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DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

[Docket Number FSIS-2016-0050]

RIN: 0583-AD65

2017 Rate Changes for the Basetime, Overtime, Holiday, and
Laboratory Services Rates

AGENCY: Food Safety and Inspection Service, USDA.

ACTION: Notice.

SUMMARY: The Food Safety and Inspection Service (FSIS) is announcing the 2017 rates it will charge meat and poultry establishments, egg products plants, and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, and laboratory services. The 2017 basetime, overtime, holiday, and laboratory services rates will be applied on February 5, 2017.

DATES: FSIS will charge the rates announced in this notice beginning February 5, 2017.

FOR FURTHER INFORMATION CONTACT: For further information contact Michael Toner, Director, Budget Division, Office of Management, FSIS, U.S. Department of Agriculture, Room 2159, South Building, 1400 Independence Avenue SW, Washington, DC 20250-3700; Telephone: (202) 690-8398, Fax: (202) 690-4155.

SUPPLEMENTARY INFORMATION:

Background

On April 12, 2011, FSIS published a final rule amending its regulations to establish formulas for calculating the rates it charges meat and poultry establishments, egg products plants, and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, and laboratory services (76 FR 20220).

In the final rule, FSIS stated that it would use the formulas to calculate the annual rates, publish the rates in Federal Register notices prior to the start of each calendar year. This notice provides the 2017 rates, which will be applied starting on February 5, 2017.

2017 Rates and Calculations

The following table lists the 2017 Rates per hour, per employee, by type of service:

Service	2017 Rate (estimates rounded to reflect billable quarters)
Basetime	\$ 55.84
Overtime	\$ 70.28
Holiday	\$ 84.72
Laboratory	\$ 71.72

The regulations state that FSIS will calculate the rates using formulas that include the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay and regular hours (9 CFR 391.2, 391.3, 391.4, 590.126, 590.128, 592.510, 592.520, and 592.530). In 2013, an Agency reorganization eliminated the OIA program office and transferred all of its inspection program personnel to OFO. Therefore, inspection program personnel's pay and hours are identified in the calculations as "OFO inspection program personnel's" pay and hours.

FSIS determined the 2017 rates using the following calculations:

Basetime Rate = The quotient of dividing the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay by the previous fiscal year's regular hours, plus the quotient multiplied by the calendar year's percentage of cost of living increase, plus the benefits rate,

plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2017 basetime rate per hour per program employee is:

[FY 2016 OFO Regular Direct Pay divided by the previous fiscal year's Regular Hours (\$474,751,934/16,702,093)] = \$28.42 + (\$28.42 * 1.60% (calendar year 2017 Cost of Living Increase)) = \$28.87 + \$9.81 (benefits rate) + \$0.97 (travel and operating rate) + \$16.19 (overhead rate) + \$0.02 (bad debt allowance rate) = \$55.86 rounded down to 55.84 so that it is divisible by 4.

Overtime Rate = The quotient of dividing the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay by the previous fiscal year's regular hours, plus that quotient multiplied by the calendar year's percentage of cost of living increase, multiplied by 1.5 (for overtime), plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2017 overtime rate per hour per program employee is:

[FY 2016 OFO Regular Direct Pay divided by previous fiscal year's Regular Hours (\$474,751,934/16,702,093)] = \$28.42 + (\$28.42 * 1.60% (calendar year 2017 Cost of Living Increase)) = \$28.87 * 1.5 = \$43.31 + \$9.81 (benefits rate) + \$0.97 (travel

and operating rate) + \$16.19 (overhead rate) + \$.02 (bad debt allowance rate) = \$70.30, rounded down to \$70.28 so that it is divisible by 4.

Holiday Rate = The quotient of dividing the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay by the previous fiscal year's regular hours, plus that quotient multiplied by the calendar year's percentage of cost of living increase, multiplied by 2 (for holiday pay), plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2017 holiday rate per hour per program employee calculation is:

[FY 2016 OFO Regular Direct Pay divided by Regular Hours (\$474,751,934/16,702,093)] = \$28.42 + (\$28.42 * 1.60% (calendar year 2017 Cost of Living Increase)) = \$28.87 * 2 = \$57.74 + \$9.81 (benefits rate) + \$0.97 (travel and operating rate) + \$16.19 (overhead rate) + \$.02 (bad debt allowance rate) = \$84.73, rounded down to \$84.72 so that it is divisible by 4.

Laboratory Services Rate = The quotient of dividing the Office of Public Health Science (OPHS) previous fiscal year's regular direct pay by the OPHS previous fiscal year's regular hours, plus the quotient multiplied by the calendar year's percentage cost of living increase, plus the benefits rate, plus the travel

and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2017 laboratory services rate per hour per program employee is:

[FY 2016 OPHS Regular Direct Pay/OPHS Regular hours (\$24,143,108/548,338)] = \$44.03 + (\$44.03 * 1.60% (calendar year 2017 Cost of Living Increase)) = \$44.73 + \$9.81 (benefits rate) + \$0.97 (travel and operating rate) + \$16.19 (overhead rate) + \$.02 (bad debt allowance rate) = \$71.72.

Calculations for the Benefits, Travel and Operating, Overhead, and Allowance for Bad Debt Rates

These rates are components of the basetime, overtime, holiday, and laboratory services rates formulas.

Benefits Rate: The quotient of dividing the previous fiscal year's direct benefits costs by the previous fiscal year's total hours (regular, overtime, and holiday), plus that quotient multiplied by the calendar year's percentage cost of living increase. Some examples of direct benefits are health insurance, retirement, life insurance, and Thrift Savings Plan basic and matching contributions.

The calculation for the 2017 benefits rate per hour per program employee is:

[FY 2016 Direct Benefits/ (Total Regular hours + Total Overtime hours + Total Holiday hours) (\$190,215,190/19,693,587)] = \$9.66 + (\$9.66* 1.60% (calendar year 2017 Cost of Living Increase) = \$9.81.

Travel and Operating Rate: The quotient of dividing the previous fiscal year's total direct travel and operating costs by the previous fiscal year's total hours (regular, overtime, and holiday), plus that quotient multiplied by the calendar year's percentage of inflation.

The calculation for the 2017 travel and operating rate per hour per program employee is:

[FY 2016 Total Direct Travel and Operating Costs/ (Total Regular hours + Total Overtime hours + Total Holiday hours) (\$18,819,123/19,693,587)] = \$0.96 + (\$0.96 * 1.0% (2017 Inflation) = \$0.97.

Overhead Rate: The quotient of dividing the previous fiscal year's indirect costs plus the previous fiscal year's information technology (IT) costs in the Public Health Data Communication Infrastructure System Fund plus the previous fiscal year's Office of Management Program cost in the Reimbursable and Voluntary Funds plus the provision for the operating balance less any Greenbook costs (i.e., costs of USDA support services prorated to the service component for which fees are charged) that are not related to food inspection by the

previous fiscal year's total hours (regular, overtime, and holiday) worked across all funds, plus the quotient multiplied by the calendar year's percentage of inflation.

The calculation for the 2017 overhead rate per hour per program employee is:

[FY 2016 Total Overhead/(Total Regular hours + Total Overtime hours + Total Holiday hours) (\$ 315,614,079/19,693,587)] = \$16.03
+ (\$16.03 * 1.0% (2017 Inflation) = \$16.19.

Allowance for Bad Debt Rate = Previous fiscal year's total allowance for bad debt (for example, debt owed that is not paid in full by plants and establishments that declare bankruptcy) divided by previous fiscal year's total hours (regular, overtime, and holiday) worked.

The 2017 calculation for bad debt rate per hour per program employee is:

[FY 2016 Total Bad Debt/(Total Regular hours + Total Overtime hours + Total Holiday hours) = (\$342,710/19,693,587)] = \$.02.

Additional Public Notification

FSIS will announce this notice online through the FSIS Web page located at <http://www.fsis.usda.gov/wps/portal/fsis/topics/regulations/federal-register/federal-register-notice>.

FSIS will also make copies of this Federal Register publication available through the FSIS Constituent Update, which is used to provide information regarding FSIS policies, procedures, regulations, Federal Register notices, FSIS public meetings, and other types of information that could affect or would be of interest to constituents and stakeholders. The Constituent Update is communicated via Listserv, a free electronic mail subscription service for industry, trade groups, consumer interest groups, health professionals, and other individuals who have asked to be included. The Update is also available on the FSIS Web page. In addition, FSIS offers an electronic mail subscription service which provides automatic and customized access to selected food safety news and information. This service is available at

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Persons with disabilities who require alternative means for communication (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

Done at Washington, DC on: December 21, 2016.

Alfred V. Almanza,

Acting Administrator.

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