



Written Testimony on Reauthorization of the U.S. Grain Standards Act

Before the Subcommittee on General Farm Commodities, Risk Management, and Credit

Committee on Agriculture, U.S. House of Representatives

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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 FY2026–2030;
- 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.