

When GIPSA implemented the administrative tonnage fees, it also provided for a monthly payment of administrative fees to level out the payments over the year based on the expected tonnage handled by a facility. This provision, located in section 800.73 (e) of the regulations, was used to level out the tonnage rates over a year instead of paying in incremental levels. GIPSA reviewed the need to preserve this regulation and determined it was no longer needed. Proposing specific field office tonnage rates that will not change due to increased volume does not require a monthly payment program to level the costs. Further, the provision for the monthly payment process has not been used by industry. Therefore, GIPSA is proposing to remove this provision from the regulations.

Delegated State Ship Fees. GIPSA also oversees the activities of delegated States and designated agencies that provide official services on behalf of GIPSA. To support this activity, GIPSA also charges a supervision fee to the agencies to recover this cost. The current fees for the supervision of inspection and weighing services performed by the agencies were published in the **Federal Register** on September 23, 1985, (50 FR 28303), and became effective on October 1, 1985. GIPSA currently assesses a \$49.20 fee for every ship inspected by a delegated State. This fee is then passed on to the exporter by the delegated State.

As GIPSA evaluated the administrative and supervisory fees needed to cover field office and national administrative and supervisory costs, GIPSA also considered the contribution of revenue collected from official agencies to cover the costs of administration and supervision of their programs. GIPSA initiated this review by determining the total administrative and supervisory costs of overseeing the official agencies (\$2,330,343) and the total number of metric tons inspected by official agencies in both the domestic and export markets (150,650,608 metric tons) to determine the overall cost per ton needed to cover these administrative and supervisory costs. This resulted in a need to collect \$0.016 per metric ton.

In FY 2002, delegated States inspected 37,586,754 metric tons of grain (655 ships) and GIPSA collected \$32,226 in revenues from the \$49.20 per ship fee. This makes the current ship fee equivalent to \$0.00086 per metric ton. This is short of the \$0.016 per metric ton GIPSA calculated as needed to recover costs. Since the current ship fee is contributing very little to recover the costs of administration and supervision of the delegation and designation

program, GIPSA plans to change this fee from a unit fee to a tonnage fee. The tonnage fee would be set at \$0.016 per ton since this is what GIPSA calculated as the amount needed to recover costs.

GIPSA proposes to change the fees shown in 7 CFR 800.71, Schedule C—Fees for FGIS Supervision of Official Inspection and Weighing Services Performed by Delegated States and/or Designated Agencies in the United States by removing the \$49.20 unit fee for ships and replacing it with the \$0.016 per ton fee which GIPSA determined is needed to help recover the cost of administration and supervision of the official agency program.

Special Weighing Services. GIPSA also provides special weighing services to the grain industry and other industries requiring accurate weights. These services include scale testing and certification, evaluations of weighing and material handling systems used to automate weighing functions, National Type Evaluation Program scale evaluations, mass standards calibration and reverification services, and special weighing projects. GIPSA provides these services through scale specialists located at certain field offices and in headquarters.

Scale specialists are highly specialized individuals who are trained in scale operation and the operation of test equipment. Scale specialists are in a different job classification and grade level than inspectors or weighers because of their unique responsibility. Consequently, they are classified at a higher grade level. On average, scale specialist costs are 30 percent higher than the cost of agricultural commodity graders. Therefore, GIPSA needs to set the hourly fee for special weighing services at a level approximately 30 percent higher than the fee established for non-contract services.

GIPSA also owns and operates five railroad test cars that are used to test and calibrate railroad master scales and commercial track scales. The National Bureau of Standards (NBS) master scale testing program transferred to GIPSA in 1980 under an agreement between NBS, the Association of American Railroads (AAR), and then, the Federal Grain Inspection Service. Under this agreement, GIPSA is responsible for maintaining the master scale in Chicago and annual testing and calibration of other railroad master scales located throughout the United States.

GIPSA's railroad track scale testing program is funded by the service agreement with AAR and by revenues collected from non-AAR customers. The railroad track scale testing program

costs have exceeded revenue for the last several years by approximately \$25,000 per year. This is due to hourly fees not fully recovering the cost of the service representative and an increase in the cost of maintaining the aging test cars and other equipment used in the program. Consequently, the total funding and revenue are not meeting the cost of the program.

Although the test cars GIPSA uses in this program are properly maintained to provide an accurate service, more frequent repair services are needed due to the age of the test cars. This is increasing the cost of the program. Eventually, GIPSA will need to replace test cars in order to continue providing this valuable service to the railroad industry. GIPSA had solicited bids to build a new car; however, the initial bid cost was in excess of \$200,000 and GIPSA did not have the funds to cover that cost. To collect the funds needed to maintain and replace test cars, GIPSA proposes to implement a user fee of \$500 per facility when the test car is used to test commercial track scales. Implementing a specific fee for the use of the test cars will assure that only those companies that use the test cars are contributing towards the expenses directly related to the test cars. These expenses include both the maintenance of the test cars and costs associated with the replacement of the test cars.

GIPSA has determined that applying a \$500 service fee to the 50 locations serviced by GIPSA for using the GIPSA test car, in addition to the hourly fee for the service representative, should raise sufficient funds to recover the annual losses of \$25,000. GIPSA, by recovering this annual financial loss, will be able to maintain the test cars in good repair and initiate retained earnings to contribute towards the purchase of new test cars in the future. GIPSA will not apply the \$500 usage fee to the AAR scales tested under the agreement since AAR's costs are covered through the service agreement.

In summary, GIPSA is authorized by the USGSA to charge and collect reasonable fees for performing official inspection and weighing services. The fees are to cover, as nearly as practicable, GIPSA's costs for performing inspection and weighing services, including related administrative and supervisory costs. GIPSA has determined the current fees are not recovering these costs despite efforts to reduce these costs over the years.

Accordingly, GIPSA is proposing changes to the fee schedule. These proposed changes include (1) eliminating provisions for the 3-month