NSAC-NMPAN-USDA/FSIS
Small/Very Small Plant Stakeholder Meeting
Canby & Portland, Oregon; October 25-26, 2017

Attendees:

Denise Perry, Lorentz Meats
Auria Tellechea, Kentucky Bison Company/Memphis Meat Processing
Kathryn Quanbeck, Emmer & Co.
Brian Sapp, White Oak Pastures
Caitlin Aguilar, Animal Welfare Approved
Jace Hengtes, Nicky USA
Greg Gunthorp, Gunthorp Family Farm
Mike & Patty Kloft, Century Oak Packing
Carrie Balkcom, American Grassfed Association
Merle Stutzman, Voget Meats
James Serlin, Revel Meat Co.
Tracy Smaciarz, Heritage Meats
Darla & Denise Harris of Mohawk Valley Meats

Paul Kiecker, Acting Administrator, USDA FSIS Keith Gilmore, Office of Field Operations, USDA FSIS Jeff Canavan, Office of Policy & Programs, USDA FSIS Michael Watts, Office of Outreach, USDA FSIS Samantha Schaffstall, USDA AMS

Ferd Hoefner, National Sustainable Agriculture Coalition Rebecca Thistlethwaite, Niche Meat Processor Assistance Network Lauren Gwin, Niche Meat Processor Assistance Network

Introductions

Ferd and Lauren welcomed all participants and gave a brief overview of the history and purpose of these meetings, as well as a thumbnail summary of NSAC and NMPAN. Each person then introduced themselves and their role in the meat and poultry business.

In his introduction, Acting Administrator Paul Kiecker reiterated the agency's commitment to working with small and very small plants. He said the agency knows it needs to get back to outreach, with EIAO visits; this program was neglected because of the last few years of getting catfish processors under inspection, but they will move forward with it again now.

USDA FSIS Guidance Documents - Updates from FSIS staff

Jeff: The agency is nearly finished reviewing all the public comments on the animal raising claims guidance document. They expect to issue a revised version of this guidance document in early 2018, but in the meantime processors/farmers can use the draft.

They also just published the <u>FSIS Compliance Guideline for Label Approval</u> in August 2017. The public comment period just closed. Even though it is a draft document it can be used. You can make quite a few generic label changes without going through a whole review process again and hopefully the guideline document will make that more clear.

It is still unclear where the poultry exemptions and retail exempt guidance documents are in the clearance/publishing process. Jeff will look into that for us and get back to us.

Brian: there are a lot of new models of raising, processing, and selling meat these days that need to be clarified in these guidance docs.

Greg: what are the rules on doing exempt and inspected poultry in the same plant? Nobody seems to have the definitive answer on this. Who will look into this question?

Merle: Retail exempt question: how many stores or retail sites can a retail exempt processor sell at? Some have been told the rule states "two outlets" - that is, a retail exempt processor can sell products through their retail counter and also at a farmers' market stand. But others have been told there is no limit on the number of outlets, so that person could sell at multiple farmers' market stands. How do grocery store chains with multiple stores sell retail exempt meat then? We need clarification.

Paul: Not sure what the answer is. Don't ask inspectors, it is not their job. Call someone in the Compliance and Investigation Division, or use Ask FSIS. Type of ownership could make a difference in regulatory interpretation.

Lauren: There is a lot of confusion. We need an answer. This should be covered in the retail exempt compliance guideline currently underway.

Denise P: New <u>E.coli guidance</u> does not encourage responsibility at the source, it puts the responsibility unfairly onto the processor, because it does not regulate anything before the animal arrives at the plant. The plant gets stuck with upstream problems.

Paul: There is a draft guidance document out, and you should submit comments; closes November 6. With all these guidance documents, it is important for small/very small processors to try to submit comments on them when there is a public comment period. If USDA FSIS does not hear from the small processors, then they won't be able to incorporate their thoughts on the guidance.

Small Plant Help Button

Michael: they have rolled out an internal supervisor help button for in-plant personnel that is being utilized quite a bit -28,000 hits in a month. They plan to create a similar help button for plant owners and managers that is smartphone accessible, sometime in 2018.

Compliance costs of guidance

Ferd: This was discussed at the Maine meeting: Is it possible that guidance docs include cost estimates to implement the recommendations in the guidance? For example, if a new guidance doc calls for increased E.coli testing at the slaughter plant, what are the cost estimates for the new testing protocol (labor, lab fees, lost product, etc). This would help meat processors not only know how much it might cost to comply but also help them apply for financing to implement new practices. FSIS, like other agencies, is already required to estimate economic impact for new regulations, but not guidance documents. Rachel Edelstein at FSIS was going to look into this for us. We will try to arrange a time to speak with her and discuss further prior to the next meeting.

Humane Handling Issues

Keith: Humane Handling is a major part of the USDA FSIS 5-year plan. They are doing an analysis of 5-10 years of data to determine where the major HH issues are, which appear to be lack of proper restraint and mis-stuns as the most prevalent violations. They are doing some research and training for PHVs around animal consciousness, b/c consciousness is a big sticking point in humane handling violations (the animal appearing or actually regaining consciousness after the stun). FSIS will eventually make that training available to all red meat inspectors, plus provide it to industry. It is not available yet, but should be soon. Processors will have a link to the online training module. If after going through it you have questions, contact Patty Bennett, head of HH at FSIS.

Denise P: I had an issue with the written descriptions of Humane Handling enforcement actions. The words they use in those descriptions matter because they immediately are posted to the USDA FSIS website and become public material. An example was one inspector describing a misstun and that the animal was "screaming in pain". Can there be a training on how to write up HH NRs without anthropomorphizing the details?

Lauren: Is there training on how to write these things up?

Keith: No, not currently, but we could look into it. NRs are reviewed, but only after they get posted to the website. He will bring this up to Patty Bennett & in his meetings with districts.

Brian: Also asked Keith to bring up that once a HH suspension is posted, it stays posted even if it's under appeal, and none of the follow-up is ever shown, e.g., steps taken, if the appeal was successful. If win on appeal, it is taken down, but our customers do not know.

Keith: I know we have discussed this, but I will have to talk to litigation staff and get back to you.

Darla: We were shut down because a customer pulled on the ear of a lamb that was trying to escape out of his trailer. Why should she be held responsible for that action of a customer? It wasn't even egregious; he was just trying to prevent a loose animal on the premises.

Keith: It is all under the same statute, so all called inhumane handling.

Carrie: Length of time for shut downs for smaller plants is often days, not hours, and the economic impact is huge. We need a more level playing field.

Denise H: Having a robust plan doesn't seem to help us get back up more quickly. Why not allow us to finish the day?

Keith: We have sometimes allowed plants to finish the day, and address any problems after hours. If you are having problems resolving a non-compliance, you should call the district office. And if the district office does not help, call me or Patty directly.

Keith: Also note there is a Federal Register notice open for public comments right now on non-plant people (customers) handling animals that will put less responsibility on the plant. (*Note: could not find this on regulations.gov as having an open comment period*).

Greg: An inspector is on the kill floor all day in small plants while in large plants the inspector is largely looking at records and walking around the plant and only spends a small segment of time on the kill floor, meaning they don't see every single animal while it is being killed. This is an unequal playing field. Nearly two-thirds of HH enforcement actions are against very small plants.

Keith: Agrees the small v. large plant playing field has to be leveled re: humane handling,

Denise H: Need to reinforce that the immediate second stun is OK because some plants have received NRs for an immediate second stun. Word hasn't gone out to the districts that it is an acceptable practice.

Greg: Some plants do a 2nd knock (security stun) as a matter of course and it is written into their robust systematic approach to humane handling.

Paul: District managers just had training last week about misstuns and NRs. The message is getting out to districts that if plants take immediate corrective action they should not get shut down. If a security stun is in your plan, be sure to always do it.

Brian: Told his success story about the misstun and the inspector letting them finish up their animals slotted for the day. Keith is continuing to push for that to happen across districts.

USDA Grants and Loan Programs –AMS staff

Samantha: There are several grant/loans programs that may work for meat processors. One is the <u>Value-Added Producer Grants</u> (closes Jan. 24, 2018) that provides both planning & implementation grants for processor/farmers, through USDA Rural Development.

<u>Rural Energy for America Program</u> (REAP) has both loans & grants for energy efficiency projects and renewable energy. Plants could use these grants for things like installing more efficient coolers and freezers or lighting systems, or doing something like an incinerator for slaughter wastes that generates electricity.

Also, the <u>Farm to School grants</u> could be used by meat producers/processors to help get local meat into schools or develop new school food service friendly products. Closes Dec. 8th.

Inspection Issues

Ask FSIS – Are their answers policy guidance?

Keith: Ask FSIS is not "policy" but is help to understand guidance and policy. There are too many varied scenarios to say similar ones are exactly the same.

Paul: It is usable though as agency "interpretation." If the Ask FSIS guidance is not accepted, organize a conference call with the inspector and Ask FSIS.

Jeff: There are approximately 12,000 Ask FSIS questions just on labeling each year.

Auria: Asked about voluntary inspection fees for bison. It seems to vary by inspector- some just charge a small segment of time, like a quarter hour per animal. Others charge for several hours and all their travel time, even if it's just one animal. Really varies around the country and makes bison uneconomical to process for some producers. It is hard to plan when you don't know what you are going to be charged for inspection per animal. Could vary from \$15-150 per animal.

Paul: It should be billed based on actual physical time in the plant (and presumably the plant charges the producers for the number of animals inspected over that actual time in the plant, i.e. 6 hours in the plant they inspected 10 animals, meaning they would charge ½ hour per animal). If multiple species are being processed, should only be charging for bison for the percentage of the day when bison are processed.

Denise H: Told the story about now having to pay 3 FSIS people for overtime inspection on Saturdays (despite not having grown in production as a plant). They now have to pay their DVM full-time, even though they used to share the cost with a nearby plant on Saturday. Plus they got a G7 who also needs a supervisor because they aren't at the level to inspect by themselves yet. Why should a plant have to pay for extra people when the Agency can't send them someone with the right qualifications?

Keith: This should not be happening. He took down her plant number and said he would follow up on this.

Greg: Are there any guidance documents on billing for voluntary inspection? If the inspector was already at the plant for amenable species, why is the plant then billed for travel costs to inspect non-amenable species? This happened to Greg when he was trying to process rabbits under voluntary inspection. Because he was also billed for the travel time, it made it uneconomical to process rabbits under inspection. If they are traveling anyway for amenable species, they should not charge.

Paul: We can take a look at that. Maybe they could charge just a percentage of the travel.

Greg: There are a lot of good inspectors, but some bad apples. The immediate supervisor almost always takes the side of the inspector.

Paul: I can't stress enough: if you have an issue, you need to appeal it. And if you feel that doesn't correct it, you need to go above them, and if you feel you're being retaliated against, you have to keep pushing.

Denise P: Wondered if through NMPAN, we could do a training for processors to learn how to communicate without emotion, without reacting. She tries to help other plant owners with communication issues. But from her perspective, the biggest problem areas, with inspectorplant conflicts, are places that don't have permanent PHVs, that have rotating, and therefore an unstable hierarchical structure (and probably a lack of trust that takes time to build).

Keith: Bill Smith is pushing for all EIAOs (Enforcement Investigations and Analysis Officers) to get back to doing outreach (as they once used to do) – 25% of their time going to outreach.

Lauren: Suggested a training for inspectors AND plant owners (similar to the consciousness training) that lays out the appeal process, so we're all on the same page. A 30 min. webinar, even. The process is in writing, but a training would make it more real.

Mike: When we opened, the EIAO outreach program was in effect, and we really benefited from it. It would be great to get that back.

Paul: It didn't go away, but it hasn't been a focus. That's going to change.

Auria: Bringing it back would be welcome, b/c from what we hear, when an EIAO comes to your plant, you're in big trouble. Would be nice if they switched to more of a supportive, outreach approach.

Denise H: Relayed a story in which a relief inspector (not their normal one) did not sign the pin card for 6 lambs, but the slaughter crew killed them anyway not realizing the pin card was not signed for ante-mortem. The inspector then realized he hadn't signed off on them and forced Mohawk to destroy the carcasses of those 6 animals. They could not even donate the meat or give it back to the farmer for him to feed his dogs. This should not have happened. At the very least, they should have been able to process them under custom and stamp them not for sale. Keith suggested that if that happens in the future, they should retain the carcasses and wait for a decision from the District.

Merle: No time to read all those long compliance guides. He is too busy running a micro-plant.

Mike: Encourages all processors to ask inspectors to highlight the most relevant parts of a compliance guideline. If they are sitting in the plant all day, they may have time to look up things for you.

Mike: The biggest drain economically for us is the turnover in FSIS staff. I spend a lot of time educating my G7 inspectors who don't know the regulations. Could be alleviated by having the person who has been there for 6 months stay to shadow that new person for even just 2 weeks, to bring the new one up to speed.

Greg: HIMP means that small plants are the only training grounds now.

Paul: Some will reach GS 8 in HIMP plant and will become 9s in small plant, but there will still be 7s on slaughter floors.

Lauren: In the appeal process, would the agency support a proposal that would move appeals to OPPD once they go above a certain level in order to mitigate conflicts of interest within OFO?

Keith: If he gets an appeal he can't answer, he goes to OPPD to get a policy clarification.

Jeff: If it is a labeling issue, it will go directly to OPPD

Pathogen Testing

Greg: There are only 12 small plants under the USDA salmonella testing program. Seven of the 12 are failing the salmonella performance standards, mainly on whole birds and not parts. The big plants, he presumes, are soaking & spraying their way out of testing positive for salmonella. These small plants need support in meeting those standards or they are going to be shut down and we won't have any small poultry processors left. There are roughly 2,500 salmonella strains out there and only a small number are actually pathogenic to humans, yet the testing program just tests for generic salmonella species. Can't we get a bunch of specialists in a room for a day to figure out which species are the ones to test for and what is the best way to test for the actual presence of pathogenic salmonella species?

Also, salmonella is transmitted horizontally from breeder flocks to chicks. Plants can't really be responsible for that. We need to get to the source and control it at the source. Is zero tolerance for salmonella actually reducing human illness? Is the testing scientifically valid and is the frequency of testing too much for small plants? For example, Greg slaughters around 3,000 chickens a week and gets tested 70% of his slaughter days. That would be about 1 bird per 4,000. Big plants are getting tested 1 bird per 2 million. That is a discrepancy of .025% of carcasses tested in his small plant vs. .00005% of carcasses tested in big plants.

Paul: We could possibly change to one testing a month in small plants.

Brian: If you classify salmonella as an adulterant (maybe the top 6 strains), then maybe that would be good for small plants because they would not have to do the generic test and most likely won't have these 6 pathogenic strains.

Paul: There is a big push by consumer groups to make salmonella an adulterant in poultry.

Kathryn: Putting substantial numbers of small plants out of business will not solve the problem. Let's find a more positive solution.

Labeling Issues

Jeff: Regarding requirements or standards for animal raising label claims (such as grassfed): Should they require 3rd party certification of audit, or just some simple standards? Requiring third party certification would require a rulemaking, and in such a rulemaking they would need to closely examine the economic impact of any such rule. People can always petition for standards for claims. They (FSIS) can rescind a label if they are given evidence to the contrary of a label claim; but need documentation.

Carrie: Could we possibly use USDA AMS PVP inspectors to do some spot inspections/verification of label claims?

Jeff and Paul: We can look into that. But you should start first with AMS and see if they are open to it.

Answers to the 3 questions sent in by industry stakeholders who were invited but couldn't attend, submitted by Lauren:

1) We have been told by OFO staff that issuances from OPPD such as AskFSIS questions and HIKE Scenarios are "not regulations" and "designed to stimulate a thought process," and there OFO staff are not bound by them. This seems antithetical to the stated intentions of both AskFSIS and HIKE Scenarios. Could you please comment?

Keith: HIKE has put these scenarios out there, but people try to use them for scenarios that are similar but different enough that the original doesn't apply.

Paul: Our guidances, directives, statutes are our policy. HIKE & AskFSIS are ways to interpret that policy. But AskFSIS answers should be accurate. You can use those in your plant as justification. HIKE scenarios should be accurate, too. But if you have a slightly different scenario, it won't be accurate.

Denise Perry said this had come up for them, and the solution they figured out with FSIS was to organize a conference call between in-plant inspection personnel and AskFSIS and have that discussion as a group.

2) Would the Agency senior staff respond favorably or unfavorably to a proposal in Congress to adopt the Temple Grandin / NAMI Humane Handling Guidelines with regards to stunning as regulatory requirements, removing the current standards? Please explain.

Lauren asked Keith about this at the break. He said that the agency would not have an opinion either way and just has to enforce the law and regulations as they are written. And those laws and regulations are clear. But at meetings he has had with NAMI, they have brought up similar issues as this group.

3) Would the Agency senior staff respond favorably or unfavorably to a proposal in Congress that would move appeals to OPPD once they go above the FLS level in order to mitigate conflicts of interest within OFO? Please explain.

Paul: I hear a lot that the chain of command always backs up the inspectors v. the plants. I don't see that. Plants win appeals b/c the actions weren't supported.

Keith: With humane handling appeals, I grant more than I don't, b/c I see it's a lack of understanding, so that's why we're trying to do more training.

Jeff: if I deny an appeal, it goes up to Debra Wagner, b/c the appeal started with labeling at OPPD. I try to handle all of them. I deny some & grant some, and we work closely with field operations.

Final evaluations

- How it went
- Next steps
- Things you wanted to say

James: It's amazing for me, brings a lot of points to the surface, things I've thought about but maybe don't have time... now with more entry into this community of people who can answer the questions I have, it takes a lot of weight off my back. Good networking, knowing who to call. He wants to circle back around and get definitive answer on: the retail locations, 2-shop deal. (under the retail exemption)

Samantha: Great to experience this & learn a lot more since this topic is not really in her wheelhouse. I have a lot to bring back to the local/regional working group (within USDA).

Merle: Anything that stimulates my thinking is good, I appreciate it. I would vote for further focus on inspection issues and training inspectors in/about small plants. Those issues around salmonella, stabilization, validation, labeling guidelines... anything I can glean is helpful.

Paul: I always find them interesting. We have a lot of meetings with consumer groups in DC, w/manufacturers in DC, both representing small & large plants. I find those all interesting b/c you get to see what's bothering them, their take on things. We don't have any interest in making it tougher for small plants. We expect everyone to follow the regulations, but nothing more than that. And if you have issues you think are worth appealing, you need to do that. And if after that, your relationship runs into problems b/c someone is upset you appealed, you need to tell us. B/c if we don't know, we can't address it.

(Michael Watts had to leave early.)

Jeff: I, too, find these meetings helpful and interesting. Value being here. All the meetings have been different, but there are some recurrent themes... and ideas that come up (e.g., grass-fed claims, using PVP inspectors). I have a number of take-aways: retail exemptions, poultry exemptions guidance documents. RIMS (Risk, Innovations, and Management Staff) on salmonella testing.

Keith: This is my first one, wasn't as bad as I was told it was going to be [we all laugh]. I also have a number of takeaways, get clarification from my people, esp. on humane handling and with district offices on specific issues.

Carrie: We're learning each other's thought processes, and that's important. Having these relationships is important, b/c we're a big part of your constituency. What Denise P. said about the way the humane handling reports are written is critical... anything we can do to train people to write without inflammatory language would be great. We're starting to see some forward motion on getting things done.

Mike: Greatly appreciate being invited... it means a lot to us to have you come out and sit down with us, means that you understand that there is a lot going on. Training, training, training. We know you have budget constraints and have had to cut back, but the more training there is for inspection staff, the better.

Paul: 90% of the plants we inspect are small & very small. So it is a huge part of what we do.

Patty: Really appreciate that you came out here, and to meet the other people here, hear that things happening in our facility are happening elsewhere in the country.

Greg: Thank you for being part of this. Since you've been out to the farm last year, several of you offered for us to email or call, and you have been very approachable. It's an exciting time to be involved in local food and sustainable agriculture, and USDA plays not just a regulatory but a promoting role in local food as a whole agency. Economic impact in rural America is huge.

Darla: Thank you b/c we can talk and it's not a crisis. Usually when you talk to USDA, it's a crisis and you have to do whatever you have to do to solve it. I spend a lot of time training producers around labeling. They don't understand what it takes to get them through. As a small processor, that's what I do, b/c I deal with the small farmer. I'm really impressed with this meeting.

Denise H: Is there a guide we can give to our customers, the farmers, about labeling? Carrie: it's on the website. [Note: We will post it on the NMPAN website]

Some of the topics to cover next time:

- COOL you still have to label lamb, not beef or pork, confusing for processors
- Any push for grassfed people to get nutrition facts that are scientifically valid?
 - Carrie: working on it, but it'll take \$1M for the study, the empirical data required to verify that.

Tracy: Thank you. I've had great experiences with my inspectors over the past 10 years. One thing to address in future: age verification for slaughter. When farmers claim an older animal is only 30 months, it puts us in a difficult enforcer position. Is there a way to involve FSIS in that?

Jace: As a further processor, a lot of these issues don't affect me, but it's nice to hear the challenges from everyone.

Caitlin: The most encouraging thing I heard was all the training you are offering your inspectors and the farmers, and even if they don't use it, it's a baseline. And (2) reinforcing label transparency going forward.

Brian: I've seen progress, and I want to say thank you. I think it's been an outstanding platform for us to have this dialogue, keeping me want to come back.

Rebecca: Appreciate everyone coming & the networking opportunities.

Ferd: I'm absorbing it all. If anyone on the industry side wants to be on our NSAC small plant policy listserv, let me know. Also, we will plan to do a follow up call with FSIS on FSMA, Preventive Controls, and USDA – if you would like to participate in that, let me know.

Lauren: Administration and interpretation of existing policy is sometimes more important than making new policy. This meeting was great for understanding the importance of that interpretation.

Kathryn: What I noticed is that none of us complained about how hard it is to sell our product. There is so much demand for these products. It's really valuable to hear the challenges for our supply chain partners. We have built these companies based on production claims, so the integrity of those is so important.

Auria: Appreciate so much. Understand the due process & communication strategy required. We're all advocates for our local food economies. Behind each one of us as processors, there's 100+ farmers and ranchers who depend on us.

Denise P: Thank you, this has been great. So encouraging to hear that you're doing the animal consciousness training. We assume that Vets know what they're doing, but they don't always know what death looks like. I know it looks like. And the fact that we've seen movement within a year is remarkable given that you're working with 9,000 USDA FSIS employees with their own egos.

Paul: Look forward to continuing with this activity next year.

Ferd: I've had 3 requests from other states we haven't been to yet, that would love to host meetings. Will follow up with Paul.

Follow-Up Points:

- Jeff will continue to find out about the status of key guidance documents for us and report back (specifically the poultry exemptions guidance, retail exempt guidance, animal raising claims).
- Find out the definitive rules on: doing exempt and inspected poultry in the same plant.
 According to AskFSIS: 9 CFR 381.7 requires that all poultry and poultry products
 processed in an official establishment shall be inspected, handled, processed, marked,
 and labeled as required by the regulations. That means that it cannot also handle
 uninspected poultry.
- Find out if the "two store" rule still applies to Retail Exempt sales. Maybe use AskFSIS for this.
- Rachel Edelstein was going to look into the possibility of adding economic impacts into guidance documents. Hopefully we can get a report back from her soon.
- When will the USDA FSIS animal consciousness training be available for plant owner/operators? Can Keith let us know this?
- Keith will talk with districts and Patty Bennet of Humane Handling about how humane handling violations are written up. They need to do a better job just stating facts and not anthropomorphizing the animal.
- Keith will also talk with staff about what can be done about appeals being posted for HH violations. Currently, if a HH violation is appealed, the violation is removed from the USDA website, but there is no explanation that the appeal was won and why.
- What are the proposed regulations on non-plant people with regards to humane handling on the premises of an inspected facility? Could not find in regulations.gov website.
- Direct phone number of Keith Ellison and Patty Bennet?
- Paul and Keith need to follow up with all districts and in-plant inspectors that immediate corrective action (2nd security stun) is acceptable and should not garner a plant a NR.
- Keith was going to look into why Mohawk Valley Meats had to pay 3 FSIS employees when they operated on Saturdays.
- Is there a guidance document or something that explains how billing works for nonamenable species?
- NMPAN could do trainings (webinar format) on communicating with your inspector and also how to file an appeal/appeals process.
- Can new inspectors shadow experienced ones for at least a couple weeks?
- Can there be a scientific review of the poultry salmonella testing protocol and methods? Or has one been done, and if so, where can we access it?
- Jeff (or others) were going to look into whether or not AMS PVP inspectors could be used to verify label claims or at least to periodic investigations.
- Leftover from the earlier meeting in Maine a conference call with interested stakeholders and Rachel Edelstein on implications of FSMA for FSIS. Ferd will work with Rachel to schedule.