



## Specialty Crops Program Modernization Initiative

*Revolutionizing how SCP's inspection and audit fee programs provide services to the industries we serve.*

The AMS, Specialty Crops Program (SCP) is modernizing into a more data-driven, customer-focused organization.

As we secure our future and take advantage of technological resources, it is critical that we invest our time, maintain satisfactory fiscal reserves, and implement sound operational processes.

By developing an agile consolidated business system – SCP is shifting away from aging systems for billing, inspection, and certificate processes & paper-based processes. The holistic solution – SCI 2.0 – takes into consideration the industry's laser-focus approach and need to move at the speed of business. This method entails revamping processes as well as a business software that streamlines inspection, grading, auditing, laboratory analysis, billing and productivity reporting activities into a single platform – thereby replacing multiple old systems currently used to support SCP inspection and auditing activities.

SCI 2.0 will offer innovative business capabilities including data analytics, dispatching, and digital certificates and billing information for both SCP and the industry to make essential marketing decisions, assess productivity, improve operational efficiencies, and make strategic business decisions.

Even more, SCP facilitates trade for agricultural stakeholders who ship their products overseas and provides certification that exported products meet the recipient country's specified requirements. SCI 2.0 would expedite permit issuance by providing electronic certificates to users.

SCI 2.0 is about (a) reaching new heights with our business and expanding the industry's customer reach; (b) becoming a pioneering partner to our fresh fruits, vegetables, and processed products customers; (c) providing value-added services that enable businesses to thrive.

Our services facilitate the efficient, fair marketing of America's fresh, frozen, and processed fruits, vegetables, and other specialty crops. In serving America's specialty crops industry, our inspection programs consistently ensure U.S. consumers and military personnel receive products of the quality and condition expected.

- ✚ Services provided by SCP's Inspection Division (SCI) include voluntary user-fee funded inspection, grading, auditing and laboratory analysis services – which facilitate the marketing of fresh, frozen, and processed fruits, vegetables, and other specialty crops across the United States.
- ✚ About 2,400 inspectors throughout the United States provide inspection services at shipping points and processing facilities on AMS' behalf.
- ✚ Via our Federal workforce and partnerships with State employees, we inspect and certify more than 3 billion pounds of processed fruit and vegetable products and over 52 million pounds of fresh fruits and vegetables annually. These totals include more than 1 billion pounds of fresh and processed fruit and vegetable items for America's domestic feeding programs (school lunch and others) and consumers.
- ✚ SCP conducts approximately 4,000 food safety audits annually to verify that fruits and vegetables are produced, packed, handled, processed, and stored as safely as possible to minimize risks of microbial food safety hazards to consumers.

### FINANCIAL OVERVIEW

On October 1 of this year, rates<sup>1</sup> will increase for audit and inspection services to ensure revenue adequately covers operational expenses and maintain an adequate operating reserve. A summary of financial activity for FY 2018 is below.

	FY 2018 Revenue	FY 2018 Expenses	FY 2018 Profit / Loss	Operating Reserve Available (Months)
Processed Products	\$43,055,776.62	\$41,162,571.66	\$1,893,204.96	4.1
Fresh Products	\$16,369,442.47	\$16,485,260.11	(\$115,817.64)	1.3
Audit Services	\$811,260.84	\$1,888,618.03	(\$1,077,337.19)	(16.0)

<sup>1</sup> AMS is required to charge user-fee customers a rate that covers all expenses for voluntary services, such as employee pay and benefits, travel, property, overhead, information technology, etc. AMS is also required to maintain a reserve balance for each trust fund, to cover program shut down expenses should demand for AMS services cease.