

example contracts = \$100 per plant). There should be no additional cost for electronic submission because the submission will be through a secure Web site, which will be at no additional cost to those packers that have Internet access.

After the initial submission, we estimate an average of about 2.5 hours per year per plant will be required to submit an average of 5 examples of new contracts or changes to previously submitted example contracts, at a cost per plant of \$25.00 per year (\$20/hour \times 2.5 hours = \$50). In months when a packer does not have a new contract or modify a previously submitted example contract, there will be no cost of compliance with contract library reporting requirements. Packers must notify GIPSA within one business day when one of its example contracts no longer represents any existing or available contracts. The costs for this notification are included in the estimate for changes to previously submitted contracts. The total annual recurring cost for all 53 plants for the submission of examples of contract types is estimated to be \$2,650 (\$50 per plant \times 53 plants).

Packers also face costs in complying with the monthly reporting requirements. We believe that many packers already maintain the required information electronically for use in business and strategic planning. Based on our investigations and reviews of packers, we believe that all packers that are large enough to meet the statutory requirements for reporting already use computers.¹³ Therefore, we do not anticipate that the packers will incur any additional costs for computer hardware to implement electronic submissions of monthly reports. For those packers that use computers but do not currently maintain contract information electronically, we estimate that at most 1 hour per plant, at an hourly cost of \$50.00, will be required to set up a database or spreadsheet to maintain the necessary information. This estimate is based on our experience with spreadsheets and databases that are

similar in type and complexity. The higher hourly wage rate for this activity is based on the use of personnel with specialized skills necessary to set up spreadsheets or databases. The creation of spreadsheets or databases to maintain the necessary information can be accomplished by in-house computer staff, or by other employees such as accountants or auditors who are responsible for operating the packer's electronic recordkeeping system. The total one-time cost for packers to set up a database or spreadsheet to maintain information for the monthly report for all 53 plants is estimated to be \$2,650 (\$50 per plant \times 53 plants) if packers choose to submit reports electronically for all 53 plants.

An additional 2 hours per plant, at the estimated hourly cost of \$50.00 per hour for a total one-time cost of \$100.00 per plant, will be required for personnel with similar skills in use of electronic recordkeeping systems to extract and format the required information from the packer's electronic information and develop methods for electronic transmission of the completed reports to GIPSA. Upon request, we will provide the necessary information for the interface to our system. Packers that do not use electronic data transmission will not incur this initial set-up cost, but will not gain the advantage of potential savings from electronic recordkeeping and reporting as described below. The total one-time cost for packers to extract and format information and develop methods for electronic transmission for the monthly report for all 53 plants is estimated to be \$5,300 (\$100 per plant \times 53 plants) if the packers choose to submit reports electronically for all 53 plants.

Once a recordkeeping and reporting system is established, additional time will be required to enter data into the database or spreadsheet each month. Packers that choose not to use an electronic system for maintaining and compiling data required for the monthly reports will manually compile the data on paper forms each month; the forms will be available from the Des Moines regional office. The total time required for either method will depend on the number of contracts in effect.

Based on our experience in working with similar documents and data entry processes, we estimate that it will take an average of 2 hours per month per plant to manually compile and report the figures needed for the monthly reporting provision. The initial monthly report may take somewhat longer than 2 hours.

We estimate the cost per hour of this activity will average \$20.00 per hour, for a total monthly cost per plant of \$40.00 (\$20 per hour \times 2 hours = \$40). A packer using an electronic system to compile reports will face lower monthly compliance costs than a packer that does not use an electronic system. We estimate that a packer utilizing electronic systems will take an average of 1 hour per month per plant at a total cost per plant of \$20.00 to compile and report the monthly estimates. The total annual recurring cost per plant to compile and submit the monthly report is \$480 (\$40 per month \times 12 months) if the packer chooses to submit reports manually or \$240 (\$20 per month \times 12 months) if the packer chooses to submit reports electronically. The total annual recurring cost for all 53 plants to compile and submit the monthly report is estimated to be \$25,440 (\$480 per plant \times 53 plants) if the packers choose to submit reports manually for all 53 plants or \$12,720 (\$240 per plant \times 53 plants) if the packers choose to submit reports electronically for all 53 plants.

The following table summarizes the estimated compliance costs for packers required to submit example contracts and monthly contract information for plants that are subject to the regulations in 9 CFR Part 206. As shown in the table, total first year costs for all 33 packers (53 plants) to comply with the requirements of the contract library and monthly reports is \$37,630 if the packers choose to submit reports manually for all 53 plants or \$32,860 if the packers choose to submit reports electronically for all 53 plants. The total first year costs include the start-up costs, therefore, the annual recurring costs will be lower and are estimated to be \$28,090 if the packers choose to submit reports manually for all 53 plants or \$15,370 if the packers choose to submit reports electronically for all 53 plants.

¹³ Most, if not all, of these packers are required to use an electronic system to provide information to AMS under mandatory livestock price reporting requirements in the AMA (7 U.S.C. 1636(g)).