

local area and are thus in a position to formulate an appropriate budget. The budget was formulated and discussed in a public meeting. Thus, all directly affected persons have had an opportunity to participate and provide input.

The assessment rate recommended by the Committee was derived by dividing anticipated expenses by expected acquisitions of California raisins. Because that rate will be applied to actual acquisitions, it must be established at a rate that will provide sufficient income to pay the Committee's expenses.

The Committee, with headquarters in Fresno, California, met August 15, 1994, and unanimously recommended a 1994-95 budget of \$1,324,000, which is \$744,940 more than the previous year. Budget items for 1994-95 which have increased compared to those budgeted for 1993-94 (in parentheses) are: Office salaries, \$123,000 (\$90,000), fieldman salaries, \$44,000 (\$42,600), Payroll taxes, \$30,000 (\$27,500), employer retirement contribution, \$20,000 (\$18,200), general insurance, \$8,000 (\$6,000), group medical insurance, \$40,000 (\$37,000), rent, \$43,000 (\$17,900), telephone, \$15,000 (\$4,000), postage, \$20,000 (\$12,000), office supplies, \$30,000 (\$20,000), repairs and maintenance, \$10,000 (\$5,000), audit fees, \$20,000 (\$3,600), office travel, \$14,000 (\$12,000), Committee meeting expenses, \$7,500 (\$5,000), miscellaneous expense, \$15,000 (\$10,000), objective measurement survey, \$14,750 (\$14,000), and reserve for contingencies, \$142,400 (\$55,810). The Committee also recommended employee benefit expenses of \$2,500 and export program funding of \$50,000 for travel and \$350,000 for foreign program administration, for which no funding was recommended last year.

The Committee also provided for \$1,652,750 for certain expenses likely to be incurred in connection with the 1994-95 raisin reserve pools for Natural (sun-dried) Seedless and Zante Currant raisins. In addition, a pool currently exists for Other Seedless raisins, and the Committee will make a decision on or before February 15, 1995, on whether or not this pool will be continued. Pool expenses are deducted from proceeds obtained from the sale of reserve raisins. These expenses are \$766,150 more than the \$886,600 for 1993-94 reserve pool expenses.

The larger administrative and reserve pool expenses result from the Committee's takeover of certain industry export marketing activities and the fact that the Natural (sun-dried) Seedless raisin crop is larger than last year. This

large crop, and the pooling of Zante Currant raisins for the first time in many years, will result in a large quantity to be pooled and increased costs. These costs will be even larger if Other Seedless raisins are pooled. Reserve pool expenditures are reviewed annually by the Department.

A California State raisin marketing order was terminated in 1994. Its administrative agency, the California Raisin Advisory Board (CALRAB), formerly conducted marketing promotion and paid advertising activities here and abroad for the California raisin industry.

The Committee is taking over the funding and administration of the Market Promotion Program (MPP). The MPP, administered by the Department's Foreign Agricultural Service (FAS), encourages the development, maintenance, and expansion of export markets for agricultural commodities like raisins.

Recently, the FAS redirected MPP funds allocated to CALRAB for foreign promotion and advertising to the Committee which desires to use the funds to continue the industry's strong overseas promotion and advertising activities. To receive the full allocation (\$4,479,549), the Committee must be able to show that it plans to spend, from industry sources, an amount equal to 50 percent of that allotment (\$2,239,975). This spending can be for administration or promotion. The Committee recommended that the increased spending necessary to meet the required MPP matching figure be funded through increased handler assessments, reserve pool funds, and merchandising incentive program funds.

Under the marketing order's volume regulation provisions, marketing percentages (free and reserve) for a varietal type can be implemented to stabilize supplies. The free percentage prescribes the portion of the crop that can be shipped immediately to any market. The reserve percentage prescribes the portion of the crop to be held for later shipment. Reserve raisins are held in a reserve pool by handlers for the account of the Committee. Funds generated from the sales of reserve raisins, after deduction of reserve pool expenses, are distributed equally to equity holders in the pool (producers).

A Committee implemented merchandising incentive program promotes the consumption of California raisins in foreign markets. For various countries, cash rebates and advertising/promotion incentives are offered to qualifying importers. Funds used to pay the incentives are derived from reserve pool sales.

The Committee's MPP match of \$2,239,775 will be made up of \$1,249,775 in Committee domestic and overseas administration costs and \$990,000 in industry market promotion funds. Domestic administration costs include \$238,560 in employee salaries and benefits and \$252,215 for MPP overhead costs. The overhead costs include expenditures for Committee staff to travel overseas (\$100,000), Committee delegation trips (\$50,000), rent (\$28,500), insurance (\$1,600), telephone (\$7,500), postage (\$6,000), office supplies, (\$2,500), repairs and maintenance (\$2,000), audit fees (\$15,000), local travel (\$3,000), equipment (\$5,000), and miscellaneous expenses (\$31,715).

The overseas costs of \$714,000 include funding for the Committee's overseas marketing representatives and their staffs for nine countries (United Kingdom, Germany, Japan, Singapore, Philippines, Thailand, Malaysia, China, and Hong Kong). The costs include salaries and benefits, travel, office rent, office supplies, utilities, and postage. The representatives will handle the administration and day-to-day details of the marketing activities conducted in these countries.

The domestic and overseas administrative and overhead costs for the MPP will be paid with handler administrative assessments and reserve pool proceeds. Most of the major expense items for the MPP (employees salaries and benefits, domestic and overseas travel, and office rent) will be shared equally between administrative and reserve pool funds.

A total of \$1,442,325 was available for the Committee's merchandising incentive program this year. Of that amount, a total of \$990,000 will qualify for the MPP match. The Committee plans to use these funds for authorized promotion activities in Japan.

The Committee unanimously recommended an assessment rate of \$4.00 per ton, which is \$2.20 more than last year. This rate, when applied to anticipated acquisitions of 331,000 tons, will yield \$1,324,000 in assessment income, which will be adequate to cover anticipated administrative expenses. Any unexpended assessment funds from the crop year are required to be credited or refunded to the handlers from whom collected.

An interim final rule was published in the **Federal Register** on October 31, 1994 (59 FR 54379). That interim final rule added \$989,345 to authorize expenses and establish an assessment rate for the Committee. That rule provided that interested persons could