



## **Agricultural Marketing Service**

**[DOC. NO. AMS-FGIS-21-0092]**

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### **2022 Rates for Grain Inspection Services under the United States Grain Standards Act**

**AGENCY:** Agricultural Marketing Service, Department of Agriculture (USDA).

**ACTION:** Notice

**SUMMARY:** The Agricultural Marketing Service (AMS) is announcing the 2022 rate it will charge for official inspection and weighing services, supervision of official inspection and weighing services, and miscellaneous fees for other services performed under the United States Grain Standards Act, as amended. This action publishes the annual review of fees and the resulting fees.

**DATES:** Applicable February 1, 2022.

**ADDRESSES:** Prospective customers can find the fee scheduled posted on the Agency's public website: <https://www.ams.usda.gov/about-ams/fgis-program-directives>.

**FOR FURTHER INFORMATION CONTACT:** Denise Ruggles, FGIS Executive Program Analyst, USDA AMS; Telephone: 816-702-3897; Email: [Denise.M.Ruggles@usda.gov](mailto:Denise.M.Ruggles@usda.gov).

**SUPPLEMENTARY INFORMATION:** The United States Grain Standards Act (USGSA) provides the Secretary of Agriculture with the authority to charge and collect reasonable fees to cover the costs of performing official services and costs associated with managing the program. The regulations require that Federal Grain Inspection Service (FGIS) annually review the national and local tonnage fees, supervision fee, and fees for service (7 CFR 800.71).

## *7 CFR 800.71(a)(1) Schedule A calculations*

After calculating the tonnage fees according to the regulatory formula in 7 CFR 800.71(b)(1), FGIS then reviews the amount of funds in the operating reserve at the end of the fiscal year (FY2021 in this case) to ensure that it has 4 ½ months of operating expenses as required by section 800.71(b)(3) of the regulations. If the operating reserve has more, or less than 4 ½ months of operating expenses, then FGIS must adjust all Schedule A fees. For each \$1,000,000, rounded down, that the operating reserve varies from the target of 4 ½ months, FGIS will adjust all Schedule A fees by 2 percent. If the operating reserve exceeds the target, all Schedule A fees will be reduced. If the operating reserve does not meet the target, all Schedule A fees will be increased. The maximum annual increase or decrease in fees is 5 percent (7 CFR § 800.71(b)(3)(i)-(ii)).

Tonnage fees for the 5-year rolling average tonnage were calculated on the previous 5 fiscal years (2017, 2018, 2019, 2020, and 2021). Tonnage fees consist of the national tonnage fee and local tonnage fee and are calculated and rounded to the nearest \$0.001 per metric ton. The tonnage fees are calculated as following:

*National tonnage fee.* The national tonnage fee is the national program administrative costs for the previous fiscal year divided by the average yearly tons of export grain officially inspected and/or weighed by delegated States and designated agencies, excluding land carrier shipments to Canada and Mexico, and outbound grain officially inspected and/or weighed by FGIS during the previous 5 fiscal years.

The fiscal year 2022 national tonnage fee, prior to the operating reserve review, is \$0.054 per metric ton. The calculation of this fee rate is based on FY2021 national administrative costs of \$6,687,477, divided by 5-year rolling tonnage average of 123,853,477.

Fiscal Year	Metric Tons
2017	135,017,935
2018	129,687,652
2019	107,896,235
2020	110,090,771

2021	136,574,792
5-year Rolling Average	123,853,477

*Local tonnage fee.* The local tonnage fee is the field office administrative costs for the previous fiscal year divided by the average yearly tons of outbound grain officially inspected and/or weighed by FGIS field offices during the previous 5 fiscal years.

Field Office	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5-year Rolling Average
New Orleans	70,439,862	66,996,126	57,807,378	59,768,303	72,482,289	65,498,792
League City	13,307,780	8,424,216	7,939,994	9,318,595	12,877,525	10,373,622
Portland	5,175,459	4,643,241	2,530,648	3,331,672	4,136,482	3,963,500
Toledo	2,229,920	1,802,762	1,597,584	948,840	1,154,856	1,546,792

The local field office administrative costs for fiscal year 2021 and the fiscal year 2022 calculated local field office tonnage fee, prior to the operating reserve review, are as follows:

Field Office	FY 2021 Local Administrative Costs	Calculated FY 2022 Local Tonnage Fee
New Orleans	\$1,268,285	\$0.019
League City	\$444,041	\$0.043
Portland	\$531,013	\$0.134
Toledo	\$182,736	\$0.118

*Operating reserve.* In order to maintain an operating reserve that is not less than 3 and not more than 6 months of operating expenses, FGIS reviewed the value of the operating reserve at the end of FY 2021 to ensure that an operating reserve equivalent to 4 ½ months of operating expenses is maintained.

The program operating reserve at the end of fiscal year 2021 was \$7,073,637 with a monthly operating expense of \$3,151,244. The target of 4.5 months of operating reserve is \$14,180,599. Therefore, the operating reserve is less than 4.5 times the monthly

operating expenses by \$7,073,637. For each \$1,000,000, rounded down, above the target level, all Schedule A fees must be increased by 2 percent. The operating reserve is \$7.1 million below the target level, implying a 14 percent increase in fees is required. However, section 800.71(b)(3)(ii) limits annual fee changes to 5 percent. Therefore, for 2022, FGIS is increasing all the 2021 Schedule A fees for service in Schedule A in paragraph (a)(1) by 5 percent, including calculated fiscal year 2022 national and local tonnage fees. All Schedule A fees for service are rounded to the nearest \$0.10, except for fees based on tonnage or hundredweight. The fee Schedule A will be published on the agency's public website after **Federal Register** publication.

#### *7 CFR 800.71(a)(2) Schedule B calculations*

FGIS calculates the supervision tonnage fee using the prior year's actual costs and the 5-year average tonnage of domestic U.S. grain shipments inspected, weighed, or both, including land carrier shipments to Canada and Mexico.

*Operating reserve adjustment.* In order to maintain an operating reserve not less than 3 and not more than 6 months, FGIS reviewed the value of the operating reserve at the end of FY 2021 to ensure that an operating reserve of 6 months is maintained.

The operating reserve adjustment is the difference between FY 2021 ending reserves and the operating reserve threshold, which is equivalent to 6 months of supervisory costs. FY 2021 supervision costs were \$1,369,123. The operating reserve threshold for FY 2022 is calculated by dividing FY 2021 supervision costs by 2 ( $\$1,369,123 / 2 = \$684,562$ ). FY 2021 operating reserve ending balance (\$2,042,268) exceeds the operating reserve threshold (\$684,562) by \$1,357,707. Therefore, the operating reserve adjustment for calendar year 2022 is -\$1,357,707.

*Supervision tonnage fee.* FGIS adds the total prior year supervision costs and the operating reserve adjustment, then divide the result by the previous 5-year average tonnage. If the calculated fee is zero or a negative value, FGIS will suspend collection of

supervision tonnage fees for the next calendar year.

The supervision tonnage fee for calendar year 2022 is \$0.000 per ton. The calculation, based on FY 2021 supervision costs of \$1,369,123, is \$1,369,123 plus the operating reserve adjustment of -\$1,357,707, which equals \$11,416, divided by 5-year average tonnage of 231,147,201, which equals \$0.000 per ton.

Fiscal Year	Metric Tons
2017	244,355,906
2018	234,298,085
2019	206,693,881
2020	237,649,430
2021	232,738,700
5-year Rolling Average	231,147,201

Therefore, for 2022, FGIS will suspend the assessment of the supervision tonnage fee on domestic shipments officially inspected and/or weighed, including land carrier shipments to Canada and Mexico, performed by delegated States and/or designated agencies on or after January 1, 2022. The fee Schedule B will be published on the agency's public website after **Federal Register** publication.

*7 CFR 800.71(d) Miscellaneous fees for other services calculations*

*Registration certificates and renewals.* FGIS calculates the application fee by multiply the Schedule A non-contract hourly rate (Table 1 in § 800.71(a)) by a quantity of five. The resulting fee is expected to cover FGIS personnel costs to review applications, fee publication expenses, and administrative expenses. The Schedule A non-contract hourly rate is \$66.20. Thus, the application fee for 2022 will be \$66.20 times 5, or \$331. The fee will be published on the agency's public website after **Federal Register** publication.

*Designation amendments.* FGIS calculates the rate using the **Federal Register** publication rate for three columns, plus one hour of noncontract hourly rate from §

800.71(a) Table 1 of Schedule A. The fee covers FGIS personnel costs, administrative expenses, and **Federal Register** publication costs. The **Federal Register** publication rate \$151 per column and the Schedule A non-contract hourly rate is \$66.20. FGIS calculates the fee will be \$519.20 for calendar year 2022. The fee will be published on the agency's public website after **Federal Register** publication.

**Authority:** 7 U.S.C. 71–87k.

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