



OTSC Quarterly Newsletter



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Office of the Texas State Chemist

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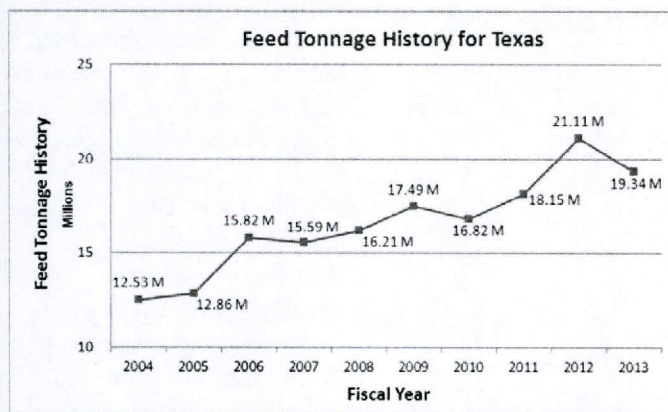
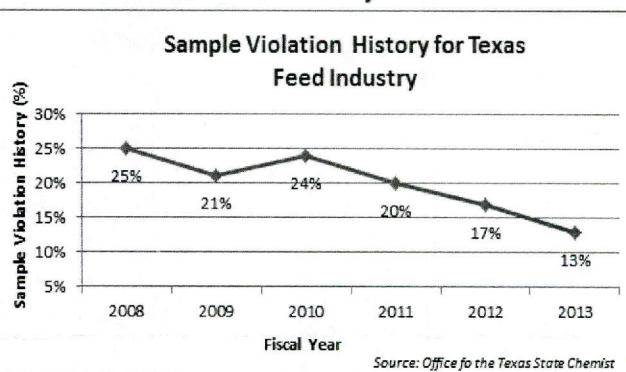
Annual Summary for Feed: Impact of a Risk-Based Plan of Work

The Office of the Texas State Chemist (OTSC) uses a statistically derived, risk-based plan of work. This allows OTSC to place increased emphasis on higher risk products and on firms that possess a high violation history. These two criteria enables OTSC to focus its regulatory and analytical resources and yields a higher return on investment for every regulatory dollar spent.

The results of this strategy is captured within the OTSC annual report. The annual report is published on the OTSC website at <http://otscweb.tamu.edu> under reports and includes information involving tonnage, analytical results by firm, and the OTSC financial report. These reports are created and posted the first day of the new fiscal year (September 1).

A history of feed tonnage in the state of Texas is reported in the figure below titled "Feed Tonnage History for Texas." Since 2004, feed tonnage has increased from 12.5 million tons to approximately 20 million tons in 2013. Since 2008, when OTSC implemented a statistically derived risk-based plan-of-work, the level of violation within the Texas feed industry has dropped from 25% to 13%, depicted in the figure titled, "Sample Violation History for Texas Feed Industry." Thus, the Texas feed industry has grown both in tonnage and regulatory compliance.

The risk-based plan of work is augmented by educational and compliance efforts conducted by OTSC. Among these compliance efforts are inspections performed by the OTSC field investigators to determine conformance to the U.S. Food and Drug Administration (FDA) bovine spongiform encephalopathy (BSE) regulations 589.2000 and 589.2001. The Office also performs current Good Manufacturing Practices (cGMP) inspections for cause. In addition, OTSC performs current Good Manufacturing Practices (cGMP) inspections and Hazard Analysis Critical Control Point (HACCP) inspections at the request of firms to determine conformance to the cGMPs and voluntary feed HACCP standard. A certificate of conformance is issued on official OTSC letterhead for use in meeting export requirements demanded by some of the importing countries.



OTSC is comprised of two units that include the Texas Feed and Fertilizer Control Service (FFCS) and the Agricultural Analytical Service. The FFCS is comprised of 14 field investigators, all of whom possess state and FDA credentials. The FFCS is the state government agency responsible for administering the Texas Commercial Feed Control Act of the Texas Agriculture Code Chapter 141, and the Texas Administrative Code Title 4 Chapter 61 Commercial Feed Rules. The Agricultural Analytical Service of OTSC analyzes regulatory samples for OTSC and is comprised of 16 chemists.

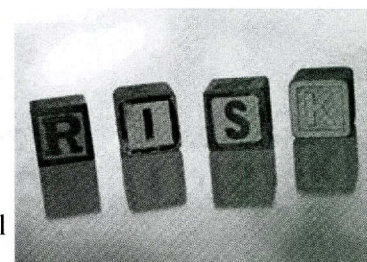
Ammonium Nitrate Risk Management Options

Risk management is the process, distinct from risk assessment, of weighing policy alternatives in consultation with all interested parties, considering risk assessment and other factors relevant for the health protection of consumers and for the promotion of fair trade practices, and if needed, selecting appropriate prevention and control options (FAO,WHO 2006).

The Office of the Texas State Chemist is a regulatory risk manager for commercial feed and fertilizer. OTSC is comprised of a regulatory agency (Texas Feed and Fertilizer Control Service) and a laboratory (Agricultural Analytical Service). The mission of the OTSC is to: *Protect consumers and enhance agribusiness through its feed and fertilizer regulatory compliance program, surveillance and monitoring of animal-human health and environmental hazards, and preparedness planning.* Thus, the agency impacts all 26 million Texans and beyond.

An advisory committee comprised of stakeholders

represents feed and fertilizer consumers and manufacturers/distributors. They represent different sectors and interests of Texans and provide input to the service involving issues impacting risk management and market protection including ammonium nitrate fertilizer. The advisory committee provides the service input on proposed policies and rules. The service is collaborating with the state and federal agencies and elected officials that may provide risk management alternatives involving the storage and handling of ammonium nitrate. OTSC is considering risk management policy alternatives that fall within the legal scope of OTSC defined within the Texas Commercial Fertilizer Control Act and rules in consultation with the advisory committee and other interested parties.

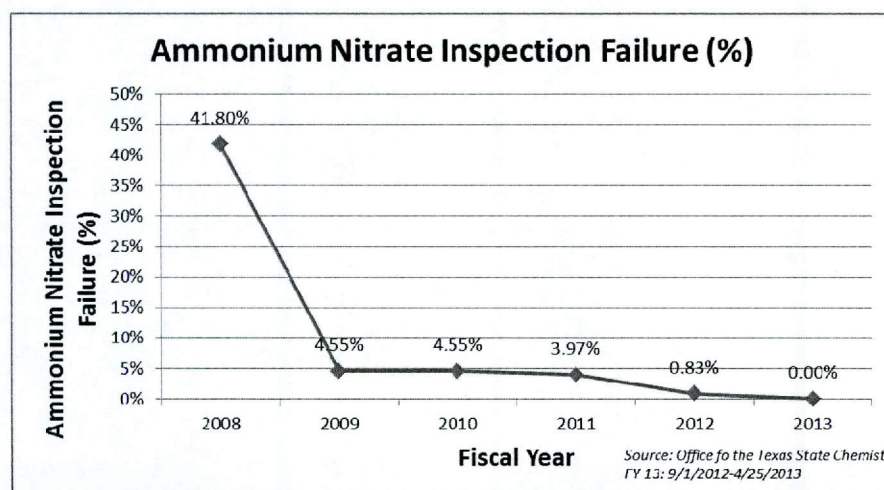


Ammonium Nitrate Compliance History in Texas

The Texas Ammonium Nitrate law took effect on September 1, 2007 and the Commercial Fertilizer Rules were amended on September 9, 2007 to prescribe procedures for refusal of sale and forms to record the information required under subsection (a) of §63.154 Sale of Ammonium Nitrate. The ammonium nitrate registration must be renewed annually as defined in the Texas Administrative Code Title 4, Agriculture Chapter 65, Commercial Fertilizer Rules. All firms seeking to renew their ammonium nitrate registration are inspected by an investigator from the service. These annual inspections began in the fall of 2007 and by August, 2008, the service had completed its first year of assessing the industry's conformance

to this new law. Subsequently, for firms to receive their annual registration they must be in full compliance with provisions in the law and rules. As depicted in the Figure below, a 96% compliance level was achieved in 2009. Firms in 2009 and subsequent years that did not conform to all provisions with Subchapter 1 during the inspection did not receive a registration renewal.

In Subchapter 1. Ammonium Nitrate §63.157 Criminal Penalty, a person commits an offense if the person tampers with ammonium nitrate or ammonium nitrate material stored on the property of another, presents false identification to purchase ammonium nitrate, purchases ammonium nitrate with the intent to manufacture an explosive device, or sells ammonium nitrate



and does not hold a registration issued under this subchapter.

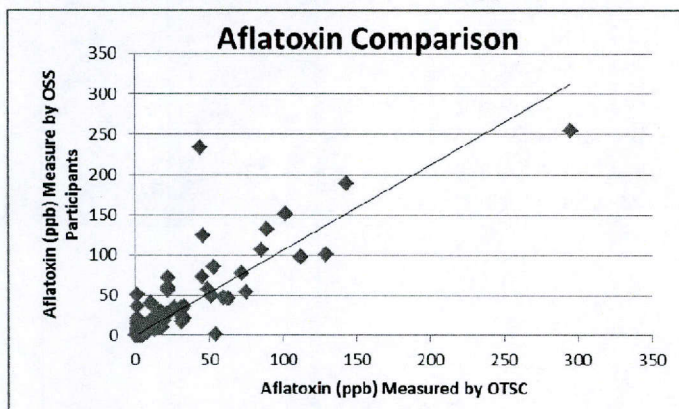
Firms are required to report to OTSC any refusal of sale. OTSC completes a suspicious activity report on those incidents and reports this information to the appropriate state and federal law enforcement authority. A total of 9 incidents have been reported and investigated since the implementation of the Ammonium Nitrate law in 2007.

Aflatoxin Risk Management in Texas: 2013 Harvest Update

The Office of the Texas State Chemist initiated an aflatoxin co-regulation effort in 2011 referred to as the One-Sample Strategy. The Office sought and received approval by the Risk Management Agency to accept "Report of Analysis" performed by OTSC designees for crop insurance settlements between corn growers and their insurer. These analytical results are also used by OTSC for regulatory purposes and by grain handlers for purchasing, storing, and selling corn.

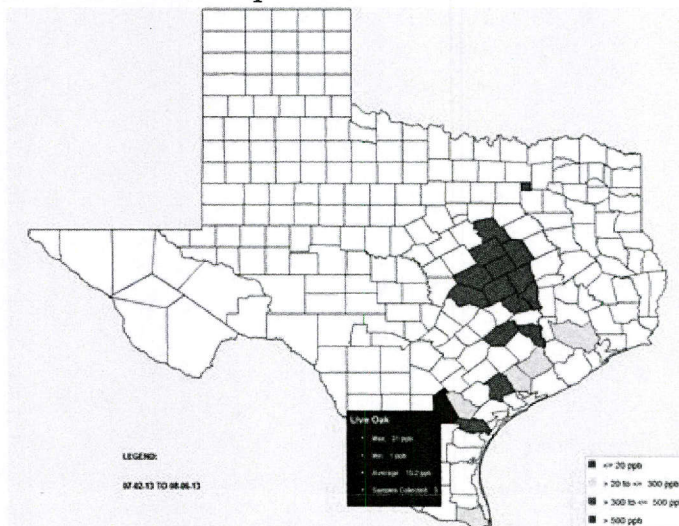
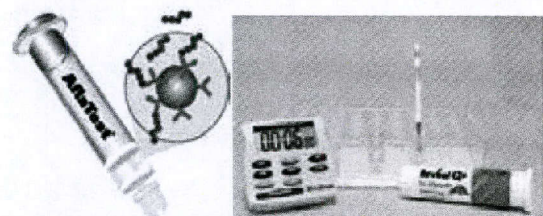
In 2013, 30 facilities are participating in the program. The individuals who perform the One-Sample Strategy program at these facilities are approved by OTSC as official designees. The designees receive annual training and must demonstrate their capability to test corn for aflatoxin. OTSC field investigators monitor progress of these designees through weekly audits during the corn harvest.

A comparison between OTSC and designees analytical results are highly correlated ($r=0.83$) and the average deviation is 24%. These results demonstrate that most of the corn harvested to date is below 100 ppb aflatoxin.



Reports by county are mapped as they become available and may be viewed on the OTSC website at:

<http://mycotoxinbmps.tamu.edu/mapsupdate.aspx>



The adoption of the co-regulation strategy by OTSC and the Texas grain and feed industry represents a significant shift in aflatoxin risk management. This new approach is prevention based and places greater responsibility on the firm to implement practices to protect the safety of the food supply. The One-Sample Strategy also increases the workload on the OTSC field investigators and management team to perform more training and record inspection. The OTSC Agricultural Analytical Services validates aflatoxin test kits and creates working standards for program participants.

The primary benefit of a co-regulation strategy is improved risk management. This leads to greater legal certainty for firms, improved service to customers, improved food safety, and the fewer market disruptions from out-of-compliance product.

Firms participating in the One-Sample Strategy are listed on the OTSC website:

<http://otscweb.tamu.edu/risk/OneSample/>

Current One-Sample Strategy Participants

- | | |
|--------------------------|----------------------------|
| Allied Feeds, Inc. | Lubianski Grain Co. |
| Apex Grain Co. | Muennink Grain |
| Bartlett Farm Products | Mumme's Inc. |
| Behrends Feed & Fert. | Nine Point Grain |
| Coastal Warehouse | NE TX Farmers Coop. |
| Country Boys | Producers Coop. Assoc. |
| F.G. Spillman | Producers Coop. Marketing |
| Feeders Supply Company | R.J. Mangold Grain Co. |
| Fehner & Son Grain Co. | Reus Grain |
| Granger Farm Products | United Agricultural Coop. |
| Hungerford Grain | Victoria-Calhoun Grain Co. |
| Itasca Cooperative Grain | Williamson County Grain |

Office of the Texas State Chemist

Mailing Address:

P. O. Box 3160
College Station, TX 77841

Physical Address:

445 Agronomy Road
College Station, TX 77843

Phone: 979-845-1121

Fax: 979-845-1389

Web: <http://otscweb.tamu.edu>

Protects consumers & enhances Agri-Business through its Feed & Fertilizer Regulatory Compliance Program, surveillance & monitoring of Animal-Human health & environmental hazards, & preparedness planning.

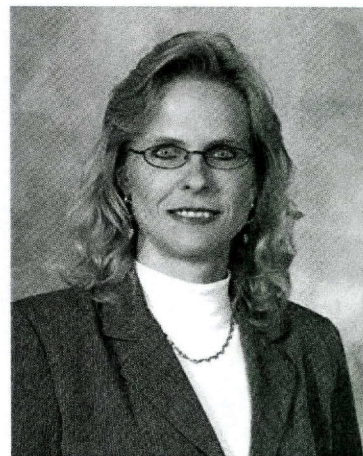
Voices You Hear: Linda Casey

Hi, my name is Linda Casey, and I've worked for the Office of the Texas State Chemist since August 1992. I began working as the receptionist and my duties at the time were answering incoming phone calls, entering statistical fertilizer data and handling Investigator itinerary schedules.

In September 1996 I began working in the Compliance department handling portion requests, answering stop sale questions, weights and measures and mailing out sample reports of analysis. In addition to these duties I now authorize incoming samples from the Investigative staff, BSE inspections, create electronic worksheets, maintain BSE Contract & Grant Inspections and answer labeling and registration questions.

I'm married and have a son 22 and a daughter 19. In my free time I enjoy exercising, listening to music and motor-cycling with my husband.

I enjoy my job here at OTSC and being able to help each and every person I may come in contact with, whether it's a co-worker or customer.



OTSC Advisory Committee Fall Meeting

The OTSC Fall Advisory Committee meeting has been scheduled for Friday, October 18, 2013.

OTSC Advisory Committee

*Brad Johnson, Chair
Northeast TX Farmers Coop.

Darren Turley, Vice-Chair
Texas Assoc. of Dairymen

Sid Brough
EdCot Coop Gin

*Brent Clark
Wilbur Ellis

*Shawn Griffin
Griffin Industries

Mark Hebert
SGS Hempstead

Ryan Izard
Animal Science Products

A.J. Kresta
Texas Sorghum Producers

Bill Messer
Wildlife feed consumer
representative

Scott Piercy
Poole Chemical Co.

A.J. Rath
Maxim Production Co.

Charles Ring
Texas Corn Producers Board

*Jimmy Roppolo
United Ag. Cooperative

Dan Shelton
Texas Farm Bureau

Ben Weinheimer
Texas Cattle Feeders Assoc.

Incoming Members
Effective Sept. 1, 2013

Mike Compton
Texas Farm Product

Horace Luensmann
Producers Coop Mkt.

Paul Mostyn
Westway Feed Products

Dean Sasser
Farmers Coop Elev.

Justin Gouth
El Dorado Chemical

*Term ends October 18, 2013.