



Processor Inspection and Capacity

Issue

Food production has been significantly disrupted during the COVID-19 pandemic, especially at livestock processing facilities, where labor shortages and worker protection measures are slowing output in plants around the country and even causing some facilities to shut down. Throughout the pandemic, there has been a continued increase in demand for farm products sold retail by the producer. Meat cuts are no different. Retail meat sales present a unique and increasingly popular niche which livestock producers are filling. As the trend grows more popular and the waitlist at custom slaughterhouses licensed to process meat for retail sale grows longer, more processing capacity may be necessary. Farmers' accessibility to these facilities is not always ideal with some driving over 100 miles one-way to deliver to their custom retail processor. There have been several state and congressional proposals pertaining to this issue. Farm Bureau policy recognizes there is a shortage of slaughter capacity and supports programs to enhance opportunities for farmers selling products directly to consumers.

Background

Custom slaughterhouses that do not process meat for retail sale are regulated by USDA and licensed by the Tennessee Department of Agriculture (TDA) but do not have USDA or TDA employees on site every day to conduct inspections. Meat processed at these facilities may only be consumed by owners of the live animal, their household, guests, and employees (21 U.S.C. § 623(a)). It may not be resold and must be labeled "Not for Sale." Federal law requires meat sold by the cut be inspected and processed at a USDA monitored slaughter facilities. Livestock owners may choose to sell shares of an animal before it is processed at non-USDA inspected facilities to divide meat with other families.

There was legislation filed in the 2020 legislative year that have revised the state meat and poultry inspection program to enable the state to operate the program instead of the federal government. If this type of legislation were to go into place, the state would have to cover the costs of inspection which is currently covered by the federal government and estimated to be close to \$1 million annually. Facilities with a state inspection in this proposal would have to meet the same requirements as those inspected by the federal government.

Food processing, particularly at meat facilities, was significantly impacted because of the COVID-19 pandemic. Labor shortages and worker protection measures slowed output in plants around the country and even caused some facilities to shut down. In late April, President Trump signed an executive order designating these companies as critical infrastructure and instructing them to remain open when possible and abide by CDC guidelines to protect workers. More than two dozen livestock processing plants closed due to issues with COVID-19 for periods ranging from a few days to two weeks or even indefinitely. In some cases, the closures were due to outbreaks among workers at the plants. In other cases, it is a struggle to keep workers who are afraid of getting sick coming into the plant.

This has caused a significant decrease in the slaughter capacity for beef, pork, and poultry. Estimating the overall impact of slaughter capacity is difficult to gauge, however one useful data point is overall weekly slaughter of cattle and hogs. During the months of April and May there was a drastic drop in slaughter numbers for hogs and cattle. Weekly total cattle slaughter decreased by 38% since its March high and 34% from the previous year. Weekly hog slaughter dropped 45% from its earlier high and 35% from 2019. By the summer of 2020, most facilities were back to full or close-to-full capacity because of measures taken place. However, the ripple effect caused by the limited capacity and closures is still being felt.

Members of Congress have taken note and have provided various ideas to address the situation. Below are some of the legislation which has been proposed, a short explanation of the proposal, and Farm Bureau's current position.

Small Packer Overtime and Holiday Fee Relief COVID-19 Act

The purpose of the legislation is to alleviate overtime inspection pay for small and medium-sized meat packers. This legislation helps address the same issue without sacrificing USDA Food Safety Inspection Service (FSIS) inspection and alleviating pressure on small and medium-sized packing plants. These plants have seen an increased demand for their services as larger-scale meatpacking facilities have closed or reduced capacity due to worker outbreaks of COVID-19. Under the legislation, meatpacking plants with fewer than 10 employees would be required to pay only 25% of overtime and holiday fees and FSIS would pay the additional 75%. Plants with 10 to 500 employees would be required to pay 70% of overtime fees with FSIS paying the additional 30%. **Farm Bureau supports the *Small Packer Overtime and Holiday Fee Relief COVID-19 Act*.**

Requiring Assistance to Meat Processors for Upgrading Plants Act (RAMP-UP Act)

Introduced on July 2, RAMP-UP Act would establish a program to make facility upgrade and planning grants available to existing meat and poultry processors to help them move to federal inspection, which will allow them to sell their products across state lines. The legislation would also require USDA to work with states and report on ways to improve the existing Cooperative Interstate Shipment program. **Farm Bureau supports the RAMP-UP Act.**

Processing Revival and Intrastate Meat Exemption Act (PRIME Act)

The PRIME Act would allow for non-FSIS inspected meat to enter commerce. Current federal law requires all meat products produced in the United States and offered for retail sale be subject to inspection by FSIS. The law also allows fully equivalent state programs to inspect according to FSIS standards to apply USDA seals of inspection. Currently, 27 states have state inspection programs that are fully equivalent to FSIS and allow for the intrastate sale of meat products. Tennessee does not have a state inspection program. FSIS or a fully equivalent state program provide ante- and post-mortem inspection of all meat products produced and sold commercially in the United States. The PRIME Act would remove the federal requirement for states to have an inspection program at least equal to that of FSIS for products offered in intrastate commerce. States would even have the option to waive inspection requirements for meat produced and sold within the state whether to individuals, restaurants, or grocery stores. ***Farm Bureau does not have policy on the PRIME Act and is not supporting/opposing the legislation.***

It is important to remember FSIS helps to protect food safety which is key to maintaining consumer confidence and safeguarding animal health. Federal and state inspection programs are a key component in protecting animal health by ensuring every animal offered for commercial slaughter is inspected for signs of disease, specifically animal diseases that pose a significant threat to the entire livestock sector.

Questions

1. Have you or farmers in your community been impacted by limited processor capacity?
2. If custom processors can process for retail sale, do you believe that will result in consumer confidence problems?
3. Does USDA's role in the inspection process increase the integrity of the meat industry?
4. Would a TDA inspection maintain the perceived level of integrity to the consumer?
5. Of the congressional proposals discussed, which do you believe would be the most effective in increasing capacity for the harvesting and processing of livestock?

TFBF Policy

Improving Family Farm Income (Partial)

Tennessee faces a shortage of slaughter capacity. We believe the Tennessee Farm Bureau, Tennessee Department of Agriculture and UT Institute of Agriculture should work to find solutions for the shortage of USDA

inspected processing facilities. This should include efficient and cost effective ways for custom processing plants to become federally compliant. Personalized and customized options once provided by small packing plants are difficult to find. Producers need to have consistent access to a well-run, federally compliant, flexible and profitable facility to link independent livestock producers to end consumers. With customized value-added products, we have an opportunity to fill the ever growing demand for locally produced products.

We support programs to enhance opportunities for farmers selling products directly to consumers.

AFBF Policy

358 / Inspection and Grading of Meat, Poultry and Seafood Products (Partial)

1. The objective of federal and state meat and poultry inspection programs is to provide consumers with a supply of wholesome meat and poultry products. This is a service to consumers and costs should be paid from general revenue funds.

3. We urge that all tests required by other countries for the export of our meat products be conducted by the Food Safety and Inspection Service (FSIS). If FSIS is unable to do the required tests, FSIS should be required to coordinate and facilitate the transfer of any required tests to certified laboratories.
4. We believe all meat, poultry and seafood products should be inspected and tested to the same standard. Funding sources for any new federally mandated seafood inspection program should be consistent with existing funding for other food commodities.
5. Regulations governing the application of federal inspection programs to custom slaughtering plants, locker plants and producer-slaughterers should be modified so as not to eliminate these local services.

8. USDA should:
 - 8.4. Support small-scale meat processors and examine existing requirements to alleviate the immense burdens placed on small-scale meat processors;

9. We support:
 - 9.16. Federal meat inspectors being made available to small meat processors;

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