

such an endorsement by \$10 to \$33. If adopted, this proposed user fee would take effect on the effective date of the final rule for this action.

Slaughter ruminants exported to Canada or Mexico that require certification under § 130.20(a) are covered by the certificate category "Slaughter animals (except poultry) moving to Canada or Mexico." To make it clear that slaughter ruminants exported to Canada or Mexico would continue to be covered by that certificate category, and not by the certificate category for ruminants proposed in this rule, we also propose to amend the title of the category for slaughter animals in § 130.20(a) to "Slaughter animals (except poultry but including ruminants) moving to Canada or Mexico." Similarly, the title of the proposed new category for ruminants would read: "Ruminants, except slaughter ruminants moving to Canada or Mexico." The user fees currently listed in § 130.20(a), including those fees for slaughter animals exported to Canada or Mexico, would not be affected by this proposed change.

#### Calculation Methodology

We calculated the user fee for endorsing export health certificates that do not require verification of tests or vaccinations for ruminants to cover the full costs associated with reviewing and endorsing a certificate. The costs of providing that service are the direct labor costs, administrative support costs, billing and collections costs, agency overhead, departmental charges, and a reserve component.

Direct labor costs are the salary and benefit costs of employee time spent specifically to endorse a certificate. To calculate the direct labor costs, we included time for a GS-14 step 5 veterinarian to provide information over the phone, research regulations, send any necessary facsimiles, and review, sign, and audit paperwork. We also included time for a GS-5 step 5 export clerk to review the contents of the certificate, print a receipt, enter and process information in the system, verify the origin and identity of the animal(s) by researching farms and matching eartags, handle collections, and mail certifications. We used the actual hourly salary of a GS-14 step 5 and a GS-5 step 5 during fiscal year (FY) 2002 (October 1, 2001, through September 30, 2002) and took into consideration the anticipated increases in the cost of living for fiscal years 2003 and 2004 that were projected in the President's Budget for FY 2003 (October 1, 2002, through September 30, 2003). Finally, we included employee benefit

costs at 20.42 percent of the total employee salary costs. Based on this approach, we estimate that the direct labor cost associated with the endorsement of export health certificates that do not require verification of tests or vaccinations for ruminants is \$15.12 for each certificate.

Administrative support costs include local clerical and administrative activities; indirect labor hours; travel and transportation for personnel; supplies, equipment, and other necessary items; training; general office supplies; rent; equipment capitalization; billings and collections expenses; utilities; and contractual services. Indirect labor hours include supervision of personnel and time spent doing work that is not directly connected with endorsing the certificates but which is nonetheless necessary, such as repairing equipment. Rent is the cost of using the space we need to perform work related to endorsing the certificates. Equipment capitalization is the cost per year to replace equipment, which we determine by establishing the life expectancy, in years, of equipment we use to endorse the certificates and by establishing the cost to replace the equipment at the end of its useful life. We subtract any money we anticipate receiving for selling used equipment. Then we divide the resulting amount by the life expectancy of the equipment. The result is the annual cost to replace equipment. Billing costs are the costs of managing user fee accounts for our customers who wish to receive monthly invoices for the services they receive from APHIS. Collections expenses include the costs of managing customer payments and accurately reflecting those payments in our accounting system. Utilities include water, telephone, electricity, gas, heating and oil. Contractual services include security service, maintenance, trash pickup, etc. We have calculated the administrative support costs for each endorsement to be \$10.85.

Agency overhead is the pro-rata share, attributable to endorsing the certificates, of the agency's management and support costs. Management and support costs include the costs of providing budget and accounting services, regulatory services, investigative and enforcement services, debt-management services, personnel services, public information services, legal services, liaison with Congress, and other general services provided above the local level. We have determined that \$4.19 for each endorsement covers the agency overhead associated with providing that service.

Departmental charges are APHIS's share, expressed as a percentage of the total cost, of services provided centrally by the Department of Agriculture (Department). Services the Department provides centrally include the Federal Telephone Service; mail; National Finance Center processing of payroll, and other money management; unemployment compensation; Office of Workers Compensation Programs; and central supply for storing and issuing commonly used supplies and Department forms. The Department notifies APHIS how much the agency owes for these services. We have included a pro-rata share of these departmental charges of \$1.38, as attributable to the endorsement of export health certificates that do not require verification of tests or vaccinations for ruminants, in our fee calculation.

We have added an amount that would help provide for a reasonable balance, or reserve, in the Veterinary Services' (VS) user fee account. We maintain a reserve in the VS user fee account that is equal to approximately 25 percent of the annual cost of the Import/Export Program to ensure that we have sufficient operating funds in cases of bad debt, customer insolvency, and fluctuations in activity volumes. All user fees contribute to the reserve proportionately. We have included a pro-rata share of the reserve of \$1.58, as attributable to each endorsement, in our fee calculation.

We added all of the costs, as discussed above, to obtain our cost of \$33.12 to endorse export health certificates that do not require verification of tests or vaccinations for ruminants, except for slaughter ruminants exported to Mexico or Canada. We then rounded this cost to the nearest whole dollar to obtain a user fee of \$33 for each certification. As mentioned above, if this proposed rule is adopted, the user fee for the new certificate category would take effect on the effective date of the final rule for this action. As is the case with all APHIS user fees, we intend to review, at least annually, the user fee proposed in this document. We will publish any necessary adjustments in the **Federal Register**.

We are also proposing to make several miscellaneous changes to the regulations for clarity. As mentioned above, the regulations in 9 CFR part 130 contain, among other things, tables that list multi-year user fees for certain veterinary diagnostic services and import- and export-related services. In addition to listing user fees for the current and future fiscal years (FY 2003