

TABLE 26.—COMMINGLING COSTS BASED ON SPECIALTY PREMIUMS, OPTION 13—Continued

Food Type	Count	Unit	\$ Farm gate	Premium %	Premium \$
Oats	146,193,000	bushels	\$175,172,000	9.4%	\$16,419,000
Honey	205,250,000	pounds	\$126,075,000	5.0%	\$6,304,000
Flaxseed	7,864,000	bushels	\$30,098,000	10.4%	\$3,141,000
Rye	11,038,000	bushels	\$25,084,000	9.4%	\$2,351,000
Nuts	1,295,700,000	pounds	\$0	5.0%	\$0
Total			\$87,860,042,000		\$6,370,601,000

As the second component of cost, FDA assumes that manufacturers using bulk production processes would have to adopt a new tracking system for their input ingredients. Having identity-preserved input ingredients delivered from their suppliers would help in this task, but the disruption to production practices could be substantial. FDA does not have an estimate of the percentage of producers that may be affected by this option, or the amount of change in production practices that would have to take place, but we assume that a useful lower bound of the increase in production cost would be the increase

in information design and collection costs that manufacturers would face in this system.

For redesign costs, FDA used the Labeling Cost Model, assuming a full new document design as opposed to simple addition of information. FDA also assumed a doubling of information collection burden for manufacturers when compared to other options; they would have to track three sets of records (input sources, output sources, and input to output tracking) instead of two, but could not share the information collection burden with others in the production chain for these manufacturing records. As in the other

options, we assumed the design costs would be incurred at the firm level and the additional records maintenance costs would be incurred at the facility level. FDA considers these design and records maintenance costs a probable underestimate of the total cost of disruption in manufacturing possible under this option, since it does not consider production process changes or additional tracking costs required in the post-production distribution chain. Table 26 of this document summarizes the redesign and additional records maintenance burden calculations unique to option 13.

TABLE 27.—ADDITIONAL REDESIGN AND RECORDS MAINTENANCE COSTS, OPTION 13.

	Count	Medium	Low	High
Redesign				
Domestic Manufacturing Firms	36,948	\$228,816,000	\$171,917,000	\$413,738,000
Foreign Manufacturing Firms	72,770	\$450,666,000	\$338,600,000	\$814,880,000
Total	109,718	\$679,482,000	\$510,517,000	\$1,228,618,000
Additional Records Maintenance				
Domestic Manufacturing Facilities	43,376	\$14,154,000		
Foreign Manufacturing Facilities	85,431	\$27,876,000		
Total	128,807	\$42,030,000		

Tables 28 and 29 of this document present the estimated range and impact of option 13 on total costs into the future. As the tables indicate, option 13 is much costlier than any of the other regulatory options. The numbers in parentheses in the right hand column of Table 29 reflect a negative marginal cost savings of option 13 with respect to option 4. As previously discussed, discount computations are made using mean costs and assume no increase in real labor cost and a 7 percent real discount rate. Although the recurring costs reported for year 3 and later years

are the same in nominal terms (i.e., \$6,743,086,000 reported in Table 28), they are reported in discounted terms for each year in Table 29 to account for the fact that a dollar in 5 years, for example, is worth less than a dollar today. Each cell that contains only the symbol “:” is meant to convey the continuation of the series depicted in the cells that precede it from above. Costs incurred in year 1 are learning costs for all firms and redesign and access planning costs for large and small firms. Costs incurred in year 2 are redesign and access planning costs for

very small firms. Recurring costs are the additional records maintenance costs incurred by all firms, and learning costs and records access costs for new firms. The mean, low, and high cost estimates presented here characterize the known and quantifiable uncertainties as they are defined previously. The cost estimate that is greater than 5 percent of all other estimates generated by the model is reported as the low cost estimate. That cost estimate that is greater than 95 percent of all other estimates generated in the model is reported as the high cost estimate.