



## Specialty Crops Inspection Division

### INSPECTION SERVICE FEES

#### The Program

The Specialty Crops Inspection Division (SCI) provides grading, inspection, and certification services that support the marketing of U.S. specialty crops and related products. Grading services are voluntary (except when required for imported commodities). In FY 2015, SCI inspected and graded 71.4 billion pounds of commodities.

By providing uniform interpretations of U.S. standards on a nationwide basis, these services facilitate trade for both buyers and sellers by:

- Verifying product compliance with private buyer specifications, whether they are based on the U.S. standards or special additional requirements;
- Verifying compliance with the minimum quality, size, and condition requirements of marketing agreements and orders or State regulations;
- Providing certification that is recognized and accepted in marketing channels and as prima facie evidence in courts of law;
- Helping establish loan values for specific products;
- Helping plants and produce shippers control product quality;
- Helping settle disputes over product quality and condition;
- Guiding labeling and advertising the product, including use of official marks of inspection; and
- Increasing marketing efficiency to the benefit of the specialty crops industry and consumers.

#### Fee Structure

Under the Agricultural Marketing Act of 1946, SCI must collect fees to cover the cost of providing services. To meet this mandate, SCI is adjusting fees for the inspection, grading, and certification for fruits, vegetables, and specialty items at destination markets (fresh products).

#### AMS Fee Setting Process

In November 2014, the Agricultural Marketing Service (AMS) published a final rule changing how it adjusts fee rates for user-fee services. Instead of notices soliciting comments each time an AMS unit needed to adjust a specific rate, AMS published the formula used to develop these rates in the Code of Federal Regulations. To complement the formula, which is now part of the regulations that detail how we operate, AMS will publish an annual public notice listing the specific fees charged. AMS currently is reviewing financial data in preparation for the next fee notice that will contain FY 2017 rates that will be charged as of October 1, 2017. The notice is scheduled for publication in the spring of 2016.



Since its establishment in 2012, SCI has continuously improved operations to contain costs. The organization was created by merging two separate divisions into one, thereby reducing staff and offices, and streamlining its management structure. In FY 2015, SCI had 420 full-time staff members, a 5 percent decline from FY 2014's total of 442, and a nearly 10 percent decrease from FY 2013's total of 461. In FY 2015, SCI completed a major restructuring that reduced its field offices with independent management from 41 in 2013 to 14. This restructuring involved a complete assessment of the grade levels of field personnel, which resulted in three positions being upgraded and 15 downgraded due to a realignment and consolidation of functions in certain field locations. In addition, SCI is in the midst of a multi-year plan to consolidate offices. To date, SCI has consolidated 12 offices into 6 in six cities; 4 offices currently are being consolidated into 2 in two additional geographic regions.

SCI is adjusting the following fees for terminal market and processed inspection services. The adjustments will cover unfunded mandatory salary adjustments in each of the past two fiscal years, and increased program and training costs; and, maintain operating reserves at Agency mandated levels. Fees for these inspection services were last adjusted in 2007. A list of the fees that will remain unchanged also appears below.

### Fresh Products (Terminal Market) Fees

Terminal Market Fees	Current Per Lot Rate	New Per Lot Rate	Percent Change	Fee Last Increased
Quality and Condition, Whole Lot	\$151	\$166	10	2007
Quality and Condition, Half Lot or Condition Only Whole Lot	\$125	\$138	10	2007
Condition Only, Half Lot*	-	\$127	-	2007
Quality and Condition, or Condition Only, Additional Lot	\$69	\$76	10	2007

\* This fee was not included in the most recent fee notice and was last revised in 2007.

### Processed Products Fees

Processed Products	Current Hourly Rate	Proposed Hourly Rate	Percent Change	Fee Last Increased
Lot	\$62	\$65	5	2007
In-Plant*	\$49	\$63	22	2007
Additional Grader (seasonal)	\$65	\$72	10	2007

\* This fee was not included in the most recent fee notice and was last revised in 2007.

These fees will become effective on October 1, 2016.

Five types of Terminal Marketing Inspection Fund fees are remaining unchanged:

- Inspections, All Hourly Work
- Dockside Inspections, less than 30 pounds
- Dockside Inspections, 30 pounds or more
- Dockside Inspections, per product
- Dockside Inspections, Additional Lots