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March 31, 2010

Debra K. Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

I have reviewed the revised preliminary report draft of the performance audit of the Arizona Department of Agriculture - Food Safety and Quality Assurance Inspection Programs. Enclosed are the Arizona Department of Agriculture's written comments on the report.

Respectfully,

Donald Butler
Director

DB/lh

ARIZONA DEPARTMENT OF AGRICULTURE
Agency Response
Food Safety and Quality Assurance Inspection Programs Audit

Introduction and background –

The Arizona Auditor General has made specific recommendations to the legislature and the agency, with respect to the Food Safety and Quality Assurance Inspection Programs audit it has conducted. This is the Arizona Department of Agriculture (ADA) response.

Finding 1: Dairy safety program costs should be shared with industry

Recommendation 1.1: The Department should propose fees to the Legislature that would increase the industry's share of the dairy inspection program's costs. In developing the proposal, the Department should:

- a. Consider what portion of total program costs the industry should pay based on program benefits to the industry;
- b. Ensure that it has an adequate process for tracking direct and indirect cost data for the dairy inspection program, including dairy product testing at the State Agricultural Laboratory;
- c. Develop equitable fees that address factors that influence cost, such as the work required to regulate different members of the dairy industry;
- d. Evaluate the dairy inspection program's efficiency to ensure that program costs are not higher than necessary to complete its work, including identifying any possible reduction in regulation that can be achieved without affecting the industry's ability to market its products;
- e. Consider the effect fee increases may have on different establishment types and obtain their input in proposing new fees. If proposed fees are higher than current fees, the Department might recommend gradually phasing in fee increases; and
- f. Submit its proposal to the Legislature for consideration.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation(s) will be implemented.

The Arizona Department of Agriculture (ADA) has been working with stakeholders on the issue of program funding for more than two years, starting with a meeting with industry members in January of 2008. In 2008, the agriculture advisory council began discussing numerous program funding issues. These discussions expanded to include the dairy program.

ADA believes that both the dairy industry and the public who consumes dairy products benefit from a strong inspection program. The agency regulates the industry by adherence to the federal Pasteurized Milk Ordinance (PMO), which is the de facto standard for inspection in the United States. The PMO is adopted by reference under Title 3, and is state law in Arizona.

FDA's most recent review of the milk program in Arizona shows it to be "in substantial compliance with the PMO." This allows the Arizona dairy industry to ship its products nationwide, and also in international commerce.

ADA recognizes the urgency of formulating and implementing new methods of funding the dairy inspection program, with less reliance on general funds. The agency is cognizant of the fact that its current general fund budget is less than when the agency was formed in 1991.

Agriculture staff has been examining program costs for more than one year. The agency is looking at those costs at the inspection program level, and also the costs of dairy product testing at the state agricultural laboratory. One option which is currently being examined to reduce expenses is to have industry laboratories certified to perform some of the testing, at the expense of industry.

The audit states that the agency should develop equitable fees. The Department believes that recent authorized fee increases (2008) on ADA licensed dairy samplers have had the desirable effect suggested by the Auditor General. In that, the agency believes that the actual regulatory costs to administer written tests and conduct biennial reviews of nearly 300 licensees are being covered by the fees collected.

The agency has secured support from dairy industry stakeholders for a new fee structure which offsets reductions in available general funds. This will help to ensure Arizona's PMO status is maintained. However, industry and the agriculture advisory council have clearly communicated that any fees paid

to the agency to fund the inspection programs must be utilized only for direct and indirect program expenses.

Recommendation 1.2: After receiving the Department's proposal, the Legislature should consider modifying statute to raise existing dairy inspection program fees, authorize the Department to create additional fees, and/or modify the level of regulation the Department provides.

Agency Response:

Since this finding and recommendation is to the Legislature, the Department has no response.

The agency does not believe that any reduction in the level of regulation the Department provides is possible, without jeopardizing the ability of the dairy industry to ship in interstate commerce.

Finding 2: State should consider transferring meat and poultry inspections to USDA

Recommendation 2.1: The Legislature should consider eliminating the state meat and poultry inspection program and transferring inspection responsibilities to the USDA.

Agency Response:

Since this finding and recommendation is to the Legislature, the Department has no response.

Argument for the state inspection program

The major premise presented by the Auditor General in the audit report is that the State of Arizona should consider transferring meat and poultry inspections to the USDA, which will take over inspection at no cost to the state of Arizona.

The Arizona Department of Agriculture maintains that any savings to the state general fund will be offset by plant closures, loss of local jobs, loss of business opportunity and decreased tax revenues. At public meetings, industry members in attendance agreed with this position. Further, one industry member stated that that these closures and federal designation of Arizona would also result in unregulated processing. This was the experience of the state of California.

Meat and poultry processors in Arizona support the state program, as evidenced by the fact that there are more facilities under inspection by the Arizona Department of Agriculture than there are facilities under USDA inspection. The Auditor General's statement, taken from the top of page 19, trivializes the true importance of state inspected facilities to Arizona's economy, particularly with respect to slaughter operations.

"Although there are more state-inspected establishments, they produce significantly less meat than federally inspected establishments. For example, in 2008, federally inspected establishments slaughtered over 99 percent (535,900 out of 539,100 head) of all cattle slaughtered in Arizona.¹"

First, it is important to note that there are 3 federal slaughter plants in Arizona. One is at the University of Arizona, which exists primarily as a teaching facility for animal science students. The other is a small facility in Southern Arizona, which was previously under state inspection as recently as fall of 2009. ADA could not grant an additional day of inspected slaughter due to budget cuts, and the plant applied for federal inspection. Both facilities process nominal numbers of animals.

The third federal slaughter plant in Tolleson is one of the largest in the world. It is under the foreign ownership of the Brazilian conglomerate JBS SA, the largest beef processor in the world. Only 19% of the cattle processed at this facility are from the state of Arizona, according to a 12/30/2009 report from USDA's Animal and Plant Health Inspection Service.

It can be seen that the focus of this very large federally inspected facility is not on local Arizona markets. With respect to federal slaughter plants in Arizona taken in context: There are 32 state inspected and licensed official and custom-exempt slaughter firms, and 3 federally inspected firms. More than 90% of all slaughter operators in Arizona are regulated by the state program.

The clear majority of all other species of animals amenable to slaughter regulations are processed at state inspected facilities. And, substantial numbers of cattle as well. The firms currently under state oversight have chosen to be under state inspection, and not federal, for specific reasons. Some of these are documented in the Auditor General's report in the second paragraph on page 24.

The audit report cites information on the impact of food borne illness from the Center for Science in the Public Interest, an organization regarded by some scientists as promulgating junk science. Regardless, food borne illness is a national concern, and the ADA agrees with this finding.

The Auditor General states with respect to a federal program takeover: *“transferring the function would not appear to compromise public health.”* Also, that it would allow more establishments to sell products out of state. Public health should be considered the most important factor in deciding whether to retain the state program. With regards to allowing more establishments to sell out of state: All existing official state plants have continually had the opportunity to choose federal inspection. It is manifest and self-evident that their business plans are focused on the local Arizona market, since they must choose federal inspection to sell outside this state.

It is important to repeat that the State meat inspection program was certified “equal to” the federal program by USDA in October of 2009, after a comprehensive audit. Our record of performance matters. Conversely, it is important to note that the overwhelming majority of recalls and food borne illnesses in the United States, related to meat and poultry products, originate from firms which are under federal inspection. This is not simply due to the much larger volume of product being processed at federal facilities, as noted on page 22, paragraph 3 in the audit.

One way to partly evaluate the potential performance of the federal program as a sole provider of inspection in Arizona is to examine past performance information from USDA's website. According to recall information posted on the USDA-FSIS website on March 28, 2010:

From January 2005 – March 2010, more than 207,135,038 pounds of product, produced under continuous USDA inspection, were recalled for bacterial contamination; undeclared allergens; “mad cow” disease risks and for other reasons. This includes product recalled from Hallmark meats in California, for potential risks associated with mad cow disease (Bovine spongiform encephalopathy). With respect to the Hallmark plant: The Los Angeles Times, quoting USDA officials, noted that some 37 million pounds of the recalled meat was distributed through the USDA school lunch program for consumption by school children.

Given the number of pounds of meat and poultry products recalled since 2005: Is the USDA's performance improving? Not according to a recent story in USA today, from March 4, 2010. The subject of the story, Dr. Dean Wyatt, DVM, testified to Congress as to USDA-FSIS failures to enforce its own regulations:

*“By [Peter Eisler](#), USA TODAY
WASHINGTON — Department of Agriculture officials failed to act on reports of illegal and unsafe slaughterhouse practices, letting suspect operations continue*

despite public health risks, a USDA veterinarian alleges in testimony to be aired today at a congressional hearing.

The charges by Dean Wyatt, a supervisory veterinarian at the USDA's Food Safety and Inspection Service, detail instances in which he and other inspectors were overruled when citing slaughterhouses for violations such as shocking and butchering days-old calves that were too weak or sick to stand. He also describes being threatened with transfer or demotion after citing a plant for butchering conscious pigs, despite rules that they first be stunned and unconscious.

IN USA: [Food-borne illnesses cost \\$152B a year](#)

"When upper-level FSIS management looks the other way as food safety or humane slaughter laws are broken ... then management is just as guilty for breaking those laws," Wyatt says in testimony sent to the House Oversight and Government Reform Committee. USA TODAY obtained a copy of the testimony in advance of today's hearing.

Wyatt's testimony follows several outbreaks of E. coli O157:H7 and other potentially deadly illnesses linked to contaminated meat. It also raises issues linked to the 2008 recall of 143 million pounds of beef from the Westland/Hallmark processing plant in Chino, Calif., which was caught slaughtering "downer" cows that were too sick or weak to walk on their own. Such animals are considered risks for carrying mad cow disease and other illnesses.

USDA spokesman Caleb Weaver says inaction on Wyatt's reports occurred before the tenure of current Agriculture Secretary [Tom Vilsack](#), who is "fully committed" to enforcing safe and humane slaughtering rules.

In 2008 and early 2009, Wyatt ordered suspensions in operations three times at Bushway Packing Inc., in Grand Isle, VT. Among other things, he found downed calves being dragged through pens to slaughter — a violation because contact with excrement can contaminate animals. In each case, he says, managers overruled him and allowed the plant to keep running. Bushway subsequently made headlines last fall when the [Humane Society of the United States](#) filmed undercover video of workers hitting and using electric prods to move calves. The plant was shut down. Vilsack ordered a criminal investigation.

Bushway has "made changes to comply fully with the Humane Slaughtering Act and we hope to ... reopen in the near future," says Peter Langrock, a lawyer for the company.

Wyatt also says superiors dismissed violations he reported in 2007 and 2008 at a Seaboard Foods pork plant in Guymon, Okla. He cited the plant for slaughtering conscious pigs, beating pigs and trampling of pigs.

In some cases, Seaboard successfully appealed Wyatt's citations, says company marketing director David Eaheart. And Seaboard always "took steps to ensure that if there were any deficiencies, they were addressed."

But Wyatt says his reports and those of other inspectors were shelved by regional supervisors without consulting on-site personnel. Instead, he says, writers of citations were chastised and threatened with transfer.

Wyatt's experiences "illustrate a pattern that FSIS is broken and must be fixed," says Amanda Hitt of the Government Accountability Project, a whistle-blower organization representing Wyatt.

"The new administration must recognize past wrongs and ... ensure the proper treatment of animals and the safety of our food supply," says Rep. [Dennis Kucinich](#), D-Ohio, who will chair today's hearing."

It is possible to dismiss Dr. Wyatt's accounts as the accusations of a disgruntled USDA employee, who somehow managed to obtain the attention of Congress. However, the USDA's own Office of the Inspector General (OIG) has chronicled the agency shortcomings over the years. The evidence presented by the OIG may be considered neither anecdotal nor biased against the USDA. The findings of the OIG with respect to USDA-FSIS inspection effectiveness may be viewed on the USDA website. The previously mentioned Hallmark matter has raised particular concerns, due to the massive amount of meat products recalled.

How effective has USDA been on performing recalls of its own products? According to an April 28, 2008 study titled "The USDA's Authority to Recall Meat and Poultry Products", published by the Congressional Research Service for members of Congress:

"Recalls rarely recover all products. Since 1994, the quantity of products actually found have constituted anywhere from 17% to 28% annually of the total pounds recalled."

The Arizona Department of Agriculture contrasts the USDA record of more than 207 million pounds of product recalled since 2005, at a 17% - 28% recovery rate, with the record of Arizona State inspected facilities over the past 12 years:

No products recalled.

The audit report suggests that the disparity in these numbers relates to most animals being processed in federal facilities. Looking at documentation, anecdotal and otherwise, there is a pervasive absence of reports of meat and poultry products being recalled which were processed under state inspection from any state. At the top of page 22 in the audit report, this statement is made: "Transferring meat and poultry inspections should not compromise public health." However, few if any facts are offered in the audit report to support this conclusion.

Given the vast amount of meat and poultry products recalled from 2005 to present, and a recall rate of 17%-28% reported to Congress, the ADA offers its record for comparison with that of the USDA. Conversely, a fair minded person might ask this question: "*Will food safety and public health improve as a result of designating Arizona for federal inspection?*" The evidence suggests that public health would not improve with the federal government being the sole provider of inspection in Arizona. Arguably, the state of California did not improve public health or food safety with its transition to federal inspection in 1976.

The audit report states that, with respect to custom exempt operations and illegal slaughter, USDA oversight would replace state inspection activities. A letter from the California Department of Food and Agriculture is attached as an addendum to this document. There is no basis to assume Arizona would fare better than California did, after a federal takeover of inspection.

There is a growing movement to "know your food" nationwide and in Arizona. Consumers want to know where their food is being produced and processed and this segment of the industry is growing. These niche meat and poultry products are not being produced by USDA facilities. Rather, at small locally owned businesses under state oversight. State inspection facilitates this type of business environment in that it is accessible to the industry, able to rapidly approve new labels and formulations and is locally available to regulate and problem solve.

In 2007, during a strong economy, the state of New Mexico transferred all inspection to USDA. According to the audit report, about 16% of the firms in that state closed and did not transition to federal inspection. Arizona has more official plants under state inspection than New Mexico did during their transition. Current economic conditions are unprecedented and there is every reason to expect a larger percentage of plant closures in Arizona, with the loss of the state program. Inevitably, this would result in loss of jobs, loss of vertically integrated markets and a subsequent reduction in business and payroll taxes collected by the State of Arizona.

It is a reasonable conclusion that business closures will offset any savings of general funds realized, by allowing the federal government to designate Arizona. Or, as characterized by the Auditor General: "federalizing the state meat and poultry inspection program."

The audit report states: "Transferring inspections would likely have minimal impacts to state-inspected establishments." And that: "Some establishments may incur minor transition costs." However, nothing more than anecdotal information is offered to support these statements. It is important to note that owners of state inspected facilities have expressed serious concern to the agency, members of the state legislature, the Governor and both U.S. senators, with respect to the impacts of terminating the state program. The audit report downplays these impacts.

The audit report mentions that some owners of state inspected facilities had a concern that they would not receive the individualized attention from the federal government that they have experienced under the state program. It further states the USDA took steps in 2008 to improve its outreach to small and very small establishments. These are the types of facilities regulated by ADA.

The agency offers its record with respect to outreach to all state inspected facilities.

Agency inspectors and program staff actively work with industry to achieve compliance with regulations. When the USDA established HACCP (Hazard Analysis Critical Control Point) as the new inspection model in 1998 for large plants, it outlined the program and its requirements to industry. With the exception of written materials and CD's for distribution, the USDA did not actively provide assistance for the transition. In 1999, the date of implementation for small and very small plants, ADA staff actively facilitated the first major change to the inspection paradigm in more than 100 years

State program inspectors and supervisors sat down with industry staff and took the time to explain the new system and its ramifications. They answered questions about HACCP plan development and in communicating the principles of HACCP to owners and employees. This was a major shift from the previous "command and control" model used by inspectors, with many inspection duties and documentation being shifted to plant employees, and audited by inspectors. Our staff and inspectors have a continuing history of furnishing this type of support to business.

The agency serves the public health at large, Arizona industry, the USDA, FDA and local and international commerce with its cooperative federal-state programs. It does so efficiently and at the least cost. Consider that:

- ADA management and supervisory staff are not 3 time zones out of sync with the work being done. Our phones are picked up in a timely manner to facilitate commerce.
- Staff actively works to problem solve issues affecting consumers and commerce. Inspectors work closely with supervisors and the manager who will resolve the issue.
- We are the local folks serving the industry. We live here and our lives are vested here. We do not have to be flown in to Arizona to do the work.

The agency has had cooperative relationships with USDA and FDA going back scores of years. By accounts, these relationships have been of benefit to the public and to the cooperating partners. This is recognized by the federal government, with respect to the state meat and poultry program, which pays the majority of costs associated with the state program.

The majority of Arizona's meat and poultry industry has voted by choosing to be with state inspection. The audit report does not acknowledge that about 88% of regulated facilities including official plants, custom exempt processors, pet food industry, rendering plants and other segments are under ADA oversight, and not federal. Arizona's citizens want locally produced and processed products, which state inspected facilities provide. Will regulated Arizonans be permitted to make their own choice: Federal / State inspection or Federal inspection alone? There is an opportunity to facilitate an equitable answer.

Arizona firms have spoken by staying with state inspection. Fees have been increased in the past two years and the Department of Agriculture is working to codify a new fee structure. The firms currently under state inspection also have an additional choice: If they do not wish to maintain state inspection and take a larger share of supporting its costs: They may freely pursue federal inspection at any time.

The agency suggests that if the legislature allows industry to make a choice, equity will result. Thirty of fifty states, a clear majority, maintain some level of state meat and poultry inspection program, with most conducting inspections of official plants.

Conclusion

The agency suggests there is a reason for nationwide state program support from the federal government and state legislatures. It is illogical to assume that anyone would support state inspection programs simply to expend dollars and merely duplicate federal inspection. It is more logical that it is done to foster local livestock producers, small business owners and local commerce.

The professional observations of two veterinarians, one a federal employee and the other a state employee, are captured in this response. The views of these two food safety experts may be taken within the context of nationwide concerns with respect to food safety. The Auditor General suggests federalizing Arizona's program will save money; that impacts on Arizona industry will not be widespread and that public health should not be compromised. Written documentation paints a different picture, with a strong likelihood of negative impacts on the state of Arizona, with the termination of the state program.

Will the Arizona Department of Agriculture continue to serve Arizona's meat and poultry industry? Will it continue to foster small business, facilitating vertically integrated markets and help encourage innovation? The agency believes that its Mission Statement embodies the core values of its state inspection program:

To Regulate and Support Arizona Agriculture in a manner that encourages farming, ranching and agribusiness, while protecting consumers and natural resources.

Recommendation 2.2: If the Legislature decides to retain the state meat and poultry inspection program, the Department should propose new fees to the Legislature to fund the cost of the program. In developing the fees, the Department should do the following:

- a. Develop equitable fees that address different types of industry members based on the work required to regulate each member such as meat and poultry slaughterers and processors;
- b. Ensure that it has an adequate process for tracking cost data for the meat and poultry inspection program, including meat and poultry product testing at the State Agricultural Lab;

- c. Evaluate the state meat and poultry inspection program's efficiency to ensure that program costs are not higher than is necessary to complete the work; and
- d. Consider the effect fee increases may have on different establishment types and obtain their input in proposing new fees. Because proposed fees would be significantly higher than current fees, the Department might recommend gradually increasing fees.

Agency Response:

This finding and recommendation is predicated upon the actions of the Legislature and not the agency. The agency has no response.

Discussion

Regardless of whether the federal government pays or both federal and state pay, it is all taxpayer dollars. This is primarily a public health program and most public health programs derive the bulk of their support from the citizens who benefits from them. The agency does not believe that the Arizona industry should have to bear the full cost of the state's portion of the program. The agency is not aware of any other state which requires the local meat and poultry industry to pay more than a small portion of the state share of costs.

The agency agrees with the position of the Auditor General, on page 12 with respect to the public benefits of the dairy program. The agency agrees that the public supports the dairy program and receives benefits from that support. Clearly, this same concept of shared costs applies to the state meat and poultry inspection program, which benefits both the public and the industry, as does the dairy program.

The agency believes it is possible to achieve consensus with industry on new fees, and discussions with industry indicate there is common ground to do so, to prevent further reductions in staffing. However, industry members again emphatically stated their willingness to discuss increased licensing and other fees, was predicated upon the funds being used for the express purpose they were collected for.

Recommendation 2.3: After receiving the Department's proposal, the Legislature should consider modifying statute to raise existing fees or authorize the Department to create additional fees.

This finding and recommendation is made to the Legislature, the department has no response.

Finding 3: Department helps to ensure egg safety and quality

This finding contains no recommendations.

Finding 4: Department can further promote produce safety

Recommendation 4.1: The Department should consider initiating projects using available grant monies or encouraging applicants for grant monies to submit proposals focused on produce safety such as audit preparation or cost-share projects. The Department should do this on the basis of relative costs and benefits involved.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

The Department has begun discussions with stakeholders and other industry representatives on the possibility of using a portion of the SCBGP-FB monies to fund an in-house GHP/GAP consultant and of using a portion of the SCBGP-FB monies in a cost-share program regarding GHP/GAP procedures.

Finding 5: Department should better promote food defense measures

Recommendation 5.1: The Department should help protect food and agriculture businesses in Arizona by further integrating food defense into its food safety activities through awareness and education in addition to the steps it has already taken in its meat and poultry inspection and egg inspection programs.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

The agency has been distributing self assessment materials and food defense guidelines to some agency licensees of the food programs for several years. Inspectors in the meat and poultry and egg programs have previously completed food defense training which was required by USDA. The agency agrees with the concept of Website enhancement to disseminate information to the public and industry.

Recommendation 5.2: The Department should seek additional opportunities to collaborate with other government agencies or organizations to promote food security by preventing intentional contamination. For example, the Department could apply for federal Innovative Food Defense Program grant funding from the U.S. Department of Health and Human Services.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

The Department continues to actively collaborate with federal, state and county governments to promote food security, as it has since the agency formation in 1991. It has had involvement in food defense tabletop exercises where agro terrorism was the main topic. These included federal, state and county agencies such as the FBI, FDA, DHS, County Health and others. The agency has worked since its inception as a lead agency in coordinating responses for emergencies involving a release of nuclear materials from the Palo Verde Nuclear Plant. A number of the recent exercises have had terrorist elements written into the scenarios.

The agency also participated in the TopOFF IV exercise, which had both food safety and food defense elements. TopOFF IV was conducted with international participation. The Arizona Food Safety Task Force was also established by the agency, with some funding from FDA. The Food Safety Task Force brings federal, state and county staff together with academia, food producers and processors. It is a diverse group that utilizes its members to facilitate an integrated problem solving network, to address food safety concerns.

The agency has participated in Safe Food 2010, a multi-year food education project sponsored by the University of Arizona cooperative extension program. The agency has both participated as conference attendees and provided multiple speakers to address issues such as food trace back and how regulators can identify illegally produced raw milk and meat products.

The agency has been working during the past year with USDA to coordinate the usage of the National Veterinary Stockpile in Arizona. This joint effort with USDA's Animal and Plant Health Inspection Service will make federal resources available to respond to intentional introduction of zoonotic diseases which threaten both human and animal health. This federal resource will be integrated into agency response exercises and planning.



March 29, 2010

Mr. Stewart Jacobson
Program Manager
Meat and Poultry Inspection
Arizona Department of Agriculture
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Phoenix, AZ 85007
602-542-6398
602-542-4194 Fax

Dear Mr. Jacobson:

The State of CA Dept. of Food & Agriculture has a small program to address meat & poultry operations that are exempt from inspection by USDA. This program began after the "Equal To" program in CA was discontinued and CA became a Designated State in 1976. After that, USDA FSIS was responsible for inspection of all major meat and poultry production plants. However, many categories of meat and poultry operations are exempt from inspection by FSIS.

In subsequent years, it was discovered that there was a sharp increase in the number of operations that were exempt from inspection by FSIS, and that they were typically producing meat and poultry products in very deplorable conditions. This commonly included slaughter and meat processing in corrals, barns and basements, where manure, dust, flies, pesticides, petroleum oil and other hazards were common.

This was exacerbated by FSIS policy that resulted in de facto non-investigation and enforcement of pertinent law. FSIS did not devote resources to situations where customers were fully aware of the conditions where their meat has been produced, regardless of the conditions. Typically, the exempt operations would slaughter and process in full view of their customers, so FSIS would not devote any resources to such operations, despite the fact that it was in clear violation of federal law. That FSIS policy continues today.

The State of CA determined that allowing such operations threatened public health. The threat exists not only to the customers, but also to the communities they live in, because disease organisms such as pathogenic E. coli, Salmonella and others are spread to other people at day-care centers, schools, churches, pot-luck dinners, and elsewhere. Often, the customers of the exempt operations were from communities of recent immigrants, with relatively low levels of education. They were and are amongst the most vulnerable members of the public.



Mr. Stewart Jacobson
March 29, 2010
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Inspection of facilities in CA that are exempt from USDA inspection is quite efficient. They are not inspected full-time. However, the quality of those meat and poultry operations in CA has improved tremendously. CDFA has strived to emphasize education, and not just relied on enforcement. Having operators understand principles of sanitation and production of wholesome food has resulted in many voluntary efforts to upgrade facilities and systems. Those improvements have often led to more customers. The progress over 30 years has been a "win" for consumers and many thriving businesses that proudly display the legend of the State of CA.

Due to the breadth and volume of facilities exempt from inspection by FSIS, supplemental programs are absolutely necessary to protect consumers. This includes regulation and inspection of facilities that are categorized by USDA as Custom Exempt.

Sincerely,

Dennis L. Thompson, D.V.M., M.P.V.M.
Chief, Meat & Poultry Inspection Branch
Dept. of Food & Agriculture
Animal Health & Food Safety Services

DLT/mdc

