

State Meat Inspection Program

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and
Oregon State University
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**STATE MEAT INSPECTION PROGRAM
IMPLIMENTATION STUDY
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Maine Information:

- 1- State Meat Inspection Implementation Study
- 2- Legislative Review
- 3- Meat Grading Services offered to Industry

Data provided on number of licensed firms in Oregon

EXECUTIVE SUMMARY:

There are advantages and disadvantages to a State Meat Inspection Program (SMIP). USDA, who would provide up to 50% of the funding, must approve the program before it can begin. The marketing appeal of a SMIP is that it allows processors to claim that their products are locally grown, locally processed and state inspected. There is also a belief that a SMIP would be more responsive to the concerns raised by small, family owned businesses. Under a SMIP, all label claims must be approved by the state and in some cases by USDA. Under current laws, SMIP processors could not ship across state or national borders; reducing the pool of potential participants. A SMIP would benefit the small slaughtering or meat processing plant if General Fund support were obtained. If small processors were required to fund the program, the number of participants would be further reduced. Prior to obtaining USDA approval to operate a SMIP, the state (ODA) would incur significant costs. Upfront costs would include: staff time to work with the Legislature to obtain General Fund support, new positions and the adoption of several USDA laws, new staff hiring and training, extensive USDA training programs, and new computers for exclusive use. The requirements to adopt and implement a SMIP including a proposed budget are described further. An alternative approach is mentioned. An Oregon State University (OSU) survey is planned to assess industry interest.

BACKGROUND:

The 1967 Federal Meat Inspection Act and the 1968 Wholesome Poultry Products Act established a state-federal cooperative inspection program which requires state inspection programs to be “at least equal to” the federal program. The acts also limit products

receiving state inspection to distribution solely within such state. These laws, while stressing the need for cooperation between federal and state authorities, give the United States Department of Agriculture (USDA) clear responsibility for setting national standards for meat and poultry inspection.

Meat and poultry establishments located in states with State Meat Inspection Programs have the option of operating under either Federal or State inspection. USDA, Food Safety Inspection Service (FSIS), provides up to 50% of the State's operating funds, as well as providing training and other assistance, to states that operate programs under a cooperative agreement.

There are currently 28 states operating under a cooperative agreement with USDA/FSIS. Oregon cancelled its cooperative agreement with USDA in 1971, and the meat and poultry inspection was turned over to USDA. The question being asked at this time is whether there is sufficient interest and benefit for Oregon to offer a State Meat Inspection Program.

PURPOSE:

The purpose of this report is to explore the requirements and feasibility of a State Meat Inspection Program within the Oregon Department of Agriculture (ODA). The report will consist of:

- 1- A description of the current program;
- 2- The current United States Department of Agriculture (USDA), Food Safety Inspection Service (FSIS) requirements for State Meat Inspection Programs;
- 3- A Model Program for Oregon;
- 4- A proposed budget for a State Meat Inspection Program;
- 5- Implementation steps for a state meat inspection program;
- 6- Pro's & Con's of a state meat inspection program;
- 7- Alternate approach, and
- 8- Conclusion.

CURRENT PROGRAM:

The USDA performs the current meat inspection program in Oregon. ODA also has statutory responsibility to license and inspect meat establishments. ODA inspects for sanitation, food handling, personnel practices, labeling, etc.

USDA inspects meat plants that slaughter or further process meat animals. USDA does not currently inspect at the retail market level; however, in an effort to re-deploy federal inspection staff, USDA has proposed an "in-distribution" pilot test project. Under this proposal, federal inspectors will expand a presence at retail-level food establishments. Both USDA and ODA inspect custom slaughtering and processing establishments. Meat animals are defined by USDA and include cattle, hogs, sheep, goats, emu, chickens and turkeys. It should be noted that the USDA definition of meat animals does not include rabbits, buffalo, deer, elk, ducks, quail or pheasants. These are referred to as "non-

amenable” species. Non-amenable, state inspected meat products are allowed to move in interstate commerce. If USDA has defined slaughter procedures for a non-amenable species, then that animal may be slaughtered under USDA inspection if the plant makes a request. The plant is required to cover USDA inspection costs for all non-amenable species.

USDA assigns an inspector to each plant. The inspector is required to be present whenever a plant slaughters a meat animal. USDA provides daily, but not necessarily full time inspection, to plants that further process meat animals. Further processing of a meat animal may include breaking a carcass into primal cuts, making jerky, making chicken broth, chicken noodle soup or any other type of processing to a product that contains more than 3% meat. All slaughter operations are carried out in compliance with the Humane Methods of Slaughter Act of 1978. All products are processed under the Federal Meat Inspection Act (FMIA) or the Poultry Products Inspection Act (PPIA). For those plants operating under USDA, USDA covers all costs of the inspection services, except overtime. The plant pays overtime costs.

USDA inspection is not required for custom operators who slaughter or process meat and poultry for the owner of the product and return the product to the owner. Such product is for the owner’s use and cannot be sold. The facility is required to be maintained and operated in a sanitary manner and to mark the product “Not for Sale” under the FMIA or “Exempted – P.L. 90-492” under the poultry regulations. USDA reviews custom exempt plants annually for compliance with these requirements, or more often depending upon the findings.

USDA has the responsibility for meat inspection nationally. There are currently 28 states that have cooperative agreements with USDA to perform part of the meat inspection program. Those states are:

Alabama	Meat & Poultry
Arizona	Meat & Poultry
Delaware	Meat & Poultry
Georgia	Meat Only
Illinois	Meat & Poultry
Indiana	Meat & Poultry
Iowa	Meat & Poultry
Kansas	Meat & Poultry
Louisiana	Meat & Poultry
Maine	Meat & Poultry
Minnesota	Meat & Poultry
Mississippi	Meat & Poultry
Missouri	Meat & Poultry
Montana	Meat & Poultry
North Carolina	Meat & Poultry
North Dakota	Meat & Poultry
Ohio	Meat & Poultry

Oklahoma	Meat & Poultry
South Carolina	Meat & Poultry
South Dakota	Meat Only
Texas	Meat & Poultry
Utah	Meat & Poultry
Vermont	Meat & Poultry
West Virginia	Meat & Poultry
Wisconsin	Meat & Poultry
Wyoming	Meat & Poultry

In Oregon there are currently 14 USDA slaughterhouses, 50 USDA inspected meat processors, 16 custom slaughterhouses, 86 custom meat processors, 57 mobile slaughter trucks and 1,405 firms with a meat seller license (mostly retail stores). (Information supplied by Food Safety Division 12/2007.) Some establishments have more than one license, as required by statute.

ODA is required by state law (ORS 603 and ORS 619) to license all facilities that sell or process meat. This includes custom establishments and establishments that are USDA inspected. ODA performs minimal inspection of firms that are under continuous USDA inspection; such as USDA inspected slaughterhouses or processing plants. This inspection would normally be a yearly visit to assure USDA covers all operations of the plant. If it is determined that some activities occur that are not covered by USDA, then ODA will inspect those activities based on the amount of activity, the risk and past history.

ODA performs inspections on all other meat operations (i.e.: meat markets, custom establishments, and mobile slaughter trucks) from 1 to 4 times a year. The frequency is determined by the inspector and is based on the amount of activity, the risk and the past history of the firm.

USDA/FSIS REQUIREMENTS FOR STATE PROGRAMS:

There are nine components that make up a State Program. All nine components must be met in order for USDA to determine that the State Program is “at least equal to”. The components are:

1. Statutory Authority and Food Safety Regulations
2. Inspection
3. Product Sampling
4. Staffing and Training
5. Humane Handling
6. Other Consumer Protection
7. Enforcement
8. Civil Rights
9. Funding and Financial Accountability

State Programs are required to submit completed self-assessment checklists with all supporting documentation to the FSIS Program Review Staff by November 15th of each year. The following is a summary of those requirements:

Component 1: Statutory Authority and Food Safety Regulations

The State Meat Inspection Program must operate under State laws and regulations that grant legal authority “at least equal to” that provided under the Federal Meat Inspection Act (FMIA), Poultry Products Inspection Act (PPIA) and the Humane Methods of Slaughter Act (HMSA). The FMIA and PPIA impose mandatory ante-mortem and post-mortem inspection, re-inspection, sanitation requirements, recordkeeping requirements, and enforcement provisions. The HMSA imposes mandatory guidelines for the humane treatment of animals.

The State program must have regulations that ensure establishments maintain a sanitary condition, and operate under sanitation standard operating procedures (SSOPs) and a Hazard Analysis Critical Control Point (HACCP) or an equivalent system that evaluates hazards, takes steps to control hazards, and routinely verifies that product is safe, wholesome, and unadulterated. The State regulations must also address, in an equal manner, ante-mortem and post-mortem inspection, re-inspection, sanitation requirements, recordkeeping requirements, and enforcement provisions to ensure that product is wholesome and not adulterated. In addition, State regulations must address the humane treatment of animals at official establishments. The State program must also have the authority to expedite the rulemaking process “at least equal to” that provided in the Administrative Procedures Act in the event of an emergency.

Component 2: Inspection

Inspection provided under the State MPI program must be “at least equal to” that provided under the Federal system. The State inspection program must verify that official State establishments are complying with applicable regulations and identifying and correcting any deviations from regulatory requirements. Inspection must verify that establishments develop, implement, and maintain sanitation standard operating procedures (SSOPs) and a HACCP or an equivalent system that evaluates hazards, takes steps to address hazards, and routinely verifies that product is safe, wholesome, unadulterated, and properly labeled. Also, the establishments must comply with sanitation performance standards (SPS).

The State MPI program provides “at least equal to” inspection activities in the following areas:

- Slaughter of livestock and poultry and the processing of meat and poultry products under a grant of inspection or license by an official establishment;
- Generic E. coli testing;
- Zero tolerance;
- Sanitation performance standards;
- Compliance with applicable SSOPs in accordance with the Code of Federal Regulations (CFR’s), Title 9, Part 416; and

- Verification that establishments conduct appropriate hazard analysis and operate in conformance with validated HACCP plans covering each product in accordance with 9 CFR Part 417.

Component 3: Product Sampling

The State inspection program must have a verification testing program, with laboratory capacity, to address adulterants and other measures of properly operating safety systems for meat and poultry. This verification testing program must define:

- Selection criteria for targeting products and process, including detailed sampling plans for raw products and for ready-to-eat product. For example; *Listeria monocytogenes*, *E. coli* O157:H7, *Salmonella*, Ready-to-eat and Performance Standards, and residue testing. The plan(s) need to include the thought process used in determining the scope of sampling.
- Means for tracking critical variables affecting the effectiveness of the program (e.g., expected response rate related to the number of samples requested and the number of viable samples analyzed).
- Plan of Action in response to positive results, including actions taken by the State Program to prevent adulterated/contaminated product from entering commerce.

In addition to the mandatory analyses, the State program must have the capacity to conduct analyses for the given product classes and types produced in the State inspection system, on a case-by-case basis and by competent authority under contract or agreement with the State. It is not expected that the State program have a special laboratory for atypical analyses, but rather that the State program be able to procure atypical analyses when needed.

Component 4: Staffing and Training

The State MPI program has an adequate number of inspectors (referred to as “Lay inspectors”) to provide a level of inspection coverage that is and will be maintained for the next 12 months “at least equal to” that provided by FSIS. FSIS maintains daily inspection coverage (each shift) in each establishment on days products are produced that require inspection.

Person performing meat and poultry inspection and/or enforcement duties have knowledge, skill, and ability to carry out a meat and poultry inspection program “at least equal to” the Federal program.

Component 5: Humane Handling

The State MPI program has “at least equal to” humane handling laws and regulations and the laws and regulations ensure that animals are humanely handled and maintained under appropriate conditions.

Only two methods of slaughter are considered humane: (a) in the case of cattle, calves, horses, mules, sheep, swine, and other livestock, all animals are rendered insensible to pain by a single blow or gunshot or an electrical, chemical or other means that is rapid

and effective, before being shackled, hoisted, thrown, cast, or cut; or (b) by slaughtering in accordance with the ritual requirements of the Jewish faith or any other religious faith that prescribes a method of slaughter whereby the animal suffers loss of consciousness by anemia of the brain caused by the simultaneous and instantaneous severance of the carotid arteries with a sharp instrument and handling in connection with such slaughtering.

Component 6: Other Consumer Protection

The State MPI program protects consumers from meat and poultry products that are unwholesome, economically adulterated, or not truthfully labeled. The State program needs to ensure that the regulatory regime is “at least equal to” the labeling and product standards regulations used by FSIS.

Component 7: Enforcement

The State MPI program is “at least equal to” the Federal program if it enforces all applicable regulations and takes appropriate enforcement action in the event of non-compliance or potentially unsafe product. The program would have the following parts:

- 1- Takes action against any persons found to be engaging in any prohibited acts associated with the safety, wholesomeness, or labeling of product or the integrity of the inspection program.
- 2- Takes appropriate control of product in intrastate commerce that appears to be adulterated or misbranded, or has not been inspected.
- 3- Engages in surveillance to ensure that animal carcasses, carcass parts, or their products not intended for use as human food are not diverted to human food uses.
- 4- Takes action against any person found to be engaging in inhumane methods of slaughter at official establishments.
- 5- Documents findings in a manner necessary to support enforcement action.
- 6- Takes action to remove or have removed adulterated or misbranded product that has entered commerce.
- 7- Has laws to prosecute any person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of their official duties.

Component 8: Civil rights

The State must provide accurate documentation to demonstrate their program is presently and will be maintained for the 12 months “at least equal to” the Federal requirements. This means that the State Meat Inspection Program adheres to Federal civil rights laws, adheres to USDA civil rights regulations, and achieves the intended outcome. The intended outcome is that civil rights are respected and the organization conducts its operations in a non-discriminatory manner that complies with the laws and regulations cited in the FSIS Manual for State Meat and Poultry Inspection Program Reviews.

Component 9: Funding and Financial Accountability

The State agency must provide sufficient matching funds to ensure the uninterrupted operation of a State MPI program that is consistent with Federal requirements. The State

agency must follow FSIS Directive 3300.1, Rev. 2, “Fiscal Guidelines for Cooperative Meat and Poultry Inspection Programs.” The submission must provide accurate documentation to demonstrate their program is presently “at least equal to” the Federal requirements and can be maintained for the next 12 months.

The following actions are required for certification of “at least equal to” status:

- 1- Timely submission of annual budget to FSIS; submission of all data requested.
- 2- Timely submission of Financial Status Reports (SF-269As) to FSIS.
Quarterly Reports are due thirty days after the close of each quarter, and the final report is due within 90 days of the end of the Federal FY.
- 3- Triennial on-site review performed by FSIS Financial Management Division using the Guide of Performing On-site Fiscal Reviews. Any discrepancies in funding and financial accountability are corrected immediately through SF-269A revisions and payment adjustments. Timely resolution of all other findings.
- 4- Timely submission of annual indirect cost proposal to the cognizant Federal agency (due within six months after close of State fiscal year).

OREGON MODEL PROGRAM:

At the time of this report it has not been determined whether the State of Oregon will implement a State Meat Inspection program. If a decision is made to implement a program it is not known what level of participation there would be from meat slaughtering or processing establishments. As a result, the model program described below will be based on what might be expected to happen if the decision is made to proceed with implementation. The expectation is that a small level of participation by Oregon meat processors would occur. Over a period of time, other processors would evaluate those firms that chose to operate under the program. Some would then drop the program while others would find benefits. It would probably take several years for the level of participation to stabilize and for the program to maintain a consistent budget.

It is recommended that plants choosing to operate under the State Meat Inspection Program not be allowed to also operate under the USDA program. This type of dual inspection is not advisable because it may erode the integrity of the State Meat Inspection Program. Specifically, it may lead to confusion as to which product may cross state lines and which product may not.

The model program is divided into two parts; start-up actions (which are required to be done at the State’s expense and must happen before the program can begin) and on-going program work. Start-up actions contains a description of the requirements for management, supervision, clerical support, training and administrative responsibilities that must be done by ODA to prepare for the program. On-going program activities include the requirements for inspection, lab support, compliance work, supervision and relief work.

Start-up Actions:

An Oregon Meat Inspection Program would have some start-up administrative and training requirements as well as computer needs. Some of these requirements would require ODA to approach the Legislature with a plan to:

- 1- Adopt USDA/FSIS requirements (FMIA, PPIA and HMSA) into Oregon statute (ORS 603). [Note: This is recommended over the more lengthy process of writing laws and regulations that would be “equal to” the USDA requirements. If done in this manner, then they would need to be updated every time USDA makes a change to their laws or regulations.]
- 2- Request additional FTE’s for the division determined to be able to best perform the functions of this program. The number of FTE’s can be determined after the industry has had an opportunity to study the proposal and express their level of interest in a survey that is to be done as the next step of this process.
- 3- Request General Fund support for the program. The amount can be determined after the level of industry participation has been established. [Note: There would be a significant level of funding that would be required of each plant participating in the program if the industry is expected to fund the program. If each plant were required to pay the additional costs it may significantly reduce participation in the program.]

The Agency needs to hold Public Hearings to adopt the Code of Federal Regulations (CFR) Title 9; Part 200 to end, as they pertain to the State Meat Inspection program.

The Agency needs to determine the division most qualified to carry out the functions of the program. The divisions best suited for this work at the Oregon Department of Agriculture are the Animal Health and Identification Division and the Food Safety Division. The recommendation is to assign the program to the Food Safety Division. The reason for this is an expectation that outlying firms which choose to participate in the program will require a less than full time level of inspection. The Food Safety Division has staff located around the state that would be able to most effectively cover the part time demands of the industry. Their staff would be able to more easily fill-in portions of a day by doing the variety of other duties they are assigned.

The division assigned the program would then need to hire and/or identify staff that would need to be trained. USDA can do the training but the time and travel costs would be the responsibility of the Agency. There are significant training requirements that would have to be done before the State could be considered “at least equal to” USDA. Those requirements are:

- 1- Public Health Veterinarian (PHV) training for the person who heads the program or is the program manager. It should also be for the veterinarian in the slaughter plant or the “on-call” veterinarian in the slaughter plant who has the responsibility for allowing a meat animal to be used for human food. This training is for 9 weeks and is for the person who makes the final decision of whether an animal enters the human food chain or not.

2- Enforcement Investigation and Analysis Officer (EIAO) training for the person(s) doing the food safety assessment and sampling. This is a 4-week class that is taught to person(s) who will be assessing the HACCP plans in each plant to assure they are correct for the product being produced. It also provides training for persons who will collect environmental samples from plants that have problems.

3- Compliance Officer training is for 3 weeks. The compliance officer is responsible for investigating alleged violation of the FMIA, PPIA or HMSA. This position is usually separate from the administrator or supervisor positions.

4- Inspector training is for 3 weeks for raw and ready-to-eat products. There is a separate 2-week course (in addition to the 3 week course) for a person inspecting a plant manufacturing ready-to-eat products. There is an additional 1-week training for a person inspecting a red meat slaughtering plant and another 1-week course for a person inspecting a poultry slaughtering plant.

5- No training program is required for a person performing the laboratory testing of meat or meat products. The lab is required to use established AOAC methods for performing the tests.

In phone conversation with USDA they stated that existing computers could not be used for the State Meat Inspection Program. Separate computers are required to meet the “at least equal to” standards of USDA. These computers would have the security and the software necessary to meet USDA requirements. USDA stated that the cost of each computer is approximately \$2,500. IT support would also be required for the program.

On-going Program Activities:

It is anticipated that participation in the program will be small in the beginning. As a result, an existing division could provide the administration. An estimate of no more than .25 FTE would be required once the program is up and running. This number is based on the program in Maine, which has approximately 10 plants participating in the program.

The clerical duties could also be carried out within the division. This is estimated to amount to approximately .25 FTE of program support from office staff.

The supervision of approximately 10 to 15 plants would not require an additional FTE, however it would require an expenditure of time by the division. For a small program, it is estimated that combining the responsibilities of a supervisor and a relief inspector would make up approximately .5 FTE.

The program requires a veterinarian to be present or on-call to the plant whenever slaughtering is taking place. At a minimum, the program requires a trained “lay” inspector, that is not a veterinarian, be present for all slaughter activities. When that person has any concerns for the health of the animal or any parts of the animal, a veterinarian must be called in to evaluate. Several states have chosen to contract with private veterinarians to provide this service in out-lying areas for plants that operate on an infrequent basis. If there is a contract with a private veterinarian that person would need to attend the PHV training described above. For plants that are only processing meat

products, a “roving” lay inspector would meet the requirements. This person would be assigned several plants in a geographical area. The area assigned would be such that would allow the inspector to visit each plant that is processing each day (and each shift if more than one) the plant operates. When the plant(s) is not operating, the inspector may carry out other duties as assigned by the division. Once the level of plant participation has been determined, and the geographical distribution of those plants is established, then it will be possible to determine the number of inspectors that will be required.

The program also requires a number of samples to be tested by a laboratory. It is possible that the existing ODA lab in Portland may be able to fill this requirement. The work will consist mainly of microbiological samples. Those samples may be collected over a period of a week, frozen, and then shipped to the lab. E. coli testing is the exception to this rule. For example, in a plant producing ground beef, E. coli samples must be collected daily and sent to a lab for analysis. Some states have chosen to contract with private labs. Contracting with private labs would have some benefits in that it would save on shipping costs. Over a period of time those costs could be significant. The decision on which lab to use can best be determined once the number and location of plants participating in the program is determined.

PROPOSED BUDGET FOR STATE MEAT INSPECTION PROGRAM:

USDA provides funding for up to 50% of the State Meat and Poultry Inspection Program. The State portion of the funding would be obtained through license fees and/or General Fund. Most states that have been contacted have received General Fund support for the program. The current license fee structure for meat establishments is variable, depending on size (gross annual sales) and time for inspection. The license fees are established in statute and range from \$204 to \$663. See ORS 603.025.

The actual cost of a State Meat Inspection Program in Oregon cannot be calculated at this time because there are many unknowns. For example, the numbers of plants wanting to participate in the program are unknown. Furthermore, it is not known whether the program will operate independently or as part of an existing division.

In conversation with USDA it was determined that they anticipate the total cost of a program with 40 plants to be around \$1.2 million. A state with 30 plants is expected to have a cost of approximately \$1 million. USDA will supply up to 50% of the funding depending on what Congress has budgeted for. They are currently paying for approximately 48% of state programs. They are currently proposing their budget for 2010.

North Dakota currently operates a program with 13 plants and 6 FTE's. The state portion of the program is approximately \$360,000.

In order to give a rough estimate of the cost of a State Meat Inspection Program the following assumptions are made:

- 1- Combine the program within an existing division,
- 2- Combine the duties of a supervisor and relief inspector,
- 3- Combine the duties of a compliance officer with an inspector,
- 4- All training will be done by USDA, and
- 5- All samples will be sent to the ODA lab in Portland.

Anticipated cost for one year:

1- *** 1 Administrator	\$37,369
(NOTE: recommend combining with Animal Health Division or Food Safety Division @ .25 FTE)	
2- *** 1 Microbiologist (1 FTE)	\$89,786
Additional lab costs (sampling raw and ready-to-eat product):	
a. E. coli O157:H7	
b. Salmonella	
c. Listeria monocytogenes	
d. Residue testing	
(NOTE: samples will be run by ODA lab in Portland. Shipping costs cannot be determined until the number and location of firms is identified.)	
3- FTE's:	
a. Inspectors	
*** Natural Resource Specialist-3 (NRS-3) for plants (estimate 5 FTE)	\$493,710
*** 1 Veterinarian at every slaughter plant	unknown
*** Part time veterinarian (contract as needed) per hour	unknown
b. Supervisors	
*** ~1 supervisor per 8 to 10 inspectors	
c. Relief inspectors	
*** ~ 1 relief inspector per 10 inspectors	
(NOTE: combine b & c into .5 FTE)	\$57,942
d. Compliance officer	
*** .5 of an NRS-3 position	\$49,371
d. Training officers	
*** - training done by USDA (only initial cost – such as travel, employee time, meals & lodging, etc.) Travel costs are at state expense.	
e. Office support	
*** - performed within assigned division @ .25 FTE	\$14,024

TOTAL: \$742,220

IMPLEMENTATION STEPS FOR STATE MEAT INSPECTION PROGRAM:

- 1- A State Application to initiate an “equal to” program starts with:
 - a) A request to the Secretary of Agriculture, in writing, from the Governor.

- 2- Before implementation, the State must receive FSIS approval of:
 - a) Laws;
 - b) Regulations;

- 3- State Performance Plan, which under existing guidelines, addresses application of:
 - a) Laws
 - b) Regulations
 - c) Funding
 - d) Resource management (staffing, training, financing)
 - e) Facilities and Equipment
 - f) Labels and Standards
 - g) In-Plant Review and Enforcement
 - h) Specialty programs such as residue testing
 - i) Laboratories

- 4- When approved, an announcement is published as a final rule in the Federal Register.
 - a) This removes Oregon from the list of designated states (those with a State Meat Inspection Program) in 9 CFR 331.2 and 331.6; and
 - b) Gives an effective date.

- 5- FSIS Annual certification of each State program is based upon:
 - a) Review of State Performance Plan and related reports;
 - b) Review of the State’s own Annual Report of accomplishments, including a self assessment;
 - c) Results of Special or Comprehensive USDA reviews that are performed normally on a cycle of every 1 to 5 years, depending upon findings;
 - d) Input that might have been derived from other sources.

- 6- Comprehensive Reviews currently include:
 - a) Review of State Performance Plan;
 - b) In-Plant Review directed to statewide inspection system assessment including:
 - i) HACCP plan and implementation
 - ii) Sanitation Standard Operating Procedures and implementation
 - iii) State Salmonella Testing Program findings;
 - iv) Plant E. coli testing program;
 - v) Labeling; and
 - vi) Inspection procedures.

- c) Compliance Program Review;
- d) Laboratory Review;
- e) Resource Management Review;
- f) Budget and Finance Review; and
- g) Civil Rights Review.

PRO'S & CON'S OF A STATE MEAT INSPECTION PROGRAM:

Pro's:

- 1- State programs can be more responsive to the concerns encountered by small local family oriented businesses in the slaughter and meat processing area.
- 2- Most state-inspected meat and poultry plants are owned and operated by small business owners who want to sell their products in the local region. They want to provide a market for local cattle, hog, goat and sheep producers.
- 3- State MPI programs are characterized as providing more personalized guidance to establishments in developing their food safety oriented operations.
- 4- FSIS provides approximately \$43 million dollars annually to support the 28 State MPI programs currently operating.
- 5- At this time meat processing is being done across the country and then brought to plants in Oregon to be made into a finished product. A marketing plan could be supportive of a locally produced meat product.

Con's:

- 1- Increased license fees to the industry or ODA must obtain General Fund support from the Legislature.
- 2- The interstate shipment ban prevents small businesses from capitalizing on sales opportunities such as niche marketing through mail-order gift catalogs, internet sales, or even serving very small communities or rural areas which straddle state boundaries.
- 3- This is not a program that many plants will support because, at this time, meat cannot be shipped across state lines unless it is USDA inspected.
- 4- Because a State Meat Inspection Program must be "at least equal to" USDA requirements, it should be expected that the program will continue to receive close review by USDA.
- 5- The state will need significant training of an inspector(s) if they are planning to perform label reviews. A decision may be made to send all labels to USDA for approval; however, that will add time to the review process. The consistency of labels will be important when the industry asks to use terms such as "natural", "grass fed", etc.
- 6- While existing staff can be trained, how will the state deal with the lack of experience when dealing with plants on construction questions, formulation questions, labeling questions, etc. All questions must be answered keeping in mind that the program must be "at least equal to" the USDA.
- 7- If General Funds are obtained to operate the program, it should be understood that General Funds could be reduced in times of economic hardship. There

should be a plan for alternate funding should the decision be made to begin a State Meat Inspection Program.

ALTERNATE APPROACH:

An alternate approach may be worth considering as it may address the meat processors needs at a lower cost. There are significant start-up costs and steps that the agency would need to take in order to implement a State Meat Inspection Program. The meat industry has expressed concern in understanding and dealing with the myriad of USDA requirements from regulations to construction requirements to meeting HACCP requirements. Custom firms, that are not USDA inspected, may be interested in slaughtering or processing meat animals under USDA inspection so that they can expand their markets and ship across state lines but are leery of dealing with all the requirements of the USDA program. An approach might be put together that would identify those plants and the concerns they have. The state, in cooperation with the university, could help the plants solve problems to comply with USDA regulations.

The university could provide fee based HACCP training and consultation. ODA could provide assistance with understanding regulations and construction requirements and assistance with helping firms obtain funds to upgrade facilities. The end result would be a plant that has received assistance from the state and the university to comply with the USDA program. This approach might be done without hiring any full time employees. A part time or temporary employee (possibly a retired USDA person) could work with plants to help them to understand what construction changes would need to be made to meet USDA requirements. This person could also work with the product formulations and label approvals.

A university extension specialist could attend USDA HACCP training for meat processors and then assist plants with understanding and writing their own HACCP program. The plants would then have a local person they could “go-to” for advice when changes are made or new products are added.

CONCLUSION:

The question of whether the State of Oregon should enter into a cooperative agreement with USDA to operate a State Meat Inspection Program is not an easy one.

USDA must approve the State Meat Inspection Program before it can begin. Prior to approval, the State of Oregon would incur considerable up-front costs. Staff time would be required to work with the Legislature to obtain General Fund support, new positions and the adoption of several USDA laws. New staff would need to be hired and trained as state employees. A number of persons would need to be trained for USDA standards at state expense. These would be positions such as Public Health Veterinarian, Enforcement Investigation & Analysis Officer, Compliance Officer and Investigators. Furthermore, existing computers could not be used for the State Meat Inspection Program. Purchase of separate computers would be required to meet the “at least equal

to” standards of USDA with the security and the software necessary to meet USDA requirements. All of this would be expended prior to USDA approval and would be lost if approval were not granted.

Furthermore, it is important to know that the SMIP would not be a program under complete state control. The state would administer the program under the auspices of USDA. The state program is subject to ongoing USDA audits and if it fails to meet the requirement of “at least equal to”, USDA is required to take over the program. All label claims must be approved by the state but need to be in agreement with USDA.

If the SMIP were adopted, cost economies could be realized if current agency staff was asked to absorb the work. As described in the Model Program above, the Administrator, clerical support and supervisor positions would be given additional duties. Some inspectors would be hired and assignments would be shifted to accommodate workloads in the field.

The marketing appeal of a SMIP is that it allows processors to claim that their products are locally grown, locally processed and state inspected. There is also a belief that a SMIP would be more responsive to the concerns raised by small, family owned businesses. Clearly the benefit of such a program is to the small processor who does not ship across state lines. Furthermore, the benefit would be greater to the small meat processor if General Fund support were obtained.

Currently state inspected meat and meat products cannot move across state lines. This restriction is a significant deterrent to the number of plants likely to participate. The above report is based on what is currently allowed. If USDA changes their law and allows state inspected meat and meat products to move across state lines then some of the conclusions would be different and we go back to the original question of whether there is sufficient interest in the meat industry in Oregon to justify implementing a State Meat Inspection Program.

The alternative approach described above may be an option to explore further. This program would provide assistance to the industry to meet the USDA requirements but would do so at a considerably lower cost. Until we understand all the concerns of the industry it would be difficult to know if this would be a viable alternative. It may be possible to include questions in the survey that will be done as the next step in this process to determine the types of concerns the industry may have.