

TABLE 2.—SERVICES PERFORMED AT OTHER THAN AN APPLICANT'S FACILITY IN AN FGIS LABORATORY ^{1,2}—Continued

(e) Wheat protein (per test)	16.20
(f) Sunflower oil (per test)	16.20
(g) Vomitoxin (per test—qualitative)	37.00
(h) Vomitoxin (per test—quantitative)	42.10
(i) Vomitoxin (per test—HPLC Board Appeal)	131.10
(j) Pesticide Residue Testing ³ :	
(1) Routine Compounds (per sample)	204.80
(2) Special Compounds (per service representative)	102.40
(k) Fees for other tests not listed above will be based on the lowest noncontract hourly rate from Table 1	
(iii) Review of weighing (per hour per service representative)	71.40
(3) Stowage examination (service-on-request) ³ :	
(i) Ship (per stowage space) (minimum \$252.50 per ship)	50.50
(ii) Subsequent ship examinations (same as original) (minimum \$151.50 per ship)	
(iii) Barge (per examination)	40.50
(iv) All other carriers (per examination)	15.50

¹ Fees apply to original inspection and weighing, reinspection, and appeal inspection service and include, but are not limited to, sampling, grading, weighing, prior to loading stowage examinations, and certifying results performed within 25 miles of an employee's assigned duty station. Travel and related expenses will be charged for service outside 25 miles as found in § 800.72 (a).

² An additional charge will be assessed when the revenue from the services in Schedule A, Table 2, does not cover what would have been collected at the applicable hourly rate as provided in § 800.72 (b).

³ If performed outside of normal business, 1½ times the applicable unit fee will be charged.

⁴ If, at the request of the Service, a file sample is located and forwarded by the Agency for an official agency, the Agency may, upon request, be reimbursed at the rate of \$2.50 per sample by the Service.

TABLE 3.—MISCELLANEOUS SERVICES ¹

(1) Grain grading seminars (per hour per service representative) ²	\$49.20
(2) Certification of diverter-type mechanical samplers (per hour per service representative) ²	49.20
(3) Special weighing services (per hour per service representative) ² :	
(i) Scale testing and certification	49.20
(ii) Evaluation of weighing and material handling systems	49.20
(iii) NTEP Prototype evaluation (other than Railroad Track Scales)	49.20
(iv) NTEP Prototype evaluation of Railroad Track Scales (plus usage fee per day for test car)	110.00
(v) Mass standards calibration and reverification	49.20
(vi) Special projects	49.20
(4) Foreign travel (per day per service representative)	445.40
(5) Online customized data EGIS service:	
(i) One data file per week for 1 year	500.00
(ii) One data file per month for 1 year	300.00
(6) Samples provided to interested parties (per sample)	2.50
(7) Divided-lot certificates (per certificate)	1.50
(8) Extra copies of certificates (per certificate)	1.50
(9) Faxing (per page)	1.50
(10) Special mailing (actual cost)	
(11) Preparing certificates onsite or during other than normal business hours (use hourly rates from Table 1)	

¹ Any requested service that is not listed will be performed at \$49.20 per hour.

² Regular business hours—Monday thru Friday—service provided at other than regular hours charged at the applicable overtime hourly rate.

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DEPARTMENT OF AGRICULTURE

Grain Inspection, Packers and Stockyards Administration

7 CFR Part 868

RIN 0580-AA70

Fees for Rice Inspection

AGENCY: Grain Inspection, Packers and
Stockyards Administration, USDA.

ACTION: Proposed rule.

SUMMARY: The Grain Inspection, Packers and Stockyards Administration (GIPSA) is proposing an approximate 4.8 percent fee increase for all hourly rates and certain unit rates. The fees apply to Federal Rice Inspection performed under the Agricultural Marketing Act (AMA) of 1946. These increases are needed to cover increased operational costs resulting from the mandated January 2000 Federal pay increase.

DATES: Written comments must be submitted on or before March 3, 2000.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposal. Written comments must be submitted to Sharon Vassiliades, GIPSA, USDA, 1400 Independence Avenue, SW, Room 0623, Washington, DC 20250-3649, or faxed to (202) 720-4628. Comments may also

be sent by electronic mail or Internet to: comments@gipsadc.usda.gov. All comments should make reference to the date and page number of this issue of the **Federal Register** and will be available for public inspection in the above office during regular business hours (7 CFR 1.27(b)).

FOR FURTHER INFORMATION CONTACT: David Orr, Director, Field Management Division, at his Email address: Dorr@gipsadc.usda.gov or telephone him at (202) 720-0228.

SUPPLEMENTARY INFORMATION:

Executive Order 12866, Regulatory Flexibility Act, and the Paperwork Reduction Act

This rule has been determined to be nonsignificant for the purpose of Executive Order 12866 and, therefore,

has not been reviewed by the Office of Management and Budget.

Also, pursuant to the requirements set forth in the Regulatory Flexibility Act, James R. Baker, Administrator, GIPSA, has determined that this proposed rule will not have a significant economic impact on a substantial number of small entities as defined in the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

GIPSA regularly reviews its user-fee-financed programs to determine if the fees are adequate. GIPSA has and will continue to seek out cost saving opportunities and implement appropriate changes to reduce costs. Such actions can provide alternatives to fee increases. However, even with these efforts, GIPSA's existing fee schedule will not generate sufficient revenues to cover program costs while maintaining an adequate reserve balance. In fiscal year 1998, GIPSA's operating costs were \$3,820,820 with revenue of \$4,011,446, resulting in a positive margin of \$190,626 and a negative reserve balance of \$895,584. As of September 30, 1999, GIPSA's operating costs were \$4,105,564 with revenue of \$4,412,131 that resulted in a positive margin of \$306,567 and a negative reserve balance of \$508,628.

Employee salaries and benefits are major program costs that account for approximately 84 percent of GIPSA's total operating budget. A general and locality salary increase that averages 4.8 percent for GIPSA employees, effective January 2000, will increase program costs. This salary adjustment will increase GIPSA's costs by approximately \$135,000, based on the projected fiscal year 2000 work volume of 3.9 million metric tons.

We have reviewed the financial position of our rice inspection program based on the increased salary and benefit cost along with the projected fiscal year 2000 workload. Based on that review, we have concluded that we cannot absorb the increased costs due to salary increase with the current negative reserve balance. The proposed fee increase will collect an estimated \$138,000 in additional revenues.

The proposed fee increase primarily applies to GIPSA customers that produce, process, and market rice for the domestic and international markets. There are approximately 550 such customers located primarily in the States of Arkansas, Louisiana, and Texas. Many of these customers meet the criteria for small entities established by the Small Business Administration criteria for small businesses. Even though the fees would be raised, the increase would not be excessive (4.8 percent) and should not significantly

affect these entities. Those entities are under no obligation to use our service and, therefore, any decision on their part to discontinue the use of our service should not prevent them from marketing their products.

There would be no additional reporting or record keeping requirements imposed by this action. In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the information collection and record keeping requirements in Part 800 have been previously approved by the Office of Management and Budget under control number 0580-0013. GIPSA has not identified any other Federal rules which may duplicate, overlap, or conflict with this proposed rule.

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. This action is not intended to have a retroactive effect. The USGSA provides in section 87g that no subdivision may require or impose any requirements or restrictions concerning the inspection, weighing, or description of grain under the Act. Otherwise, this proposed rule will not preempt any State or local laws, regulations, or policies unless they present irreconcilable conflict with this proposed rule. There are no administrative procedures that must be exhausted prior to any judicial challenge to the provisions of this proposed rule.

Proposed Action

Under the provisions of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621, *et seq.*), rice inspection services are provided upon request and GIPSA must collect a fee from the customer to cover the cost of providing such services. Section 203(h) of the AMA (7 U.S.C. 1622(h)) provides for the establishment and collection of fees that are reasonable and, as nearly as practicable, cover the costs of the services rendered. These fees cover the GIPSA administrative and supervisory costs for the performance of official services, including personnel compensation, personnel benefits, travel, rent, communications, utilities, contractual services, supplies, and equipment.

The rice inspection fees were last amended on February 12, 1999, and became effective March 1, 1999 (64 FR 7057). These fees were to cover, as nearly as practicable, the level of operating costs as projected for fiscal year 1999. They presently appear at 7 CFR 868.91 in Tables 1 and 2.

GIPSA continually monitors its cost, revenue, and operating reserve levels to ensure that there are sufficient resources for operations. During fiscal year 1998, GIPSA implemented cost-saving measures in an effort to provide more cost effective services. The purpose of these measures was to reduce operating costs in order to reduce the negative retained earnings in this program. The cost containment measures included employee buyouts and better cross utilization of personnel between programs.

In fiscal year 1998, the program generated revenue of \$4,011,446 with operating costs of \$3,820,820, resulting in a positive margin of \$190,626. Even though we generated a positive margin for the year, we continued to operate with a negative reserve balance of \$895,584. The rice program's fiscal year 1999 revenue was \$4,412,131 with operating costs of \$4,105,564. In fiscal year 1999, we operated with a positive margin of \$306,567 and reduced our reserve balance to a negative \$508,628. The rice inspection program has been slowly recovering from a long-standing deficit. Through a series of small fee increases and cost cutting measures, GIPSA has reduced the level of the negative reserve balance from \$939,147 in fiscal year 1994 to its current level of negative \$508,628.

However, employee salaries and benefits are major program costs that account for approximately 84 percent of GIPSA's total operating budget. A general and locality salary increase that averages 4.8 percent for GIPSA employees, effective January 2000, will increase program costs. This salary adjustment will increase GIPSA's costs by approximately \$135,000. GIPSA cannot absorb this increase in salary costs with a deficit in the reserve balance and, at the same time, continue our efforts to reduce costs to eliminate the existing deficit. In fiscal years 1998 and 1999, GIPSA inspected 3.9 million metric tons of rice, and projections indicate that similar amounts will be inspected for fiscal year 2000. With no projected increase in the number of rice inspections, we anticipate operating costs to remain fairly constant except for the projected \$135,000 increase in salaries and benefits. GIPSA estimates that the fee increase will generate an additional \$138,000 in revenue, based on the projected fiscal year 2000 work volume of 3.9 million metric tons.

The costs associated with salaries and benefits are recovered by the hourly rates for personnel performing direct service. Other associated costs, including non-salary related overhead, are collected through other fees

contained in the fee schedule and are at levels that would not require any change. These fees would not be changed under this proposal. As such, GIPSA is proposing a 4.8 percent increase to the hourly rates and certain

unit rates in 7 CFR Part 868.91, Table 1—Hourly Rates/Unit Rate Per CWT and Table 2—Unit Rates. Currently, the regular workday contract and noncontract fees are \$40.80 and \$50.00, respectively, while the nonregular

workday contract and noncontract fees are \$56.80 and \$69.00, respectively. The unit rate per hundredweight for export port services is currently \$.05 per hundredweight. The other current unit rates are:

Service	Rough rice	Brown rice for processing	Milled rice
Inspection for quality (per lot, subplot, or sample inspection)	\$32.90	\$28.40	\$20.20
Factor analysis for any single factor (per factor):			
(a) Milling yield (per sample)	25.50	25.50
(b) All other factors (per factor)	12.10	12.10	12.10
Total oil and free fatty acid		40.00	40.00
Interpretive line samples:			
(a) Milling degree (per set)			85.10
(b) Parboiled light (per sample)			21.30
Extra copies of certificates (per copy)	3.00	3.00	3.00

List of Subjects in 7 CFR Part 868

Administrative practice and procedure, Agricultural commodities.

For reasons set out in the preamble, 7 CFR part 868 is proposed to be amended as follows:

PART 868—GENERAL REGULATIONS AND STANDARDS FOR CERTAIN AGRICULTURAL COMMODITIES

1. The authority citation for part 868 continues to read as follows:

Authority: Secs. 202–208, 60 Stat. 1087, as amended (7 U.S.C. 1621 *et seq.*)

2. Section 868.91 is revised to read as follows:

§ 868.91 Fees for certain Federal Rice Inspection Services.

The fees shown in Tables 1 and 2 apply to Federal Rice Inspection Services.

TABLE 1.—HOURLY RATES/UNIT RATE PER CWT
[Fees for Federal Rice Inspection Services]

Service ¹	Regular workday (Monday-Saturday)	Nonregular workday (Sunday-Holiday)
Contract (per hour per Service representative)	\$42.80	\$59.60
Noncontract (per hour per Service representative)	52.40	72.40
Export Port Services ² (per hundredweight)052	.052

¹ Original and appeal inspection services included: Sampling, grading, weighing, and other services requested by the applicant when performed at the applicant's facility.

² Services performed at export port locations on lots at rest.

TABLE 2.—UNIT RATES

Service ^{1 3}	Rough rice	Brown rice for processing	Milled rice
Inspection for quality (per lot, subplot, or sample inspection)	\$34.50	\$29.80	\$21.20
Factor analysis for any single factor (per factor):			
(a) Milling yield (per sample)	26.75	26.75
(b) All other factors (per factor)	12.70	12.70	12.70
Total oil and free fatty acid		42.00	42.00
Interpretive line samples: ²			
(a) Milling degree (per set)			89.20
(b) Parboiled light (per sample)			22.35
Extra copies of certificates (per copy)	3.00	3.00	3.00

¹ Fees apply to determinations (original or appeals) for kind, class, grade, factor analysis, equal to type, milling yield, or any other quality designation as defined in the U.S. Standards for Rice or applicable instructions, whether performed singly or combined at other than at the applicant's facility.

² Interpretive line samples may be purchased from the U.S. Department of Agriculture, GIPSA, FGIS, Technical Services Division, 10383 North Executive Hills Boulevard, Kansas City, Missouri 68030. Interpretive line samples also are available for examination at selected FGIS field offices. A list of field offices may be obtained from the Director, Field Management Division, USDA, GIPSA, FGIS, 1400 Independence Avenue, SW, STOP 3630, Washington, DC 20250–3630. The interpretive line samples illustrate the lower limit for milling degrees only and the color limit for the factor "Parboiled Light" rice.

³ Fees for other services not referenced in Table 2 will be based on the noncontract hourly rate listed in § 868.90, Table 1.

Dated: December 20, 1999.

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FEDERAL HOUSING FINANCE BOARD

12 CFR Part 917

[No. 99-64]

RIN 3069-AA90

Powers and Responsibilities of Federal Home Loan Bank Boards of Directors and Senior Management

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing new regulations to set forth the responsibilities of the boards of directors and senior management of the Federal Home Loan Banks (Banks) as a means of ensuring that they fulfill their duties to operate the Banks in a safe and sound manner and in furtherance of the Banks' housing finance and community lending mission.

DATES: Comments on this proposed rule must be received in writing on or before February 2, 2000.

ADDRESSES: Comments should be mailed to: Elaine L. Baker, Secretary to the Board, Federal Housing Finance Board, 1777 F Street, NW, Washington, DC 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: James L. Bothwell, Director and Chief Economist, (202) 408-2821; Scott L. Smith, Deputy Director, (202) 408-2991; Julie Paller, Senior Financial Analyst (202) 408-2842; Office of Policy, Research and Analysis; Eric M. Raudenbush, Senior Attorney-Advisor, (202) 408-2932; Office of General Counsel, Federal Housing Finance Board, 1777 F Street, NW, Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Background

A. Devolution of Corporate Governance Authorities

Prior to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, Pub. L. 101-73, 103 Stat. 413 (1989), many decisions regarding the corporate governance of the Banks were either made or approved by the Bank System regulator (which, prior to FIRREA, was

the former Federal Home Loan Bank Board). Since the creation of the Finance Board and the reform of the Bank System under FIRREA, it has been the policy of the Finance Board to devolve to the Banks authority to act on most matters of corporate governance without the prior approval of the Finance Board, to the extent permitted by statute and to the extent such devolution does not compromise the Finance Board's duty to ensure the safety and soundness of the Banks. The Finance Board has long recognized the importance of maintaining its regulatory independence, and that the safety and soundness regulator of the Banks should not involve itself in the business affairs of the Banks, nor make governance decisions that more properly lie with the Banks as corporate entities.¹ Despite this regulatory policy, statutory provisions have required that certain matters pertaining to corporate governance remain within the decision-making power of the Finance Board.

On November 12, 1999, the President signed into law the Federal Home Loan Bank System Modernization Act of 1999² (Modernization Act), Pub. L. 106-102, Title VI (1999), which, among other things, removed the remaining corporate governance authorities that previously had been vested in the Finance Board under the Federal Home Loan Bank Act (Bank Act). 12 U.S.C. 1422-49. To implement these statutory changes, the Finance Board has published separately an interim final rule removing regulations that required Finance Board approval for the following matters of corporate governance: selection and compensation of Bank officers and employees; entering into building leases and purchases; adoption and revision of Bank bylaws; dividend payments; application forms for Bank advances; Bank approval of conditional advances; and transfer of advances and advance participations. See 64 FR 71275 (1999).

Management responsibilities over the Banks have been rightfully removed from the statutory purview of the Finance Board. However, the Finance Board continues to be responsible for ensuring that the Banks operate in a financially safe and sound manner and carry out their statutory housing finance and community lending mission. See 12 U.S.C. 1422a(a)(3). In that capacity, the Finance Board believes that it is prudent to set forth explicitly in regulation a

state-of-the-art corporate governance framework for the Banks' boards of directors and senior management.

The proposed rule includes provisions defining the responsibilities—and thus the accountability—of the boards of directors and senior management of the Banks with regard to operating the Banks in a safe and sound manner and ensuring that the Banks achieve their statutory mission. These responsibilities include matters such as the adoption and annual review of risk management policies, periodic risk assessments, the maintenance of effective internal controls, the establishment of independent audit committees, and adoption of and compliance with a strategic business plan, as further detailed below.

B. Effect of the Proposed Rule To Reorganize the Finance Board's Regulations

On September 27, 1999, the Finance Board published a notice of proposed rulemaking to reorganize its regulations to implement a more logical and efficient presentation of the regulations governing the Banks and the Bank System. See 64 FR 52148 (1999). Because it is anticipated that a final reorganization rule will be in effect before the substantive regulatory amendments contained in this proposal would become final, cross-references appearing in the text of this proposed rule are made to the new section and part numbers that would be in effect once the final reorganization rule is adopted. Where such references are to provisions that currently exist under different section or part numbers, the existing citation has been noted in this preamble.

C. The Banks as Corporate Entities

Each state generally has laws of incorporation that require, among other things, a corporation to be managed by a board of directors. Consistent with this general corporate concept, the Bank Act (as amended by the Modernization Act) provides for the management of each Bank to be vested in the Bank's board of directors. See 12 U.S.C. 1427(a). The Bank Act states that each Bank is a corporate body. See *id.* at 1432(a). In addition to authorizing certain enumerated corporate and banking powers, see *id.* at 1431, 1432, the Bank Act grants each Bank all such incidental powers as are consistent with the provisions of the Bank Act and customary and usual in corporations generally. See *id.* at 1432(a). The Finance Board believes that, attendant to the exercise of customary and usual

¹ See General Accounting Office, *Federal Home Loan Bank System—Reforms Needed to Promote Its Safety, Soundness, and Effectiveness* (Dec. 1993).

² The Modernization Act is Title VI of the larger Gramm-Leach-Bliley Act. Pub. L. 106-102 (1999).