

**DEPARTMENT OF AGRICULTURE****Food Safety and Inspection Service**

[Docket No. FSIS-2025-0211]

**2026 Rate Changes for the Basetime, Overtime, Holiday, Laboratory Services, and Export Application Fees****AGENCY:** Food Safety and Inspection Service (FSIS), U.S. Department of Agriculture (USDA).**ACTION:** Notice.

**SUMMARY:** FSIS is announcing the 2026 rates it will charge meat, poultry, and egg products establishments, and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, laboratory services, and export application fees. Most rates for 2026 will be the same as for 2025. FSIS is decreasing the rate for laboratory services.

**DATES:** FSIS will continue to charge the 2025 rates through calendar year 2026, except for laboratory services, which were reduced starting January 11, 2026.

**FOR FURTHER INFORMATION CONTACT:** For further information contact Martina Simms, Director, Budget Division, Office of the Chief Financial Officer; Email: [Martina.Simms@usda.gov](mailto:Martina.Simms@usda.gov); Telephone: (202) 937-4201.

**SUPPLEMENTARY INFORMATION:****Background**

Under the Federal Meat Inspection Act (FMIA)(21 U.S.C. 695) and the Poultry Products Inspection Act (PPIA)(21 U.S.C. 468), the cost of inspection—except the cost of overtime

and holiday pay pursuant to 7 U.S.C. 2219a—is borne by the United States. Section 2219a gives the Secretary discretion to accept reimbursement for any sums paid for overtime and holiday work. The statutes do not, however, require the Secretary to seek full reimbursement for such sums. Under the Egg Products Inspection Act (EPIA)(21 U.S.C. 1053), the Secretary has discretion with respect to the rates charged for overtime and holiday pay.

Reimbursement rates are calculated annually in accordance with FSIS regulations. On April 12, 2011, FSIS published a final rule amending its regulations to establish formulas for calculating the rates it charges meat, poultry, and egg products establishments and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, and laboratory services (76 FR 20220). These formulas rely on the previous fiscal year actuals for salaries, hours worked, benefits, travel and operating costs, overhead, and bad debt allowance. 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, and apply the rates on the first FSIS pay period at the beginning of the calendar year.

FSIS has determined that the methodology used to determine the costs for providing voluntary, overtime, and holiday inspection and identification, certification services, and export application fees may no longer accurately reflect the Agency's current cost structure. FSIS has not reevaluated

most of its formulas for calculating rate changes since 2009.<sup>1</sup> Under the existing formulas, most rates for fiscal year 2026 would materially increase, even though costs associated with providing these services have not.

As discussed, FSIS' acceptance of the reimbursement rate is optional under the FMIA and PPIA ("The Secretary of agriculture may . . . accept from the establishment reimbursement . . ."), and it is authorized for "any" sums, not "all" sums, paid by the Secretary (7 U.S.C. 2219a(a)(2)). In addition, the EPIA provides the Secretary with discretion regarding the rates charged for overtime and holiday pay. Given the 2026 rates calculated under the existing formula may not accurately reflect FSIS' current cost structure, FSIS will exercise its discretion under the FMIA, PPIA, and EPIA and accept reimbursement at the 2025 rates for voluntary, overtime, and holiday inspection and identification, certification services and export fee applications while the Agency undertakes a comprehensive review of the methodology (89 FR 106417, December 30, 2024). This will allow FSIS to ensure that future rates reflect the true cost of the services delivered and provide time to verify whether current formulas remain accurate or need updates. FSIS is reducing the laboratory services fee for 2026 in accordance with its regulations (9 CFR 391.4).

**2026 Calculations and Increased Rates**

The following table lists the 2025 rates and calculated 2026 rates, by type of service:

| Service                  | 2025 Rate | Calculated 2026 rate (not implemented) |
|--------------------------|-----------|----------------------------------------|
| Basetime .....           | \$73.04   | \$78.80                                |
| Overtime .....           | 89.68     | 97.04                                  |
| Holiday .....            | 106.32    | 115.28                                 |
| Export Application ..... | * 4.83    | * 5.02                                 |

\* Per application.

**Basetime, Overtime, and Holiday Fees**

FSIS calculated the basetime, overtime, and holiday rates for 2026 but will continue to charge the 2025 rates for these services because the 2026 calculations may not accurately reflect the Agency's current cost structure. In the 2026 formula for the basetime, overtime, and holiday fees, the variable representing the "[Office of Field

*Operations]* previous fiscal year's regular hours" decreased compared to the previous year, likely due to staffing adjustments and efficiency improvements. This reduction may have artificially increased the projected 2026 rates. The 2025 rates will cover FSIS costs in fiscal year 2026; therefore, increasing the rates based on the current

formulas in the regulations would unnecessarily burden industry.

The calculations below demonstrate that the rates charged for these services would have increased if the Agency chose to utilize the 2026 formulas.

*Basetime Rate* = The quotient of dividing the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay

<sup>1</sup> The one exception is the export application rate change methodology, which was updated on June 29, 2016 (81 FR 42225).

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 2026 basetime rate per hour per program employee is:

[FY 2025 OFO Regular Direct Pay divided by the previous fiscal year's Regular Hours (\$504,606,328/13,974,759)] = \$36.11 + (\$36.11 \* 1.0% (calendar year 2026 Cost of Living Increase)) = \$36.47 + \$14.12 (benefits rate) + \$2.74 (travel and operating rate) + \$25.49 (overhead rate) + \$0.00 (bad debt allowance rate) = \$78.82, rounded down to \$78.80, 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 2026 overtime rate per hour per program employee is:

[FY 2025 OFO Regular Direct Pay divided by previous fiscal year's Regular Hours (\$504,606,328/13,974,759)] = \$36.11 + (\$36.11 \* 1.0% (calendar year 2026 Cost of Living Increase)) = \$36.47 \* 1.5 = \$54.70 + \$14.12 (benefits rate) + \$2.74 (travel and operating rate) + \$25.49 (overhead rate) + \$0.00 (bad debt allowance rate) = \$97.05, rounded down to \$97.04, 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 2026 holiday rate per hour per program employee calculation is:

[FY 2025 OFO Regular Direct Pay divided by previous fiscal year's Regular Hours (\$504,606,328/13,974,759)] = \$36.11 + (\$36.11 \* 1.0% (calendar year 2026 Cost of Living Increase)) = \$36.47

\* 2 = \$72.94 + \$14.12 (benefits rate) + \$2.74 (travel and operating rate) + \$25.49 (overhead rate) + \$0.00 (bad debt allowance rate) = \$115.29, rounded down to \$115.28, so that it is divisible by 4.

#### 2026 Electronic Export Application Fee

FSIS calculated the export application rate for 2026 but will continue to charge the 2025 rate, because the 2026 increased fee is not necessary to cover FSIS' costs associated with providing this service. The increased fee for 2026 was driven by an increase in labor costs mostly due to pay raises implemented in calendar year 2025 and an increase in the Public Health Information System Export Module maintenance contract. However, FSIS has determined that the 2025 fee will cover the cost of the service delivered. Therefore, FSIS will not raise the fee for fiscal year 2026.

As published in FSIS' final rule, *Electronic Export Application and Certification Charge; Flexibility in the Requirements for Export Inspection Marks, Devices, and Certificates; Egg Products Export Certification* (81 FR 42225, June 29, 2016), the Electronic Export Application Fee Formula is:

Labor Cost (Technical Support + Export Library Maintenance) + IT Cost (Ongoing Operations and Maintenance + Login.gov)

#### Number of Export Applications

FSIS stated in the 2016 final rule (81 FR 42225) and the 2017 **Federal Register** notice (82 FR 42056, September 6, 2017) that it would update and recalculate the fee based on the best available estimates for costs and number

of applications. As of November 2024, a majority of countries have been included in the export component. Therefore, FSIS is able to accurately estimate the number of export applications (the denominator in the

formula) and update costs to include the transition from eAuthentication to Login.gov.

2026 Electronic Export Application Fee:

Labor Cost (\$613,900+ (\$192,961)) + IT Cost (\$1,688,373+\$24,000)

501,984

= \$5.02

#### 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 2026 benefits rate per hour per program employee is:

[FY 2025 Direct Benefits/(Total Regular hours + Total Overtime hours + Total Holiday hours) (\$236,270,391/16,897,173)] = \$13.98 + (\$13.98 \* 1.0% (calendar year 2026 Cost of Living Increase)) = \$14.12.

**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 2026 travel and operating rate per hour per program employee is:

[FY 2025 Total Direct Travel and Operating Costs/(Total Regular hours + Total Overtime hours + Total Holiday hours) (\$45,247,802/16,897,173)] = \$2.68 + (\$2.68 \* 2.2% (2026 Inflation)) = \$2.74.

**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 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 2026 overhead rate per hour per program employee is:

[FY 2025 Total Overhead/(Total Regular hours + Total Overtime hours + Total Holiday hours) (\$421,449,512/16,897,173)] = \$24.94 + (\$24.94 \* 2.2% (2026 Inflation)) = \$25.49.

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

The 2026 calculation for bad debt rate per hour per program employee is:

[FY 2025 Total Bad Debt/(Total Regular hours + Total Overtime hours + Total Holiday hours) = (\$49,485/16,897,173)] = \$0.00.

#### 2026 Laboratory Service Rate and Calculation

The 2026 laboratory service rate calculation accurately covers the cost of this service. Unlike the basetime,

overtime, and holiday formulas, the formula used to calculate the laboratory services rate does not use the “[Office of Field Operations] previous fiscal year's regular hours” variable which artificially increased the basetime, overtime, and holiday rates. Instead, the laboratory fee rate is calculated using the Office of Public Health Science's (OPHS) previous fiscal year's regular hours (9 CFR 391.4). This variable, unlike OFO work hours, did not significantly decrease from the previous fiscal year and, as such, did not artificially inflate the 2026 rate. The final rate has been rounded to make the amount divisible by the quarter hour (15 minutes). Fifteen minutes is the minimum charge for the services covered by this rate.

**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 2026 laboratory services rate per hour per program employee is:

[FY 2025 OPHS Regular Direct Pay/OPHS Regular hours (\$20,422,806/408,851)] = \$49.95 + (\$49.95 \* 1.0% (calendar year 2026 Cost of Living Increase)) = \$50.45 + \$14.12 (benefits rate) + \$2.74 (travel and operating rate) + \$25.49 (overhead rate) + \$0.00 (bad debt allowance rate) = \$92.80, which is divisible by 4.

#### Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, FSIS will announce this **Federal Register** publication on-line through the FSIS web page located at: <https://www.fsis.usda.gov/federal-register>.

FSIS will also announce and provide a link 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 our constituents and stakeholders. The *Constituent Update* is available on the FSIS web page. Through the web page, FSIS is able to provide information to a much broader, more diverse audience. In addition, FSIS offers an email subscription service which provides automatic and customized access to selected food safety news and

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Done at Washington, DC.

**Justin Ransom,**

*Administrator.*

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