



May 19, 2006

Ms. Dana H. Coale
Deputy Administrator, Dairy Programs
Agricultural Marketing Service
Stop 0225, Room 2968-South
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0225

RE: Increase in Fees for Federal Dairy Grading and Inspection Services (Docket Number DA-05-04)

Dear Ms. Coale:

The American Butter Institute (ABI) is an Arlington, VA-based trade association for manufacturers, processors, marketers and distributors of butter and butter products. Originally established as the National Association of Creamery Manufacturers in 1908, ABI's mission is to promote and protect the interests and welfare of the industry. There are currently 31 active member companies who market approximately 95% of all the butter manufactured in the U.S. As primary users of the Dairy Grading Branch services of grading butter, ABI takes great interest in the United States Department of Agriculture (USDA), Agricultural Marketing Service's proposed *Increase in Fees for Federal Dairy Grading and Inspection Services*¹ (Docket Number DA-05-04).

ABI recognizes and appreciates the essential services provided by the Dairy Grading Branch to the butter industry. USDA Grade AA and USDA Grade A butter are recognized by consumers as high quality butter products. Additionally, butter must be graded to participate in the USDA Commodity Credit Corporation dairy program.

However, ABI is concerned about the rate of increase in the proposed increase in fees after the last increase in 2004. The proposed 10 percent increase in fees far outpaces the rate of inflation during the past 2 years (2.68 % in 2004; 3.39 % in 2005)². Combined with the increase in 2004, the proposed fees would be nearly 25 percent higher than just 30 months ago. At this rate of increase, the cost of services provided by the Dairy Grading Branch will soon be priced out of the value of these services.

¹ Published in the *Federal Register* (April 20, 2006, Pp. 20351-20353)

² Inflation rate data from *Financial Trend Forecaster* accessed via the World Wide Web at http://inflationdata.com/inflation/Inflation_Rate/CurrentInflation.asp on May 19, 2006.

2101 Wilson Blvd, Suite 400
Arlington, VA 22201
Phone: 703-243-5630
Fax: 703-841-9328

Jerome J. Kozak
Executive Director

Anuja Miner
Director of Membership Services

ABI appreciates the continuing efforts of the Dairy Grading Branch to automate its business practices which have resulted in cost savings to the program. ABI believes that continued enhancements will further increase efficiency in grading services with further cost savings to the program. For example, AMS estimates FY2006 costs to be \$5.778 million³ compared to FY2004 estimates of \$5.95 million⁴. ABI believes that further cost savings can be identified in the program that can reduce the need for such a dramatic increase in fees.

Thank you for the opportunity to submit these comments. ABI members look forward to continued participation in the Dairy Grading Branch services. If you have any questions about these comments, please contact me.

Sincerely,

A handwritten signature in dark ink that reads "Jerry Kozak". The signature is written in a cursive style with a large, prominent "J" and "K".

Jerome J. Kozak
Executive Director

³ Published in the *Federal Register* (April 20, 2006, Pp. 20351-20353)

⁴ Published in the *Federal Register* (February 26, 2004, Pp. 9797-8798)