



August 30, 2021

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RE: Comments on the Investment and Opportunities for Meat and Poultry Processing Infrastructure; Docket Number AMS–TM–21–0058; submitted online via www.regulations.gov

Introduction

Family Farm Action Alliance is a national research, policy development, market innovator, and advocacy organization working to build a sustainable, inclusive economy in which everyone has the right to share in the prosperity they help build while respecting our land, natural resources, and neighbors around the world. We focus our efforts on: 1) anti-monopoly reform, 2) regenerative agriculture, 3) resilient local and regional food systems, and 4) market innovation. This request for information intersects directly with the interests of our supporters, who include farmers, ranchers, small business owners, and rural constituencies.

Family Farm Action Alliance applauds Secretary Vilsack’s dedication of \$500 million in infrastructure investments to directly inject into local and regional meat and poultry processing capacity. USDA has the opportunity to ensure these infrastructure investments initially go to small and mid-size processors, and then compound and recirculate in the communities and local food systems those processors serve. We ask USDA-AMS to address the following in any application of the \$500 million infrastructure investments:

1. Small meat processors are a key piece as we work toward a vibrant and resilient food system. Inject infrastructure investments into markets to improve fairness and competition in procurement and retail, and prohibit use of funds to enable anti-competitive behavior.
2. Prioritize existing small and mid-sized processors by directing the distribution of at least \$250 million as grants to small and mid-sized processors.

3. Demonstrate USDA's commitment to racial equity in grant, apprenticeship programs, and technical assistance spending prioritizing majority BIPOC owned and operated processing plants.
4. Protect meat and poultry processing workers by requiring safe and fair labor practices in meat processing, and provide a path for former meat packing employees to participate in the resurgence of small and mid-sized meat processing.

Background

State of Concentration

85% of beef processing, 70% of pork processing, and 54% of chicken processing are controlled by 4 companies.¹ Decades of consolidation through horizontal and vertical integration in meatpacking has led to fewer, larger plants, leaving about 800 federally-inspected slaughter plants and approximately 1,900 custom-inspected operating plants today. Federally-inspected plants may have both a federally-inspected and custom operation line, counting under both figures. With fewer packing plants operating at greater capacity, livestock farmers and ranchers have few options regarding where to take their animals for slaughter and the prices they are able to get at market. Often, they have to travel great distances, especially in areas where meatpacking employment is low.

The COVID-19 pandemic revealed the vulnerability of a concentrated meat sector. Historically, simultaneous PR pushes from large, corporate meatpackers has encouraged increased consumption of meat and increased slaughter capacity through consolidation — all of which happened under the justification of efficiency. Fewer plants meant that when one was backlogged or shut down due to the COVID-19 outbreak, millions of animals were left with few alternative plants or markets. At a conservative estimate, 29,000 tons of pork and almost one million chickens were euthanized due to the condensed system's backlog.² Due to their inability to pay the costly overtime inspector fees required by USDA, very small and small plants opted to close their doors. Meanwhile, livestock farmers and ranchers continue to face a 1-2 year backlog.

Despite the challenges of COVID-19, the entities that were able to be nimble and adapt were those locally-focused, and community-controlled or -embedded. Those are the farmers and processors that fed folks in an unprecedented crisis (despite not receiving federal funding³), not

¹ USDA-AMS. 2019. Packers and Stockyards Division Annual Report. <https://www.ams.usda.gov/sites/default/files/media/PSDAnnualReport2019.pdf>. Accessed 26 August 2021.

² Mary Hendrickson, Phillip Howard, Emily Miller, and Douglas Constance. 2020. "The Food System: Concentration and Its Impacts." Special Report to Family Farm Action Alliance. https://farmactionalliance.org/wp-content/uploads/2021/05/Hendrickson-et-al.-2020.-Concentration-and-Its-Impacts_FINAL_Addended.pdf. Accessed 26 August 2021.

³ Ximena Bustillo. June 15, 2021. "Small Meat Processors Get Little Aid as Demand Grows." <https://www.politico.com/news/2020/06/15/small-meat-processors-financial-aid-319822>. Accessed 26 August 2021.

the Big 4 meatpackers. Small and mid-sized processors must be prioritized in the distribution of \$500 million in infrastructure investments. This investment should not be given to large meatpackers, where it will only pad the pockets of CEOs and maintain their monopolistic and exploitative status quo.

Promoting Resiliency with Infrastructure Investments

USDA has a once-in-a-generation opportunity to jumpstart competitive and fair livestock marketing as farmers, ranchers, and producers stabilize from COVID-19. Careful injection of the \$500 million will ensure support goes toward processors that participate in their local and regional food systems. This funding should also be used toward the Biden Administration's stated objective to address concentration up and down the supply chain — from leveraging federal procurement of food products raised by independent farmers and ranchers, to addressing consolidation in retail markets, to supporting vibrant rural communities.

Scale-Appropriate Investment and Guidance

As large processing plants had to shut their doors and divert livestock to small plants, those small plants that were able to stay open were nimble in adapting their supply chains. USDA must ensure that small plants that serve locally have the support needed to thrive. As such, we recommend USDA dedicate at least \$250 million of the infrastructure investments as grants to small and mid-sized plants to expand their capacity, \$200 million as direct loans to small and mid-sized processors, and the rest to be spent toward technical assistance, training programs, and cooperative agreements with small and mid-sized processors.

Racial Equity

Discrimination by USDA on the basis of race has been a constant barrier for BIPOC farmers, ranchers, and processors seeking financing and markets. For each infrastructure investment category, priority should be given to BIPOC-owned and -operated processing plants and entities. USDA should also carefully construct an application process for the infrastructure funds that is fair and relatively easy to navigate. Cooperative agreements with organizations serving BIPOC farmers and processors, such as Rural Coalition and the Federation of Southern Cooperatives, should be established prior to the grant RFA to assist with meat and poultry processing-specific grant writing, technical assistance, and outreach.

Recommendations

For readability, we have organized our recommendations in response to questions from USDA.

What competition challenges and risks might new entrants face from high levels of market concentration or other relevant market conditions, and how can USDA and other Federal government agencies assist new entrants in mitigating those risks? What resources exist at the State, tribal, and local level, as well as at academic research centers, to assist new entrants in addressing competition challenges, and how can the Federal government support the effectiveness of those resources?

As discussed earlier, high levels of concentration are rampant across all links of the food supply chain, not just meat and poultry processing. Fair and competitive markets are the foundation of a resilient and equitable playing field for current and new market entrants. USDA must first issue strong rules in the upcoming rulemakings regarding the Packers and Stockyards Act for any support or resources to be effective over time. Without first addressing the concentration of power in the agrifood system, any resources and spending would fall short of the stated goals.

USDA can also aid new market entrants by ensuring that no plant with more than 200 employees, or that has a daily harvest total of over 5% of any species, receives infrastructure investment funds.

What type of investor, developer, or new entrant would be best positioned to build a new facility, or expand an existing facility, and who could fund it? What level of experience is necessary for success?

Well-positioned developers and entrants would be those that have completed apprenticeships or certifications with an existing processing facility or through an accredited educational program. We believe these funds should prioritize existing small and mid-sized processors; although, new entrants should still be eligible to apply.

What business and operating structures (e.g., cooperatives, farmer-owned facilities, sole proprietorship, limited liability company, B corporation, etc.) can sustain these operations?

Any type of business arrangement or entity is capable of sustaining a successful processing plant with adequate federal support. We encourage USDA to make grants available to any type of entity unless they are foreign-owned, have over 200 employees, or have a daily harvest total of over 5% of any species.

How can workforce recruitment, training, and retention needs be addressed to maintain or increase processing capacity?

Land-grant universities and community college programs can provide adequate training and apprenticeship programs by partnering with nearby processing plants. At the state level, Iowa⁴ has incentivized apprenticeship programs and recognized the trade as a vehicle for economic development.

First and foremost, the retention need that must be addressed is maintained demand for processing plants. This goal is accomplished by ensuring fair and competitive livestock and poultry markets. Second, it is essential to provide appropriate technical assistance and support for processors. We believe cooperative agreements with expert outreach groups, such as the Niche Meat Processor Assistance Network (NMPAN), to be the most effective mode of providing technical assistance.

Third, it is important to acknowledge that processing capacity is not the only metric that should be considered in workforce recruitment. Simply increasing capacity and shackle space leads to dangerous outcomes such as increased line speeds, harmful repetitive movements for workers, and other poor working conditions. Small and mid-sized plants cannot expand simply from automation. Also, not all communities will need the same processing capacity, or even need it increased — another reason to update the Slaughter and Processing Options and Issues for Locally Sourced Meat study.⁵

What key job working conditions, salary, benefits, and other facility and community attributes are needed to create and maintain an adequate workforce?

We recommend requiring compliance with the Good Food Purchasing Program⁶ in order to be eligible for federal funding, including but not limited to:

- Labor Law Compliance documentation
- Livable prevailing wage
- Labor Peace agreement
- Paid sick days
- Employer paid health insurance
- Proactive policy on preventing sexual harassment or assault

⁴ Iowa Legislative Services Agency. Butchery Innovation and Revitalization Bill. <https://www.legis.iowa.gov/docs/publications/NOBA/1221400.pdf>. Accessed 26 August 2021.

⁵ Rachel J. Johnson, Daniel L. Marti, Lauren Gwin. June 2012. “Slaughter and Processing Options and Issues for Locally Sourced Meat.” USDA-ERS. https://www.ers.usda.gov/webdocs/outlooks/37459/28829_ldpm216-01.pdf?v=1603.8. Accessed 26 August 2021.

⁶ Center for Good Food Purchasing. Good Food Purchasing Program: Purchasing Standards for Food Service Institutions. September 2017. <https://static1.squarespace.com/static/5a0de798ccc5c53cfc15685c/t/5d0142cf26480400016addf3/1560363767989/GPPP+Standards+2.0.pdf>. Accessed 26 August 2021.

Regardless of participation in or eligibility for this particular program, U.S. meatpacking industry labor conditions are in dire need of transformation. Meatpacking is one of the most dangerous occupations in the country. Consolidation of the meatpacking sector has restructured employment and made it even more physically dangerous. In addition, the corporate meatpacking lobby has pushed to remove much of the historical social safety net that once protected those in the dangerous occupation. Once a well-paid union job, it is now a low-wage, non-union occupation held mostly by marginalized female, immigrant, and refugee groups.

Dangerous and sometimes humiliating working conditions are the norm for meatpacking workers. Employer exploitation in the form of long shifts, few or no breaks, and firing of workers upon absence is common. Employees at poultry plants are reminded of any minor infractions through a point system, wherein points are added if a worker clocks in late or misses a shift for any reason. Some workers have been fired or reprimanded for leaving the slaughter line to use the restroom. Many workers are undocumented and plant employers use intimidation, such as Immigration and Customs Enforcement (ICE) raids at plants, to discourage fearful workers from retaliating against unfair or unsafe employment conditions. Such worker exploitation has been documented at all scales of meatpacking plants.⁷

Furthermore, line speeds are dangerously fast and have continued to increase over the past decade thanks to federal rules like the New Poultry Inspection System (NPIS) and the New Swine Inspection System (NSIS). As of June 2020, 18 poultry plants were legally processing 175 birds per minute or 3 birds per second, after receiving a waiver from FSIS's Salmonella Initiative Program (SIP). Compare these figures to 140 birds per minute, which is considered industry standard. Lineworkers are already prone to injury from repetitive movements and fast cuts, and faster line speeds increase the frequency and severity of musculoskeletal injury. Additionally, workers have no guarantee of receiving workers' compensation.

Dangerous working conditions in meatpacking have only worsened in the COVID-19 pandemic. By May 2020, in 14 states, 9% of meat and poultry processing workers had been diagnosed with COVID-19 (cite CDC). As of March 16, 2021, at least 57,728 meatpacking workers had tested positive, and 284 had died from the virus. In small to large plants, lagging response time and failure to abide by CDC and OSHA guidelines “[were] the direct cause of...outbreaks” and employee COVID-19 deaths.⁸

⁷ Olivia Paschal & Rachel Sanchez-Smith. November 19, 2020. “George's and other midsize poultry companies struggled to control COVID-19.” Facing South. <https://www.facingsouth.org/2020/11/georges-and-other-midsize-poultry-companies-struggled-control-co-vid-19>. Accessed 26 August 2021.

⁸ Richman Law Group. November 23, 2020. “Complaint requesting action to enjoin the dissemination of false or deceptive advertising by Cargill, Inc..” https://farmactionalliance.org/wp-content/uploads/2020/11/Cargill-FTC-SENT-11.23.2020-_compressed.pdf. Accessed 26 August 2020.

What information is available to help guide USDA's understanding of workforce needs of very small, small, and larger processors (e.g., access to labor, training, safety considerations), particularly as related to regional considerations and solutions?

We align with comments submitted by NMPAN and the National Sustainable Agriculture Coalition (NSAC) regarding workforce needs. We also encourage USDA to implement provisions from the Strengthening Local Processing Act⁹ which was drafted after extensive engagement with processors, expert organizations, and supply chain stakeholders.

We also acknowledge USDA's continued engagement with small and mid-sized processors through recent USDA-FSIS roundtables and stakeholder listening sessions. We recommend USDA review the source material and key findings from those meetings as processor concerns have remained largely unchanged.

What regions show demonstrated processing needs, at what levels, and for which species?

USDA needs to update ERS's study, *Slaughter and Processing Options and Issues for Locally Sourced Meat*, for a comprehensive understanding of regional needs.¹⁰

What constitutes sufficient actual demand for small and very small processing facilities to keep a business operational with appropriate cash flow? For context, USDA defines a "small" establishment as those with 10 or more employees but fewer than 500 employees; a "very small" establishment is one with fewer than 10 employees or less than \$2.5 million in annual sales. Any establishment with 500 or more employees is considered "large"; there is no mid-scale size category.

We recommend establishing the following size categories and corresponding cash flow in determining eligibility for federal funds from this \$500 million:

- A very small processor with a grant of federal inspection, which FSIS defines as fewer than 10 employees or less than \$2.5 million in annual sales, including those operating under voluntary inspection that process non-amenable species;
- A small or mid-sized processor with a grant of federal inspection, which should be defined as any plant with less than 200 employees, including those operating under voluntary inspection that process non-amenable species;
- A custom-exempt, poultry-exempt, or retail-exempt processor, as defined under the Federal Meat Inspection Act or Poultry Products Inspection Act;
- A state-inspected plant or a plant operating under the Cooperative Interstate Shipment program; and

⁹ 117th Congress: Strengthening Local Processing Act (SLPA) (H.R. 1258/S.370)

¹⁰ *Id.* 5

- A new plant with a strong feasibility study or a proposal that includes funding a feasibility study that will be set up to serve a maximum volume of 99,999 head per year, 999,999 pounds per month, or plans to create a maximum of 200 jobs three years after the grant award is made.

Ineligible applicants should include:

- Any large plant, defined as a plant with more than 200 employees;
- An entity that is owned in partnership or in whole by 1) a foreign entity; or 2) an entity that currently processes over 5% of the daily harvest of any species; and
- Any processing-only plant, where a majority of the volume of meat does not come from U.S.-born, raised, or harvested animals.

How can USDA support access to processing services for smaller-scale producers? Are there opportunities for producers to engage in cooperative or collaborative arrangements with each other or other facilities to both ensure access and provide a sufficient supply for a plant to operate? If so, what government assistance would be needed to facilitate that type of arrangement?

In determining assistance to facilitate cooperative and collaborative arrangements, it would be best to first assess both the regional need for cooperative arrangements as well as any existing groups that have experience working with farmers and processors under cooperative arrangements, such as the Federation of Southern Cooperatives. Regardless, the proposed grant program and any subsequent technical assistance should be available to any business entity or arrangement.

We also recommend ERS study and make recommendations on federal cooperative ownership standards, to remedy the current patchwork of state-level policies regarding cooperative establishment, ownership, public-private collaboration, and operation. This would benefit those farmers, ranchers, and processors who would benefit from starting a cooperative.

What metrics illuminate the extent of the competitive environment for the products or services that producers and growers offer, including at the local level? What factors up and down the supply chain affect that competitive environment?

Specific metrics that could illuminate a competitive environment include:

- Surveying how many buyers a rancher has
- Regional Herfindahl–Hirschman Indexes (HHI)

The following factors need to be established to positively impact competition and fair markets:

- Ban large meatpacker ownership of live animals

- Require all other packers to purchase a minimum of 50% of their inventory in an open transparent market with a maximum 7-day forward contract if they purchase livestock
- Define unfair practices and undue preferences to include discrimination on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status
- Set bright line merger and acquisition guidelines
- Eliminate “legitimate business justification” loopholes
- Eliminate the “competitive harm” standard
- Update undue preference definitions in the upcoming PSA rulemaking
- Ensure meat labeled as “Product of the USA” is 100% born, raised, and slaughtered in the U.S.
- Break up large corporations with monopolistic and monopsonistic control of markets
- Require fully transparent meatpacker data reporting and sharing in upcoming Livestock Marketing Reporting Act

What seasonal throughput issues (e.g., under- and over-utilization during parts of the year) or regional challenges need to be considered for plant expansion or development?

Inspector availability for overtime hours needs to be addressed. Very small and small plants experience backlogs, yet cannot run a few overtime hours a day due to inspector shortages. This could be remedied by allowing local large animal veterinarians to become certified as FSIS inspectors. This allows small plants to run safely in times of high demand, lets farmers and ranchers slaughter their animals at the appropriate time, and increases opportunities for veterinarians.

How do processing needs and challenges vary by species and by value-added product types (e.g., organic, local, grass-fed, kosher, halal)? Do these needs require special types of funding (e.g., to encourage continued innovation)?

We defer to small processors and the organizations they directly work with for the technical differences between species and product types. However, we believe an inclusive grant program should account for these differences.

Family Farm Action Alliance members have cautioned against utilizing this \$500 million to only benefit those seeking to market value-added products at the processing stage. Large meatpackers will use this opportunity to greenwash and deceptively label products, such as Cargill’s Shadybrook Farms and Honeysuckle White turkeys.¹¹ Our members have also witnessed small and mid-sized plants purchasing boxed beef to repackage as jerky or snack sticks. Both instances run counter to USDA’s goal of increased resiliency of local and regional food systems.

¹¹ *Id.* 8

Safeguards need to be put in place by USDA to ensure this type of deceptive behavior is not undercutting the farmers, ranchers, and processors who are playing by the rules.

With proper safeguards and a fair marketplace, continued innovation will flourish with an inclusive grant program.

How can USDA and industry stakeholders partner with institutions of higher education, including community colleges and other academic institutions invested in the local community, such as Tribal colleges or land grant institutions, or other partners to start up or expand meat and poultry operations including workforce development and training programs related to entrepreneurship, meat cutting, or other necessary skills? Could these programs serve as technical education opportunities for non-university students? What type and level of funding would be required to support such programs?

USDA should partner with land grant universities (particularly 1890 and 1994 institutions), community colleges, and existing small and mid-sized plants for workforce development. For example, Iowa has passed legislation to promote small-scale meat processing apprenticeships.

A technical program should also provide placement for food chain workers who have left due to exploitative conditions, providing them a pathway to gain employment in an independent, non-monopolized entity in the same sector. This should include distributing payments to current and former food chain workers who experienced adverse health outcomes and exploitative working conditions. These highly skilled individuals could serve as educators in educational programs.

2. Fair Treatment of Farmers and Workers and Ownership Considerations

What conditions should be placed on federally funded projects to ensure fair and equitable outcomes (e.g., requirement that jobs that can support families; transparency in pricing; fair dealing)?

Federally funded projects should require compliance with the Good Food Purchasing Program labor requirements, as discussed previously. They should also require that recipients serve ranchers within a 200 mile radius of the processing plant to best assist regions and communities in need. Additionally, within each funding area of the \$500 million, priority should be given to majority BIPOC-owned and -operated projects and plants.

What conditions should be included related to the sources of materials being used to construct or expand the facility (e.g., buy American)?

USDA should prioritize expansion of small shops, and source “Buy American” labeled materials wherever possible. This is an opportunity for the initial \$500 million to serve as an injection and multiplier of funds in local economies and domestic supply chains. Investing in domestically-sourced materials bolsters job creation, economic development, and resiliency. We support the “Buy American” threshold increases in President Biden’s executive order, and request that materials with 75% of their value sourced domestically be procured whenever possible.

What steps would require or encourage the creation of high-quality jobs for workers employed during construction and within the operational facility (e.g., prevailing wages and fair opportunities to collectively bargaining)?

USDA should refer to GFPP’s labor standards (discussed earlier) for construction, operational, and contracted employees.

What health and safety standards would encourage a safe and healthy workplace?

First and foremost, Occupational Safety and Health Administration (OSHA) Whistleblower Protection Programs and Investigations should be fully funded to protect workers from employer retaliation, regardless of plant size or eligibility for this particular program. Second, line speed waivers should be permanently suspended and not issued in the future, and the implementation of the New Swine Slaughter Inspection System should be suspended. Beyond these rudimentary protections, we again encourage implementation of the GFPP for all meat processing workers.

Should USDA have the ability to block the sale of processing facilities built or invested in through federal funds to large or foreign-owned corporations? What other options should USDA consider in order to prevent new, expanded, and successful facilities from being acquired by the large corporations whose consolidated operations can suffer from bottlenecks and create significant supply chain vulnerabilities?

We firmly demand that USDA maintain the right to prevent both large and foreign-owned corporations from acquiring processing facilities that were built or invested in with federal funds for at least 10 years following the dispersal of the \$500 million, if not indefinitely. A large plant is defined as one with 200 or more employees. A facility should be designated as foreign-owned if 25% or more of the entity's assets are held by non-domestic shareholders.

Another protective measure would be to bar foreign corporate ownership of U.S. farmland. We’ve seen in recent years how acquisition of U.S. farmland by foreign-held corporations has fueled the growth of large, monopolistic agrifood corporations. We want to note that we

encourage naturalized U.S. citizens who wish to buy farmland or a processing plant. This concern addresses large, multinational corporations.

USDA should also ensure that large plants with over 500 employees, plants that slaughter 5% of the daily harvest for a particular species, or are foreign-owned are not eligible for any of the \$500 million.

Should the processor be required to purchase a minimum volume through auctions or other public transactions?

No. Many custom small plants do not own livestock, and producers own the livestock, carcass, and product through the process. The plants targeted with these relief funds are typically not at a scale where purchasing livestock is advantageous for them.

Large, monopolistic meatpackers often purchase livestock in a fashion that encourages captive supply. In the case of broilers, the meatpacker (integrator) owns chickens throughout the entire process. We believe this is an opportunity for USDA to empower farmers and ranchers alongside processors.

If contracts are utilized, should practices like tournament systems that have been found to be prone to anticompetitive abuse be prohibited? Should contracts have at least a portion of the payments to producers be based on wholesale meat prices?

The tournament system should be illegal and blocked from further use. Payments to producers should be based on a transparent fixed base price, based on sector daily reporting. Confidentiality clauses with packers currently inhibit this level of transparency.¹² We recommend AMS be required to share data across the entire agency to achieve this goal of transparency.

3. Loans and Other Financing Considerations While USDA is requesting feedback in the following three sections on loans, grants, and technical assistance, our intention is to combine and integrate these tools together along with strategic partnerships to achieve the right mix of investments and support for processors. To that end, we have specific questions on partnerships and combined funding opportunities in the last numbered section.

What financing tools facilitate access to capital for small meat and poultry processing companies? In your response, please consider the stage of corporate development (e.g., startup, onsite expansion, restarting an idled facility, new location), the potential use of funds (e.g., working capital, construction, credit lines, equipment), and the type of financing (e.g., grants,

¹² GAO. April 2018. "Additional Data Analysis Could Enhance Monitoring of U.S. Cattle Market." <https://www.gao.gov/assets/700/691665.pdf>. Accessed 26 August 2021.

installment loans, balloon payment loans, equity like investments). Please also consider the prospective borrowers' type of business model (e.g., cooperative, farmer joint-ownership, employee-ownership, mobile meat- and poultry processing operations).

The most accessible and quickly-deployed capital would be in the form of grants or forgivable loans to small existing facilities and expansion for small existing facilities. We recommend that \$250 million be used in a grant program. Individual grant awards should be \$100,000 - \$500,000.

What are the barriers or challenges to financing tools (e.g., gap between local lender expertise to support meat and poultry processing and the need for processing capacity), and are there changes that can be made to existing programs to mitigate these challenges?

BIPOC borrowers have been at a disadvantage in accessing capital due to racial discrimination. USDA can begin to address this by requiring prioritization BIPOC-owned and -operated facilities.

What barriers, if any, exist that reduce the ability of meat and poultry processor lenders to extend their geography?

We maintain that economic concentration in livestock and meatpacking markets has created barriers that manifest differently in different regions. We reiterate that USDA should update their study, collect new data, and have a refreshed understanding of regional demand and barriers.

4. Grant Considerations

Would a small plant expansion program structured similarly to USDA's Meat and Poultry Inspection Readiness Grant (MPIRG), but with a focus on expanding slaughter and processing capacity for small federally inspected plants, be beneficial? If so, at what award (\$) level per grant and for what types of costs?

Yes, this would be very useful to very small and small plants. Individual grant awards should be funded at \$100,000 - \$500,000.

Eligible costs should include:

- Upgrading processing lines;
- Building expansion and upgrades;
- New buildings;
- Mobile slaughter facilities;
- Additional cold storage space;

- Processing equipment;
- Slaughter and humane handling infrastructure, such as holding pens, knock box structures, and share structures;
- Waste management and waste water solutions;
- Labeling machines;
- Developing and maintaining a Hazard Analysis and Critical Control Points (HACCP) plan, directly or through the assistance of a training, a course, or a consultant;
- Becoming a certified organic processing facility under the National Organic Program;
- Developing feasibility studies for expansion or for a new facility;
- Composting;
- Training new employees, including staff wages for employees who train, and those who are the trainees to ensure a livable wage;
- Pilot programs for small plant employee apprenticeships;
- Support for independent producers marketing options; and
- Other related costs of any facilities, equipment, processes, or operations necessary for the establishment to comply or keep in compliance with the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) or Poultry Products Inspection Act (21 U.S.C. 451 et seq.).

Are grant funds (or other funds) needed for marketing or outreach activities, including recruiting new participants in the industry?

New market entrants are important, but we urge USDA to ensure the vast majority of these funds go to those with existing plants, viable experience, expertise, and regional demand. New market entrants can only be successful if the small and mid-sized meat and poultry processing industry is vibrant. If funds are to be allocated to new market entrants, we encourage dispersal to organizations that work closely with farmers and processors who provide training and assistance.

Would pilot grants that provide awards to small plants for training and other support (e.g., cover wage gap during apprenticeships) to develop their local workforce be effective to address some of the labor challenges associated with operating a current, expanded, or new facility?

Yes, this type of assistance for training at small and very small plants would be helpful. We also recommend innovative solutions to labor challenges, such as providing placement for meatpacking workers who have left due to exploitative conditions, providing them a pathway to gain employment in an independent, non-monopolized entity in the same sector. This should include distributing payments to current and former food chain workers who experienced adverse health outcomes and exploitative working conditions.

These highly skilled individuals could serve as educators in educational programs.

5. Technical Assistance Considerations

What are the top priorities for technical assistance that would facilitate processing expansion or increased capacity (e.g., butchery for key markets, HACCP, humane handling best practices for plant operators, labeling approval and processes, brand and market development)?

Our members express excitement for scale-appropriate technical assistance and guidance, such as USDA establishing an HACCP library pertaining to very small and small plants. Our members also express a need for inspectors who are trusted by their communities and available on flexible harvest schedules. Family Farm Action Alliance recommends allowing large animal veterinarians to be certified as FSIS inspectors in their communities.

Our members also express the need for an end to greenwashing of products and deceptive labeling by large packers. Independent farmers, ranchers, and processors abide by existing label claim regulations, yet are continually undercut by deceptive labeling from large plants and brands. More stringent oversight over deceptive labeling and greenwashing will improve fairness and competition in the sector.

Would regional or local cooperative agreements with strategic partners be the best way to provide this type of assistance, or are alternative ways preferable and more effective?

Cooperative agreements with organizations that have expertise would be extremely helpful, and represent the best use of technical assistance funds. Partners that work primarily with BIPOC processors and limited-resource processors should be prioritized in dedicated cooperative agreement funds. USDA has had a number of listening sessions over the years, but learning the needs of processors of color has not been the priority. This should be remedied with mandatory prioritization of majority BIPOC- owned and operated processing plants and BIPOC serving organizations in the distribution of the \$500 million.

In what ways could technical assistance support best be deployed to enhance competition and address challenges in the marketplace, how is it best delivered, and by whom?

Again, funds dedicated to technical assistance should go to organizations and individuals who already have contact with farmers, ranchers, and processors — particularly majority BIPOC-serving organizations. Discrimination in FSA offices persists to this day, requiring persistence from the individual seeking assistance, and often the personnel of any organizations

they are affiliated with. We recommend partnering with the Rural Coalition and their member organizations to determine the most advantageous partners.

What workforce-related technical assistance is most needed, how is it best delivered, and by whom (e.g., best industry practices, training on equipment, new tools for safety)?

We defer to comments submitted by NMPAN.

6. Partnerships and Combined Funding Considerations

Who can USDA partner with to best leverage the federal funds (e.g., State and local governments, private investors, philanthropic organizations)?

USDA should partner with state governments to increase federal cost share amounts to support state adoption of the State Meat and Poultry Inspection to 65%, and the Cooperative Interstate Shipment program to 80%. USDA should partner with land grant universities, technical colleges, and community colleges to train new meat processors. USDA should also partner with organizations that work directly with small and mid-sized plants, as explained above.

Plants that 1) have more than 200 employees, 2) have a daily harvest rate of 5% of any species, and 3) are owned by a foreign corporation should be barred from partnership with USDA and use of USDA funds.

Should loans and grants be combined to support these facilities? If so, what criteria should be used to determine what portion of the funds are offered as loans versus grants?

At least \$250 million should be used for a grant program to small and mid-sized plants. \$200 million should be used as direct loans to small and mid-sized processors ranging from \$1-3 million per each eligible applicant.

We appreciate your consideration of these recommendations, and look forward to working with you through the implementation of meat and poultry processing infrastructure investments.

Sincerely,



Joe Maxwell
President and CEO
Family Farm Action Alliance

