



United States Department of Agriculture

Agricultural Marketing Service



UNITED STATES WAREHOUSE ACT 2020 ANNUAL REPORT

Warehouse and Commodity
Management Division

Fair Trade Practices Program December 2020

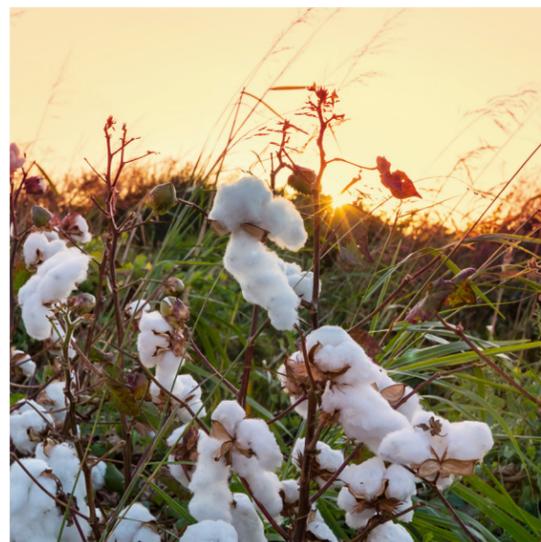


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Featured Employees throughout the Publication

On the Cover: Featuring (left to right) Kaylee Holdvogt, Richard Liggett, and Jerald Qualley / Page 1: Ashley McCallum based in Amarillo, TX / Page 4: William Vereen based in North Little Rock, AR / Page 6: Dean Mather based in Altoona, IA (left) and Richard Liggett based in Elko New Market, MN (right) / Page 11: Kaylee Holdvogt based in Blue Earth, MN / Page 14: National Cotton Council Meeting. Featuring (left to right) Shane Stephens, Michael Quinn, and Larry McClendon / Page 15: At Dakota Plains Elevator - Plankinton, South Dakota. Featuring (left to right) Examiner Ron Steffen based in Clear Lake, IA; Examiner Alex Bernard based in North Sioux City, SD; AMS Administrator Bruce Summers; and Examiner Marc Bernard based in Mitchell, SD / Page 17 - At Cargill export elevator in New Orleans, February 2020. Featuring USDA staff (left to right back row) Michael Durando, Ned Bergman, Dan Schofer, Jose Gonzalez; (left to right front row) Carie Cameron and Kelly Hereth



MESSAGE FROM THE DIRECTOR



gained in Fiscal Year 2020 (FY 2020) from October 1, 2019 to September 30, 2020.

FY 2020 marked a particularly challenging year for the industry, our nation, and the world at large as we adjusted to operate amidst the COVID-19 global pandemic. The coronavirus pandemic impacted worldwide agricultural trade and affected delivery of some USWA programs and services. The commodity warehouse industry modified operations to address evolving local and state health and safety guidelines. Our team worked closely with industry to adjust operations during this time and quickly resumed onsite examinations during the spring and summer of 2020. While there was a decrease in the number of warehouse examinations (14.8%) during FY 2020, issuance of USWA warehouse receipts and licensing of inspectors, weighers, classifiers, and graders were not affected by the pandemic.

In response to the rapidly evolving conditions during FY 2020, our team innovated and implemented measures to minimize costs and impact to the USWA program. Staff who support the USWA program were redeployed to support other USDA mission critical programs, reducing personnel costs to USWA. This included support for the USDA Farmers to Families Food Box Program, a part of the Coronavirus Food Assistance Program.

A \$4.5 million Congressional appropriation was received to support information technology (IT) modernization investments for the Electronic Warehouse and Commodity Management Data (eWCMD) System. I encourage you to read about the progress we made this year on phase two of this critical project. We look forward to the service improvements that phase three of the project will enable us to bring to our customers in FY 2021.

While COVID-19 conditions and ongoing market consolidation created unique circumstances and impact on operations during FY 2020, the year ended with user-fee collections totaling \$4.14 million (13.1 percent increase) and expenses totaling \$3.4 million (19 percent reduction) compared to FY 2019. Cost reductions were realized in all expense categories. The year-end reserve balance was \$1.71 million (78.3 percent increase), equivalent to approximately 6.1 months operating expenses.

As we look forward to FY 2021, we recognize that the industry will face ongoing challenges and opportunities. We will, in turn, work closely with our industry partners to build on lessons learned and continue our efforts to innovate, adapt, and provide effective and efficient services to the commodity warehouse community.

Ned R. Bergman

Ned Bergman, Director
Warehouse Commodity Warehouse Division

The U.S. Department of Agriculture (USDA) is entrusted as a steward of the U.S. Warehouse Act (USWA), first enacted in 1916. For the past 41 years, I have had the privilege to support the USWA, along with a dedicated team of professionals, committed to the commodity warehouse industry. Our goal is to provide efficient, effective, and customer-focused services in support of the USWA.

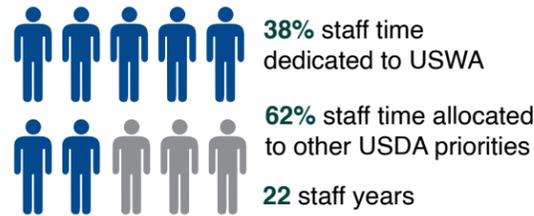
The USWA, one of the oldest Federal agricultural laws, facilitates trade, provides a regulatory framework, protects producers and depositors, provides legal validity for issuance of warehouse receipts, enforces rules, and provides penalties for non-compliance. While administration of the USWA has shifted through the years within different agencies of the USDA, our team of professionals has remained a steady constant. Our leadership team has more than 164 collective years of service to the program. Now part of the Agricultural Marketing Service (AMS), Warehouse Commodity Management Division (WCMD), the USWA team continues to provide dedicated service to the commodity warehouse industry.

This year's annual report provides an overview of USWA operations, financial information, and efficiencies and cost savings

YEAR AT A GLANCE

United States Warehouse Act

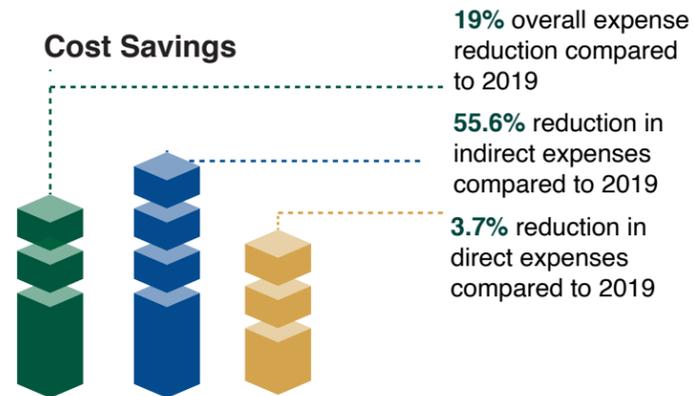
Efficient Use of Personnel



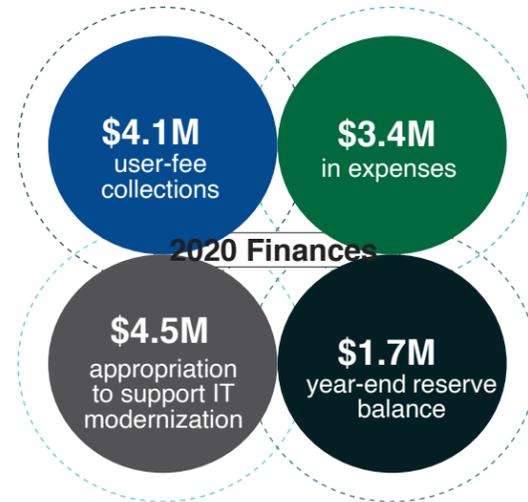
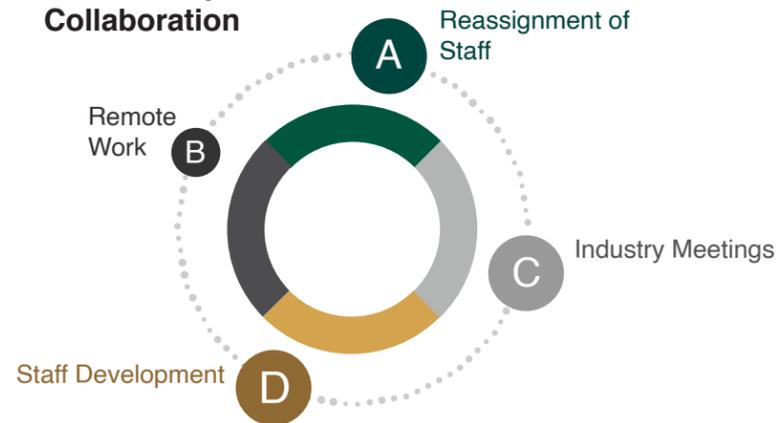
Warehouse and Inventory Exams in 2020



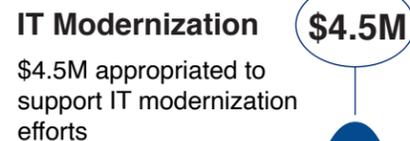
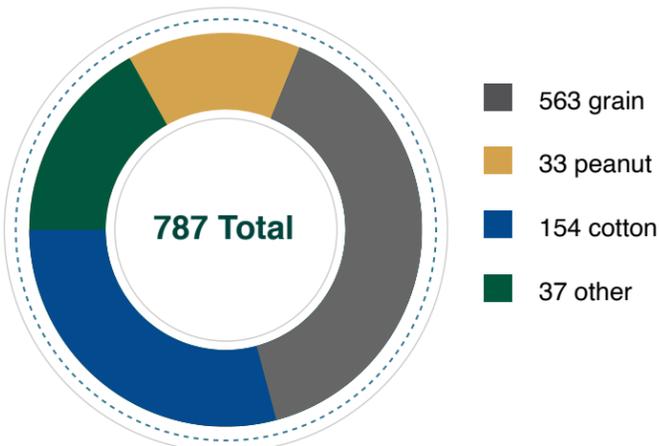
Cost Savings



COVID Response/ Collaboration



Warehouse Licenses in 2020



INTRODUCTION

104 Years of Service to the Agricultural Commodity Warehouse System

United States Warehouse Act

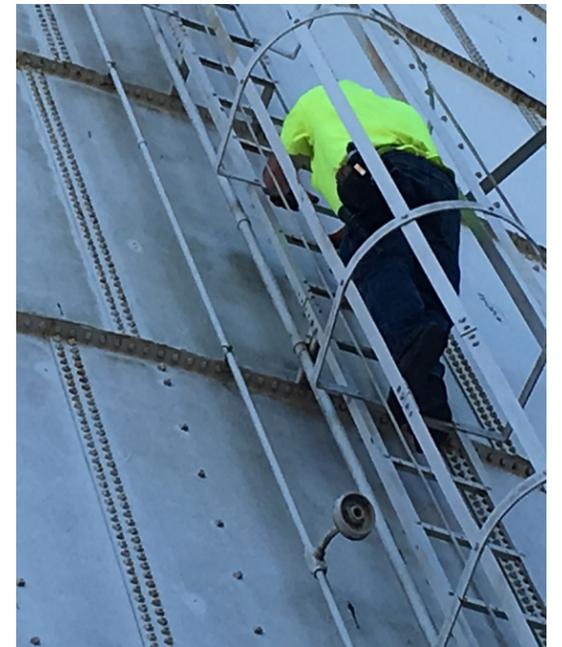
The USWA was enacted in 1916 to stabilize and standardize the agricultural commodity warehouse system. The Act provides for the licensing of public warehouse operators in the business of storing agricultural products, examination of such federally licensed warehouses, and collection of fees to sustain the operation and administration of such efforts. Participation in the USWA program is voluntary. Participants may choose to obtain licensing under USWA to meet State or other industry requirements.



Warehouse examiners review the financial status, operational facility, and the integrity of the commodities stored in the licensed warehouse.

Key Services

Under authority of the USWA, WCMD provides key services to the agricultural commodity industry that protect depositors, support inventory accuracy, and ensure accountability from commodity warehouses.



Warehouses are licensed through examination of ownership and operational control, financial assurance, and necessary records. WCMD also licenses industry inspectors, weighers, classifiers, and graders. WCMD controls the printing of paper warehouse receipts. Central filing systems for electronic warehouse receipts and other electronic documents are licensed and audited. Examinations of warehouses are conducted to determine the suitability of those facilities for storage of specific commodities. Inventories are compared with daily position records. Individual units are identified and examined for nonfungible commodities.

Fiscal viability is verified through review of financial statements. WCMD collects user-fees through a monthly statement process. Risks to depositors are minimized by seizing control, if necessary, of in-store inventories in cases of financial insolvency and cause.

Organizational Structure

The WCMD is made up of four organizational components including the Division Director’s Office, the Examination Branch, the License and Storage Contract Branch, and the Commodity Management Branch. USWA services are delivered by staff in WCMD’s Examination Branch and the License and Storage Contract Branch with support provided by the Office of the Director. WCMD also conducts various activities on behalf of the Commodity Credit Corporation (CCC). Those activities, while sometimes tangentially related to USWA activities, are funded separately through appropriations.

Warehouse and Agricultural Sector Stakeholders

- American Cotton Shippers Association
- American Peanut Shellers Association
- Cotton Growers Warehouse Association
- Cotton Warehouse Association of America
- National Cotton Council
- National Grain and Feed Association
- National Peanut Buying Point Association
- US Dry Pea and Lentil Association
- US Rice Producers Association
- USA Rice Federation



Key Stakeholders

USWA stakeholders have a shared interest in protecting agricultural commodity depositors, which include farmers, cooperatives, merchandisers, banks, investors, the CCC, and other entities. Warehouses that acquire USWA licenses are USWA customers. Industry associations that represent warehouse operators and other agricultural sectors work closely with WCMD to support delivery of services, improve efficiencies, and resolve issues quickly. Associations of government entities with shared responsibilities or interests in oversight of agricultural commodity warehouses are key partners. USWA license holders provide services to depositors under authority of the USWA and in cooperation with WCMD.

Associations of Government Agencies with Shared Responsibilities and Interests

- Association of Grain Regulatory Officials
- National Association of State Departments of Agriculture
- USDA - AMS Commodity Procurement Program
- USDA - Farm Service Agency
- United States Agency for International Development

Employees and Locations

The WCMD staff supporting USWA activities are strategically located throughout the United States. Warehouse examiners are distributed across the nation for effective and efficient delivery of on-site services. Staff supporting USWA administrative functions work in offices located in Washington, DC and Kansas City, MO. Staff members split their time between USWA and other program activities to maximize efficient resource allocation.

In FY 2020, USDA user-fees supported 22 staff years for licensing, examinations, and general administration of the USWA program and activities. A staff year represents 2,080 hours.

Figure 1. Staff Duty Stations



2020 USWA OVERVIEW OF OPERATIONS

Resilience and Innovation Amidst Adversity

FY 2020 will come to be known as the year of COVID-19. This global pandemic disrupted and forced changes in operations throughout the agricultural supply chain.



COVID-19 Required Ingenuity

The industry and WCMD exercised creativity, innovation, and resilience to cope with challenges presented by the coronavirus.



Adjusted Operations

As warehouse visitor, travel, and health and safety guidelines evolved, the WCMD team adjusted operations to maintain essential services and redeploy staff to support other mission critical USDA operations.



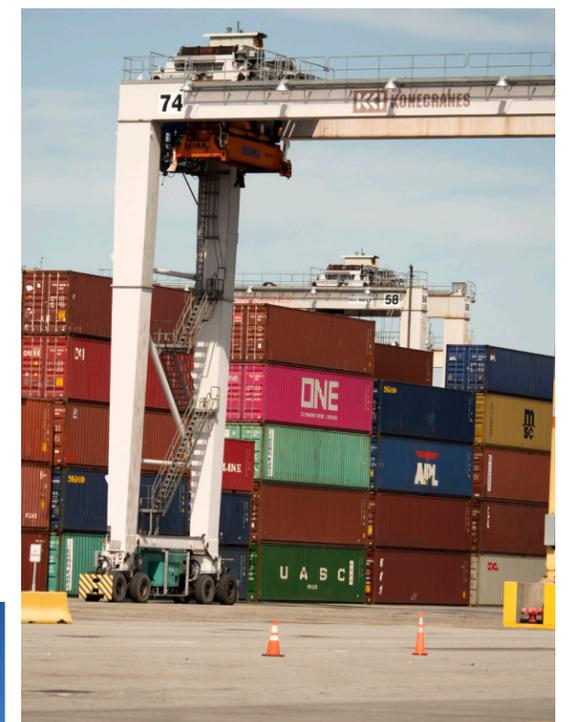
Incorporating IT Modernization

As a result, USWA services were delivered effectively and efficiently, investments were made to further modernize IT solutions, and cost reductions were realized across the entire USWA program.

FY 2020 Warehouse License and Capacity Overview

The USWA authorizes WCMD to license warehouse operators who store agricultural products. Licensed warehouse operators must meet the standards established in the USWA and its regulations. Through the licensing program, WCMD works to verify quantity, quality, and financial arrangements to ensure commodities are properly accounted for and stored.

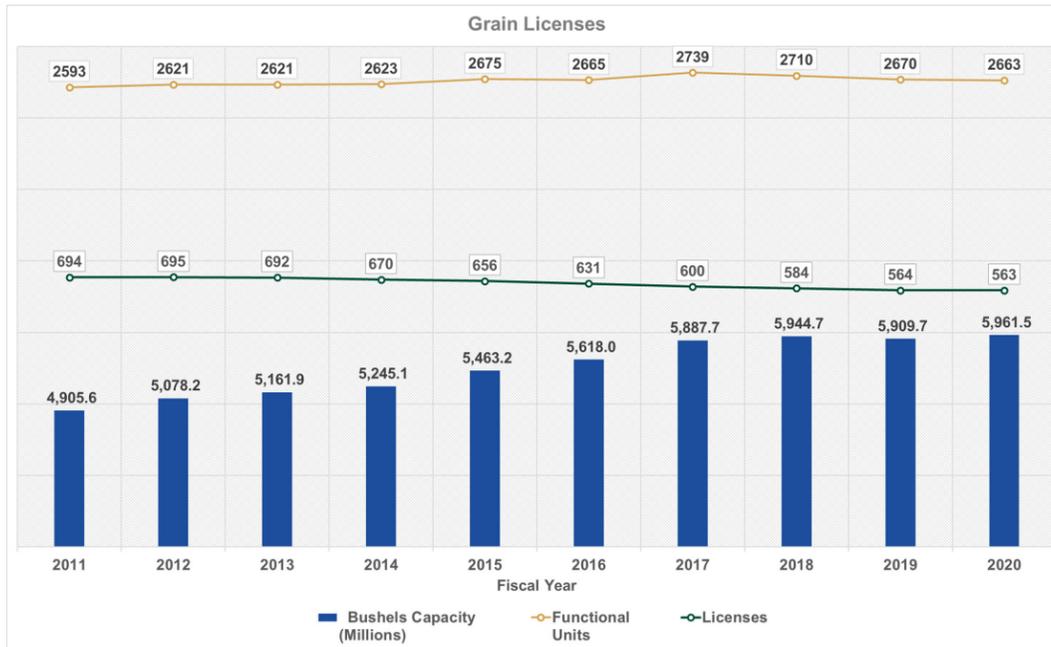
Key indicators WCMD monitors include capacity (volume of licensed storage space), functional units (physical locations licensed for storage), and licenses (active licenses). USWA offers stakeholders multi-faceted benefits including third party physical inventories, reports for management oversight, and baseline best business practices as part of regulatory requirements. These benefits lead to quality control and industry consistency on a nationwide level.



Grain Licenses

In FY 2020, there were 563 licenses, 2,663 functional units, and 6 billion bushels of capacity. Compared to FY 2019, there was a slight decrease (less than 1 percent) in licenses and functional units, reflecting a continued trend in market consolidation. There was a small increase (less than 1 percent) in licensed capacity.

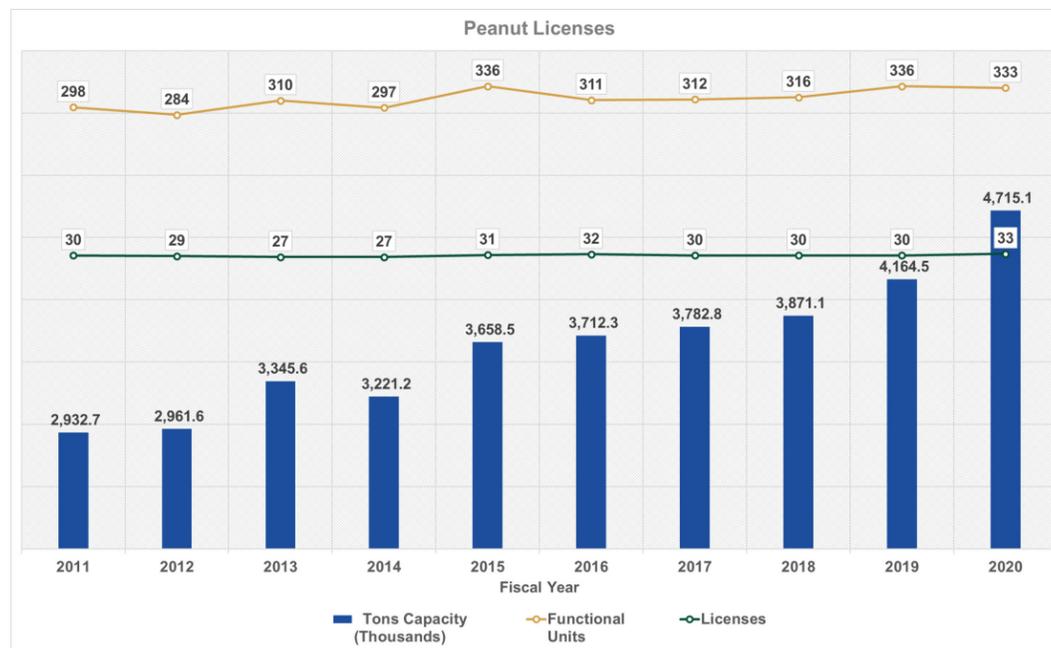
Table 1. FY 2011 - FY 2020 Grain Licenses, Functional Units, and Capacity by bushel



Peanut Licenses

In FY 2020, there were 33 licenses, 333 functional units, and 4.7 million tons of capacity. Compared to FY 2019, this represents a 10-percent increase in licenses, a slight (less than one percent) decrease in functional units, and a 13-percent increase in capacity. The industry observed new entities enter the warehousing sector. Overall, the number of peanut licenses has remained comparatively steady for the past 10 years.

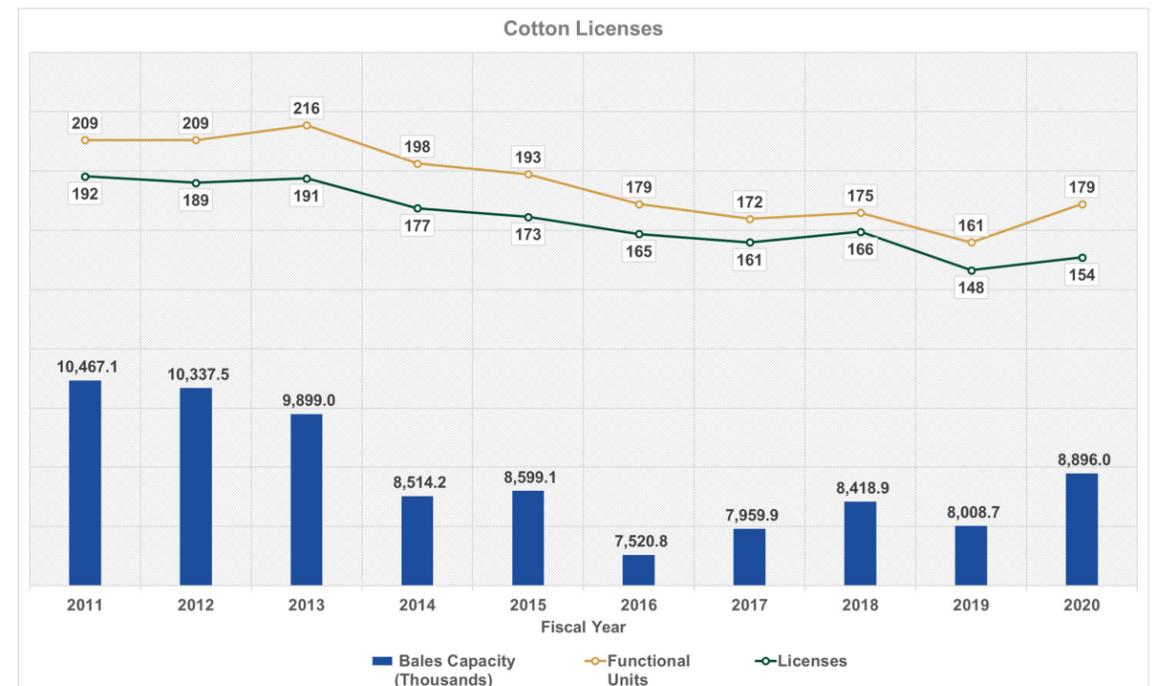
Table 2. FY 2011 - FY 2020 Peanut Licenses, Functional Units, and Capacity by ton



Cotton Licenses

In FY 2020, there were 154 licenses, 179 functional units, and capacity of 8.9 million bales. Compared to FY 2019, this represents a 4-percent increase in licenses and an 11-percent increase in both functional units and capacity. Capacity continues to vary each year depending on crop size and market demand. On average, 50 percent of commercial cotton storage space is licensed under USWA. In light of marketing obstacles this past year, there is an abundant carry-over and the need for cotton storage space is on the rise.

Table 3. FY 2011 - FY 2020 Cotton Licenses, Functional Units, and Capacity by bales



Other Licenses

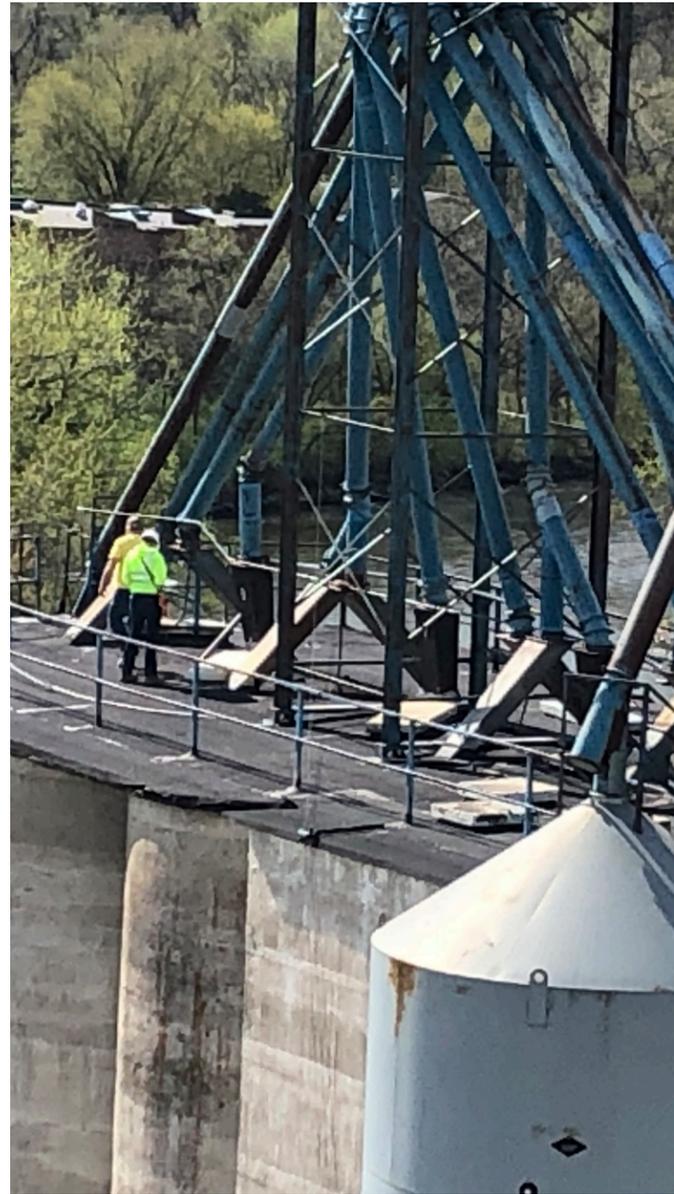
Other warehouse licenses held in FY 2020 included 37 licenses representing a variety of participants such as cottonseed, dry edible bean, and export food aid commodity warehouse operators, and electronic receipt providers. There were 3 licensees for cottonseed warehouses located in Missouri and Arkansas and 15 dry bean licensees located throughout the Midwest, West, and Pacific Northwest regions. The Export Food Aid Commodity warehouses account for 15 licensees located at 9 ports throughout eight States. There are four electronic providers with central filing systems across the United States.

Warehouse and Inventory Examinations

WCMD conducts examinations of warehouses for USWA compliance. Examinations consist of documentation of storage obligations, physical inventory of stored commodities, comparison of inventory with storage obligations, review of the warehouse’s physical suitability for storage of specific commodities, and a review of the warehouse’s business practices for conformance with USWA regulatory requirements.

1,205 examinations of USWA warehouses conducted by WCMD in FY 2020.

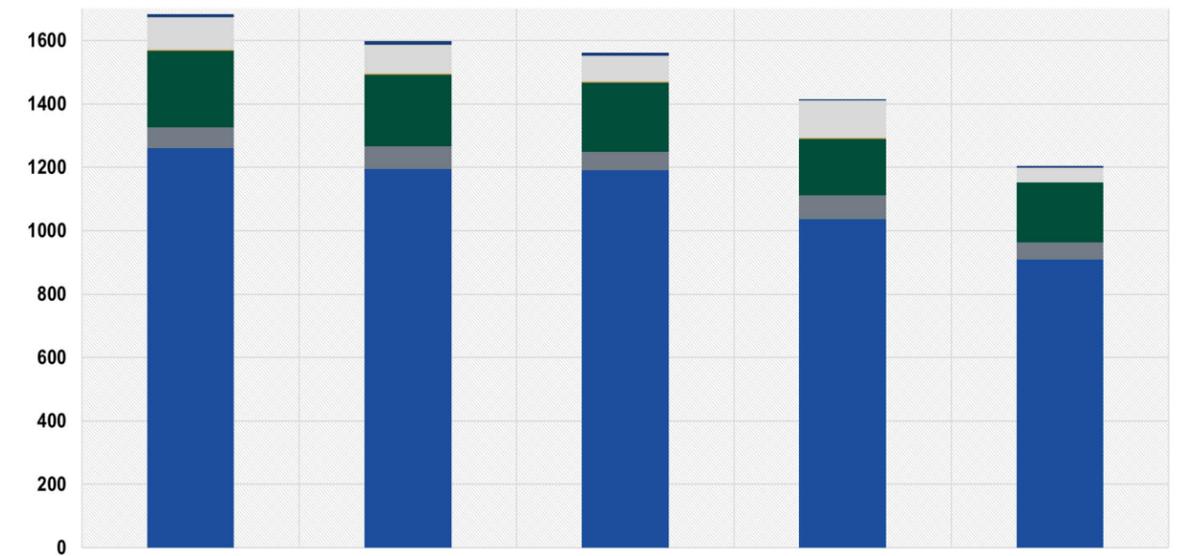
A total of 379 of these examinations were Location Examinations, allowing a modified examination process permitting some examination procedures to be conducted at individual warehouse locations. This process is used primarily on large multi-location warehouse licenses where a coordinated inventory is impractical. The use of Location Examinations as an optional approach is in response to changing market dynamics as the industry continues to consolidate and reduce the number of licenses while steadily increasing the number of functional units.



During FY 2020, the COVID-19 pandemic disrupted normal operating conditions for warehouse examinations. Limitations on warehouse visits, travel restrictions, and mandated health and safety guidelines resulted in an approximate 14.8-percent decrease in examinations as compared to FY 2019.

Warehouse examinations conducted in FY 2020 resulted in the identification of 488 compliance items for 256 examinations. At the end of the year, 462 items were closed and 26 remained open, representing a 95-percent rate of closure. WCMD staff will continue to work with industry in a comprehensive way to achieve successful resolution of open items enabling enhanced warehouse operations. Prior to FY 2020, compliance activity was managed on an individual case basis using different systems, making consolidated reporting a challenge. As a result of newly implemented process improvements, multiyear reporting will be possible going forward.

Table 4. FY 2016 - FY 2020 Warehouse Examinations



| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Beans | 9 | 11 | 10 | 3 | 6 |
| EFAC | 103 | 92 | 82 | 117 | 47 |
| Cottonseed | 3 | 3 | 3 | 5 | 0 |
| Cotton | 242 | 226 | 218 | 178 | 188 |
| Nut | 66 | 72 | 58 | 75 | 55 |
| Grain | 1260 | 1194 | 1191 | 1036 | 909 |
| TOTAL | 1683 | 1598 | 1562 | 1414 | 1205 |

FY 2020 Inspector, Weigher, Classifier, and Grader Licenses

WCMD licenses private industry inspectors, weighers, classifiers, and graders. These licenses are issued to provide documented validation and legal recourse of the weighing, inspecting, and grading process. In FY 2020, there were more than 15,000 active USWA licenses for industry samplers, inspectors, weighers, classifiers, and graders of agricultural products.



Warehouse Receipts

Warehouse receipts are issued by licensed warehouse operators as documents of title to commodities in storage. Warehouse receipts can either be in paper or electronic form. WCMD licenses three providers of electronic warehouse receipts (EWRs) for the maintenance of the EWR central filing system: EWR Inc., eGrain, Inc., and eCOPs, LLC. The central filing systems allow for an efficient and secure method of issuance, storage, transfer, and auditing functions for warehouse receipts and other electronic documents (OEDs). The USWA establishes associated standards and validations that enhance the EWRs acceptance by the commodity industry.

Grain Electronic Warehouse Receipts

In FY 2020, 9,851 grain EWRs were issued covering 931,181,897 bushels. Compared to FY 2019, grain receipts issued declined 6 percent while volume also decreased by 18 percent. This decrease was consistent with prior year trend activity.

Cotton Electronic Warehouse Receipts

In FY 2020, 21.8 million cotton EWRs were issued. As an identity preserved commodity, each EWR represents one bale of cotton. Compared to FY 2019, cotton receipts and bales increased 20 percent, similar to the percentage increase in domestic production from 2019 to 2020.

Peanut Electronic Warehouse Receipts

In FY 2020, 31,914 peanut EWRs were issued covering 2.16 million tons. Compared to FY 2019, peanut receipts declined 5 percent and volume covered also narrowly declined 0.5 percent.



Commodity Warehouse Industry Communication and Collaboration

WCMD staff communicate and interact with the grain, cotton, and peanut industries on an ongoing basis. In addition to ongoing exchanges of information, WCMD staff participate in national and regional warehouse industry trade association annual meetings and periodic workshops and committee sessions, and conduct training sessions with commodity warehouse industry representatives and licensees. These events provide a forum and platform for industry and WCMD staff to interact, exchange information, and learn from one another. More specifically, WCMD staff strengthen their knowledge and understanding of the industries served, the operating challenges they face, and how to ensure that resources available through USWA licensing are optimized. In turn, industry representatives gain knowledge and insight on USWA programs, how those programs influence their trading environment and enhance their warehousing operations, while using WCMD expertise for technical assistance on prospective policy proposals.

During FY 2020, WCMD staff attended and presented at a variety of in-person and virtual industry events including:

- Cotton Growers Warehouse Association Board Meeting, Amarillo, TX
- National Cotton Council Annual Meeting, New Orleans, LA
- National Grain and Feed Association Annual Convention, Austin, TX
- Cotton Growers Warehouse Association Annual Meeting
- Cotton Warehouse Association of America Annual Conference

Due to constraints associated with the pandemic, it was not feasible to conduct in-person training sessions in FY 2020. Meetings were adapted and conducted virtually between March and July, benefiting the entire 80-person WCMD team. Representatives from the National Cotton Council, National Peanut Buying Association, American Peanut Shellers Association, Georgia Peanut Commission, USDA, and several commercial entities gave generously of their time and talent to present and participate in these meetings.

Industry Meetings

WCMD staff attended and presented at five industry meetings and conferences on both policy issues and statistical information related to the USWA. Attendance also allowed for networking and informal conversations on issues of relevancy to conference attendees.



Annual Training Sessions

Virtual training sessions and meetings held in place of in-person annual sessions enhanced the WCMD team's knowledge on grain, cotton, and peanuts, including challenges in production, marketing, insurance, and storage. This also represented an effective use of staff time when the pandemic prevented examiners from conducting warehouse examinations.



USWA Annual Report

During FY 2020, WCMD sought industry feedback on the FY 2019 USWA Annual Report. Input on content and transparency of future annual reports was incorporated into the FY 2020 annual report.



FINANCIAL INFORMATION

Ensuring Financial Stewardship

The USWA authorizes the collection of fees and rate changes, as necessary, to cover the costs of administering the USWA program. During FY 2020, the global community experienced unprecedented shifts as the COVID-19 pandemic forced market shutdowns and quarantine orders. USDA and its Federal partners combined efforts to provide immediate and long-term assistance to communities affected by the pandemic. WCMD restructured its approach to examinations during FY 2020, updating protocol to avert risk for staff and to protect licensees and stakeholders. In addition, WCMD assisted in the pandemic relief effort by providing administrative support to the Farmers to Families Food Box Program which was administered by USDA to help farmers and segments of the food industry impacted by the closure of restaurants, hotels, and other food service businesses. USWA personnel costs were reduced by the reassignment of USWA staff resources, leading to overall savings for the USWA program.

As directed, USWA fees cover direct and indirect costs of providing services. Direct expenses include the cost of salaries, employee benefits, and non-labor operating costs (e.g. equipment, supplies, and postage). Indirect or administrative expenses include budget, human resources, legal services, and information technology support.

FY 2020 Financials

FY 2020 USWA user-fee collections totaled \$4.14 million representing a 13.1-percent increase over FY 2019. FY 2020 expenses totaled \$3.4 million, representing a 19-percent reduction over FY 2019. Cost reductions were realized in all expense categories.



Total Direct Expenses

Salaries and benefits, travel, communications were reduced 3.1 percent as compared to FY 2019.

- Personnel salaries and benefits made up the largest expense, representing \$2.4 million or 86 percent of all expenses. There was an 11 percent reduction in salaries and benefits expenses as compared to FY 2019.
- Non-labor expenses covering travel and communications totaled \$385,037 or 11.4 percent of all expenses. Compared to FY 2019, there was a 15.9 percent reduction.

Total Indirect Expenses

Information technology and administrative costs dropped 81 percent as compared to FY 2019.

- Technology expenses associated with major modernization initiatives accounted for \$31,010 or 5.5 percent of indirect expenses. Compared to FY 2019, this represented a 94.8 percent expense reduction due to a \$4.5 million appropriation made to supplement technology expenses associated with the USWA and AMS' Warehousing Program.
- Expenses covering administration and shared services within USDA, AMS, and FTTP accounted for \$531,627 or 15.7 percent of total spending. Compared to FY 2019, this represents a 20.3 percent reduction.

The FY 2020 year-end reserve balance of \$1.71 million is equivalent to 6.1 months of operating expenses, an increase of \$750,117 over 2019 (\$958,356 or 2.7 months of operating reserves). The purpose of the reserve account is to buffer unexpected changes in user-fee collections due to changes in licensed warehouse capacity to cover accrued liabilities in the event of unexpected program cessation and to support other unforeseen needs.

Table 5. FY 2020 Financials

| INCOME/EXPENSE STATEMENT | | | | |
|---|--------------------|--------------------|--------------------|---------------|
| | FY2019 | FY2020 | \$ Change | % Change |
| INCOME | | | | |
| User Fees | \$3,659,342 | \$4,137,381 | \$478,039 | 13.1% |
| Total Collections | \$3,659,342 | \$4,137,381 | \$478,039 | 13.1% |
| EXPENSES | | | | |
| Salaries | \$1,777,356 | \$1,720,209 | (\$57,147) | -3.2% |
| Salary/Employee Benefits | \$680,735 | \$719,381 | \$38,646 | 5.7% |
| Travel | \$419,862 | \$360,781 | (\$59,081) | -14.1% |
| Communications | \$24,016 | \$18,000 | (\$6,016) | -25.0% |
| Other Operating Expenses | \$14,198 | \$6,256 | (\$7,942) | -55.9% |
| Subtotal: Direct Expenses | \$2,916,167 | \$2,824,627 | (\$91,540) | -3.1% |
| Information Technology Contracts | \$600,812 | \$31,010 | (\$569,802) | -94.8% |
| Administrative Program Services | \$212,213 | \$123,081 | (\$89,132) | -42.0% |
| Agency Shared Services | \$323,295 | \$296,949 | (\$26,346) | -8.1% |
| Departmental Shared Services | \$131,631 | \$111,597 | (\$20,034) | -15.2% |
| Subtotal: Indirect Expenses | \$1,267,951 | \$562,637 | (\$705,314) | -55.6% |
| Total Expenses | \$4,184,118 | \$3,387,264 | (\$796,854) | -19.0% |
| Excess/Deficiency of Income Over Expense | (\$524,776) | \$750,117 | \$1,274,893 | 32.1% |

| FUND BALANCE | | | | |
|--|------------------|--------------------|------------------|--------------|
| | FY2019 | FY2020 | \$ Change | % Change |
| October 1 Beginning Balance | \$1,483,132 | \$958,364 | (\$524,776) | -35.4% |
| Excess / Deficiency of Income Over Expense | (\$524,776) | \$750,117 | \$1,274,893 | -242.9% |
| September 30 Ending Balance | \$958,356 | \$1,708,473 | \$750,117 | 78.3% |

EFFICIENCIES AND COST SAVINGS

Gaining Efficiencies and Controlling Costs

The USWA authorizes the collection of fees to administer the program and requires the Secretary “to minimize the fees established under this section by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act (7 U.S.C. § 243(e)(2)).”

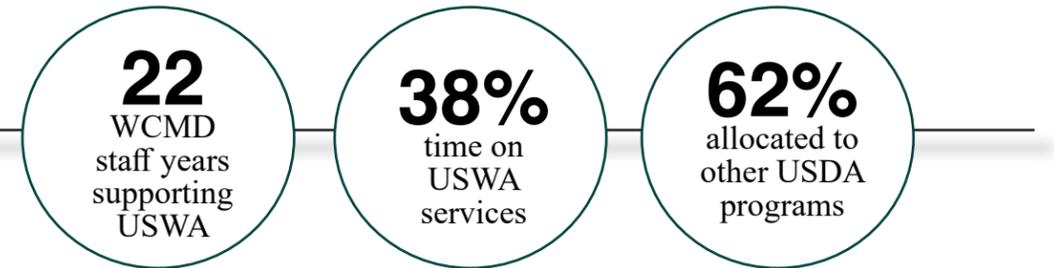
Accordingly, WCMD continues to implement cost controls and simultaneously explore innovative strategies to gain additional efficiencies. Primary focus is placed on the efficient use of personnel, streamlined business operations supported by modern systems and technologies, and ongoing outreach and engagement with the commodity warehouse industry.



Efficient Use of Personnel

In FY 2020, personnel expenses (salaries and benefits) represented 71 percent of all USWA costs and provided for a total of 22 staff years in direct support of USWA services. FY 2020 personnel costs represent an 11-percent reduction compared to FY 2019 expenses. Warehouse examinations were conducted by examiners with duty stations strategically located across the United States.

Managing human capital in this manner provided available staff resources to efficiently deliver timely, accurate, and quality services to the commodity warehouse community without relying on USWA-licensed warehouses to pay the full cost of maintaining the staff.



COVID-19 Response

While WCMD has historically assigned personnel to other non-USWA activities to gain efficiencies, during FY 2020, the COVID-19 pandemic required WCMD to further adjust the way work was assigned and conducted.



Remote Work During COVID-2019

Office and field staff quickly converted to remote work arrangements that respected warehouse and local distancing requirements and provided for the safety of WCMD staff, warehouse personnel, and the public at large.



Reassignment of Staff

Additionally, WCMD reassigned staff to other USDA work activities to contribute to agency priorities while maintaining staff productivity. Non-USWA work funded by other sources during FY 2020 included:

- USDA-AMS Farmers to Families Food Box Program Reviews
- CCC Storage Agreement Examinations
- USDA-AMS Commodity Procurement Program Port Warehouse Inspections
- USDA-AMS Country of Origin Labeling (COOL) Regulatory Reviews

IT Modernization (eWCMD)

During FY 2020, WCMD continued work on a major IT modernization effort, the Electronic Warehouse and Commodity Management Data (eWCMD) System that was launched in FY 2019. Over the course of a three-year, three-phase development and deployment process, WCMD seeks to consolidate seven IT systems into one unified and streamlined system that will enhance customer service, re-engineer and automate business operations, and align with departmental security requirements.

Each IT Modernization phase focuses on development of key functionalities.



Phase 1: Entities, Licenses, and Examinations (completed August 2019)



Phase 2: Licensing Actions, Financial Review, and Invoicing (December 2020)



Phase 3: Other Program Areas and Functionality Enhancements (September 2021)

During FY 2020, WCMD continued development of eWCMD supported by a special \$4.5 million Congressional appropriation resulting in lower overall FY 2020 USWA administrative costs.

Phase 2 activities conducted in FY 2020 included the execution of contracts for development, modernization, and enhancements to components of the system in addition to operations and maintenance of the system. In FY 2021, WCMD will complete phase 2 by decommissioning the Commodity Operations Management Systems (COMS) Suite of investments, including the Grain Inventory Management System (GIMS), the primary application used to administer the USWA.

Phase 3 of eWCMD will feature development and implementation of improved workflows, dashboards, and management-level reporting.

eWCMD will result in efficiency gains and improved customer service. When fully developed, users will experience improved service response time and on-demand access to accurate, quantitative data delivered in a user-friendly format. This includes visibility of licensed and other authorized storage space data, enhanced inventory control applications, and online delivery of statements. The online availability of their information will support planning and marketing efforts for USWA licensees.

WCMD Cost Control Monitoring and Management

To manage and control costs in support of USWA, WCMD implements a variety of cost monitoring, management, and control activities. Labor and non-labor activity and expenses are separated and monitored on a real-time basis, allowing for adjustments, as necessary. Current and projected expenses are tracked, compared, and analyzed to inform and facilitate decisions on staff scheduling and assignment. Additional cost controls, such as an Alternative Work Schedule (AWS), including variable work hours, are used to minimize travel and personnel expenses. An increase in location examinations also maximizes commutable work and reduces staff needed on specific exams. In FY 2020, these strategies were essential in planning for and reassigning personnel to non-USWA activities during the COVID-19 pandemic, resulting in cost savings to the USWA program.

CONCLUSION

FY 2020 was a year of unprecedented challenges in delivering programs and services to the commodity warehouse community. WCMD today, and organizations before it, have worked closely with the industry for over 100 years and developed a reputation of setting the “gold standard” among USDA programs. During the economic and health challenges in FY 2020, WCMD reached out to its customers, strengthened existing working relationships, built new relationships, and solicited input on how to best move forward in FY 2021.

Each year brings its own set of opportunities and challenges. As one year ends and another begins, WCMD pauses, takes stock of prior year achievements and challenges, and applies those lessons learned to continuously improve operations. To maintain the “gold standard” reputation with its valued customers into FY 2021, WCMD is first focused on prioritizing customer service through the improved eWCMD system. Further development and implementation of eWCMD will allow warehouse examiners and WCMD staff greater access to data enabling quicker response times to customers and real-time decisions from managers. Secondly, WCMD is committed to stewardship of the responsibilities, user-fees, and appropriated funds entrusted to WCMD. While there are constants —such as set salary guidelines or travel rates —outside the control of WCMD, all costs to the USWA program will continue to be re-evaluated in FY 2021 to maximize efficiency. Lastly, WCMD is committed to reliably providing valuable USWA services to customers, on time, every time. WCMD will work with the commodity warehouse industry in FY 2021 to develop new operating procedures to maintain the same high level of customer service, while maintaining the health safety of warehouse staff, WCMD examiners and the general public.

For United States Warehouse Act inquiries, please email the Warehouse and Commodity Management Division at warehousing@usda.gov, call (816) 926-6474, or write:

Director,
Warehouse and Commodity Management Division
Fair Trade Practices Program
Agricultural Marketing Service
United States Department of Agriculture
1400 Independence Avenue, SW,
Washington, DC 20250





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United States Department of Agriculture, Agricultural Marketing Service
Fair Trade Practices Program, Warehouse and Commodity Management Division
1400 Independence Avenue, SW, Washington, DC 20250