

Rules and Regulations

Federal Register

Vol. 68, No. 128

Thursday, July 3, 2003

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 54

[Docket Number LS-02-06]

RIN 0581-AC13

Changes in Fees for Federal Meat Grading and Certification Services

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: The Agricultural Marketing Service (AMS) is revising the hourly fees charged for voluntary Federal meat grading and certification services performed by the Meat Grading and Certification (MGC) Branch. The hourly fees will be adjusted by this action to reflect the increased cost of providing service, and to ensure that the Federal meat grading and certification program operates on a financially self-supporting basis.

EFFECTIVE DATE: July 13, 2003.

FOR FURTHER INFORMATION CONTACT:

Larry R. Meadows, Chief, MGC Branch, telephone number (202) 720-1246 or e-mail Larry.Meadows@usda.gov.

SUPPLEMENTARY INFORMATION:

Background

The Secretary of Agriculture is authorized by the Agricultural Marketing Act of 1946 (AMA), as amended (7 U.S.C. 1621, *et seq.*), to provide voluntary Federal meat grading and certification services to facilitate the orderly marketing of meat and meat products and to enable consumers to obtain the quality of meat they desire. The AMA also provides for the collection of fees from users of the Federal meat grading and certification program that are approximately equal to the cost of providing service. The hourly fees are established by equitably

distributing the program's projected operating costs over the estimated hours of service—revenue hours—provided to users of the service on a yearly basis. Nearly 80 percent of operating costs are derived from employee salaries and benefits. The remaining operating costs include travel, training, and administrative expenses. Revenue hours include commitment and noncommitment base hours, premium hours, and holiday hours. Periodically, the fees must be adjusted to ensure that the program remains financially self-supporting.

Despite cost reduction efforts and hourly fee increases in 1998 and 2000, the MGC Branch incurred a \$667,000 operating loss in fiscal year (FY) 2001. Furthermore, AMS projects that the MGC Branch will lose an additional \$8.6 million through FY 2004 and totally deplete program reserves to the point of deficit operations (*i.e.*, FY 2002, \$1.6 million; FY 2003, \$2.9 million; and FY 2004, \$4.1 million).

In view of these considerations, AMS will increase hourly fees charged to users of the service. The base hourly fee for commitment applicants will increase from \$45 to \$55. A commitment applicant is a user of meat grading and certification services who agrees to pay for five continuous 8 hour days, Monday through Friday between the hours of 6 a.m. and 6 p.m., excluding Federal legal holidays. The base hourly fee for noncommitment applicants will increase from \$52 to \$64. A noncommitment applicant is a user of meat grading and certification services, who agrees to pay an hourly fee without committing to a certain number of service hours. The premium hourly fee will increase from \$57 to \$70. The premium hourly fee is charged to applicants when meat grading and certification services: (1) Exceed 8 hours per day; (2) are performed before 6 a.m. and after 6 p.m. Monday through Friday; or (3) are performed any time on Saturday or Sunday, except on Federal legal holidays. The holiday fee will increase from \$90 to \$110 and is charged to applicants for meat grading and certification services provided on Federal legal holidays.

Executive Order 12866

This action has been determined to be not significant for purposes of Executive Order 12866, and has not been reviewed

by the Office of Management and Budget.

Regulatory Flexibility Act

Pursuant to the requirements set forth in the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*), the Administrator of AMS considered the economic impact of this action on small entities and determined that it will not have a significant economic effect on a substantial number of small entities.

AMS, through its MGC Branch, provides voluntary Federal meat grading and certification services to 450 businesses, including 152 livestock slaughterers, 79 facilities that process federally donated products, 74 meat processors, 46 livestock producers and feeders, 28 brokers, 26 organic certifying companies, 25 trade associations, 17 State and Federal entities, and 3 distributors.

Seventy-two percent (*i.e.*, 324) of these businesses are small entities which generate approximately 17 percent of the MGC Branch's revenues. A small entity is defined for the meat packing and processing industry as a company that employs less than 500 employees. No entity, small or large, is obligated to use voluntary Federal meat grading and certification services provided under the authority of the AMA.

Voluntary Federal meat grading and certification services facilitate the orderly marketing of meat and meat products and enable consumers to obtain the quality of meat they desire. Grading services consist of the evaluation of beef, lamb, pork, veal, and calf carcasses for compliance with the grades of the appropriate official U.S. Standard. The MGC Branch grades approximately 22.1 billion pounds of meat each year. Certification services consist of the evaluation of meat and meat products for compliance with specification and contractual requirements. Certification services are regularly used by meat purchasers to ensure that the quality and yields of the products they purchase comply with their stated requirements. The MGC Branch certifies approximately 18.1 billion pounds of meat and meat products each year.

AMS regularly reviews its user-fee-financed programs to determine if the fees are adequate. The most recent review determined that the existing fee schedule for the MGC Branch would not