can see the agency improve. And in the example that we heard from Mr. Walton, that is where some of the SBOC discussion started was at the advisory committee. Some of the conversations around technology and new technology adaptation and adoption have come out of the advisory committee. So we see that as that good opportunity to bring multiple groups together and have that conversation with the agency on what do we want to see going forward.

Mr. ROUZER. Yes, I noted in your testimony, your oral testimony, you made reference to the need for flexibility, perhaps waivers. Sometimes waivers can be really, really good policies. Sometimes waivers can be abused and become very bad policy. When you were

mentioning that, are there any specific examples or criteria you could elaborate on there?

Mr. FRIANT. So one thing—and I want to make sure that we, from an industry perspective, are clear—we do not want waivers at any time. We want it to be very specific during times of service disruption. And if you think back to the 2015 reauthorization, that is where that section came from was we had a service disruption in the industry and the company was not able to get official services. And so we want to avoid that risk of any disruption in official services so that, as many folks on the panel have said today, we can still export our grain from the U.S.

Mr. ROUZER. Very good. I appreciate the clarification.

Any other comment from any other panelists?

[No response.]

Mr. ROUZER. Okay. Sticking with you, Mr. Friant, your testimony mentioned that NGFA and its members are ready to partner with USDA and the Federal Grain Inspection Service to pilot new grain grading technologies. To your knowledge, has there been any engagement or investment from the private-sector to support that effort?

Mr. FRIANT. Yes, there has been, and I would say it started about 2 years ago. We actually held a workshop or a summit hosted by NGFA at the Cargill offices in Minneapolis where we brought together industry, technology providers, folks from the official system, so Kia, and then folks from FGIS, where we could, first of all, find out what technology was available that could be adapted for grain inspection, and we are able to get some sense of what might be available. And now we have seen where FGIS has started to explore some of those technologies that we have been learning about. And maybe more specifically in the case of Cargill, we have engaged with at least one technology provider to see how their system works, could it be fit for grain grading purposes, visual imaging for damage, and that is where we have seen that private partnership start.

Mr. ROUZER. Thank you. Any other comment from any other panelists on that?

[No response.]

Mr. ROUZER. Dr. Donnelly, in the last 45 seconds, just real quickly, you mentioned in your testimony that you have interacted with international students and buyers at the National Grain Center in Kansas. Can you speak to what parts of the U.S. grain inspection system they find are most effective? And are there areas where we are clearly falling behind our foreign competitors?

Dr. DONNELLY. In terms of specific, I always try to actually have them pick some samples so they can understand the detail of the process as far as the class, and so I think that gives them a confidence. It is a bit confusing, and so I think in the end the integrity of the system is important. And they appreciate it if they are involved with it. If they are sort of remote, it can be kind of confusing. But I think in the end we have smooth marketing and an efficient system, then it speaks for itself.

Mr. ROUZER. Yes, my time has expired. Thank you, Mr. Chairman. Thank you, panelists.

The CHAIRMAN. The chair now recognizes the gentlelady from Ohio for 5 minutes.

Ms. BROWN. Thank you, Chairman Scott and Ranking Member Davids.

Homegrown American grain is a top-quality product. When our trading partners see the "Product of the USA" label, they know they are getting a product that is reliable, consistent, and of the highest quality. This trust has been earned over decades of hard work by our farmers, exporters, and the reliability and consistency and standards that have been set to ensure that our products are truly top-notch. The U.S. Grain Standards Act has long served as the foundation for that trust. It serves as the blueprint to guarantee that our grain is graded fairly, weighed accurately, and certified transparently, protecting the reputation of American agriculture around the world.

In a time when farmers are facing uncertainty on all fronts, from inconsistent policy promises from this Administration to rising input costs and climate volatility, Congress must step up and do our job. Reauthorizing the Grain Standards Act is a practical and necessary step in order to give our producers the clarity, stability, and confidence they deserve. So thank you to our expert panel of witnesses for being here today. Your input is critical as we look towards the next era of the USGSA.

In a time of such uncertainty, we want to make sure that there is clarity on this system and that it is working for the people it is meant to serve. I know many of you are farmers yourselves with direct experience in navigating how the Grain Standards Act plays out in real-world day-to-day operations.

For any of our panelists, can you share ways we might improve the interaction, whether it is clear grading, feedback, better access to dispute resolution, or more practical guidance on how standards are applied?

Ms. MIKESH. Thank you. One of the ways that I think almost all of us have discussed in our oral testimonies is improving through technology. Right now, we have a wonderful system, as Nick alluded to, where FGIS leadership is very welcoming of any feedback that industry or official agencies may have regarding any standards, as seen with SBOC. But what we are really lacking right now is the way to keep us the gold standard without technology. There are many other countries that are starting to use this, and we would like to be able to keep up with that and make sure that we can continue to be that gold standard.

Ms. BROWN. All right. Well, since we don't have a lot of time, I would also add that consistent communication between USDA farmers is also critical, and I am increasingly concerned about the loss of USDA personnel, both administrative staff and inspectors who have been released or taken deferred resignation. These holes in staffing risk undermining one of the most important aspects of the U.S. Grain Standards Act, the relationship between the Department and producers on the ground. As we consider reauthorization, we need to ensure that the USDA is not only equipped to uphold strong standards, but also staffed to maintain the relationships and responsiveness that make those standards work in practice.

Dr. Donnelly and Mr. Friant, in your testimonies, you both emphasized the importance of integrating and modernizing technology throughout the inspection process. As this legislation was first written in 1916, I agree. Can you talk about what technologies are available and ready to be deployed? And how can we ensure that the next generation of farming workforce is equipped to adapt and effectively use these tools?

Dr. DONNELLY. I think the example I used is probably one of those. If we look even in other ag industries, for example, in the seed processing industry, nobody counts seeds anymore. By counting seeds, you take a picture of it and count seeds. In the food processing industry, you clean and you knock out damaged samples in the processing process. So there is a lot of technology there involved with use of automation and imaging that I think could come to the FGIS system. If I can look at a sample, take a picture of it, and then analyze what are the damaged kernels, the off types, that would be much more efficient than having to pick through a kernel at a time. But it does need to be standardized against the traditional.

Mr. FRIANT. Yes, and I would just build on that visual imaging, visual imaging, visual imaging. We see that as an area that can speed up and make the process more efficient, make it more standardized, and overall be better for the system. I think that is a big area of opportunity.

Ms. BROWN. Thank you. I appreciate this conversation and look forward to working with my colleagues in a thoughtful way to reauthorize and modernize the legislation.

And with that, I yield back.

The CHAIRMAN. Thank you. The chair now recognizes the gentleman from Minnesota for 5 minutes.

Mr. FINSTAD. Thank you, Chairman Scott. Thank you for holding this important hearing today. And thank you to all the witnesses for being here with us.

As we have heard today, the U.S. Grain Standards Act has been in existence since the Woodrow Wilson Administration, and it stood the test of time throughout the decades since as a cornerstone of farm policy, ensuring that farm country has the tools they need to produce the highest quality fuel and food supply in the world.

So with that, no offense to Iowa, but I am going to have a conversation with my fellow Minnesotan here. Mr. Friant, thank you for your testimony, and thank you for being here today. It is an honor to have Cargill call Minnesota home, and I appreciate the role that you play in supporting southern Minnesota's farmers and the farm economy.

As you know, the U.S. Grain Standards Act established marketing standards for grains and oilseeds and procedures for grain inspection and weighing to encourage the marketing of high-quality grain for an agriculture sector that is highly dependent on export demand. The Act requires that exported grains and oilseeds be officially inspected and weighed.

So with laying that out, can you explain how the U.S. Grain Standards Act helps facilitate the exports of U.S. grain and why it is so important for ensuring U.S. grain continues to be competitive in the global grain trade market?

Mr. FRIANT. I appreciate that question, Congressman Finstad. And I think we heard I believe maybe from all four witnesses how we consider the U.S. Grain Standards the gold standard, right? Our customers ask for that official USDA certificate. And that is really the first step in ensuring that our products can be exported, right? That is what the buyers want is that official FGIS certificate.

And then as I think we look at how we can continue to do that going forward, it is what you have heard from all of us already, right? We have opportunities for increased use of technology, adaptation, and adoption in the system so we can still be efficient and effective.

And I think the other piece is that the standard, is the standard, right? So no matter whether you are delivering grain in southern Minnesota or my hometown of Minooka, Illinois, or Topeka, Kansas, a U.S. No. 2 yellow soybean is a U.S. No. 2 yellow soybean wherever you deliver, and that standard is the same. And the seller knows that, the buyer knows that, and the international buyer knows that when they buy a U.S. No. 2 yellow soybean, that is what the grade is going to be.

Mr. FINSTAD. Yes, I appreciate that. As a farmer myself, I have just seen on our farm how adapting and incorporating new technologies and the advancement of really where the collision of science, agriculture, and technology has collided has provided all kinds of opportunities. And really it just emphasizes that we are the gold standard, and so we should make sure that legislation around this, continues to evolve and become even more efficient and really incorporate that collision of science, technology, and agriculture.

One area that I wanted to get to here with my last couple minutes is I want to highlight the importance of protecting the surplus we have in grain trade. Over the last few years, the Biden Administration refused to be at the table for negotiating market access for our producers. And grain continued through this to be a bright spot for farm country. In fact, America enjoys right now a \$65 billion trade surplus on the U.S. grains and oilseed side. This is a credit to our farmers, who again have done a great job with what I just stated, with incorporating that collision of science, technology, and agriculture, and we continue to grow the highest quality grain in the world, our transportation infrastructure, including critical American waterways, highways, rail systems, and decades of diligent work to develop and grow new markets.

So again, Mr. Friant, what are some of the challenges that we face right now on grain exports and what can we do in the Grain Standards Act reauthorization to help overcome maybe some of these challenges?

Mr. FRIANT. I think the first and foremost thing is get the Act reauthorized on time or early. It provides us that stability. We know that the standards will be there when it comes time, when we want to export that grain, and it provides that consistency for us. So first and foremost, we want to have it reauthorized.

I think some of the things that we have laid out in terms of—and you have heard from all of us—the technology piece. We have

talked a lot about continuing to look for those technology opportunities that are out there.

And then as we referenced in my oral testimony, the waivers. When we do have a disruption in service, let's make sure that, as long as buyer and seller agree and it doesn't impair the Act, we can still get that grain exported from the U.S. to those customers that want that U.S. grain and that U.S. certificate.

Mr. FINSTAD. I appreciate that. Thank you again to all of you for being here, taking time away from your busy lives to help us craft hopefully a better policy in the future, so I appreciate that.

Mr. Chairman, with that, I yield back.

The CHAIRMAN. Thank you. The chair now recognizes the gentlelady from Illinois.

Ms. BUDZINSKI. Thank you, Chairman Scott. Thank you, Ranking Member Davids. Thank you so much for all the panelists for being here today for this hearing.

I appreciate the opportunity to discuss this important piece of legislation set for reauthorization this year. We are proud of the grains we produce in this country, particularly the high-quality corn and soybeans grown in my district in central and southern Illinois, and Congressman Sorensen's district as well, and want to ensure that these grains enjoy market access around the world, something you have obviously heard a lot about today.

And just actually building on the comments and questions from Congressman Finstad, just talking about the U.S. Grain Standards Act and the importance of it, if others maybe on the panel might like to elaborate further on the importance of its reauthorization. We heard about looking for technological advancements and how that might be able to continue to build on the success of the Standards Act. Just kind of curious, any other ideas potentially from the panel that you might like to elaborate on that further?

Dr. DONNELLY. I might speak on the reauthorization and the importance of it. I believe we have had a very dependable and reliable system that is well respected, but currently, grain farmers are facing some really challenging times with low commodity prices and weakened exports, coupled with high-input and credit costs. So I think we must maintain the quality of our export system, and let's not add this as another excuse maybe for a further reduction of opportunity for exports.

Ms. BUDZINSKI. Yes. Yes.

Mr. WALTON. Yes, so if I might add to that from the farmer's perspective, as I said in my earlier testimony, soybeans are the number one ag export from the U.S. It is about \$31.2 billion a year, and that is significant. And that is at risk if there is not timely reauthorization of this Act.

Ms. BUDZINSKI. Right.

Mr. WALTON. It disrupts the whole system. So as others have noted, our foreign buyers look at us as a gold standard, and they know whether the soybeans come out of Illinois or Iowa or North Dakota, No. 2 yellow soybean is the No. 2 yellow soybean, and they place a premium on that quality and that assurance. And so any disruption to the system is going to create chaos.

Ms. BUDZINSKI. Yes.

Mr. WALTON. And at a time, as the doctor noted, the farm economy isn't great right now, so any disruptions in that is going to come back directly to my farmgate and impact us.

Ms. BUDZINSKI. Yes.

Mr. WALTON. So that is why we really strongly urge this timely reauthorization and keep it going.

Ms. BUDZINSKI. Thank you. Would you like to add?

Ms. MIKESH. Thank you. From the perspective of an official agency, we actually do a lot of what Professor Donnelly was talking about and hosting foreign groups that come over about commodity trade. And we do many of those each year. And every time I have about an hour-long spiel on what I talk about on why is the official system different than anything else. And if this were not to be reauthorized, we wouldn't have that gold standard. When I see their faces when we are talking about how each of our official agencies, we go through extensive compliance reviews, we have daily randomized monitoring.

I laugh sometimes that I talk to FGIS more than a lot of the people in our company sometimes. We are that big of partners. And they are so impressed by the amount of standards, even as something as simple as running a moisture. I want to say the handbook is maybe 70+ pages long. And that shows that we give so much value and everything is thought out very intensely. And it is a really enjoyable part each time, each year to see their faces and how proud they are of what we do.

Ms. BUDZINSKI. Yes. Thank you. Thank you for sharing that.

I just, with the time I have remaining, wanted to emphasize also the important role that our colleges and universities play in bringing the next generation of agricultural professionals to the industry. Getting young people interested in working in agriculture, particularly farming, has been a priority of mine since taking office. The University of Illinois is in my district, which, much like Kansas State, is home to a world-class agricultural program.

Dr. Donnelly, I know that in your role at Kansas State, you interact with students who represent the next generation of ag professionals. How does a deeper understanding of crop quality and Federal grain inspection system serve students in indirectly related agricultural careers?

The CHAIRMAN. Mr. Donnelly, I need you to be brief for this, please.

Ms. BUDZINSKI. Yes, sorry.

Dr. DONNELLY. We have talked about grain science and agronomy. An example might be animal science. Buying grain sometimes for feed production could use a little lesser quality. And so understanding that system and perhaps being able to move grain that is not at the best quality into the livestock feeding operation is important. So an animal feeder needs to know about the standards as well.

Ms. BUDZINSKI. Okay. Thanks for that short answer. I yield back.

The CHAIRMAN. And I apologize, it is Dr. Donnelly.

The chair now recognizes Mr. Taylor.

Mr. TAYLOR. Thank you, Chairman Scott and Ranking Member Davids. Thank you for holding this Subcommittee hearing and

kicking off the U.S. Grain Standards Reauthorization. And I appreciate the witnesses being here to share your insights and expertise and the sacrifices you all made to join us here today.

Even in a broadband desert like most of my district, technologies are constantly evolving and changing in the modern agricultural economy, especially with the increase in AI. Ms. Mikesch, in your testimony, you talked quite a bit about how modernizing grain technologies could help improve the inspection and weighing process. You mentioned the lack of technological advancement is creating unnecessary cost for taxpayers, exporters, and more, and I appreciate that information, but what more could Congress be doing to promote the adoption of these new technologies?

Ms. MIKESH. Thank you. Technology is very important to what we are needing to do. And we are needing to modernize our systems with technological instrumentation to enhance the grain quality, as you noted and many of us did as well. Where technology is really needed in this system is that when I was younger, we would do maybe 50+ cars, and it would take a few days to load that. And now we are looking at trains that are 114 cars, and we are doing that in sometimes less than 5 hours, but we are still doing it with the same standards, and we are still doing it with the same personnel. It is getting very difficult to be in these harsh environments. And so with technology, we can then not be as much of a bottleneck to our partners in making sure that they are getting the most reliable grades in a very quick manner.

And what Congress would be doing to help by passing this is helping this industry continue to be the most efficient and cost effective that it can. And a lot of the areas that we have outlined are some tools that are provided as examples that could potentially help anything to help with the flexibility. I believe that is probably the biggest piece of being able to allow industry, official agencies, to help expedite this technology. As we know, technology is rapidly changing, and we want to make sure that we are ahead of it in giving what we can to our industry.

Mr. TAYLOR. Thank you. Has there been much engagement or investment from the private-sector to support the adoption of these technologies?

Ms. MIKESH. There have been a lot of discussions around how this could look. FGIS does have various cooperative agreements in place looking at visual grading. And it is very impressive what they are able to do. But there are so many different types of technology, and FGIS needs those flexible partnerships in order to continue that. So yes, there are currently some technologies being looked at, but we need to be able to do it in a quick manner.

Mr. TAYLOR. Thank you. Mr. Walton, you noted that most farmers are mostly only exposed to the Inspection Service indirectly at the elevator, and I would say most people don't realize the Federal Grain Inspection Service even exists. What would you say is the average farmer's perception of the grain grading system? And are there gaps in transparency or education that we as lawmakers could address?

Mr. WALTON. I think the answer was in your question. I mean, there is a transparency there that we know as farmers when we deliver grain to an elevator, it is done against a consistent stand-

ard. And regardless of multiple points that I might sell to, that grain is going to be graded the same regardless of where it goes to. And I think that is the important piece for farmers, that we know that there is an assurance behind those grain graders that may be a government entity that is providing that sort of consistency. So again, that is why we hope not to have any disruption here. It is set to expire during harvest for us, and that would be a very untimely thing to happen.

Mr. TAYLOR. Sure. Okay. Thanks again to all of you for being here, and Chairman, I yield back.

The CHAIRMAN. The chair now recognizes the gentleman from Illinois for 5 minutes.

Mr. SORENSEN. Thank you to Chairman Scott and Ranking Member Davids. Thank you to everyone for joining us today to discuss the importance of reauthorizing the U.S. Grain Standards Act. And welcome, Mr. Friant, from Illinois. Glad to have you here with our Committee and glad that we have representation from the land of Lincoln.

I was honored to have Illinois farmers in my Capitol Hill office on this very floor down the hall just a couple of days ago. When I asked what keeps you up at night, it is not the weather. It is the fact that we need to expand global markets for the export of our grain and our oilseeds. Reauthorizing this initiative gives us the opportunity to not only modernize our marketing system, but deliver cost savings, improve reliability, and create a fairer valuation of U.S. grain in a world marketplace.

Mr. Walton, I will begin with you. You mentioned the toll that this Administration's tariffs are taking, especially on our bean farmers. Could you expand a little bit more on how important classification of grain grades is for not only price discovery but upholding consumer confidence here and abroad?

Mr. WALTON. Sure. We understand that our international customers have a choice in where they purchase grains. And one of the reasons why they continue to come back to the United States is because we provide the international market with the highest quality grains from around the world, and that is backed with this U.S. grain standard. So they know when they come to the U.S. and they are looking for No. 2 yellow soybeans, that is exactly what they are going to get when they are delivered. And we as sellers know that the high-quality soybeans that we grow on our farms will get to those end-users in that same kind of condition. So as we deliver No. 1 or No. 2 yellow soybeans to the market, that is what our customers in international markets will receive.

Mr. SORENSEN. Ms. Mikesh, you just mentioned my fellow Congressperson from Illinois, Ms. Budzinski, asked, and you had mentioned that the United States were proud to be the gold standard of exported grain. How essential is a bipartisan reauthorization to keep our American producers on top?

Ms. MIKESH. Thank you for that question. Reauthorization is essential for that. We give stability within the markets. We give confidence knowing what that grade is. You are going to know that if we are grading it in Ohio, it is going to be the same as in California. And if we do not have that ability to have the Federal Grain Inspection Service system, that can be very detrimental to the en-

tire grain supply chain and also for the markets above when it is already difficult. So again, it would be essential, and we urge Congress to pass it.

Mr. SORENSEN. Thank you for that. And I will pose this to everyone. As we consider language to reauthorize this Act, what is the most important change that we as Members of Congress should consider?

Mr. FRIANT. I mean, I think you have heard it from all of us multiple times, technology. How can we ensure that there is that language that enables technology from Federal Grain Inspection Service?

Mr. SORENSEN. One of the expiring provisions in 2025 is the authority to collect fees for Federal supervision of state agencies' export inspections. What do user fees typically cover? And what percentage of services and operations are paid for by appropriations from Congress?

Mr. FRIANT. So user fees are the direct service, right? So that is the inspectors that are inspecting and weighing the grain at port facilities. It is the per unit fees if we want mycotoxin testing or other factors tested. So it is direct cost for the services are the user fees.

Mr. SORENSEN. Anyone else?

[No response.]

Mr. SORENSEN. Thank you all so much for being here today. And Mr. Chairman, I yield back.

The CHAIRMAN. Thank you. The little chair now recognizes the big chair for 5 minutes.

OPENING STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Mr. THOMPSON. Well, thank you, Mr. Chairman, Chairman Scott, and Ranking Member Davids for convening this important hearing.

The United States Grain Standards Act has been the linchpin of American agriculture and trade for nearly a century. And it is a vital tool that ensures the integrity of our grain markets, both here at home and around the world. This law provides the framework for official marketing standards, inspection and weighing procedures for grains and oilseeds, and is essential for ensuring transparency, market confidence, and price discovery. These principles are foundational to a fair and functioning agriculture economy.

With several provisions of the current law set to expire on September 30th, it is imperative that we do our job and we reauthorize this important piece of legislation. Allowing this authority to lapse would cost the farm economy more than \$70 million a day and result in serious consequences for our family farms, supply chains, and international trading partners. For example, nearly \$100 million of corn and barley are exported from my home state, the Commonwealth of Pennsylvania, each year, and more than \$26 billion of U.S. grains were exported in 2024.

It is critical that no disruption to the essential services that underpin our ability to export the safest, most abundant grain supply in the world. So fulfilling this obligation and continuing safeguards will allow us to avoid disruptions in service like what has occurred in the past. Inspection and weighing services must be dependable,

uninterrupted, and cost-effective. It is not a luxury. It is a necessity for American food security.

The United States has been at the forefront of agricultural research, and we are fortunate to have institutions that are able to spearhead the promotion of science, technology, and innovation. Dr. Donnelly, given Kansas State's longstanding leadership in grain science and its connection to FGIS through the National Grain Center, is there a role for K-State and other land-grant universities to play in advancing the next-generation grain inspection technologies?

Dr. DONNELLY. Well, I certainly think that there would be opportunity, but our program at the International Grain Center is focused primarily on promotion of market, not so much on the technology of the process, but certainly an opportunity for partnerships for improving some of the technology. We have talked technology all morning, but obviously, we are not quite ready to just jump in and do that. I think it comes down to having the opportunity to work through appropriations or grants that could be utilized to really prove that this technology is as dependable as the current system. So I think that is where we could participate in that if that opportunity was available.

Mr. THOMPSON. Well, I think given the status of obviously American agriculture's *science, technology, and innovation*, that is my definition. Obviously, that is why we are doing significant investments in research and specific funding for land-grant universities for research facilities as a part of this Farm Bill 1.0 and Farm Bill 2.0 as we have been moving ahead with.

As I mentioned in my opening remarks, we must maintain transparency, market confidence, and price discovery for grain standards that have led to our ability to be considered the gold standard across the globe. Mr. Friant, your testimony mentions that, in the event of a service disruption, additional flexibility on emergency waivers for official inspection and weighing requirements is needed, part of the great work this Committee did in 2015 to ensure there is transparency and continuity from FGIS. In the event of service disruption, where do you believe that there are shortcomings in the current waiver process? Is there anything Congress can do to rectify those challenges?

Mr. FRIANT. I appreciate that question, Mr. Chairman, and we have seen much better transparency in the process. One of the areas, as we noted in our testimony, was simply having a good definition of what constitutes an *emergency*. There seems to be some ambiguity around that, and so being much clearer on what is an emergency would be a very good place for us to focus.

Mr. THOMPSON. Very good. Thank you, Mr. Chairman. The big chair yields back.

The CHAIRMAN. Thank you, big chair.

I just want everybody to know, I show the order as Mr. Rose, Ms. De La Cruz, Mr. Harris, and then Mrs. Miller is what I show the order on this sheet right now. Mr. Rose, the chair now recognizes you for 5 minutes.

Mr. ROSE. Thank you, Chairman Scott and Ranking Member Davids, for holding this time-sensitive hearing on the review of the U.S. Grain Standards Act.

Reauthorizing and modifying the U.S. Grain Standards Act is yet another opportunity for this Committee to deliver prosperity for our producers by strengthening flexibilities and reconfiguring the use of funds. As all of you have mentioned or alluded to, the Federal Grain Inspection Service, or FGIS, is the gold standard for grain grading and the vital role the service plays in promoting U.S. competitiveness in global markets. Mr. Walton, can you elaborate on the FGIS and how, since 1976, the service has bolstered U.S. grain grading?

Mr. WALTON. Yes, I think in the international marketplace, it is widely recognized that that is the gold standard. They know that when they enter a contract with a U.S.-based company for soybeans, that is exactly what they are going to receive. And that kind of assurance in the marketplace gives us a dominant position around the globe. It gives us an advantage over our competitors. So I think this Grain Standards Act is something that has been important for our growth of international trade, and it needs to continue to keep us in that position.

Mr. ROSE. Thank you very much, Ms.—and I hope I am saying this right—Ms. Mikes? Okay. In your written testimony, you suggested that Congress authorize research activities by official agencies. Will you provide additional details and examples of this research and how agencies should handle this authority and the benefits we would see domestically?

Ms. MIKESH. Thank you for that question. Yes, I would love to. So currently, under the Act, there is a gray area of whether or not official agencies can help with the research and development, mainly around the visual imaging piece. We are not able to perform any services that have official standards in a different manner. And so it has been easy for us to help aid in different technologies when you are talking about protein where there is a single result. We can put the sample through our protein machine and give a result to that instrumentation entity.

Now, when you are talking about visual imaging, we are needing to look at things like individual kernels. And there are current standards for grading, but if we were just to give a certificate that, states, you have 2.2 percent damage in your corn, that isn't going to help these instrumentation entities determine what types of damages these kernels are, as well as being able to sort them within their models.

And something that we talk about a lot when we are discussing this is, it is good data in, good data out. And if it is bad data, it is not going to be a great outcome. And official agencies and along with FGIS, I believe I stated in my opening statement, is that we have a near monopoly on the expertise on how to grade. There are wonderful universities, like Professor Donnelly, where they go through and they can teach others how to grade. However, we are the ones doing that every day. There are approximately 40 agencies across the country, and we are all very willing to work with instrumentation manufacturers to develop these models and work alongside FGIS.

Mr. ROSE. Thank you. I appreciate that added insight.

Dr. Donnelly, you noted in your testimony that you are a former FFA member, so it is great to have a fellow Future Farmer and alumnus joining us today.

Mr. Donnelly, you explained that FGIS conducts additional quality assessments not required for the official grade. Will you elaborate on the impact these additional assessments have on grain marketing and the value added by these quality measures?

Dr. DONNELLY. Well, certainly. I think oftentimes that they may be more important than the grade. The grade is, as everybody has talked about, is very standard, very expected. I am not directly involved, but I understand that in the export world, the end-user of wheat, for example, is equally or more interested in the protein content as it is the damaged kernels. And so certainly with things like mycotoxins, the residues, all of those things are included as well.

And not only that, but FGIS is also tasked with dozens of other testing and monitoring of other feedstocks. And we are just talking about a limited number of grains here. In fact, rice is under the AMA, pulses, field beans, under a completely different system, but still they are involved. So FGIS, if you really look at it, this is a part of what they do, but it is much broader than that as well. And some of this additional testing may be equally or more important to the end-user.

Mr. ROSE. Thank you. I appreciate that insight. I yield back, Mr. Chairman.

The CHAIRMAN. Thank you. The chair now recognizes Ms. De La Cruz.

Ms. DE LA CRUZ. Thank you, Mr. Chairman. Thank you for hosting this important meeting today, and thank you to the witnesses for being here.

The U.S. Grain Standards Act plays a critical role in establishing uniformity and reliability in grain inspection. That has secured the United States' role as the most dependable provider of quality grain in the world. As we continue to assess the effectiveness of Federal programs, it is important that we hear from those who are actually engaging in these systems to ensure their long-term success.

I have heard over and over again the importance of technology and that when we talk about reauthorization, that we are talking about technology that would help you all. So I want to dive into that a little bit here. Ms. Mikes, you mentioned that official agencies have much of the data and the expertise that is needed to drive technological innovation. And you even said good data in means good work or good data out, correct? We want to make sure that that data is being put to good use. So could you speak to how those impacts, the good data or bad data that is coming out, how we can make innovation better or inspection tools better or partnership with developments better when good work comes out of this data?

Ms. MIKESH. Thank you for that question. Yes, in our system, when we are going out and we are grading onsite at grain elevators, when we are looking for damages, we have a narrow field of foot candles, light candles that we actually have to make sure our lights are done by. We have to make sure we have a very spe-

cific color of countertop. I could go on and on, but I won't bore you. So there are a lot of inputs that go into making sure that visual grading by a human inspector is accurate.

Now, there are some things with technology that you are going to take a lot of that out of play, which is wonderful. And so if we are there providing good data, we need to make sure that this technology is as reliable and accurate, if not more reliable and accurate than human inspectors. Just $\frac{1}{10}$ of a result a difference can make such a huge financial impact for many of our partners.

Ms. DE LA CRUZ. Reclaiming my time one moment. You said something very important, as the difference, obviously, between a human visual inspection and a technology inspection. Do we have any quantifiable data that we have available to us as far as an error rate in technology *versus* human or *vice versa*?

Ms. MIKESH. Thank you. We are actually not at that point currently. There are some instruments that are being used where we are doing the data of what the damages are, but until that is completed, we aren't able to compare the two.

Ms. DE LA CRUZ. So what I am hearing is that there is a study in place that you are looking for the numbers in what the difference is between having the technology available and having the human error rate in this. Is that correct?

Ms. MIKESH. Yes.

Ms. DE LA CRUZ. And when do you think this data would be available for us to review?

Ms. MIKESH. That is going to be difficult. It is going to depend on what your Subcommittee passes. We are looking for ways to expedite the technology study. And once we do that, I know it is very important to the industry alike that we come forth with that data. I am the chair of the Grain Inspection Advisory Committee, and we look at new technologies in protein. And every time we look at new data, the very first question we are asking is, is it the same or better? And that is something that none of us want it to go backwards.

Ms. DE LA CRUZ. Excellent. Thank you so much for your time. I yield back.

The CHAIRMAN. The chair now recognizes the very patient gentleman from North Carolina for 5 minutes.

Mr. HARRIS. Thank you, Mr. Chairman, and thank you for having this important hearing and to all of you that have been sharing on the panel today.

As a freshman on this Committee, I was fascinated to learn about the intricate network of inspectors who physically lay eyes on grain products coming in and around the country. Whether it is wheat, corn, barley, or one of the other dozen things the Federal Grain Inspection Service oversees, hundreds of inspectors are working to ensure the quality of our grain products.

Ms. Mikesh, I want to ask you, can you briefly describe for my constituents at home what a day in the life of a grain inspector entails, and what are the steps that an inspector goes through when they get a shipment of, say, wheat kernels?

Ms. MIKESH. Thank you for that question. That is a fun one to answer. Every day is quite different. We are constantly having to check where trains are at, whether or not we are able to load due

to weather conditions, or whether or not we are able to get out to those elevators due to weather and conditions.

In each of our areas for—I will talk about NDGI—we have a little bit different depending on the market. So in our North Dakota area, we primarily do rail cars. We do shuttle trains. Now, say, when they get the call at 2:00 a.m. that a train is going to be heading our way at that particular location within the next hour, our inspectors, our samplers, and technicians, essentially, they are on call. They are to wake up, get going, get on the road, and get out to that location.

Those grain elevators, then they are able to make sure that there is representative sampling because the grade is only as good as the sample we receive is. So we have standards that we go through to ensure that the sample is going through. And then we go through and run things like moisture, test weight, and then it gets to the inspector who is doing mainly the visual damages to make sure that everything is accurate.

And then those trains can last anywhere from 5 hours to 36 hours. It really depends on what happens. But whether it is rain, shine, or a lovely blizzard in North Dakota, we are making sure that we are there so that our industry partners can get the grain out in time.

Mr. HARRIS. Super. Well, thank you. I know we have talked a bit about the technological advancements that you would like to see to improve the processes. Can you give a picture of some of the cost savings to the system that might occur if Congress can reduce the regulations to allow for more technological advancement in the inspection process?

Ms. MIKESH. Thank you. Yes. Right now, we are in the midst of discussions on how exactly having these visual grading systems could look. But what we are looking at currently is say that you need four people to be onsite and doing the grading. We may be able to cut that back to three or less.

And what it also can do is that there are a lot of ups and downs as far as the volume in the grain industry. So we can go through phases where maybe we have—I'm speaking of my own agency—maybe we have 60 people out on the road, and then all of a sudden there are a few changes and now we are down to 30. Having that technology will allow us to handle those ups and downs, those ebbs and flows a lot easier, especially when you are talking about inspectors.

When we have inspectors, it generally takes to just become mildly provisioned about a year to get the three main licenses. And you can imagine that when there is a downturn in the market, as there always are both ways, if we lose that expertise of inspecting, it is very difficult to come back from. So if we can use things as a tool and an aid to help with that, it can help with staffing substantially.

Mr. HARRIS. Excellent. And in the last few seconds, Mr. Friant, the Federal Grain Inspection Service is funded primarily by user fees with taxpayer dollars from Congress filling in the rest of the budget. Given our debt crisis, it is encouraging for me to see this funding structure that isn't totally reliant on Federal dollars. However, I know that the authority to collect user fees is given by Con-

gress and that we play a role in ensuring that process goes smoothly. In your testimony, you mentioned ways to stabilize the user fees, saying they are currently not predictable for the industry. In the last 20 seconds or so, can you share more about what the issue is and how Congress can fix it?

Mr. FRIANT. So one of the things that we saw and we actually got in the 2015 reauthorization was how tonnage fee was based on a rolling average, and we saw that same approach applied to other Schedule A fees. And so what FGIS has done is published a new final rule on a new way to calculate those fees to help stabilize it. So now we are going to be in a monitoring mode and ensure that those changes indeed are efficient and we are achieving the goal that we think as far as stabilizing costs for the agency.

Mr. HARRIS. Thank you. Thank you all very much, and thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The chair now recognizes Mrs. Miller for 5 minutes.

Mrs. MILLER. Thank you, Mr. Chairman.

As one of the few family farmers in Congress, I understand the huge impact that agriculture has on our economy, and I am guessing I am probably the only Member of Congress that was actually involved in testing. I had a part-time job in college testing for mycotoxin in corn, so anyway, kind of a little side note there. I also understand how critical the U.S. Grain Standards Act is to the stability and global reputation of our ag sector.

In Illinois, nearly 44 percent of our grain is exported, and we rank fifth nationally for the total agricultural exports, valued at \$80.8 billion, including being third for soybean and feedgrain exports. With so much of Illinois' production headed for international markets, it is essential that our inspection system operates with efficiency, consistency, and integrity. We know that our foreign buyers put a premium on the trust and reliability offered through official U.S. inspections, and losing that trust would be devastating to our farmers.

So we are fortunate today to be hearing from Dave Walton, a soybean farmer from Iowa and Secretary of the American Soybean Association, who brings both firsthand experience and national perspective on how this system serves producers and supports global competitiveness. As we approach reauthorization, it is important that we build on the strengths of the Grain Standards Act while modernizing, where needed, to meet the demands of today's export-driven markets.

Producers in my district and across the country depend on timely, uniform inspections to move their grain efficiently, especially during peak harvest and shipping seasons, so I look forward to hearing more today about how we can strengthen the system, improve transparency and responsiveness, and ensure USDA has the tools it needs to continue delivering the gold standard in grain inspections.

So my first question is for Mr. Walton. From your perspective, how well is the current grain inspection and weighing system serving the needs of high export states like Illinois and Iowa?

Mr. WALTON. Sure, thank you. From my perspective as a farmer and a member of ASA's Executive Committee, the current grains

inspection system meets our needs. It is working for us right now. Our international customers know that U.S. soybeans, whether they originate from our states or any other soybean-producing state in the nation, they are going to be of the same uniform and high quality. And mostly what we are here to do is just ask that Congress reauthorize the USGSA in time so there is no major service disruptions. It is set to expire sometime around harvest time, and if we have disruptions at that point in time, it would be difficult to manage around as farmers and producers.

Mrs. MILLER. Absolutely. And we know that the producers are really struggling right now, and we need to tamp down inflation and amp up exports, so thank you very much.

And then also Mr. Walton, as Congress looks toward that 2025 reauthorization, can you be specific on any improvements or modernizations that you would recommend to ensure the system continues to work efficiently, reduce bottlenecks, and support a competitive export environment for U.S. farmers?

Mr. WALTON. Yes, and again, I think my partners here on the panel have highlighted some really important things that we need to look at, and I defer to them for their expertise on what specifically they are looking for to improve. As farmers, all we ask is that the system continues to work at the high level that it does and gives our international customers that assurance that when they buy U.S. grain, they are getting exactly what the contract states.

Mrs. MILLER. And I know it is illegal for anybody to add foreign material at the ports. I am just curious what kind of penalties there are because we bring clean grain into the elevators, and we want to have that reputation for exporting clean grain.

Mr. FRIANT. So in the Act, there is a penalty for any foreign material. Frankly, we would need to look into exactly what the requirements are around that. I don't happen to know them off the top of my head.

Mrs. MILLER. Okay. I think that there is one percent foreign material allowed. And, I just want to make sure that the good work that the farmers do and the local grain elevators to make sure we have clean grain when it is at the ports, ready for export, that it remains clean grain and we preserve our excellent reputation.

Thank you, and I yield my time.

The CHAIRMAN. The chair now recognizes Mr. LaMalfa from California for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman. I appreciate it. I am sorry I haven't been able to be here the whole hearing today, so I hope I don't ask anything redundant.

But, I have a great understanding and importance as well, along with Mrs. Miller, on this. I am a rice grower in California, and we actually grow seed rice that our neighbors use as well, so having important grain and seed standards for germination, for making sure we have like seed and not other stray seed in there is extremely important. And so it is important we get this right in many aspects across the board.

So I believe our witnesses touched on the organizational changes to the Inspection Service moving from GIPSA to the Marketing Service. So what is that going to do, as far as we have outdated technology—that is hopefully going to be updated and realigned to

make the process simpler, smoother, and data more readily available to more people? What do you anticipate, anybody on the panel here, how that is going to work out? And do you anticipate any needed changes to continue to refine that in process, any of you?

Ms. MIKESH. Thank you for that question. Yes, actually, to touch on your point of moving FGIS over to AMS, it has been wonderful. Being able to be with other grading programs and see what it is that they are working on as far as technology and many other items as well has been very, very eye-opening.

One of the things that I would say, Nick and I actually were at an innovation summit a few years back with different AMS grading groups, and when you feel like sometimes when you are isolated in your industry, you think that your problems are your problems are alone. And we were excited to go to that summit and have these discussions to see maybe these other grading programs are having the exact same problems, and we can piggyback and work together on finding a solution.

And unfortunately, we found that we are the odd one out in that when we are looking at our commodities, we are looking at kernel sizes. We are not looking at whole fruits and vegetables or an entire cow. And so the technology that we need is very different than what is already in use out there in these other grading programs. So we have had—

Mr. LAMALFA. Other grading for non-grains, you mean?

Ms. MIKESH. Yes, for livestock, specialty crops, *et cetera*.

Mr. LAMALFA. Yes, yes.

Ms. MIKESH. And so we need a little bit more help and effort to be able to get the technology to work for us in the most cost-effective way.

Mr. LAMALFA. So how difficult is it with a current older system *versus* what you are seeing with technological improvements that are available or coming available?

Mr. FRIANT. So maybe I will give an example. When I walked into Cargill's offices about 20 years ago, one of my colleagues came to me and said, we are working on black-box technology for grain inspection, for grain grading. And I sit before you today, 20 years later, and we are still working on that technology. It hasn't been easy. Frankly, it has been quite difficult. But we still believe that it is the way we need to go, visual imaging. We think there are great opportunities there.

And as Kia mentioned, you can tell she and I have talked about this a lot together between our organizations because she said exactly what I was going to say. Our eyes were opened at that technology summit about a year and a half ago to what else is out there and what other groups in AMS are using for visual imaging technology.

Mr. LAMALFA. What is the holdup for you all?

Mr. FRIANT. I think that is a great question that doesn't have an easy answer. And Kia kind of alluded to it. We need to look at each individual grain in the sample. And when you are talking about a sample that could have 100, 200, 300 kernels, it is a lot to look through. And so just having that technology to identify it. And then when we talk about damage, the types of damage and being able to identify this kernel is damaged, this kernel isn't.

Mr. LAMALFA. Is the damage usually associated with size, like broken, things like that, or could it be damaged and have a like size and really take more microscopic work to find?

Ms. MIKESH. Yes, there are damages that you can visibly see just right when you are looking at, say, the corn. But there are also damages, and this is part of the reason why it has been more difficult to find the technology, is you have to actually scrape at the kernel to determine. There are some grains that you have to cut to see the inside of it. And so with that, it isn't only visual imaging, but we are needing other things like near-infrared and all of that combined together, but still cost-effective enough to be able to have at thousands of onsite labs across the country.

Mr. LAMALFA. So I suppose you are trying to draw samples kind of at random and hope that sample represents the whole, and you don't run into too many quality problems.

Ms. MIKESH. Yes, we do have very specific protocols for sampling to ensure that.

Mr. LAMALFA. Well, I have to yield back, but I am pleased to hear that you are very happy with the AMS coming in, and that is making it a little simpler. So please keep us abreast at the Committee here of what impediments might be out there and the good things too.

So thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you. I have one final question, and then I will turn it over to Ms. Davids for any final questions she may have, and then begin closing. We had an issue with peanuts a couple of years ago where, after they had been shipped, the port where they were going to, the buyers questioned the grade. It wasn't that there was a problem with the grade. It was just that the shipping costs had already been incurred, and they were trying to get a better deal if you will. Does that ever happen with grain as well, Doctor?

Dr. DONNELLY. I am going to take that. The system has an appeals process. In fact, one of the main functions of the National Grain Center in Kansas City is the Board of Appeals. So there is always a reference sample kept on reserve, and if there is a disagreement about the grade, then that can be adjudicated by going back to the reference sample. And the Board of Appeals in Kansas City is the supreme court of grain grading, so what they determine is what stands in those cases.

The CHAIRMAN. Okay.

Ms. MIKESH. Something else with that as well, us as official agencies, as well as FGIS, anything that we have, those file samples that he is speaking of, they are considered Federal property over an allotted amount of time. And so when those come back, we are able to look at those particular file samples, as well as our records are all Federal property in that sense. And so we are able to go through the various records to show what it is that we found and making sure that those people are properly trained and licensed and everything else with it. So we have very good record-keeping in order to help mitigate that.

The CHAIRMAN. Do you have anything?

[No response.]

The CHAIRMAN. Okay. Ms. Davids?

Ms. DAVIDS of Kansas. I don't have any questions, just a——

The CHAIRMAN. Closing statement.

Ms. DAVIDS of Kansas. Thank you, Mr. Chairman. And I just have a closing statement here.

First, I would like to thank everyone on our panel today. Thank you for showing up and being witnesses here in front of the Committee. It is so important for all of us on this Committee to stay well informed about the U.S. Grain Standards Act, particularly as we look to take action on the reauthorization this year. Your time and testimony today have absolutely provided us with firsthand knowledge on how essential the grain standards are to farmers, not just in Kansas, but across the country and to folks in the grain industry at large across the country.

So again, thank you, Mr. Chairman, for holding today's hearing, and I look forward to working together on the reauthorization this year. And I yield back.

The CHAIRMAN. Thank you, Ranking Member Davids.

And I want to thank all of you for taking the time to come testify. Your expertise matters to us. And I look forward to the completion of the legislation in a timely manner.

Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional materials and supplementary written responses from the witnesses to any question posed by a Member.

This hearing of the Subcommittee on General Farm Commodities, Risk Management, and Credit is adjourned.

[Whereupon, at 11:42 a.m., the Subcommittee was adjourned.]

