



USDA Specialty Crops Program (SCP) fees for inspection and audit services would remain at current rates as of October 1, 2021. A notice on the unchanged rates was published in the Federal Register on April 20, 2021.

AMS is required to charge user-fee customers a rate that covers all expenses for providing inspection audit services and maintain a sufficient reserve balance. Expenses include employee pay and benefits, travel, building (infrastructure) initiatives, overhead, information technology enhancements/investments, and related costs. Furthermore, a reserve balance for each trust fund is required to cover program shut down expenses should demand for AMS services cease and for long-term investments.

SCP launched a series of cost saving efforts in support of agricultural industry stakeholders adversely impacted by the COVID-19 pandemic. **See cost-saving bullets.**

Nevertheless, SCP remains steadfast on modernizing into a more data-driven, customer-focused organization. Significant progress has been made on the development of the Specialty Crops Integrated Operating Network (SCION), an IT investment initiative that would replace two legacy systems.

SCION will offer innovative business capabilities including data analytics, dispatching, digital certificates, and billing information for USDA and industry to make essential marketing and strategic business decisions, assess productivity, and improve operational efficiencies.



FINANCIAL OVERVIEW

Rates remain unchanged for audit and inspection services as current revenue adequately covers operational expenses and reserve. A summary of financial activity for FY 2020 is below.

	FY 2020 Revenue	FY 2020 Expenses	Current Months of Reserve
Processed Products	\$41,612,332	\$40,497,015	6.1 months
Fresh Products	\$17,183,924	\$16,428,317	4.4 months
Audit Services	\$2,585,661	\$2,276,656	4.8 months

Audit Services | Cost Saving Efforts

- To minimize travel and associated costs – SCP maximized efficiency by targeting hiring in areas of the country that experienced significant growth in audit services.
- SCP implemented remote desk audit produces to replace onsite audits for certain types of audits during the pandemic.

Industry & Workload Trends

Industry demand for services has increased over the past 10 years. In recent years, the specialty crops industry requested and received six new audit programs from SCP that increased market access domestically and internationally. In 2022, we anticipate increased audit workload as several new programs become fully operational.

Processed & Fresh Products Inspections | Cost Saving Efforts

- SCP executed a lean strategy that led to:
 - the adjustment of staffing levels,
 - combining operational field offices,
 - cost reduction through meticulous scheduling of seasonal and part-time employees

Industry & Workload Trends

For fresh products, industry demand for inspection services declined 22.1% in FY 2020 (beginning in April 2020). Demand is rebounding in some seasonal and local markets, but we anticipate the overall downward trend to continue until pandemic effects are mitigated.

For processed products, industry demand for services declined 3% in FY 2020 from FY 2019 levels. Overall, this appears to be a temporary decrease due to the pandemic, and we anticipate a return to a steady workload as pandemic restrictions lift.