

Proposed Rules

Federal Register
Vol. 68, No. 123
Thursday, June 26, 2003

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 56 and 70

[Docket No. PY-03-001]

Increase in Fees and Charges for Egg, Poultry, and Rabbit Grading

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Agricultural Marketing Service (AMS) proposes to increase the fees and charges for Federal voluntary egg, poultry, and rabbit grading. These fees and charges need to be increased to cover the increase in salaries of Federal employees, salary increases of State employees cooperatively utilized in administering the programs, and other increased Agency costs.

DATES: Comments must be received on or before July 28, 2003.

ADDRESSES: Send written comments to David Bowden, Jr., Chief, Standardization Branch, Poultry Programs, Agricultural Marketing Service, U.S. Department of Agriculture, STOP 0259, room 3944-South, 1400 Independence Avenue, SW,

Washington, DC 20250. Comments may be faxed to (202) 690-0941.

State that your comments refer to Docket No. PY-03-001 and note the date and page number of this issue of the Federal Register.

Comments received may be inspected at the above location between 8 a.m. and 4:30 p.m., Eastern Time, Monday through Friday, except holidays.

FOR FURTHER INFORMATION CONTACT: Rex A. Barnes, Chief, Grading Branch, (202) 720-3271.

SUPPLEMENTARY INFORMATION:

Background and Proposed Changes

The Agricultural Marketing Act (AMA) of 1946 (7 U.S.C. 1621 *et seq.*) authorizes official voluntary grading and certification on a user-fee basis of eggs, poultry, and rabbits. The AMA provides that reasonable fees be collected from users of the program services to cover, as nearly as practicable, the costs of services rendered. The AMS regularly reviews these programs to determine if fees are adequate and if costs are reasonable.

A recent review determined that the existing fee schedule, effective January 1, 2003, will not generate sufficient revenues to cover program costs while maintaining an adequate reserve balance in FY 2004. Costs in FY 2004 are projected at \$29.8 million. Without a fee increase, FY 2004 revenues are projected at \$29.0 million and trust fund balances would be \$14.6 million. With a fee increase, FY 2004 revenues are projected at \$29.8 million and trust fund balances would remain at \$15.2 million.

Employee salaries and benefits account for approximately 82 percent of

the total operating budget. The last general and locality salary increase for Federal employees became effective on January 1, 2003 and it materially affected program costs. Projected cost estimates for that increase were based on a salary increase of 2.6 percent, however, the increase was actually 4.02 to 4.87 percent, depending on locality. Another general and locality salary increase estimated at 2 percent is expected in January 2004. Also, from October 2002 through September 2004, salaries and fringe benefits of federally-licensed State employees will have increased by about 3 percent.

The impact of these cost increases was determined for resident, nonresident, and fee services. To offset projected cost increases, the hourly resident and nonresident rate would be increased by approximately 3 percent and the fee rate would be increased by approximately 4 percent. The hourly rate for resident and nonresident service covers graders' salaries and benefits. The hourly rate for fee service covers graders' salaries and benefits, plus the cost of travel and supervision.

As shown in the table below, only the maximum monthly administrative charge that covers overhead costs for resident poultry and shell egg grading would be increased, while other administrative charges would not be changed.

The following table compares current fees and charges with proposed fees and charges for egg, poultry, and rabbit grading as found in 7 CFR parts 56 and 70:

Service	Current	Proposed
Resident Service (egg, poultry, and rabbit grading)		
Inauguration of service	310	310
Hourly charges: Regular hours	33.36	34.36
Administrative charges—Poultry grading:		
Per pound of poultry00037	.00037
Minimum per month	260	260
Maximum per month	2,675	2,755
Administrative charges—Shell egg grading:		
Per 30-dozen case of shell eggs048	.048
Minimum per month	260	260
Maximum per month	2,675	2,755
Administrative charges—Rabbit grading: Based on 25% of grader's salary, minimum per month	260	260