

providing service in order to place the agency in a sound financial status. GIPSA is statutorily required to charge fees to cover the cost of service. To do this, GIPSA has projected the potential costs out to FY 2007 and plans to replenish the operating reserve fund back to its 3-month level by FY 2010. The cost of living projections used in calculating future salary and benefits were supplied by OMB as published in the **Federal Register** (68 FR 12388) on March 14, 2003. Additionally, GIPSA is also adjusting the projected billable tonnage to set full cost recovery from 85 MMT to 80 MMT. GIPSA believes that this revised projection is necessary because annual billable tonnage has averaged near 80 MMT from 1996 to 2002. The 80 MMT does not include export grain shipments serviced by delegated States, land carrier exports to Mexico and Canada serviced by designated agencies, small shipments exported under the 15,000 metric ton exemption program, or other export shipments not requiring Federal services.

GIPSA has determined that this action is needed to recover the costs of providing services and to maintain a professional workforce to inspect and weigh grain for the grain industry. In doing so, GIPSA will continue to

facilitate the orderly marketing of grain in the domestic and export markets.

Alternatives. Various methods were considered by which the objectives of the rule could be accomplished. GIPSA thoroughly evaluated the method of structuring fees prior to the implementation of the last major fee schedule revision in 1996. GIPSA determined at that time that the combination of hourly fees and unit fees provided customers with the information they need to determine the costs of specific inspection and weighing services because the fees are more specific.

The design and implementation of the administrative tonnage fee to recover local and national administrative and supervisory costs is another important component of this proposal. GIPSA evaluated and compared three different alternatives for charging administrative tonnage fees: Alternative 1: Establishing an administrative tonnage fee specific to each field office, Alternative 2: Establishing a fixed rate national administrative tonnage fee, or Alternative 3: Increasing the current 6-level administrative tonnage rates by 27 percent.

GIPSA analyzed the various alternatives in relation to each field office area because each field office is unique when considering the number of

employees, the number and types of elevators serviced, and the volume of grain exported from that area. Fiscal Year 2002 information for each field office was used to analyze and compare the expected revenues for the various alternatives because the information is the most current and is indicative of recent marketing trends. This information was used to detail the cost recovery by each field office.

Table 1 indicates the 5 GIPSA export field offices (the Baltimore office was closed in November 2002), the number of elevators in each field office area, the number of metric tons inspected, the amount of revenue collected from the tonnage fee for each field office, the field office administrative cost related to tonnage revenue, the headquarters administrative cost related to tonnage revenue, the amount of both the field office and headquarters administrative cost, and the amount each field office was deficient. Table 1 demonstrates that some offices did not cover their individual administrative and supervisory costs *i.e.*, Baltimore, Portland, and Toledo) and all failed to cover the total administrative and supervisory costs of the combined field office and headquarters cost as a result of the employee cost increases and the changes in grain marketing.

TABLE 1.—ACTUAL ADMINISTRATIVE METRIC TONNAGE FEES AND COSTS (FY 2002 DATA)

Field office	No. elev.	FY2002 tons inspected	FY 2002 ton revenue	Field office admin. cost	F/O portion of H.Q. admin. cost ¹	Total F/O & H.Q. admin. cost	Amt. short for cost recovery
Baltimore	3	876,586	\$110,952	\$120,717	\$38,394	\$159,112	\$(48,160)
League City	7	10,071,370	905,972	880,749	441,126	1,321,875	(415,904)
New Orleans	13	64,622,607	3,126,212	778,759	2,830,470	3,609,229	(483,017)
Portland	3	4,142,092	406,895	416,166	181,424	597,589	(190,695)
Toledo	6	2,555,750	295,433	353,006	111,942	464,948	(169,514)
Total	32	82,268,405	4,845,464	2,549,397	3,603,356	6,152,753	(1,307,290)

¹ Headquarters cost portion per field office calculated by dividing the total amount of headquarters cost by the total number of metric tons inspected. That amount (\$0.0438 per ton) was then multiplied by the number of tons inspected by each field office.

Table 2 indicates the average revenue per ton collected by each office, the component amounts of administrative and supervisory revenues per ton needed to meet field office and headquarters costs, and the estimated cost per metric ton calculated for each

alternative. There are differences in the actual average revenue collected per ton in each office for FY 2002. This ranges from \$0.048 per ton in New Orleans to \$0.127 per ton in Baltimore. These differences are due to the 6-level administrative tonnage fee which

decreases the amount per ton collected as the total tonnage increases. Under Alternative 3, these differences in revenue collected from each field office would continue because the current 6-level administrative tonnage fee would remain in effect.

TABLE 2.—ADMINISTRATIVE TONNAGE FEE COMPARISON (FY 2002 DATA)

Field office	Actual FY02 revenue per ton	Dollars per ton needed to recover F/O & H.Q. costs per ton		Dollars per ton needed to recover total overhead		
		F/O	H.Q. ¹	Alternative 1 regional per ton total overhead	Alternative 2 one admin. fee per ton	Alternative 3 increase ranges fee ton by 27%
Baltimore	\$0.127	\$0.138	\$0.044	\$0.182	\$0.075	\$0.162
League City	0.090	0.087	0.044	0.131	0.075	0.115