

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

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%
New Orleans	0.048	0.012	0.044	0.056	0.075	0.062
Portland	0.098	0.100	0.044	0.144	0.075	0.126
Toledo	0.116	0.139	0.044	0.183	0.075	0.149

¹ \$0.0438 rounded to \$0.044.

The administrative and supervisory cost attributed to headquarters in Table 2 is \$0.044 (rounded from \$0.0438) per metric ton inspected. This amount is determined by dividing the amount of headquarters cost (\$3,603,356 from Table 1) by the number of total metric tons inspected (82,268,405 tons from Table 1). The administrative cost of each office is determined by dividing the offices administrative cost (from Table 1) by the number of metric tons inspected by each office (from Table 1).

In Table 2, establishing an administrative tonnage fee specific to each field office (Alternative 1) is arrived at by combining the calculated field office tonnage rate with the headquarters tonnage rate. This results

in the unique field office tonnage rate required to cover the entire field office administrative costs and the field office portion of the national administrative cost. Establishing a fixed rate national administrative tonnage fee (Alternative 2) tonnage rates is arrived at by taking the total administrative costs (all field office costs plus headquarters costs) divided by the total billable tonnage. This results in a single tonnage fee that is applicable to all GIPSA customers. Increasing the current 6-level administrative tonnage fee (Alternative 3) is arrived at by taking the current tonnage rate tables and increasing them by 27 percent. The 27 percent increase is what GIPSA determined the shortage was in the revenue to the costs.

Table 3 shows the projected administrative tonnage revenues based on the tonnage fees from Table 2. The projected information shows all offices collect sufficient revenues to cover the local administrative and supervisory costs as well as the headquarters cost when the regional tonnage fees are used (Alternative 1). The other alternatives cover the total cost of administration and supervision; however, some offices do not collect the revenues needed to support the field office costs and some do not cover the total of the field office cost combined with a portion of the headquarters administrative cost as a result of the employee cost increases and the changes in grain marketing.

TABLE 3.—ADMINISTRATIVE TONNAGE FEE REVENUE COMPARISON (FY 2002 DATA)

Field office	FY02 ton	Total needed F/O & H.Q. administrative cost	Alternative 1 regional per ton revenue	Alternative 2 one admin. fee per ton revenue	Alternative 3 increase ranges ton fee by 27% revenue
Baltimore	876,586	\$159,112	\$159,112	\$65,569	\$142,019
League City	10,071,370	1,321,875	1,321,875	753,339	1,159,644
New Orleans	64,622,607	3,609,229	3,610,173	4,833,775	4,006,405
Portland	4,142,092	597,589	597,589	309,829	520,826
Toledo	2,555,750	464,948	467,039	191,170	380,394
Total	82,268,405	6,152,753	6,155,789	6,153,682	6,209,288

All alternatives collect the targeted amount needed to fully fund both field and headquarters overhead in total. GIPSA believes each field office should collect sufficient revenue from customers to support the local field office administrative and supervisory costs in addition to their share of the national administrative and supervisory costs. This would put each field office in an independent financial position and would encourage customers to work directly with each field office and headquarters to continue the implementation of grain handling efficiencies while raising the awareness of local administrative and supervisory costs.

The national administrative fee approach (Alternative 2) relies heavily on the New Orleans Field Office to support the administrative and supervisory costs of the other offices. The alternative to increase the current 6-level tonnage fee structure by 27 percent (Alternative 3) results in the same situation. After a complete evaluation, GIPSA believes the regional tonnage method (Alternative 1) is the best approach to collect revenues for these costs. Under Alternative 1, users of the service would be paying their share of the local costs of operating and maintaining a field office in their port area. GIPSA proposes to establish new administrative tonnage fees based on the concept of Alternative 1. These tonnage

fees are calculated to recover the projected increases in administrative and supervisory costs related to employee costs as determined by the OMB estimates and based on a minimum 80 MMT of billable tonnage.

Table 4 lists the expected tonnage and the expected administrative and supervisory costs for field offices and headquarters projected out to FY 2007. This information was then used to determine the specific field office tonnage rate needed to recover field office costs and the tonnage rate needed to recover the headquarters cost. The field office tonnage rate in Table 4 was arrived at by dividing the projected field office cost by the projected tonnage.