

Docket Clerk
Food Safety and Inspection Service
Room 102 – Cotton Annex Building,
USDA, Washington, DC 20250-3700

April 5, 1999

10

RECEIVED
FSIS DOCKET ROOM
99 APR -6 AM 7:29

**RE: Docket No. 98-052P:
Fee Increase for Inspection Services;
Proposed Rule
Federal Register/ Vol. 64, No 42/ March 4, 1999**

98-052P
98-052P-16
Brent Baglien

Dear Sir or Madam:

ConAgra, Inc. is a diversified food company and as such, many of our food manufacturing operations utilize FSIS grading and inspection services. Overtime costs for these services are significant budgetary issues for ConAgra, Inc. We thank you for this opportunity to comment on the proposed rule of fee increases for voluntary inspection and overtime and holiday services.

The proposed increase of voluntary inspection and overtime and holiday services fees is based on the FSIS analysis of its projected costs for FY 1999. According to FSIS analysis, the increased expenses are a result of national and locality pay raises for Federal employees of 3.1 percent, and increased travel and overhead costs of 1.9 percent resulting from inflation. FSIS has proposed to increase voluntary inspection and overtime and holiday service fees to cover these cost increases. We are extremely concerned that the magnitude of the fee increase is not justified by cost or inflation data.

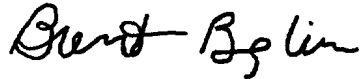
The proposed increase in base time rate for providing voluntary inspection, identification, and certification services from \$32.88 to \$37.00 constitutes a 12.53 percent increase. Overtime and holiday rates increase from \$33.76 to \$36.84 and laboratory service rates increase from \$48.56 to \$50.88, percent increases of 9.12 and 4.78 percent respectively. We are concerned that these proposed increases are excessive when compared with the 3.1 and 1.9 percent inflation justification. These increases could adversely affect many of our smaller establishments who sell their products to food services and retail establishments. In today's low inflation (or deflationary) environment, excessive cost increases are translated into a bottom line impact.

ConAgra, Inc. works with producers and USDA to address market situations. For example, recently the US pork slaughter and processing industry has been encouraged by the National Pork Producers Council and the USDA to increase weekend slaughter capacity and participate in bidding on USDA commodity purchase programs. These efforts are intended to reduce the oversupply of live hogs and pork products and thus provide pork producers with better prices. The proposed rate increases are in direct opposition to these recent efforts to support the pork producers.

We respectfully submit that the voluntary inspection and overtime and holiday service fee increases are unduly excessive and not supported by either the rule's economic justification or inflation data. We are opposed to rate increases above the 3.1 and 1.9 percent increases for wage and overhead adjustments cited in the proposal.

We appreciate the opportunity to express our views.

Respectfully submitted,

A handwritten signature in black ink that reads "Brent Baglien". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Brent Baglien
Vice President
Government Affairs