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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

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MARTIN DELGADO, TOM O'BRIEN, BETSY BINA, and ANDREW COOPER,
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PART 5

FOOD SAFETY INSPECTION SERVICE

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

TUESDAY, MARCH 15, 2011.

FOOD SAFETY INSPECTION SERVICE

WITNESSES

ELISABETH HAGEN, UNDER SECRETARY FOR FOOD SAFETY, U.S. DEPARTMENT OF AGRICULTURE

ALFRED ALMANZA, ADMINISTRATOR, FOOD SAFETY AND INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

MICHAEL YOUNG, BUDGET OFFICER, U.S. DEPARTMENT OF AGRICULTURE

OPENING REMARKS

Mr. KINGSTON. The committee will come to order.

First of all, let me welcome you and your panel. And, Dr. Hagan I will let you introduce your folks formally.

I really don't have much of an opening statement, but I wanted to say—hello, Mr. Farr.

Mr. FARR. Good morning.

Mr. KINGSTON. We heard your footsteps, and decided to go ahead and tap the gavel.

So anyway, your budget has a net decrease of $7 million. We are pleased to see that. I know that you've got mathematically some increases and some decreases to offset that.

We are very concerned about spending. I have said over and over again, neither party has the franchise on innocence in terms of our budget woes. But we've got to do something about it.

And so we're looking to make the government leaner and smarter and do everything that we can. And with that, I will yield to Mr. Farr.

Mr. FARR. I have no opening statement. Let's get into the testimony and questions. Maybe Ms. DeLauro might. She has another hearing that she's got to chair. Do you want to take that——

Ms. DELAURO. No. I have no opening statement. I just want to welcome Dr. Hagen to the committee. We're delighted that you're at FSIS, and I'm sure we all look forward to working with you, as you try to move to deal with implementing food safety. Thank you.

Mr. KINGSTON. Dr. Hagen, go ahead.

And let me say for the record, also your full testimony has been submitted, and we have read it. So if you want to just highlight it, you are welcome to.

DR. HAGAN'S TESTIMONY

Dr. HAGEN. Thank you. I'll do that.

Good morning, Mr. Chairman, Ranking Member Farr, and members of the subcommittee.

I am Dr. Elisabeth Hagen, Under Secretary for Food Safety. I appreciate the invitation to appear before you this morning about the status of the Food Safety and Inspection Services programs, and in support of the President's fiscal year 2012 budget request.

The Food Safety and Inspection Service, FSIS, is the public health regulatory agency at the USDA. And we are responsible for ensuring that the domestic and imported commercial supply of meat, poultry, and processed egg products is safe.

Preventing foodborne illness is our guiding principle. The work that we do affects every American who puts meat and poultry on the table.

Americans rely on the USDA mark of inspection to know that their food is safe to eat. And we take that trust very seriously. Thanks to the resources that the committee has provided, we have been able to significantly improve the safety of the products that we regulate.

We all know and understand the far-reaching benefits of food safety. A safe food supply saves lives, but it also supports local business and rural development, and has an impact on trade and on our overall economy.

The list goes on and on.

The meat and poultry industry cannot operate unless FSIS inspection activities are performed. Because of our Congressional mandate, we directly impact our nation's economy.

But the most important role that we have is to protect public health. The loss of a loved one can never be quantified or evaluated monetarily.

FSIS' legal authority derives from the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Egg Products Inspection Act, the Humane Methods of Slaughter Act, and the regulations that are put forth under these laws.

These regulations are the foundational tools that we use to ensure the safety of the products under our authority, and enforce the labeling of meat and poultry products.

But in 2011, we know more about food safety than we did in the past. Science has given us new tools that we need to prevent foodborne illness, and it is our investment in science that has enabled us to make such progress at the Agency.

According to the most recent data from the Centers for Disease Control and Prevention—CDC—FoodNet, the incidence of foodborne illness from key pathogens has declined markedly since the surveillance baseline in 1996 to 1998.

Human illness cases from E. coli O157: H7 have decreased by 41 percent, Campylobacter by 30 percent, Listeria by 26 percent, and Salmonella by ten percent.

Even so, far too many people still get sick and even die from the food that they eat, and we must continue the ongoing effort to strengthen and support prevention methods within our current legal framework.

We are also working to re-tool the future of food safety. We are very excited about launching the Public Health Information System, PHIS, which will allow FSIS to collect, consolidate, and analyze all of our data to better target inspection activities, make more informed decisions, and strengthen our capacity to protect American consumers.

By combining separate systems into one comprehensive, web-based system, FSIS will have a rigorous public health decision-maker tool to better predict problems before they occur, and respond more quickly to the ones that do happen.

Building on PHIS, we will realign and make our sampling programs more efficient through a laboratory information management system, and allow for the achievement of cost efficiencies with sampling programs and laboratory testing. We expect to save a million dollars through this effort.

We continue to seek additional scientific data, and this is why our fiscal year 2012 budget proposes a $5.5 million increase to expand regulatory sampling for key pathogens and conduct an additional baseline study.

This increase will allow for FSIS to improve surveillance of foodborne pathogens of human health concern in regulated products, develop more timely estimates of pathogen prevalence, and ultimately focus resources more efficiently and effectively.

Investing in food safety can save lives, as well as money. Estimates of the cost of foodborne illness vary widely; but it is clear that they are substantial and amount to billions of dollars annually.

As a medical doctor, I also know that the financial cost of medical care for people can be devastating as a burden on these families, and that the emotional costs of these tragedies can never be quantified.

FSIS inspection program personnel form the backbone of our public health infrastructure in domestic processing and slaughter establishments, laboratories, and import houses throughout the nation.

More than 8,000 FSIS inspection program personnel are on hand at approximately 6,200 domestic processing and slaughter establishments, where they conduct pre- and post-slaughter inspection of livestock and poultry, and processed meat, poultry, and egg products.

These program personnel conducted eight million food safety and food defense procedures to verify that the systems at all federal establishments met the appropriate requirements in fiscal year 2010.

We are working to ensure that our preventive measures reduce risk as much as possible, before it ever reaches consumers. But we are also using social media and traditional outreach methods to inform consumers and spread the word about safe food handling.

In fact, FSIS has partnered with the Ad Council to produce a multi-media public service advertising campaign to raise awareness

of foodborne illness and to actually effect change in food-handling behaviors at home.

This campaign will be unveiled this summer.

We have also increased our outreach to clinicians and public health professionals on actions to reduce the risk of foodborne illness.

I personally am keenly aware that clinicians and public health professionals are uniquely positioned to have a positive impact on foodborne illness prevention. I am working with these professionals to build bridges on this important preventive health opportunity, and I will continue to do so in the future.

So in conclusion, I will say that my job and the mission of the nearly 10,000 employees in FSIS is to protect public health through food safety.

That is a commitment and a promise that we make to the American public and to consumers worldwide.

FSIS has made a noticeable impact and has become an indispensable guardian of public safety, and we will continue to do so.

I thank you, Mr. Chairman, the Ranking Member, and the committee, for this chance to appear before you.

[The information follows:]

FOOD SAFETY AND INSPECTION SERVICE

Statement of
Dr. Elisabeth Hagen, Under Secretary for Food Safety
Before the
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies

Introduction

Mr. Chairman, Ranking Member Farr, and Members of the Subcommittee, I am Dr. Elisabeth Hagen, Under Secretary for Food Safety.

I am pleased to appear before you today and appreciate the opportunity to discuss the status of the Food Safety and Inspection Service's (FSIS) programs and the fiscal year (FY) 2012 budget request for food safety within the U.S. Department of Agriculture (USDA).

Who We Are

As the public health regulatory agency of the USDA, FSIS is responsible for ensuring that our Nation's domestic and imported commercial supply of meat, poultry, and processed egg products is safe, secure, wholesome, and accurately labeled and packaged. The work that we do affects every American who puts meat or poultry on the dinner table.

FSIS inspection program personnel form the backbone of FSIS' public health infrastructure in domestic processing and slaughter establishments, laboratories, and import houses throughout

the country. In FY 2010, the agency employed more than 9,800 personnel, including more than 8,000 in-plant and other front-line personnel protecting public health in approximately 6,200 Federally inspected establishments nationwide.

Our employees are our greatest asset and strength. We are only as effective as our dedicated workforce. Just as they are committed to keeping America's food supply safe, we are committed to them. FSIS has effectively filled mission-critical positions at the agency, such as public health veterinarian (PHV) positions. Between December 2009 and December 2010, the vacancy rate for PHVs (even without applying other-than-permanent coverage) declined by almost four percent, from 11.5 to 7.7 percent. And over the last two years, since December 2008, the PHV vacancy rate has decreased by almost eight percent, from 15.6 to 7.7 percent.

Our Statutory Authorities

FSIS is charged with enforcing the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Egg Products Inspection Act (EPIA), and the regulations promulgated under these laws. These laws lay out which specific meat products that the agency is charged with inspecting by naming those species that are deemed "amenable", how we regulate the labeling of meat and poultry products, and how we ensure the safety of the products under our authority.

We share authority under the EPIA with the Food and Drug Administration (FDA), which regulates eggs in their shells, or shell eggs. FSIS, on the other hand, regulates processed eggs and egg products. Shell eggs that are broken at an official FSIS-regulated egg products plant are

pasteurized and tested for *Salmonella*. FSIS also enforces the Humane Methods of Slaughter Act (HMSA), which requires that all livestock be handled and slaughtered in a humane manner.

Authorized by portions of the Agricultural Marketing Act, FSIS also provides voluntary fee-for-service inspection of certain products. For example, we provide voluntary inspection and certification for wholesomeness relating to the slaughter and processing of exotic animals. We also provide voluntary inspection and certification of food products for dogs, cats, and other carnivorous animals.

FSIS Presence in the Field

The high volume and the nature of the products that FSIS inspects demand an in-plant inspection presence. Therefore, FSIS inspection program personnel are present for all domestic slaughter operations, inspecting each and every livestock and poultry carcass and each meat, poultry, and egg processing establishment at least once per shift.

During FY 2010, FSIS inspection program personnel ensured public health requirements were met in establishments that slaughter and/or process 147 million head of livestock and nine billion poultry carcasses. Inspection program personnel also conducted eight million food safety and food defense procedures to verify that the systems at all Federal establishments met food safety and wholesomeness requirements. During FY 2010, inspection program personnel condemned more than 451 million pounds of poultry and more than 493,000 head of livestock during ante-mortem (before slaughter) and post-mortem (after slaughter) inspection.

In support of in-plant personnel in 6,200 Federally inspected establishments, FSIS employs a number of other field personnel, such as laboratory technicians and investigators. Program investigators conduct surveillance, investigations, and other oversight activities at food warehouses, distribution centers, retail stores, and other businesses that store, handle, distribute, transport, and sell meat, poultry, and egg products to the consuming public. These in-commerce businesses do not operate under grants of inspection and are not inspected on a daily basis by FSIS. However, the agency's oversight of FSIS-regulated products moving in consumer distribution channels is a vital part of our mission to protect public health.

The agency ensures the safety of imported products through a three-part equivalence process that includes 1) analysis of an applicant country's legal and regulatory structure, 2) on-site equivalence audits of the country's food regulatory systems, and 3) continual point-of-entry re-inspection of products received from the exporting country. In FY 2010, FSIS personnel at the U.S. border were presented with approximately 3.2 billion pounds of meat and poultry products from 29 eligible countries and approximately 22.4 million pounds of egg products from Canada for re-inspection.

FSIS also regulates intrastate commerce through cooperative agreements with the 27 States that operate meat and poultry inspection programs, conducting reviews of these programs to ensure that they are "at least equal to" the Federal program. FSIS recently released the results of its annual review of State program self-assessments, and its triennial on-site review of each State program (nine programs annually), and determined that all of these States met the "at least equal to" standard.

FY 2012 Budget Request for Foodborne Illness Prevention

There is no more fundamental function of government than keeping its people safe from harm, and as I have outlined, FSIS personnel ensure the safety, security, and wholesomeness of meat, poultry, and processed egg products in intrastate and interstate commerce, and at ports of entry.

I'd like to continue my testimony today by discussing my most important commitment to Congress, consumers, and industry alike: preventing foodborne illness.

Prevention is the guiding principle of USDA's Office of Food Safety and the Food Safety Inspection Service. And to prevent consumers from falling victim to foodborne illness requires taking a proactive approach to food safety. And that is precisely what FSIS strives to do every day; protect American families from foodborne hazards that can find their way into FSIS-regulated products – pathogens like *E. coli* O157:H7, *Salmonella*, *Campylobacter,* and *Listeria monocytogenes* – through a systematic and coordinated strategy that includes rigorous inspection, product testing, risk analysis, vulnerability assessments, and enforcement.

There are still far too many people getting sick and dying from the food they eat, and for that reason we must continue to strengthen our prevention methods. The Centers for Disease Control and Prevention (CDC) estimates that 48 million people get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases.

The latest foodborne illness statistics show that we are doing better and better. According to the most recent (2009) data from the CDC Foodborne Diseases Active Surveillance Network, or FoodNet – which collects data from 10 State health departments, FSIS, and the FDA – the incidence of human illnesses from pathogens transmitted commonly through all food has declined compared with the baseline established between 1996 and1998. This data indicates that the incidence of illnesses from *E. coli* O157:H7 decreased by 41 percent, *Campylobacter* decreased by 30 percent, *Listeria* decreased by 26 percent, and *Salmonella* decreased by 10 percent. However, any number of illnesses is unacceptable, and there is much more that we can do to prevent the spread of foodborne pathogens.

Investing in food safety can save money as well as lives. Estimates of the costs of foodborne illness vary widely, but it is clear that they are substantial and amount to billions of dollars annually. Foodborne illnesses can also result in loss of confidence by domestic and foreign consumers in the U.S. food supply, an indeterminate cost that cannot be understated. As Benjamin Franklin once said, "An ounce of prevention is worth a pound of cure," and this applies to the health of our nation, as well as the health of our economy. As a health care professional, I understand that the monetary cost of medical care for individuals with foodborne illness can also be a great burden. But the emotional cost can be even greater, sometimes resulting in death. So while foodborne illness costs society billions, it's hard to put a price on losing a child or a family member.

That is why the FY 2012 budget proposes a $5.5 million increase to expand Hazard Analysis and Critical Control Point (HACCP) regulatory sampling for key pathogens and conduct an

additional traditional baseline study. This increase will allow FSIS to improve surveillance of foodborne pathogens of human-health concern in FSIS-regulated products, develop more timely estimates of pathogen prevalence, and ultimately focus resources more efficiently and effectively.

The budget also includes an increase of $700,000 to support testing for non-O157 Shiga-toxin producing *E. coli* (STEC). Thanks to new estimates by the CDC, we now know that strains of STEC other than O157 are causing approximately 112,752 human illnesses and 271 hospitalizations. Like illnesses caused by O157, other strains of STEC can cause Hemolytic Uremic Syndrome, which can cause kidney failure. And like O157, these strains are highly pathogenic: a low infectious dose of STEC – just a few cells – can lead to disease. FSIS had first-hand experience with non-O157 STEC when on August 28, 2010; Cargill Meat Solutions Corp. in Pennsylvania recalled approximately 8,500 pounds of ground beef products that may have been contaminated with *E. coli* O26 after FSIS linked these ground beef products with three illnesses, including two in Maine and one in New York. This was the first definitive outbreak and recall associated with non-O157-contaminated beef in the United States. We cannot wait for another public health emergency to address the range of *E. coli* threats in ground beef that currently exist, and therefore, the budget includes an increase of $700,000 to address these pathogens of public health concern.

The FY 2012 budget also includes an increase of $4.3 million to strengthen the Public Health Epidemiology Program. This will help the agency respond more quickly to current public health needs, including the rising frequency of multi-jurisdictional foodborne illness investigations.

Budget Reductions and Savings

In the current economic climate, FSIS is doing its part to do more with less, and is working to achieve savings by streamlining operations and making other efficiencies.

As Secretary Vilsack stated in his testimony before this Subcommittee, we are proposing a budget for FY 2012 which reflects the difficult choices we need to make to reduce the deficit while supporting targeted investments that are critical to long-term economic growth and job creation. It looks to properly manage deficit reduction while preserving the values that matter to Americans. Thus, the requested budget for FSIS is $1 billion, a reduction of about $7 million below 2011. The requested level is adequate to fully fund inspection activities and includes an increase of $27 million to improve our capability of indentifying and addressing food safety hazards and preventing foodborne illness.

In FY 2009 and 2010, FSIS worked with outside experts on an organizational assessment of non-frontline positions. An analysis of the findings has identified 37 full-time equivalent positions that can be eliminated to improve supervisory span of control, manage reduced workloads and/or eliminate senior-level analyst positions that are no longer required as the agency's programs evolve. FSIS expects to save $4.5 million by 1) refraining from backfilling open positions resulting from attrition, 2) restructuring functional areas to streamline operations, and 3) consolidating staff and resources to eliminate redundant positions.

FSIS is implementing a comprehensive plan to realign and make our sampling programs more efficient, building on the implementation of the Public Health Information System (PHIS). PHIS will contain several components that will serve as the foundation for the implementation of a Laboratory Information Management System and allow for the achievement of cost efficiencies with sampling programs and laboratory testing. FSIS expects to save $1 million through this effort.

FSIS currently collects and analyzes approximately 125,000 samples per year. As time is a critical element in the analysis process, laboratory sample packages are sent overnight from the inspection facility to one of three agency field labs. Like the sample packages sent to the labs, currently the empty lab containers are sent back using express mail. Prompted by a SAVE Award proposal submitted by an FSIS food inspector, the agency will start returning laboratory sample containers using ground transportation instead of express mail, saving approximately $350,000 each year.

FSIS maintains more than 4,000 broadband connections (end-points) nationwide, and in U.S. Territories. The agency diligently works to provide the most cost-effective service for its nearly 10,000 fixed-site and mobile Federal and State users, including more than 8,000 inspection program personnel. As new broadband services become available, FSIS will continue to examine lower cost options that provide the same or better service, as well as opportunities to consolidate. FSIS anticipates saving $3.5 million through this effort.

Since FY 2002, FSIS has worked to improve the overall security and capacity of its three regulatory sampling laboratories. This expansion effort has enabled FSIS to build an infrastructure that could respond to potential security threats targeting the public food supply for FSIS regulated products. In addition, since FY 2008, the agency has dedicated resources to purchase equipment that provides FSIS labs with the capability and capacity to perform the toxin and chemical testing standardized by the Food Emergency Response Network, or FERN. FERN is a Federal, State, and local partnership that provides ongoing surveillance and monitoring of food, and is capable of conducting the extensive sampling that is necessary in the event of a terrorist attack, act of nature, or hoax that affects the food supply. The capacity-building phase of these efforts has been completed and the maintenance and operational phases, which require considerably fewer resources, have begun, thereby saving $5.6 million. In addition, we expect $4.1 million in savings from a redirection of funding for FERN cooperative agreements.

Tools

FSIS cannot carry out its public health mission without the proper tools. One of the agency's most powerful tools is data: the ability to collect, consolidate, and analyze data is crucial to protecting public health. For this reason, FSIS has developed and is launching a dynamic web-based data analytics system called PHIS. PHIS will integrate and automate our paper-based business processes and significantly improve the way FSIS detects and responds to foodborne hazards by enabling FSIS field personnel to input inspection findings and sampling data directly into the system on a near real-time basis. The budget request includes $3.6 million for PHIS staffing costs; and $13 million for the Public Health Data Communications Infrastructure System, which provides the day-to-day functionality to PHIS and other FSIS applications.

We also enhance food safety through updated policies. For example, we are exploring how best to address non-O157 Shiga toxin-producing *E. coli* (STEC) in raw non-intact beef products. In addition, FSIS is working on the implementation of revised *Salmonella* and new *Campylobacter* performance standards for turkeys and broilers, or young chickens. With these performance standards, FSIS is encouraging establishments to make continued improvement in the occurrence and level of these pathogens in their products. These standards, once fully implemented, are expected to prevent as many as 25,000 illnesses each year.

Moreover, FSIS is working on a new policy to ensure that meat and poultry products that test positive for dangerous pathogens no longer reach store shelves or consumers' tables. FSIS is drafting a notice requiring that product being tested for dangerous pathogens is held at FSIS-regulated slaughter or processing facilities until the test results are confirmed negative. This policy could have prevented 22 recalls during FY 2009 and FY 2010, so we can expect fewer recalls by industry and increased consumer confidence in the safety of the food supply.

Finally, FSIS is deeply committed to ensuring the humane treatment of all animals that are presented for slaughter, and therefore continually updates its HMSA enforcement protocols. FSIS inspection program personnel are trained to identify problems and are obligated to take immediate enforcement action when a humane handling violation is observed. They also understand that if an animal becomes non-ambulatory disabled at any time prior to slaughter, it must be condemned and promptly euthanized. In December 2010, FSIS announced the following new measures related to humane handling: enhanced humane handling training for

inspection program personnel; a notice to inspection program personnel clarifying existing rules related to non-ambulatory cattle; a commitment to respond to and solicit comments on two humane handling related petitions; a request that USDA's Office of Inspector General audit industry appeals of noncompliance records and other humane handling enforcement actions by FSIS; and the future appointment of an Ombudsman in the Office of Food Safety specifically for humane handling issues.

People: Consumer Outreach

Our goal is to make the policy changes and scientific breakthroughs necessary to yield a safe food system, but consumer education and outreach is a key to our preventive strategy. Consumers will always be FSIS's primary focus. Protecting consumers—U.S. and international—from foodborne illness drives our every move. The agency resolves to ensure that every activity it conducts has a direct impact on public health.

Prevention is our primary focus, as I have said; but until these primary preventive measures work 100 percent of the time – until they're 100 percent effective – it's also our responsibility to give consumers the information that they need to keep themselves and their families safe from foodborne illnesses. Thus, our preventive methods include outreach to at-risk and underserved consumers and communication with our stakeholders via messaging tools such as recall and news releases, public health alerts, podcasts, newsletters, public meetings, printed brochures, and public service announcements.

FSIS is partnering with the Ad Council to produce a multi-media, national public service advertising campaign to raise awareness of the dangers of foodborne illnesses and to effect change in food handling behaviors at home. We are building this campaign with representatives of other Federal agencies, academia, and consumers and industry who are members of the expert panel convened by the Ad Council. The campaign will be unveiled this summer.

We will also conduct consumer focus group studies to measure consumer understanding of labeling and other public health messaging and develop new outreach and education strategies based on the results.

The Office of Food Safety and FSIS have increased outreach to clinicians, public health professionals and consumers on actions to reduce the risk of foodborne illness. In my role as Under Secretary and as a medical doctor, I am keenly aware that clinicians and public health professionals are uniquely positioned to have a positive impact on foodborne illness prevention. I have therefore already reached out to the medical and public health community in order to build bridges, and will continue to do so in the future.

Collaboration with Food Safety Partners

The final measure of FSIS' success is the reduction of illnesses caused by meat and poultry products. Pathogen reduction is central to reducing illnesses and measuring the prevalence of pathogens is an important way for FSIS to measure progress towards its ultimate objective, reducing foodborne illness.

FSIS is working with FDA, the CDC, and the National Center for Health Statistics to develop Healthy People 2020 goals and timelines for a variety of foodborne pathogens, including *Salmonella*, *E. coli* O157:H7, *Listeria monocytogenes* and *Campylobacter*, as well as emerging pathogens of public health concern.

Our State and local public health and regulatory partners are with us on the front lines in our battle to keep food safe. FSIS conducts foodborne illness investigations in response to situations in which an FSIS-regulated product may be associated with human illness. One of the ways we become aware of a possible link between an FSIS-regulated product and human illnesses is through notification by local, State, territorial and international public health officials. If public health officials identify a possible association between human illness and an FSIS-regulated product through surveillance, they typically contact FSIS to request assistance with the investigation. But we work with our partners daily to protect public health. Our epidemiologists are stationed throughout the country and we have personnel assigned on a full-time basis at CDC in Atlanta. By digging our well before we are thirsty, building relationships before a crisis, we are better prepared to respond to illness outbreaks. FSIS inspection program personnel and investigators also work in coordination with local, State and territorial health or agriculture department personnel during domestic traceback investigations. According to the Association of Food and Drug Officials' 2009 State Food Safety Resource Survey, state and local regulatory agencies performed nearly 5 million inspections, 400,000 samples, and 56,000 investigations in a single year – leading to more than 1,200 recalls in the interest of public health. This effort by State and local agencies is vital to the success of FSIS foodborne illness and traceback investigations.

While we work daily with our food safety partners in the field, we are also working at a policy level on the Food Safety Working Group, an effort initiated by the President to better coordinate and improve our food safety laws. This Working Group has been a vehicle to discuss and develop cross-cutting government-wide issues focusing our food safety system on the prevention of foodborne illness.

Small and Very Small Plant Outreach

FSIS conducts outreach efforts and issues guidance aimed at helping small and very small slaughter and processing plants to comply with FSIS regulations. Establishments with 500 or fewer employees represent more than 90 percent of the FSIS-regulated establishments and we have taken a multi-pronged approach in order to ensure that they have the information they need to be successful.

In FY 2010, FSIS launched its Small Plant Help Desk, which responded to 2,277 inquiries during the fiscal year. The agency also distributed 24,000 copies of its proposed HACCP validation guidance and the FSIS General Food Defense Plan. FSIS published a monthly edition of the, "Small Plant News," including a variety of topics targeted to meet the needs of small and very small plants operators, such as the importance of holding products while test results are being confirmed, how to develop food defense plans, and how to validate HACCP plans. FSIS developed 12 new podcasts on food safety issues for small and very small operators, and conducted exhibits at 23 industry events to share outreach materials with small and very small

operators. Through these efforts, we reached approximately 55,225 industry operators in FY 2010.

Since my confirmation as Under Secretary for Food Safety, I have visited numerous FSIS-regulated establishments in rural areas – places like Guymon, OK; Cactus, TX; Hanford, CA – and I plan to visit many more. I understand first-hand that small and very small businesses comprise the majority of the meat and poultry industry and are the foundations of rural economies across the country. They mean jobs for plant workers and a future for grocers, butchers, and farmers nationwide.

FSIS is collaborating with other USDA agencies through the "Know Your Farmer, Know Your Food" efforts to support a full range of services to small and very small operators, such as mobile slaughter facilities for small livestock and poultry producers in rural areas as well as the opportunity for State-inspected meat and poultry establishments with 25 or fewer employees to join a new Interstate Shipment Program.

With so many tools in place, it is the agency's desire to promote policies that protect consumers without placing unnecessary burdens on businesses. We seek to utilize the expertise of our workforce at FSIS to ensure that businesses can produce the safest products possible.

Conclusion

My job and the mission of the 10,000 employees in FSIS is to protect public health through science-based policies and to give our consumers confidence that they are buying the safest

products in the world. As I noted early on, we are passionately committed first and foremost to the prevention of foodborne illness. That is our mission and the promise we make to the American public and other consumers worldwide. As has been illustrated throughout my testimony, FSIS has made a noticeable impact and has become an indispensible guardian of public safety.

As a medical doctor and a mother of two young children, I understand first-hand the devastating effects that foodborne illnesses can have on people.

Mr. Chairman, Ranking Member Farr, and Members of the Subcommittee, thank you for your help in ensuring the safety of meat, poultry, and processed egg products and for the opportunity to testify before you today. I look forward to answering your questions.

FOOD SAFETY AND INSPECTION SERVICE

Statement of
Alfred V. Almanza, Administrator, Food Safety and Inspection Service
Before the
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies

Introduction

Mr. Chairman, Ranking Member Farr and Members of the Subcommittee, I am Alfred Almanza, Administrator of the Food Safety and Inspection Service. I appreciate the invitation to appear before you this morning about our programs and the ways we are supporting our Under Secretary's vision of improving public health through food safety.

As someone who started working on the slaughter line in a beef plant over 30 years ago, I know firsthand our employees are our greatest asset and strength. Whether located in slaughter establishments, laboratories, district offices or import houses throughout the country, we are united as "One Team with One Purpose:" that of protecting consumers from foodborne illness.

The high volume and the nature of the products that FSIS inspects demand an in-plant inspection presence. Therefore, FSIS inspection program personnel are present for all domestic slaughter

operations, inspecting each and every livestock and poultry carcass and each meat, poultry, and egg processing establishment at least once per shift.

During FY 2010, FSIS inspection program personnel ensured public health requirements were met in establishments that slaughter and/or process 147 million head of livestock and nine billion poultry carcasses. During FY 2010, inspection program personnel condemned more than 451 million pounds of poultry and more than 493,000 head of livestock during ante-mortem (before slaughter) and post-mortem (after slaughter) inspection.

In support of in-plant personnel in 6,200 Federally inspected establishments, FSIS employs a number of other field personnel, such as laboratory technicians and investigators. Program investigators conduct surveillance, investigations, and other oversight activities at food warehouses, distribution centers, retail stores, and other businesses that store, handle, distribute, transport, and sell meat, poultry, and egg products to the consuming public. These in-commerce businesses do not operate under grants of inspection and are not inspected on a daily basis by FSIS. However, the agency's oversight of FSIS-regulated products moving in consumer distribution channels is a vital part of our mission to protect public health.

Dr. Hagen and I know we are only as effective as our dedicated workforce. Just as they are committed to keeping America's food supply safe, we are committed to them. FSIS has effectively filled mission-critical positions at the agency, such as public health veterinarian

(PHV) positions. Between December 2009 and December 2010, the vacancy rate for PHVs declined by almost four percent, from 11.5 to 7.7 percent. And over the last two years, since December 2008, the PHV vacancy rate has decreased by almost eight percent, from 15.6 to 7.7 percent.

Ensuring that our employees have the tools to prevent foodborne illness has been one of Dr. Hagen's highest priorities as Under Secretary. I have directed a review of agency policies and practices to make sure these tools are focused on deterring the pathogens from contaminating the foods we regulate. With the additional insight and information the Public Health Information System will provide, our inspection force will have the most powerful tool yet to help us all fulfill our agency's mission. With so many tools in place it is not the agency's desire to create new laws or to impose further rules. Rather we seek to utilize the expertise of our workforce at FSIS to ensure that businesses can produce the safest products possible.

Mr. Chairman, Ranking Member Farr, and Members of the Subcommittee, thank you for your help in ensuring the safety of meat, poultry, and processed egg products and for the opportunity to testify before you today.

Mr. KINGSTON. Thank you, Dr. Hagen.

And what I might do, if it's okay with you, Mr. Farr, is yield to Ms. DeLauro, if she wants to go ahead and knowing your passion on this subject and knowing your schedule, if that works for you.

Ms. DELAURO. Thank you very much. I really want to say a thank-you to both my colleagues, to Mr. Kingston, the Chair, and Mr. Farr, the Ranking Member, for this courtesy. I really appreciate it.

I'll try to move quickly, if I can get to a couple or three questions. And then I have to go over to the Labor HHS Subcommittee this morning.

Again, welcome to you.

IMPACT OF H.R. 1 CUTS

Last year, USDA increased an $18 million increase above 2010 levels for food safety and inspection service. This was to support the initiative to improve the public health infrastructure, speed up investigations, response to outbreaks, conduct a baseline study on the prevalence of pathogens, expand sampling.

It now appears that you may see another $88 million cut over the remainder of the year, if the current appropriations bill becomes law.

I have three questions here:

What would the specific impact of FSIS' food safety activities, if the Agency's budget was cut significantly, as specified in H.R. 1?

How would FSIS implement this reduction in funds? How would it impact food safety? How many inspectors would have to be furloughed, since meat and poultry plants cannot operate by law, without an inspector present? What would that mean for meat and poultry plants across the country?

How many chickens and beef carcasses would be destroyed, because the would go uninspected? How many fewer tests for foodborne pathogens would be conducted?

What other food safety activities at FSIS would be negatively impacted?

Dr. HAGEN. Thank you for your question, Congresswoman.

You know, FSIS and the entire Department of Agriculture are just as committed to reducing spending and to spending American taxpayer dollars more wisely and more efficiently than ever before.

But when you look at an Agency like ours, which, you know, has a budget that is largely personnel-dependent—and when I say largely, I mean between 80 and 85 percent of our budgetary dollars go towards paying salaries and benefits for our personnel—and then you look at what proportion of that amount actually goes to our frontline personnel, and that's about 82 percent of that amount, there is not a lot of room to maneuver, when you're talking about cuts that are this substantial at this point in a fiscal year.

There is no question that this magnitude of a cut would impact our workforce.

And I think everybody in the room knows about our statutorily mandated presence to be in plants. As I said in my opening statement, the industry cannot operate without our inspection personnel there, by law.

So if we're talking about that substantial of a cut that would impact our personnel, and we might need to look at furloughs, obviously that would be a major impact to the industry.

I don't have the specifics for you of exactly what the impact would be. We've certainly looked at a number of scenarios. But just to remind the committee that, you know, in fiscal year 2010, we looked at 147 million head of livestock, we looked at nine billion birds. And so an inability to do that, because we're not in the plants, would be a major impact for the industry, and we would be looking at billions of dollars of impact there.

Ms. DELAURO. Mm-hmm. What I would like to do is get from you, the specific numbers. So we'll get to you the list of those questions.

Dr. HAGEN. Okay.

Ms. DELAURO. Because I think it's important to quantify what you have said and what, in fact, that means.

N–60 SAMPLING PROGRAM

Let me ask you about the N–60 sampling program. You know what the findings are of the inspector general. A sampling program to detect E. coli O157:H7 in beef trim at the FSIS is not statistically valid.

And I had requested that OIG report in November 2009, and it highlighted the concerns about the efficacy of the testing program.

Now OIG agreed that no method of statistical sampling and testing can guarantee that a particular lot of beef trim is free from E. coli contamination. The report found that the N–60 sampling method is not designed to yield the statistical precision that is reasonable for food safety.

You know the letter that I sent to the Secretary last week, that asks a series of follow-up questions on the OIG report. I want to ask you the same set of questions:

Do you agree with the OIG's findings that FSIS should construct a revised, statistically valid sampling program? During a hearing two weeks ago, the OIG indicated that FSIS needs to consider implementing a risk-based sampling scheme.

However, if FSIS does not possess a statistically valid sampling program, how does it intend to devise a risk-based sampling scheme?

Given the findings in the OIG report, how confident are you, with the quality of the data that has been submitted into the system, that will serve as a foundation for the implementation of the Public Health Information System, directly tied in to PHIS?

What would be the cost estimate of developing a revised statistically valid sampling program? Will the recent proposed budget cuts in HR 1 prevent FSIS from accomplishing this?

I have an add-on. But let me just—I see the time is up, but let me just see what we can do here.

REGULATORY SAMPLING PROGRAMS

Dr. HAGEN. Okay. And I'll try to tackle each part of that question, Congresswoman.

So I wanted to say first that I know how important this issue is to you, and I know how important it is to consumers to be able to

have confidence in the steps that we take to protect them from foodborne illness.

And we take the report from OIG very, very seriously. I think that to some extent, there is a hidden success here. I mean, E. coli O157:H7 is an intrinsically difficult pathogen to detect. It's at low levels in beef and beef products.

And in fact, illnesses from O157:H7 have decreased markedly through the years. We think that our policies, and we think that the efforts of the industry have made for a safer beef supply.

So we find ourselves in this place, sort of a new chapter, where we have to look at what we've done before. We've had the success that we've had, but we still have a commitment and obligation to keep things safe.

So what's the best program we could design——

Ms. DELAURO. But should you construct a revised statistically valid sampling program, as has been the portion their findings?

Dr. HAGEN. I think that sampling is one of the things that we're looking at. We're looking at overall our entire approach to beef safety, so not just: Is our sampling program what it needs to be? But also, what are the things that we can do to get better prevention up front, the entire way through slaughter and processing? So——

Ms. DELAURO. Will you be revising a sampling method?

Dr. HAGEN. We are certainly looking at that right now, and we will be moving toward an improved sampling method.

Ms. DELAURO. Mm-hmm. How does this work if you don't a sampling system that's valid sampling? How do we move to risk-based?

Dr. HAGEN. Well, I think that's an important question, and that is one of the recommendations of the OIG. And we still have some things that we need to come to consensus with OIG on about how we address the findings that they presented in the report.

And I think that will be one piece of it, once we come to some consensus about those recommendations and how we move forward. I think that's going to better inform our approach on the next step.

So it's something that we'll look forward to updating you about as we come up with good answers on that.

Ms. DELAURO. But the question here is: With your PHIS system.

Dr. HAGEN. Mm-hmm.

PUBLIC HEALTH INFORMATION SYSTEM

Ms. DELAURO. And I won't put it this way, because it isn't, but the best way I can say it—and it's a bit crass, Dr. Hagen, is that garbage in, garbage out. And I don't mean that literally.

But if your information going in is statistically flawed, it's not good, et cetera, your system then, in dealing with risk-based, is not going to be what it needs to be.

And I think what we need to know on this committee is whether or not you're going to take the advice of the IG, and take this information, and turn this around, so that:

One, we don't proceed down a road with a risk-based system and a PHIS system that has inherently data that is not the appropriate data, or it's not statistically viable, as data in the system.

It would just seem to me that you've got to make some immediate decisions, because you got folks out there on the PHIS—and I'll put those questions in for the record on PHIS—but that are studying this, looking at it, trying to get people trained in order to deal with it.

But if the methodology in the sampling is not right, then we are once again not going down the right road, in order to accomplish what we all would like to accomplish. And that is risk-based systems here.

But without the data, you can't get there.

Dr. HAGEN. Well, as far as how PHIS was built, I think it's important to remember that first of all, N–60 is not the only sampling program that we have. It's not the only sampling that we do to protect public health.

And the PHIS was really built on a wide variety of data sources. And in fact, we laid out this past fall a strategic data analysis plan, as well as our public health decision criteria. And both of those documents and those strategies were built largely on feedback that we received from the National Academy of Sciences about our approach.

Ms. DELAURO. Mm-hmm.

Dr. HAGEN. So while N–60 and the concerns expressed in the OIG report are certainly an important component of what we're looking at and what we're doing here, they're not the sole source of data, or the sole basis upon which we built PHIS.

But again, we take the recommendations very seriously, and there are some very important findings in that report that we we'll be moving forward to implement.

Ms. DELAURO. Final question. When do you anticipate making a decision as to whether or not you are going to take their advice and change the sampling system?

Dr. HAGEN. Well, we're already working on recommendations from the report. I mean, one we've come to consensus with them on, and we're looking right now at what those changes in a sampling program might be.

So I can't give you an exact time line, but I know that this is going to be something that's important to follow up with you on, and I commit to you that we'll do that.

Ms. DELAURO. Mm-hmm. Please. We would like to be notified about the recommendations that have been made, and what has been done to change the system.

Dr. HAGEN. Absolutely. And that would be our pleasure.

Ms. DELAURO. Thank you, Dr. Hagen. Thank you. Thank you very much for your indulgence.

RISK-BASED INSPECTIONS

Mr. KINGSTON. Well, thank you. And as you know, we're all interested in risk-based inspection from one angle or the other.

You know, one of the questions that I have as I listened to that is: I recall—and I know Ms. DeLauro does—that the testimony of Dr. Raymond about risk-based inspection, and how I think it was in 2007, they were very gung-ho it, and in 2008 kind of backed off it a little bit——

Ms. DELAURO. They didn't have enough information.

Mr. KINGSTON. Yes. And so what I'm concerned about is is this time frame, is this government bureaucracy moving slowly? Or is this smart science moving cautiously?

Dr. HAGEN. If I could just clarify your question, Mr. Chairman, are you asking whether we're still moving forward with the prior risk-based inspection proposal, and whether there's been a delay there?

Mr. KINGSTON. No. No. Are we moving slowly because of bureaucracy being indecisive? Or are we being cautious because of the science?

And I know both of you have a strong prejudice, and a good prejudice for science-based inspection. And you chair the Codex——

Dr. HAGEN. That's right, sir——

Mr. KINGSTON. And, Mr. Almanza, you've been out on the line in Texas, doing this stuff for a long time. So you have a good background, solid stuff that could really contribute to this.

But where are we? Are we going too slow? Or is this the right speed?

Dr. HAGEN. Well, I—that in terms of the Public Health Information System, this is not really just a data system, this is really an infrastructural change in the way that we approach the work that we do.

This is one of the most significant things that we've done in some time. And I think that in this case it is more important to get it right than to get it done quickly. So it is my opinion that we're moving at the correct speed.

We have had some really very, very valuable input from the National Academy of Sciences; we've taken a lot of input from the public; we have worked closely with our frontline inspection personnel, in terms of testing this system, getting feedback from them on what's working and what doesn't.

So I think that we are moving at the right speed here. I do think it's more important to get this right than to push it through too quickly.

Mr. KINGSTON. Now Dr. Hamburg with FDA said, I believe, to Mr. Farr and Ms. DeLauro the other day, talking about inspections in general, she said that you get to know who are the good actors and those who maybe need a little bit more scrutiny.

Do you agree with that? And is that helpful in designing risk-based inspection?

PUBLIC HEALTH INFORMATION SYSTEM

Dr. HAGEN. Well, to some extent, yes, I do agree with that. I think that what we're doing with PHIS is a bit more of a scientific approach than just knowing the good actors and the bad actors.

You know, we will continue to have a basic level of inspection. We are not looking to cut back inspection resources or attention to any given plant.

But what PHIS will allow us to do is decide, based on how plants are performing, who might need some additional look, who might need some additional procedures to look at how well their systems are working.

So yes, it is a matter of knowing the good actors and the bad actors. But I think there has to be a scientific framework and algo-

rithm behind how you decide who are the good guys and who needs a little bit more attention.

I don't know if Mr. Almanza has something to add to that.

Mr. ALMANZA. No, other than we have enough flexibility built into PHIS. And I think that goes to Congresswoman DeLauro's question, is: There is enough flexibility within the system. And we've taken a long time to build a system. And as a matter of fact some of the situations that we've dealt with along the way have caused us to make some changes.

And so I think both of you will be pleased with the end product, because it's not a matter of the day we implement PHIS. That's the way it is. There's going to be some flexibility, and that's the way the system was built.

FOODBORNE ILLNESSES

Mr. KINGSTON. In terms of the decrease, Listeria down 26 percent, Salmonella ten percent, E. coli 41 percent, what do you attribute that to? Did you break down why those decreases happened?

Dr. HAGEN. Well, we certainly think that in some significant part, it's due to the policies and procedures that have been put in place by this Agency and by other regulatory bodies, by the industry itself to provide controls——

Mr. KINGSTON. Do you know specifically which ones?

Dr. HAGEN. I can't tell you, Mr. Chairman, specifically, you know, which interventions or which policies have led to, you know, specific decreases.

I think also that we've done a very good job in consumer safety education. I think folks on the fork end of the farm-to-fork continuum are learning more and more about steps that they can take, as well, to avoid foodborne illness.

Mr. KINGSTON. But are you doing that because a 41 percent decrease in E. coli is significant, and we would be remiss if we did not figure out, "Okay, why did that happen? What worked the best? And how do we maximize that? How do we invest in that?"

So are you doing that kind of analysis?

Dr. HAGEN. One of the most important things I think that we can do is put metrics in place: How do we know that we have succeeded, and what has made us succeed? And that's something that we've been focusing on, with the President's Food Safety Working Group.

Mr. KINGSTON. Let me stop you a minute.

Dr. HAGEN. Mm-hmm.

Mr. KINGSTON. I'm a little bit flabbergasted by that. It's kind of, "Well, of course, we're looking into it, Mr. Chairman, you're damn right we are."

That's what I'm looking for.

Dr. HAGEN. I think that's what I was trying to say, sir. But one of the most important things that we can do is hold ourselves accountable to what works and what doesn't. We put metrics in place and we say how will we know——

Mr. KINGSTON. Because I think what we would be interested in as a committee is that, you know, short little white paper and say, "This is why foodborne illnesses went from 76 million to 48 million.

And here is what we did right, and here is what industry did right, here is what the consumers did right."

I think all that would be very, very important. And would think that that information is out there on somebody's desk right now.

Dr. HAGEN. Yeah, I think trying to put our finger on that kind of information is really very important too.

Mr. KINGSTON. Okay. Thank you. My time is expired.

Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. And thank you, Dr. Hagen, for being here.

H.R. 1 REDUCTION

In your testimony or that of Mr. Almanza, it points out that there are 62 hundred federally-inspected establishments in this country that you're responsible for?

Dr. HAGEN. Approximately, yes.

Mr. FARR. Well, Secretary Vilsack was here, and in trying to impress him on the fact that the House had already passed H.R. 1, which took our funding levels back to 2008. And although people in this town seem to think that that's just not a possibility that it will ever get passed, since then we've been cutting the federal at $2 billion a week.

And after today's vote, it will be $8 billion, four last time and six this time, $10 billion.

If you add up the number of weeks left, that's $2 billion a week. And the bottom line, you add 30 weeks left, that's $60 billion. That's H.R. 1.

And I don't know where in the Administration somebody is going to wake up and say there are consequences if we do this. And I'm hoping today you might talk about what those consequences might be, and with some passion that Mr. Kingston just talked about.

If, indeed, the federal responsibility is to prevent or check foodborne illness by all these inspections—we have 62 hundred federally-inspected establishments, and you pointed out what the workforce is. If we cut that budget back, your budget, back to 2008 levels, that's a reduction of $88.4 million and 8.7 percent below the 2010, and $106.8 billion, ten percent below the 2011 request.

You're going to have to furlough a lot of people.

What's that going to do to those 62 hundred federally-inspected establishments? I mean, many of them will be affected.

And what's it do—maybe you could share with us, because nobody's asked this question—is that as much as the private sector may complain about government regulation, they also need government inspection for purposes of assuring sort of quality assurance, health assurance;

But they also need that to buy insurance.

I mean, what's going to happen to the financial—if you lay off these inspectors, you can't inspect; facilities come to a grinding halt; the financial community pulls back and says, "We can't insure you if you're not going to have inspections."

Could you just discuss how serious this shutdown could be?

Dr. HAGEN. Thank you for your questions, Congressman.

As I mentioned before, our budget is largely about our people. So much so that 80 percent of our budget goes towards salary and

benefits of our employees, and the vast majority of that goes toward our frontline employees.

And as you point out, those 6,200 establishments cannot operate, unless our employees are there, doing their work. And their work really matters. And I think that the case that you set out demonstrates how much their work matters.

We're certainly looking at a number of scenarios. We don't know exactly what the impact on the industry would be. Each scenario that we look at, we look to minimize that impact. But the truth is, that this far into the year, there isn't a lot of wiggle room there.

So if we're looking at something like $88 million, that's definitely going to affect our personnel.

In one scenario, we have looked at a furlough lasting more than a month for all of our personnel. And that would impact every federally-regulated establishment. And we would certainly be looking at billions of dollars of economic impact there.

Mr. FARR. What's it do to the market? I mean, you know what—this is all about processing. We grow chickens and process them and slaughter them and feed them. There was over how many billion, did you say in your testimony of?

Dr. HAGEN. We have 147 million head of livestock in 2010 and nine billion birds.

Mr. FARR. Nine billion?

Dr. HAGEN. That's right, sir.

Mr. FARR. I can't even imagine how many that is a day. But it's significant.

Dr. HAGEN. It's very significant. And obviously if our slaughter and processing operations aren't working, producers don't have anywhere to send their livestock and their poultry.

So it's a significant impact that we would—

Mr. FARR. Have you gotten our message out? Because we're not hearing from them.

Dr. HAGEN. We're certainly working on trying to examine what the true impact to industry would be. We don't want to put out numbers that we haven't been able to fully vet and consider.

But I think, you know, the committee is aware of the numbers that have been provided to the Hill.

Mr. FARR. Yeah, the committee is. And I think, you know, you have seasoned members on the Appropriations Committee. We've been in Congress a long time, and many of us have been in other legislative capacities before we even got here.

But I do think there's a new freshman class that has very little public experience, and very little knowledge, frankly. I mean, that's really what lack of experience is, is just you don't get exposed to these things.

And I think that the Administration has been very cautious about telling the public what the implications are. And this stuff is real.

I mean, before the end of the day, we will have cut $10 billion out of this year's appropriation. And somewhere it's got to affect your Department. And I think in anything, if this sort of shockwave that's hit Congress, and this cutting in it, it ought to wake up America. And we have a job to do, is we've got to redefine what government does.

I mean, taxpayers are asking, you know, "Why would, should we pay for all these things?" And I think we owe them an explanation. And Congress isn't doing a very good job of it, because in many cases the people that are advocating the cuts most are the ones that have the least understanding of what the impacts are.

But certainly, those of you in professional roles, I think need to be much more articulate on the value of government services to industry, and the implications that indeed these cuts do matter, that there are consequences.

Because right now, I think the Administration's dealing with, "Ah, we can just absorb this stuff." And it can't.

You just told us you can't. Vilsack told us you can't.

I have some other questions next round. Mr. Chairman, thank you.

Mr. KINGSTON. Thank you, Mr. Farr.

Dr. Hagen, but aside from furloughs, what else are you looking at? And right now, you have not been cut. It is possible, though, that HR 1 gets passed in some form, and it will impact you.

But we're not sure right now. But what are your other options, besides furloughs?

Dr. HAGEN. Well, Mr. Chairman, Mr. Almanza and I, since the beginning of the fiscal year have been engaged in really looking at every opportunity to find efficiencies in our budget in fiscal year 2011.

And we've been looking at, you know, non-essential travel, we have been making tough decisions about hiring and back-filling. Things like that.

And we've been able to realize some efficiencies already in fiscal year 2011. I think our fiscal year 2012 budget proposal also indicates that we're committed to that as well. You know, we're cutting spending in a number of key areas.

But as I said, when you're talking about a cut the size that HR 1 puts forward, that size of a cut, when you're looking at the way our budget is structured and the inflexibilities that we have there, is not something that we can easily absorb.

But we'll continue to look for ways——

HAZARD ANALYSIS AND CRITICAL CONTROL POINT (HACCP) SYSTEM

Mr. KINGSTON. Well, let me ask you this. And Mr. Almanza, you may be able to answer this well, because I assume you were on the line when we passed HACCP. And HACCP was, as you know, to take us from carcass to carcass, visual inspection to microbial inspection. And the idea it would be far more effective, far more scientific, far more objective.

But it was also an idea that you would not need so many veterinarians on the line, but the veterinarian union protested any possible suggestion. As I understand it, Dr. Hagen, maybe just your COLA is something like $25 million.

I don't know—I mean, you've got a pretty significant payroll there. And HACCP was not supposed to be a dual inspection system, as much as a primary inspection system.

So do we have personnel on the lines that we don't need?

And I will say this. You know, they're not all saints out there. There are some obnoxious veterinarians, who like to swing their

weight around in some of these plants. You won't hear the stories. And that should brother all of us.

Because I've had plants tell me that. And then they will not let me do anything about it, because, you know, "No, no, no. Because we might win the battle and lose the war."

But I'd like to hear your opinion on that.

Mr. ALMANZA. Well, first of all, the Hazard Analysis and Critical Control Point System—HACCP—is not a different type of inspection. Basically it took the place of command and control. It added a lot of structure to what was back under what people used to call "poke and sniff" type of inspection, which was: The inspector would show up every day and pretty much go about his—if he focused on pre-op sanitation, that's basically all he did. And he might take a sample or two.

What HACCP did is it laid out a very structured way for them to perform inspection, and really removed a lot of the conflict between inspection and the industry.

And so I think that HACCP was very instrumental in providing that structure and creating a very streamlined way of how inspections should work.

Now are there inspectors where there shouldn't be? I don't think so. In fact, I do believe that HACCP has made us better, and PHIS will make us even better, where HACCP has kind of actually told us where we needed to be a little bit better.

So I do hear some of those stories that you mentioned, Congressman. And when I hear about those stories, I take action against those. And I think in my history as the District Manager, I demonstrated that I took swift action. I do not condone our inspection personnel being aggressive or swinging their weight around.

Because we need to provide our focus on food safety and public health, and those other things don't need to play into the picture in how we do inspections.

Mr. KINGSTON. Well, my time is up. But I do know that one of the reasons this committee pushed hard for HACCP in 1996, I believe, was to reduce some of the personnel costs, and put this a lot more in the laboratory than in the opinion.

But I sense that in the Administration, there is some maybe fear of unions, or you know, political decisions as opposed to strictly management financial decisions, when it comes to the inspectors on the line.

Mr. Bishop.

STATE INSPECTION PROGRAMS

Mr. BISHOP. Thank you very much. And greetings to you.

According to testimony, FSIS regulates intrastate commerce through cooperative agreements with the 27 states that operate meat and poultry inspection programs conducting reviews of the programs to ensure that they are at least equal to the federal program.

FSIS recently released the results of the annual review of the state program assessments, and—an on-site review of each state program, and determined that all of the states meet at least the equal-to standard.

Are there any states that exceeded the federal standard? And of those states which exceeded the federal standard, in what specific areas did they do better than the Federal Government? And give us any examples of innovation there.

Dr. HAGEN. Thank you, Congressman Bishop.

I'm sorry that I don't have an answer for you on any specific states that exceed the federal standard. But that is something that I'd be happy to take back to the Agency and provide for you, for the record.

[The information follows:]

FSIS determines whether each State MPI Program meets and can maintain for a period of 12 months, the mandated 'at least equal to' standard based on its annual review. FSIS's determination is based on a thorough review of the nine components of each state's program (statutory authority and food safety regulations, inspection, product sampling, staffing and training, humane handling, non-food safety consumer protection, compliance, civil rights, and financial accountability). FSIS does not determine the extent to which a program exceeds the 'at least equal to' standards.

Mr. BISHOP. Thank you. Thank you.

AUSTRALIAN MEAT SAFETY ENHANCEMENT PROGRAM

Recently, FSIS issued a notice that gives a green light to privatize inspection of all Australian beef, sheep, and goat products that are exported to the United States from Australia.

The inspection system in Australia removes most of the government inspectors from the slaughter land and replaces them with company-paid inspectors. And in this country, we imported nearly 563 million pounds of red meat products from Australia in 2010, making it one of the largest meat exporters to the U.S.

Is this practice consistent with U.S. law that governs inspections of imported food, particularly in terms of meeting the safety standards that are imposed here in the United States?

And can you tell us if there are any developed countries that do not accept the Australian Meat Safety Enhancement Program for their countries?

Dr. HAGEN. I'd like to take a shot at a general answer on that question and then I'm going to ask Mr. Almanza to provide a bit more specifics on the Australia program, Congressman.

As the committee knows, it is required by law that any country that's exporting meat or poultry products to the United States has a system that is equivalent to ours and we determine that equivalency through a rather rigorous process.

The Australia system that you describe is one that was found to be equivalent back in, I believe, 1999 and now they're looking to expand the system to a larger sector of the—of meat production there.

So I'm going to ask Mr. Almanza if he might be able to give a little bit more specifics about how that system will compare to what we have here.

Mr. ALMANZA. The system that Australia currently has, I went down and took a look at their inspection system and, in fact, they still have government inspectors that perform the food safety elements of their food inspection system. So they have government-paid inspectors and then they also have some company employees,

most of which are veterinarians, that go through a rigorous training program and are recertified on an annual basis.

So when we go and we do an assessment of their system and we try to look at the system as a whole and determine an equivalency or make an equivalency determination, we look at the role of the government inspector and what they provide in their expertise of what the system is like.

So, yes, I do think that it is a different system but it meets the equivalency determination that we have for inspection.

Mr. BISHOP. Doesn't it lend itself to possible head-turning if you got the company people doing the inspections for their own company?

Mr. ALMANZA. In the system in which I observed, because you have government inspectors at the beginning of the process and at the—actually, you had three. There was one at the beginning, one that was a roving inspector that could oversee the entire slaughter-processing part of the system, and then one at the end, so I didn't see that.

Mr. BISHOP. You didn't see what?

Mr. ALMANZA. Any head turning or anything that would—that I would say would lend itself to that.

Mr. BISHOP. Do you think that they knew that you were there?

Mr. ALMANZA. Oh, absolutely. But I've been in the——

Mr. BISHOP. They were on their best behavior when you were there, don't you think?

Mr. ALMANZA. Absolutely. But I've been in a few packing houses that both knew that I was there and didn't know but when you have three government inspectors that are—that have that type of oversight in a very small area, I didn't think that that was happening.

Mr. BISHOP. That's a lot of beef coming into the country and I just question whether or not that's satisfactory.

I think my time has expired. Thank you.

Mr. KINGSTON. I thank the gentleman. Ms. Lummis.

CONSOLIDATING FOOD SAFETY RESPONSIBILITIES

Ms. LUMMIS. Thank you, Mr. Chairman. When I was on the Agriculture Committee, it became apparent to me how much duplication there is in food safety inspections. I can remember in one hearing asking an FDA person if it didn't make more sense to move the food portion of FDA into Agriculture and allow the current FDA to concentrate on the controlled substance prescription drug aspects of its responsibility and they nearly had a cow then and there.

But I noticed that the GAO report makes some recommendations in that regard for consolidation and the duplication that occurs in food safety. For example, FDA makes sure that chicken eggs are safe, wholesome, and properly labeled while USDA is responsible for the safety of eggs processed into egg products.

So it does seem that there's some bridges to cross and chasms to jump for people who are producing agricultural products.

So my question is this. Which of the four structures for consolidation that the GAO report suggests analyzing do you think are the most viable? Do you have an opinion on that yet?

Dr. HAGEN. Thank you for your question, Congresswoman.

My opinion on the issue of consolidation of food safety is this. I think that consumers want and deserve a system that works and that works consistently to protect their families by allowing safe products to arrive on their tables and that when things go wrong, that the system is able to respond quickly and agilely to take care of those problems and limit the scope.

So whether we do that through one agency or two agencies or multiple agencies, I think, is a valid question for debate, but we do need a single purpose and that's to make sure that we're protecting American consumers and, you know, the President is well aware of this. This is why he started the Food Safety Working Group in 2009 to ask what does the system as a whole need to be thinking about to be moving forward. Where are the gaps? Where are the places that we all need to be doing better, and where are the obvious areas for cross collaboration?

So that's my general opinion on consolidating food safety. We need to have a single purpose and we need to do the job the American consumers expect us to do.

In regard to the four specific proposals, no, I wouldn't submit an opinion on that today.

Ms. LUMMIS. Okay. Do you expect to? I mean, are you analyzing it for purposes of prioritizing the options they put forward?

Dr. HAGEN. We're not specifically analyzing those four options at this point, but what we are doing is working to make sure that the system that we have in place for meat and poultry is the best that it can be and that we are collaborating at, you know, every and all opportunities with our colleagues at FDA and CDC and other agencies that regulate the safety of food.

FOOD SAFETY WORKING GROUP

Ms. LUMMIS. Is the Food Safety Working Group going to look at the GAO suggestions and prioritize it? Is anybody in the Administration going to look at the GAO recommendations or is it just assumed that the Administration will just see what Congress decides to do?

Dr. HAGEN. I'm certain that the Food Safety Working Group will be discussing the recommendations.

Ms. LUMMIS. How often do they meet?

Dr. HAGEN. We meet approximately once monthly and then there are sometimes more frequent meetings in between on specific topics.

Ms. LUMMIS. Who's there?

Dr. HAGEN. There are a wide range of folks. I am there. Mike Taylor from the FDA is there. Beth Bell is the principal from CDC, and then there are a number of other people there from the Office of Management and Budget and other agencies throughout the government.

Ms. LUMMIS. So is OMB essentially there because, as the White House—so there's a White House umbrella over what's being discussed or who's filtering—how's the information getting into the White House on this?

Dr. HAGEN. I want to be sure that I'm giving you the correct answer, so we can certainly submit more specifics for the record, but

I believe that through the Domestic Policy Council, that's how the information gets into the White House.

[The information follows:]

Information regarding the Food Safety Working Group gets to the White House through the Domestic Policy Council (DPC), which coordinates the domestic policy-making process in the White House, supervises the execution of domestic policy, offers advice to the President on domestic policy, and represents the President's priorities to Congress.

Ms. LUMMIS. Okay. May I ask another question?

Mr. KINGSTON. Yes.

Ms. LUMMIS. I know my time's about to expire. Thanks a lot, Mr. Chairman.

Mr. KINGSTON. If the three of us are interested in your question, you can ask it.

HAZARD ANALYSIS AND CRITICAL CONTROL POINT

Ms. LUMMIS. The next one is, you call it HACCP. Is that how the—okay. How does the increase for the HACCP inspections relate to the increase in the number of products under your jurisdiction? Is there any connection there?

Dr. HAGEN. I'm not sure I understand the question, Congresswoman. The increase in HACCP inspections?

Ms. LUMMIS. There's—in the budget, there's a $5.5 million increase to expand HACCP regulatory sampling——

Dr. HAGEN. For sampling?

Ms. LUMMIS. Yeah, yeah.

Dr. HAGEN. Okay.

Ms. LUMMIS. Now is my question making sense?

Dr. HAGEN. Yeah. I'm sorry. When you said inspections—yeah. So the $5.5 million increase is dedicated toward improving capacity in actually our laboratory sampling program and that's just, you know, pathogens evolve and we need to evolve, too, and so we're always looking to how we can add capacity when new methodologies need to be brought on.

We would like to do an additional baseline study. The baseline studies are statistically designed to allow us to calculate prevalence in certain pathogens in specific product classes. It's very useful information for us in setting policy, very useful information for the industry as they look to change their strategies for control. So that's what that $5.5 million increase is about.

Ms. LUMMIS. Okay. Thanks, Mr. Chairman, and I do have other questions, if we go to another round.

Mr. KINGSTON. We will.

Ms. LUMMIS. Thanks.

Mr. KINGSTON. Mr. Farr.

Mr. FARR. Thank you very much. I want to follow up with Mr. Almanza.

You came up through the system. You started off in a slaughter plant, right?

Mr. ALMANZA. Yes, sir.

STATE FOOD SAFETY INSPECTORS

Mr. FARR. I'm just curious because I really want to drill down on what the impact would be if we have to start laying off these in-

spectors because this committee and a lot of members have—Mr. Kingston has 15 regulated plants in his district. Mrs. Lummis has 22 in Wyoming, although you contract with the state to do the state inspections.

So the priority—I mean, I guess the question that nobody's asked in Congress is that you don't just have the authority to sort of go out and cherry-pick who you want to lay off. It's all based on employee regulations and union federal, you know, rights of employees.

So if you're going to have to lay off a lot of people, who goes first and what happens to these state contracts? Do the federal inspections or federal employees have higher priority than state employees?

Dr. HAGEN. Are you asking Mr. Almanza or are you asking me, sir?

Mr. FARR. I'm asking either one of you. It's more of a labor-management issue or is it not even made in your department? Is it made by personnel somewhere?

Mr. ALMANZA. Well, the state inspection is—there's different types of state inspection. We have the TA inspection which is a Talmadge-Aiken inspection which we fund 50 percent of those inspection activities in those establishments. Even though they're state inspectors, we fund 50 percent or pay 50 percent of those.

Mr. FARR. The state inspectors have all been certified that they meet the standards of a federal inspection?

Mr. ALMANZA. That's correct.

Mr. FARR. Because you wouldn't give them the responsibility to do that unless they could do the job as well as you can.

Mr. ALMANZA. That's correct. But to answer your question is, no, we could not cherry-pick. We would have to—it would have to be across the board and certainly we have a labor-management agreement with the union that we would also have to adhere to.

But in order to have that broad of an impact, it would pretty much have to be industry-wide and we couldn't say the small plants would operate or the large plants would operate. It would pretty much be straight across the entire industry.

STATE INSPECTION CONTRACTS

Mr. FARR. And that's what Secretary Vilsack said. It would have an impact on the facilities across the board.

I'm interested in this pecking order with these state contracts. Did you say, Mr. Bishop, that there were 22 states that have the contracts? So do the federal—you're laying off federal employees. What about these state contracts?

Dr. HAGEN. Well, the way that those—they're funded through cooperative agreements. As Mr. Almanza said, we fund up to 50 percent of their operating expenses and the various scenarios that we're looking at for large budget impacts, we would definitely have an inability to continue to fund those state contracts.

Mr. FARR. So it's up to the state whether they wanted to make up the difference or they would have to lay off whatever——

Dr. HAGEN. That's fair to say.

Mr. FARR. Okay. It'd be interesting to get that, what it would do across the country, because this gets serious when it happens in your own district, you know, not in my backyard.

INTERSTATE SHIPMENT PROGRAM

I have some questions. You have a lot of rulemaking that's stuck in OMB or the rules haven't been finished and you're behind deadline.

Do your—what are you doing to try to get those—I have a list of them, but I think you know them. I'm just generally talking about Federal-State Interstate Shipment Cooperative Inspection Program that was due January 1st. It's not done. The Salmonella Compliance Guide for Small and Very Small Meat and Poultry Establishments that Produce Ready-to-Eat Products that was due January 13th, Shigatoxin-Producing E. coli in Certain Raw Beef Products that was due January 25th, Not Applying the Mark of Inspection Pending Certain Test Results, Test and Hold due February 3rd. You're behind on getting those implemented.

Dr. HAGEN. You're correct, Congressman. We do have a number of things with the Office of Management and Budget that we would like to move through as soon as possible and we continue to be in regular contact with them. There are always questions about documents that go to OMB. So there's some back and forth there trying to get those questions answered and so we're just working to move those things through as quickly as we can.

Mr. FARR. Do you have any—obviously they'll enhance your inspection and not having them is is having some problems, I would think, because the law's out there requiring that these inspections be made.

Dr. HAGEN. Particularly on the Interstate Shipment Program, sir, we know that we really want to get that one moved. We are behind on that deadline and on the expectation of Congress on that issue. So we are optimistic that that will move in the very near future.

Mr. FARR. Okay. I have some equivalency determination issues with China and others and I'll ask that the next time around.

Thank you, Mr. Chairman.

Mr. KINGSTON. I thank the gentleman. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman. I'm sorry to be late for this important hearing this morning. I had conflicting scheduling and as I sit here still do with some of the other subcommittees.

H.R. 1 REDUCTIONS

We want to welcome you, Doctor, very warmly to our committee this morning and thank you for your testimony. I'm sure others have focused on this, but I wondered, you know, when Secretary Vilsack came up here, he commented briefly on the impacts of H.R. 1, but we didn't get any specific numbers at that time.

I'm wondering whether earlier in the hearing today you were able to provide us with how the proposed cut for H.R. 1 of $88.4 million below fiscal year 2010 levels and $60 million below the Administration's request for fiscal year 2011, how does that actually translate into food safety and your important responsibilities?

Dr. HAGEN. Thank you for your question, Congresswoman.

We have talked some about it this morning. I haven't given specific numbers because we're still looking at a number of scenarios, all of which we would—in all the scenarios, we would aim to minimize the impact on industry. However, since we are so largely salaries and benefits in our budget at FSIS, over 80 percent of our budget goes to salaries and benefits and the vast majority of that goes to frontline salaries and benefits, we are very limited in our flexibility in terms of what we can do with a cut that is that substantial at this point in a fiscal year.

So we have looked at a number of——

Ms. KAPTUR. And what percent, ma'am, is that of your budget?

Dr. HAGEN. That's just under 10 percent. It's probably about eight percent of our budget. So it's a big hit to absorb without a lot of time to manage it. We're certainly looking for every efficiency that we can in our budget but we're very concerned about the impact on our workforce that a cut of that magnitude would have. An impact on our workforce means an impact on the industry that we regulate because the industry cannot operate without our mandated presence every day. So we're looking at a significant impact to the industry.

Ms. KAPTUR. The amount, $60 million below the Administration's request for fiscal year 2011, as you look forward to 2012, what budget level are you proposing compared to, you know, flat increase/decrease compared to current operating?

Dr. HAGEN. So our budget request for fiscal year 2012 is actually $7.1 million below the fiscal year 2010 enacted budget. That includes $34 million of cuts.

Ms. KAPTUR. I know those couldn't have been easy decisions.

SMALL SLAUGHTER/MOBILE SLAUGHTER FACILITIES

I want to just quickly shift to another topic as I have time here and that is the issue of small slaughter and mobile slaughter facilities. I know that you've been doing some identification across the country of places that would possibly qualify here but you haven't provided the committee any documentation on the details of what is happening or staffing devoted to these facilities.

Do you have any plans to conduct further mobile slaughter outreach as you look toward 2012 and identifying some of these are probably state-inspected facilities or potentially could be? How are you—for instance, in a state like Ohio where we have a lot of small producers and they look at you as FSIS, what can they expect from you in terms of helping them deal with their diminishing slaughter capacity?

Dr. HAGEN. Congresswoman, we're very well aware of the importance of small and very small establishments, small and very small businesses to this economy and certainly small and very small establishments in the meat and poultry sector, and to that end we have really launched a number of efforts designed to support small and very small establishments.

We have an entire office dedicated to outreach to plants as well as education and that's really mainly targeted at small and very small establishments. We do—we have a small plant help desk that we launched in 2009, again dedicated specifically toward this portion of the sector, and mobile slaughter concept is a really exciting

concept that allows for small producers that may not have access to traditional federally-regulated slaughter establishments because of distance or other reasons to be able to slaughter their livestock and be able to apply that federal mark of inspection and it really potentially creates new opportunities for those producers. So we're very aware of how important that is.

We, in 2010, had a number of information sessions that we had throughout the country on mobile slaughter, how to get up and running, what does this mean, how do you apply for a grant of inspection. There are currently eight mobile slaughter units operating in the United States. There are none in your district, unfortunately, but it's something that we're very well aware and I'm certain that we'll be doing some more information sessions. We'd love to work with you to help your constituents understand how to navigate that system.

Ms. KAPTUR. And where do they go on your website or who do they talk to at USDA?

Dr. HAGEN. Well, we'll get that information to your staff, Congresswoman.

[The information follows:]

Small producers can find information about how to operate a mobile slaughter establishment under Federal inspection in the following Compliance Guide: http://www.fsis.usda.gov/PDF/Compliance_Guide_Mobile_Slaughter.pdf.

In addition, small plants can contact the Small Plant Help Desk's toll-free number at 1–877–FSIS–HELP or 1–877–374–7435. Staff is available 8 a.m. to 4 p.m. Eastern Time, Monday through Friday. Also, we're available 24/7 by e-mail. The e-mail address is InfoSource@fsis.usda.gov.

Moreover, a producer interested in setting up a Mobile Slaughter Unit and wants to start the process would need to contact our Office of Field Operations' District Office: http://www.fsis.usda.gov/ContactUs/OfficeLocations&PhoneNumbers/index.asp to request a Federal Grant of Inspection which is required for obtaining Federal meat and poultry inspection from FSIS. For Ohio, the District Office is located in Chicago, IL at 1919 South Highland Avenue, Suite 115C, Lombard, IL 60148, Phone: (630) 620–7474.

In terms of USDA grant/funding opportunities, Rural Development has provided funding for Mobile Slaughter Units in the past and your constituents should contact the Rural Development State Office and ask to talk to the Business & Cooperative Programs Director to discuss available options. Ohio's State Office is located in Columbus, Ohio and James Cogan is the Director of Business & Cooperative Programs at (614) 255–2420. For more detailed information on Rural Development in Ohio, you can have your constituent visit the following Web site: http://www.rurdev.usda.gov/oh/.

Ms. KAPTUR. All right. Do you have—a regular part of your budget then is programmed for that?

Dr. HAGEN. I believe so, yes.

Ms. KAPTUR. All right. Thank you, Mr. Chairman. Thank you so much, Doctor.

Dr. HAGEN. Sure. Thank you.

CATFISH INSPECTION PROGRAM

Mr. KINGSTON. Thank you. And I just want to clarify something. You had said $34 million in cuts, but there are actually $27 million in increases for a net decrease of about $7 million. We are very happy about that, but it is not—you know, the sentence is not complete, just saying $34 million in cuts.

And part of that cut comes from the infamous catfish inspection program. Do you have a—and you are eliminating that. Would that

mean that you would like that to go back to the FDA and maybe change the definition of Vietnamese Catfish, or are we going to open up that——

Dr. HAGEN. Congressman, thank you for——

Mr. KINGSTON [continuing]. That kettle of fish? [Laughter.]

Dr. HAGEN. I wish that I had a fish pun to come back to you with on that one, but I don't. And you are correct, of course——

Mr. KINGSTON. Fish around for a while, you will find something. [Laughter.]

Dr. HAGEN. Of course, we—and you are correct, we do not have a $34 million decrease in our budget request for 2012. It's a net decrease of $7.1 million.

But on the catfish rule, we did not ask for an appropriation in the fiscal year 2012 budget. And that is simply because we just published the proposed rule last month, and there are going to be a lot of comments and questions about this. There is going to be a lot of back-and-forth on this. And we have a number of public meetings we have planned. And we just did not think that we were going to be in a position to actually have the program up and running in fiscal year 2012, and just did not feel that we should be asking for an appropriation to do it.

We are still working—we have identified all these research needs. We are firming up how, you know, the sampling program will work, what the baseline studies are going to look like, things like that. So it is not that we have forgotten about the program, or intend to——

Mr. KINGSTON. You do not inspect any other sort of fish, correct?

Dr. HAGEN. That is correct, sir.

Mr. KINGSTON. Tilapia, for example, is bred domestically.

Dr. HAGEN. That is correct, sir.

Mr. KINGSTON. Just like catfish. But you do not inspect it?

Dr. HAGEN. No, we do not.

Mr. KINGSTON. I do not know, Mr. Farr, if we should just put a rider on the bill, just to see what happens on the definition of a catfish, but we will talk about that later.

And it almost brings me to eggs versus——

Mr. FARR. Would that be an earmark, Mr. Chairman?

Mr. KINGSTON. I do not know. I do not know that definition that would fall in.

And it almost brings me to eggs versus eggshells. But before we go there, what I wanted to ask you to do—because Mr. Farr and a number of Members have raised the issue of if H.R. 1 goes through as proposed—and so here are some of my questions.

HACCP INSPECTION MODELS

How many plants were you inspecting in 2008? Because you are inspecting 6,200 a day. Do you know what the increase has been?

Dr. HAGEN. That is information I want to make sure is correct, so let me get that for you for the record, if I will, Mr. Chairman—if I can.

Mr. KINGSTON. It seems unlikely that the number of plants would have increased during this——

Dr. HAGEN. It has not significantly increased.

Mr. KINGSTON. So that would be extremely relevant to this debate.

Dr. HAGEN. If I can get that information for you for the record, though—I do not know the exact number.

[The information follows:]

In FY 2008, there were 6,257 establishments in the United States.

Mr. KINGSTON. I think that would be something we would like to know, and any kind of technological changes in the HACCP program that has impacted it.

One of the things I am very interested in is the HIMP inspection models in 20 plants. And, as I understand it, it is faster for them, it has been more productive, and it has increased food safety.

Dr. HAGEN. The HACCP inspection model is currently in 25 plants. Those plants do run faster line speeds. And yes, Mr. Chairman, we have found that the sampling data from those plants indicates lower levels of salmonella contamination, overall.

Mr. KINGSTON. Because that could be something where we could all come together and work on something, because there is also the unintended consequence of the 25 plants that participate in that program have a competitive advantage over those who do not.

And so, we do need to move forward on that. And is that being done?

Dr. HAGEN. Well, it certainly—you know, as I have said before, we are looking at everything, at the way that we do business.

The first thing, the first question we have to ask is, are we protecting public health? Is it based on prevention of illnesses? And then certainly, you know, how are we spending our dollars, and are we doing this in the most efficient and responsible way for the American taxpayer? These are questions that we are certainly asking ourselves right now.

Mr. KINGSTON. Okay. Well, we are going to encourage you to continue asking that.

VETERINARIAN SALARIES AND BENEFITS

Also, in terms of your veterinarians, what is their starting salary, and what is their average salary, and what is their maximum salary?

Dr. HAGEN. I am not sure if we have that information. That sounds like something I would want to get for the record, as well. I do not know if we even want to take a crack at that——

[The information follows:]

The Public Health Veterinarians employed by the Food Safety and Inspection Service work a variety of hours and shifts depending on the regulatory coverage requirements at the specific plant to which they are assigned. The average salary and benefits in FY 2010 was $106,945.13 with salary and benefits ranging from a low of $74,631.70 to a high of $146,515.20. Our veterinarians are compensated for overtime worked at 1½ their hourly rate.

Mr. KINGSTON. And what do they do on their retirement? And how many hours a week do they work? And if they get overtime—and how that package compares to their private-sector counterpart. That would be of interest, I think, to us. Because it's relevant to this debate and overall efficiency.

And, okay, so let us talk shell eggs versus egg products. And getting back to Ms. Lummis's question—and we have all had that

question, and the President brought it up in his State of the Union, in terms of overlap—but you know what? My time has expired. I will leave that out there, but I would like you to answer them on my next round.

Dr. HAGEN. Okay.

Mr. KINGSTON. So, thanks. Mr. Bishop.

TRACEABILITY OF PRODUCTS

Mr. BISHOP. Thank you very much. Let me ask you about something more provincial for me. That is tomatoes. In south Georgia, north Florida, our tomato growers are still reeling from the FDA's salmonella recall a couple of years ago. In Georgia alone, our growers lost upwards of $14 million from tomatoes that were grown—in some cases already harvested—but which they could not sell, because consumers quit buying tomatoes on the recommendation of FDA and the CDC, although it really was not tomatoes, it was peppers from someplace else.

Nationwide, growers lost about $125 million from this. And under the Food Safety Modernization Act, it authorizes payments to producers for future government decisions which ultimately prove to be incorrect or ill-founded.

I certainly am interested in working with you to find a way to provide some help for our tomato producers who suffered past losses, given the remedial processes and opportunities that are set forth in the new legislation. I do not know how we can do that, but they are still reeling from that, and still suffering.

Under the new food safety legislation, FDA is required to establish, as appropriate, a product-tracing system to get information that will improve the capacity to effectively rapidly track and trace food that is in the United States, or that is offered for import into the United States. How do you expect this process to work for imported fruits and vegetables?

Dr. HAGEN. Thank you for your question, Mr. Congressman. While FSIS does not have responsibility for the safety of fruits and vegetables, we are responsible for the safety of the meat——

Mr. BISHOP. Meat.

Dr. HAGEN [continuing]. And poultry. So, while I cannot speak specifically to plans about trace-back in fruits and vegetables, I can tell you that trace-back, in general, is a really high priority for us. This is one of the things that we——

Mr. BISHOP. How about meats?

Dr. HAGEN. Excuse me?

Mr. BISHOP. How about the meats?

Dr. HAGEN. Yes, this is something that we have spent a lot of time talking about in the Food Safety Working Group. We have actually held two public meetings with FDA to look at what are the best trace-back systems and traceability methods available when things do go wrong.

Because, as I said, you know, our first priority is to prevent harm from ever reaching a consumer's table. But when things do go wrong, we need to be able to respond very quickly to identify the source of that contamination so that we protect consumers, but also so that we can wall off that sector, so that there are not producers

who are needlessly harmed by being lumped in with a group that are at fault.

So traceability, trace-back, is one of the key priorities for the Food Safety Working Group, and it is something that we are working very hard on at FSIS, as well.

STATE INSPECTION PROCESS

Mr. BISHOP. What is your view of the state role in food inspection, particularly given the expectation that continued budget reductions, and where the federal inspection footprint is largely dependant on your state partners? Are there ways that we can more effectively support the state inspection process, particularly in the area of training assistance to the states?

Dr. HAGEN. I think that the state inspection process is very important, and we continue to look for ways that we can best support them, not only the state inspection process, but also on the other end, the state investigative process. When things do go wrong, it is another place where we work very closely with our state counterparts. So we very much recognize the importance of the States in this process.

Mr. BISHOP. Over the years the Department, as well as the—and the State of Georgia really have worked together on food inspection activity. But given the fiscally restrained environment that we are in today, there may be ways to broaden and expand that cooperative relationship.

Our commissioner of agriculture for the State of Georgia has expressed an interest in building on our current relationship with the Federal Government. Are there any thoughts on where we may be able to build on existing synergies, or create new synergies, so that perhaps some of the overlapping functions with regard to inspection could be eliminated, and have a net efficiency, in terms of taxpayer dollars, both federal and state?

Dr. HAGEN. Well, without being specific, Mr. Congressman, I think that what you lay out is very important. We really do need to be—the last thing that we need is needless overlap. And I think we do need to be looking for efficiencies and ways to partner, and really leverage our presence and our resources whenever possible. And I think state inspection is one of those areas.

Mr. BISHOP. Is it possible to perhaps formulate some pilot programs in states that are willing to participate, and see if those pilot programs would be more efficient or be efficient enough to perhaps, at some later point, if they work properly, expand them?

Dr. HAGEN. Well, that is certainly something that we would love to talk more with you about and get your ideas on that, sir.

Mr. BISHOP. Thank you.

Mr. KINGSTON. Mr. Farr.

CHINA EQUIVALENCY DETERMINATION

Mr. FARR. Mr. Chairman. Are there any updates on the China equivalency determination?

Dr. HAGEN. Well, as you know, we—well, maybe you do not know this, so I will start again.

We had a team there in December of last year, looking at auditing both the processing and the slaughter establishments for

China, for poultry. China is not currently eligible to export any meat or poultry products to the United States. And up until the Agriculture Appropriations Act of 2010, we were not able to utilize resources to entertain or consider an equivalency agreement for China.

So, the audit has been complete, and our reviewers are still looking at those findings. And there is always some back-and-forth there after an audit has been complete. And we can certainly update you on that, as it goes forward.

Mr. FARR. How long does it take after the audit is complete?

Dr. HAGEN. That can vary. I think that we are probably in the finishing stages of looking at those comments.

There were two separate audits that went on, which makes this one a little bit more complicated, because we are looking at a determination for slaughter separately than we are looking at a determination for processing.

BRAZILIAN FOOD SAFETY EQUIVALENCY

Mr. FARR. In Brazil there is—it seems they have been having some difficulty meeting our food safety standards for meat products that they export to us. Every couple of years there is a major issue where we do not accept their meat products for one reason or another. The latest incident involved corned beef products that had excessive levels of animal drug Ivermectin. What is the FSIS doing to ensure that the Brazilian food safety system consistently complies with the equivalency status that we have accorded it?

Dr. HAGEN. Yes. There were problems with the drug Ivermectin in 2010, Congressman, and we delisted a number of establishments in May of 2010. There were two recalls for products coming in from Brazil in May and June. And Brazil actually self-suspended on May 27th.

FSIS sent a sizeable audit team into the country and was there for quite some time, and we did not accept any shipments of products coming from Brazil until December 28th of 2010, when we were satisfied, through this audit process, that they were again able to meet our requirements.

And specific to this drug, Ivermectin, part of our equivalency process is that we do repeat audits of countries. So we will be back there again, and looking at what they are doing, to be sure that the improvements that they have made have been sustained.

Mr. FARR. Well, the President will be there next week, and I hope he is not going to make that any more easier after what they have done to us with the dairy fine. We are spending a lot of money in that country without—taxpayer money—without any benefit out of it, just—Brazil's WTO case.

GROUND BEEF RECALL

You are currently in the process of working with Creekstone Farms to recall some 14,000 pounds of ground beef products that may be contaminated with E. coli O157:H7. Can you tell us how the contamination was discovered, and is there any trace-back beyond the plant to find out where the animals got the E. coli?

Dr. HAGEN. We are in the process of that recall. Creekstone recalled over 14,000 pounds of ground beef on the 8th of March. And

the problem was discovered through third-party testing. But we would be happy to give you some more specifics about that recall.

[The information follows:]

One of the firms that Creekstone Farms Premium Beef distributed ground beef products to conducted its own laboratory testing and found a positive for E. coli O157:H7 in that product. Creekstone was able to identify the time and date this product was ground and recalled all product that went through their grinder which could have been associated with the contaminated product.

Mr. FARR. Are you going beyond the plant, in seeing where it was produced?

Dr. HAGEN. We always—we trace back as far as we are able to. And I do not have any specifics for you right now on exactly where we are on that trace-back. We were able to at least determine that Creekstone Farms had a responsibility there, and we started there, and then we always try to get further back, because, you know, the further back you can get, the more consumers you can protect from harm.

Mr. FARR. Yes. With leafy greens, you go right back to the field. So it is—I would hope that you could—with animals, you might be able to go back to the producer.

That is the only questions I have right now. I will submit some others for the record.

Mr. KINGSTON. Well, thank you, Mr. Farr. This might be my last round, too. Mr. Bishop, you need another round?

Mr. BISHOP. No, I am fine.

PLANT INSPECTIONS

Mr. KINGSTON. Now, unfortunately, we have been joined by the gentleman from catfish territory in Mississippi, so I need to tell him I already covered the question, but I know he is not going to be convinced.

I did want you to know this. I looked at your testimony, or—well, I looked at some numbers that, in 2008, there were 6,278 plants, and now there is 6,282, a difference of 4 plants. Are—so, actually, there is—I have it flipped around. There are four less plants today than there were then.

And the reason why I say this is we do not—you know, each side always likes to say the sky is falling—both sides. And I think it is very important for us on this, where there is bipartisan concern, to make sure that we are really talking on, you know, a fact-based level, because we do want to work with you on that. And on that regard, by the way, there is 356 Talmadge-Aiken agreements.

One of the things I wanted to mention is I visited your operation in Athens, Georgia. It is fascinating. And I would recommend that all of your labs invite Members of Congress to go visit and just spend a few hours with them. Because the work that you are doing is incredible, and most Members are not exposed to it, particularly people who are not on this committee. You do not need me to tell you how to handle your politics, obviously, but it is just something that—I think your plants sell your mission so well, your laboratories.

All right. So you want to talk eggs?

Dr. HAGEN. Let's talk eggs, sir.

FOOD SAFETY CONSOLIDATION

Mr. KINGSTON. And the GAO report. Talk to me a little bit—is that something that should be consolidated or changed?

Dr. HAGEN. So you are asking again about whether food safety should be consolidated?

Mr. KINGSTON. Well, is that an example where it is awkward, or does that work fine, as far as you are concerned?

Dr. HAGEN. I do not know that it works fine, Mr. Chairman, and with the example in particular. And since that recall, all agencies involved have been spending a lot of time talking about how do we make that make more sense, and particularly since there are a number of agencies that had a presence in that plant, and had an opportunity to make observations and to make a difference while that was all going on.

So, that is really where we are focused on after the egg recall is, if we are there, how can we kind of leverage our presence and help other agencies that are there doing their job, whether it is FDA or whether it is FSIS or the Agricultural Marketing Service or even OSHA that is there, making observations?

But to your—you know, to the general question about consolidation of food safety, I think people have talked about this for a long time. As I said earlier, I think that our priority needs to be to have a single purpose, that this system needs to be seamless to the American consumer. Consumers should not have to worry about which agency regulates which product, they should just know that the products are safe, and that we are doing our best to protect their families.

I certainly acknowledge that during a time when everybody in Congress and everybody across government is looking at how do we best spend our resources, that this issue will get more attention than it has in the past.

Mr. KINGSTON. Okay. Let me give you a couple more for the record, and I will yield to Mr. Nunnelee. But I want to ask: is industry sufficiently at the table? Because you know, while this is a job to many people in the industry, you know, if they have one food recalled, sometimes it can be death to their plant.

And so, are they sufficiently at the table working with you, and particularly on where there could be overlapped—and some efficiencies?

Dr. HAGEN. Yes, you are absolutely right, Mr. Chairman. Industry can be impacted by a single recall. That can have a tremendous impact on an individual plant or an entire industry, and we are certainly well aware of that.

Although industry is not an official part or member of the President's Food Safety Working Group, they have been involved in a lot of our discussions and in the listening sessions that we have had at the White House. And FSIS will continue to seek input from the industry, as we move forward on our policies.

INDUSTRY ADVISORY COMMITTEES

Mr. KINGSTON. Do you have any kind of industry advisory board at any level, on a state level, a district area, or——

Dr. HAGEN. Well, we do not exclusively have an industry advisory board. We do have two advisory committees: the National Advisory Committee on Microbiological Criteria for Foods; and then we have a National Advisory Committee on Meat and Poultry Inspection. And in both of those advisory committees, the meat and poultry industry are represented.

As well, there is a group that is advising the Ad Council, as we work with them. They are not an advisory committee, but they are advising the Ad Council as we move forward with our ad campaign about safe food handling, because we think it is important to have the industry have some input there, as well.

Mr. KINGSTON. Okay.

Dr. HAGEN. So we do not have exclusive boards, but——

Mr. KINGSTON. All right. Now, my time is about up. Mr. Farr, I am going to submit some questions, but there are a couple of them that I know he may be interested in.

One of them I wanted to get from you for the record. Talk to us a little bit about Argentina and how that is going, in terms of if you are hooked in with them the way you have been involved with Brazil.

And then, number two, it ties into that on Codex, and your leadership in that. I would like to know how that process is going.

And number three, Mr. Farr brought up the idea of dockside inspection of cocoa beans. And one of the things that you do on imported food is decide—or you inspect some of this food. And I would like to know where and when, because it seems like the inspection of cocoa beans by the FDA is unreasonable to make it dockside because it is not processed on the dock. And the issue involves impurities in it. And Mr. Farr brought it up the other day, but I would be interested on that—not on cocoa beans, because I know they are not your jurisdiction, but on, you know, where and when is it appropriate on imported food.

And then, finally, I would like to know the integrity of dog food and pet food in general, because I know that that is a voluntary program, that is something that is close to Mr. Farr's heart. But you go in and you look at dog food and there are 15 different varieties, and the vets often say you got to use this kind and not use that kind. And I was just wondering what—you know, if they say they are chicken and rice, are they really chicken and rice? Are they chicken, sawdust, and rice, or whatever?

[The information follows;]

As of March 15, 2011, there are no food safety concerns regarding the FSIS-regulated products that are eligible for export from Argentina to the United States, which only include processed meat products. In order for any foreign country to export any FSIS-regulated product to the United States, FSIS must first deem a foreign government's food safety system to be equivalent to the U.S. system. FSIS then conducts audits of that system to ensure that it continues to be equivalent. Finally, when product enters the U.S. through import facilities, it is re-inspected by FSIS.

USDA strongly supports science-based food safety standards in Codex as the best way to foster food safety and security, as well as to promote fair trade. USDA also continues to support the funding of the U.S. Codex Office at a level consistent with the expectations of Congress. The U.S. Codex Office is administratively located in FSIS, and serves the vital dual functions of: 1) preparing the U.S. Delegations to advance effectively the U.S. national interests at Codex meetings and 2) building collaborative relationships with delegates from other countries in order to ensure that we achieve our common objectives at those Codex meetings. Through the operations of the U.S. Codex Office, USDA is able to ensure that the United States continues to play a leadership role in Codex.

As I mentioned earlier, in order for a foreign country to export product regulated by FSIS (meat, poultry, and processed egg products) to the United States, FSIS must first deem a foreign government's food safety system to be equivalent to the U.S. system. After establishing the equivalence of a nation's system, FSIS conducts audits of that system to make sure that it continues to be equivalent. Finally, if and when product enters the U.S. through import facilities, it is re-inspected by FSIS. Re-inspection includes product examination and random testing for microbiological and chemical contaminants.

The Food and Drug Administration regulates all pet food and pet food labeling, subject to the Federal Food, Drug, and Cosmetic Act (see 21 CFR 113). However, FSIS performs voluntary reimbursable inspection, certification, and identification services for facilities that produce certain food that is intended for consumption by dogs, cats, and other carnivorous animals. A USDA legend is applied to their products if the products are comprised of parts that have been inspected and passed by FSIS (see 9 CFR 355.2(i)). This certified pet and animal food must be comprised of specific percentages of meat or poultry or meat or poultry by-product or both, among other nutritional requirements, which vary depending on whether the product is: 1) canned or semi-moist certified maintenance food, 2) canned or fresh frozen certified supplemental animal food, or 3) canned certified variety pet food.

Mr. Nunnelee.

CATFISH PROPOSED RULE

Mr. NUNNELEE. Thank you, Mr. Chairman. I apologize for coming in late. I have had a couple of other things going on. And I can follow up with you on the details, but I do want to at least go back and talk about the catfish question.

We like catfish in Mississippi. So you guys have got a proposed rule out, but we have not finalized the definition for catfish yet. Can you tell me about that?

Dr. HAGEN. That is correct, Mr. Congressman. We have not finalized the definition. The proposed rule included two alternatives, one that would be a narrower definition, and one that would be broader. It turns out defining catfish is far more complicated than any of us ever anticipated. There are over 3,600 varieties that could be considered catfish. And this was something that we thought that it was very important to get a really good cross-section of input on. That is why the definition was left open in the rule. It will not be left open in a final rule, though.

Mr. NUNNELEE. All right. So while this is going on, apparently the President's budget request eliminates all funding, $15.3 million, for the enforcement of this. Is that correct?

Dr. HAGEN. Let me reassure you, Mr. Congressman, that not asking for the money is just a reflection of our—of the fact that we know that the program will not likely be up and running by fiscal year 2012. It took us to this point to get a published rule, a published proposed rule. We expect there are going to be a number of public meetings. We expect ample public comment and input on this proposed rule.

And, therefore, we did not ask for funding in order to implement it, because we do not feel there will be an implementation phase in fiscal year 2012. But we remain committed to enacting the will of Congress on this. I can assure you of that.

Mr. NUNNELEE. So when do you anticipate having the program up and running?

Dr. HAGEN. Well, you know, notice and comment rule-making can vary. And it depends on the nature of the feedback, and how much feedback that we get. So I know that everybody always wants specific time lines on these things, and I cannot provide that for you today. But we will move through the processes as expeditiously as possible.

Mr. NUNNELEE. Can you give me a window?

Dr. HAGEN. Well, I can tell you that we do not think it will be up in fiscal year 2012, sir.

Mr. NUNNELEE. Do you think it will be up in fiscal year 2013?

Dr. HAGEN. I am hopeful, yes.

Mr. NUNNELEE. Okay. All right. Thank you, Mr. Chairman.

Mr. KINGSTON. Does the gentleman want to have it inspected by FDA?

Mr. NUNNELEE. Absolutely.

Mr. KINGSTON. You do? To go back to FDA, and not USDA?

Mr. NUNNELEE. Oh, I thought it was—I am still learning.

Mr. KINGSTON. Okay. Well, we will—believe me, when she says there is 3,600 varieties of catfish, I think we examined at least

3,500 of them, trying to figure out that definition. But—and apparently it is the ones that come from Thailand and Vietnam that are the biggest issue.

Mr. NUNNELEE. That is right. Those are the ones that we are fearful of.

Mr. KINGSTON. Well, we feel that same way about Vidalia onions, because if you want a good catfish you have to put a Vidalia on it, and not a Walla Walla onion. [Laughter.]

Mr. Farr.

Mr. FARR. I love origin labels.

Dr. Hagen, thank you for being here today. It has been an interesting discussion.

RENDERING PLANTS INSPECTIONS

I think some—a couple of questions. Do we—does your agency inspect rendering plants?

Dr. HAGEN. Do we inspect rendering plants? No, we do not, sir.

Mr. FARR. I mean doesn't dog and cat food come from rendering plants, as well?

Dr. HAGEN. I guess the answer is that some of it—yes. And the FDA inspects rendering plants, sir.

Mr. FARR. Right, okay. So all of——

Dr. HAGEN. On a voluntary basis.

Mr. FARR [continuing]. Pet food is done by FDA? I will ask them that question.

Mr. KINGSTON. Well, they—excuse me——

Dr. HAGEN. There is a voluntary——

Mr. KINGSTON. You have a voluntary program for——

Dr. HAGEN. Right.

Mr. KINGSTON [continuing]. For pet food.

Dr. HAGEN. There is a voluntary—at FSIS, yes.

Mr. FARR. Because I heard that, actually, so many carcases get into rendering plants, and then the pet food industry buys it. And you—in effect, they are feeding back——

Dr. HAGEN. Well, this sounds like this is something that is very important to you, Mr. Congressman, and I want to make sure that we get you the correct answer. So if I could submit that for the record, I would be happy to do so.

[The information follows:]

FSIS voluntary reimbursable inspection services (9 CFR Part 355) provides for the inspection, certification, and identification of pet food. This certified pet food is product intended for consumption by dogs, cats, and other meat-eating animals. The Food and Drug Administration (FDA) regulates all other pet food that is subject to the Federal Food, Drug, and Cosmetic Act (FFDCA). Pet food cannot be manufactured in a federally inspected plant at times other than the official hours of operation. The manufacturing of uninspected products, such as pet food, is limited to those hours during which the establishment operates under Federal inspection (9 CFR 318.12(a)). Finally, under 9 CFR 318.12(a), dog food and other uninspected products may be manufactured in the same department as edible FSIS regulated product, provided that: (1) there is sufficient space and adequate equipment allotted to the production of pet food so that it in no way interferes with the preparation of, and in no way commingles, contaminates, or adulterates, inspected product intended for human consumption, (2) separate equipment is used for production of the pet food if necessary to avoid adulteration of inspected product, and (3) pet food must be produced under the same sanitary conditions as the edible product to avoid the creation of insanitary conditions. If the manufacture of the uninspected pet food in the same facility interferes with the preparation of, poses a food safety hazard to, or could result in adulteration of the inspected product, shared use may be denied. In that situation, separate equipment must be provided for the uninspected articles in accordance with 9 CFR 318.12(a). Pet food manufacturing is subject to the FFDCA.

Mr. FARR. Thank you. I would appreciate that.

And another thing, Jack, I just want to point out that, you know, in these cuts you talk about, that if they had the same plants in 2008 that they have now, and therefore they ought to be able to live on 2008 budget, the problem is you are asking them to do this in the next few months. I mean it is essentially then double the effort, you have six months left, and so you have to do twice as many—the impact is, like, twice the cut. So it is not just going back to 2008.

But I do think that all of the Administration needs to more articulate what the impacts of these cuts are. Because Congress has to—we have to make some tough decisions. And if we cannot get good answers, it is easy to cut.

Dr. HAGEN. Thank you, Congressman. I will take that feedback back to the Department.

Mr. FARR. Thank you. Thank you, Jack.

Mr. KINGSTON. Thank you, Mr. Farr. And we do, again, you know, in this sky-is-falling Washington culture, feel that this is something that is of utmost importance to both parties, to make sure that it is done right and well. So, when some of these questions are being asked by one side, it does not mean they are not a concern of the other side.

Mr. Nunnelee. Do you—well, with that, this committee stands adjourned, and we certainly appreciate the panel for participating today.

Dr. HAGEN. Thank you, sir.

Hearing on USDA Food Safety Inspection Service

Questions for the Record
Chairman Jack Kingston

Increased Sampling

Mr. Kingston: FSIS' FY 2012 budget seeks a $5.2 million increase for increased sampling. Of this $5.2 million, $3 million is for the construction of more laboratory space to support the necessary throughput, $1.5 million for increased sampling and then another $700,000 for sampling of Non-O157:H7 STEC.

Mr. Kingston: Your testimony states that FSIS collects and analyzes 125,000 samples per year. It is not clear from the budget request, but what would the additional $2.2 million buy? How many additional samples and for which ones?

Response: This funding would be used to purchase expendable testing supplies and reagents to conduct the laboratory analyses for 29,000 additional samples. The additional samples would include: 10,000 *Campylobacter* samples, 8,000 *E. coli* O157:H7 samples, 5,000 *Listeria monocytogenes* samples, and 6,000 *Salmonella* samples.

Mr. Kingston: What does FSIS expect to achieve with increased sampling levels, especially as it relates to comments made by the OIG's report entitled: "FSIS Sampling Protocol for Testing Beef Trim for E. coli O157:H7"?

Response: Increasing the number of samples will improve the precision of our national prevalence estimates. For *E. coli* O157:H7 in particular, the proposed sampling increase would allow us to significantly improve the probability of detecting failure in an establishment's Hazard Analysis and Critical Control Point (HACCP) system, minimizing the likelihood of contaminated product going into commerce.

Mr. Kingston: Why can't FSIS use additional lab space in one of its three labs instead of building new lab space? Also, how can FSIS contract out to build new lab space and then use the lab space in the same year to handle any increased sampling?

Response: Because there is no unutilized laboratory space at any of the existing FSIS facilities, FSIS is proposing to retrofit or equip space that is currently available at General Services Administration- or Agricultural Research Service-owned buildings to accommodate the increased sample load.

Developing (retrofitting or equipping) the current infrastructure is much more efficient than constructing a laboratory. It is our expectation that retrofitting the physical plant will allow for a continuous phase-in of the analytical capacity. We do not expect to wait until the entire laboratory facility is retrofitted before beginning operations. For example, as soon as the space is ready to expand our *E. coli* testing, we can take more samples for that program while other sections are being updated to expand the work space for *Campylobacter*, *Salmonella*, or *Listeria*.

Food Emergency Response Network and Homeland Security

Mr. Kingston: FSIS has proposed a decrease of $9.7 million for homeland security efforts. Part of this decrease is associated with a reduction of $3 million for lab capacity. On the one hand the Agency is seeking a $5.2 million increase to "expand regulatory sampling" but on the other hand FSIS is seeking reductions for lab capacity.

Mr. Kingston: First, can you assure me that your FERN plan is sufficient to respond to the testing needed in the event of an intentional or unintentional contamination of the food supply?

Response: In conjunction with the capabilities of our three laboratories, FSIS is confident that funding State and local partner laboratories at the FY 2009 level will maintain surge capacity throughout the FERN laboratory system should a large-scale intentional or unintentional contamination event involving meat, poultry, or egg products take place. FSIS has worked since FY 2002 to improve the overall security and capacity of its three regulatory sampling laboratories. We have completed the capacity-building phase of these efforts and have begun the maintenance and operational phases, which require considerably fewer resources.

Mr. Kingston: Secondly, for nearly 10 years, FDA and FSIS have claimed that they are working side-by-side in managing the FERN network? What work is being done by both agencies? Can you assure me that the two agencies are reducing any duplicative efforts?

Response: FDA and FSIS have been leveraging and coordinating FERN program support activities. Together, we have eliminated duplicative efforts by collaborating on joint training programs, proficiency programs, and targeted surveillance programs; FDA-FSIS table top exercises; training conferences; and FERN activations; to respond to food emergencies.

Mr. Kingston: Can you explain why FSIS is proposing to decrease "lab capacity" while requesting an increase of $3 million to expand and build-out laboratory space for increased sampling?

Response: The $3 million increase in funding is for daily, ongoing FSIS regulatory sampling. The $5.6 million offset related to laboratory capacity is a result of the fact that we have completed improvements the overall security and capacity of our three regulatory sampling laboratories to prepare for food emergency response, and have begun the maintenance and operational phases, which require considerably fewer resources.

Eliminating Ineffective Regulations

Mr. Kingston: FSIS, like any other regulatory agency, develops regulations in order to reduce or eliminate the cause or source of a problem. In FSIS' case, you institute regulations or policies because you think these additional rules will fix the problem - that is, your additional rules are necessary because you believe they will have an effect on the rates of salmonella, e.Coli and make fewer people sick.

Mr. Kingston: How do you currently evaluate or track the impact of each of these regulations to know if they are successful? If you do not track the impact now, do you have any plans to systematically track the success of regulations in the future?

Response: FSIS evaluates the impact of its regulations by examining public health and other scientific data and by carrying out retrospective reviews, including economic analyses, of its regulations. With regard to policies aimed at controlling pathogens, FSIS believes that success is measured by reductions in product contamination, fewer positive tests of product for pathogens (such as *Salmonella*, *E. coli* O157:H7, and *Listeria monocytogenes*), and ultimately, reductions in human illnesses. FSIS evaluates the results from its verification sampling programs on an on-going basis to measure the industry's ability to control pathogens in meat, poultry, and processed egg products. Pathogen verification results are used to calculate volume-weighted percent positive rates. FSIS monitors trends and takes appropriate action when pathogen reduction goals are not met.

To evaluate the effectiveness of regulations and policies implemented by FSIS, as well as monitor the progress made through the issuance of FSIS policies, FSIS routinely analyzes and reports data from testing and other verification activities. In addition, FSIS reviews regulations that the Agency believes would have a significant economic impact on a substantial number of small businesses. For example, FSIS conducted a thorough review under Section 610 of the Regulatory Flexibility Act of the Pathogen Reduction/ HACCP regulations and made the report available on its website in 2007. In the future, FSIS plans to conduct more Section 610 reviews of rules that it believes have had a significant economic impact on a substantial number of small businesses, such as the "Prohibition of the Use of Specified Risk Materials for Human Food and Requirements for the Disposition of Non-Ambulatory Disabled Cattle and Meat Produced by Advanced Meat/Bone Separation Machinery and Meat Recovery Systems (AMR)." The Agency will consider the results of these reviews as part of its overall evaluation of the effectiveness of existing regulations and policies, and use these results to inform the development of new policies.

Mr. Kingston: In light of the Administration's commitment to eliminate unnecessary regulations, is FSIS also committed to eliminating those regulations that do not demonstrate effectiveness?

Response: Yes, FSIS is committed to eliminating regulations that do not demonstrate effectiveness. Similarly, FSIS is committed to eliminating regulations that are overly prescriptive and do not allow sufficient flexibility for production of meat and poultry products.

For example, FSIS recently revised its regulations to allow more flexibility concerning the use of air inflation in the production of meat products. FSIS is also considering revisions to its import and export regulations to provide more flexibility to importers and exporters concerning the submission of information to FSIS while ensuring the safety of the products.

Also, FSIS is participating in a government-wide effort to review its existing regulations, in accordance with Executive Order 13563, "Improving Regulation and Regulatory Review."

FSIS Budget Reduction for Streamlining Operations

Mr. Kingston: The FSIS budget proposes to cut $4.5 million and reduce 37 positions by streamlining agency operations.

Dr. Hagen, as I mentioned earlier, I am encouraged by the effort that the FSIS budget puts forth in trying to reduce spending on some programs and offices in order to pay for higher priority increases. The first decrease that I would like to focus on is the $4.5 million cut that would streamline operations. The budget says that the agency worked with an independent contractor and that your assessment of that report has identified 37 positions that can be eliminated by improving supervisory control, managing reduced workloads, and eliminating senior-level analyst positions that are no longer required. Please expand on the independent contractor study that led to the Agency's analysis that 37 positions could be eliminated.

Mr. Kingston: Why was the independent study done?

Response: The independent study was conducted as a response to an FY 2009 Office of Management and Budget (OMB) passback directive requiring FSIS to conduct a "review of administrative and headquarter staff efficiency."

Mr. Kingston: Does the FSIS plan to do anything similar with frontline positions, or is there anything being done that would help focus on the true cost, and more importantly streamlining of the inspection operation?

Response: As you pointed out, FSIS has identified 37 full-time equivalent positions that can be eliminated by refraining from backfilling open positions resulting from attrition, restructuring functional areas to streamline operations, and consolidating staff and resources to eliminate redundant positions, saving the Agency an estimated $4.5 million. However, none of these positions are frontline positions.

FSIS is exploring an initiative - the Poultry Slaughter Rule (PSR) - that would streamline slaughter inspection in young poultry slaughter establishments. The PSR could free-up on-line positions and in-plant supervisory positions by permitting the redirection of FSIS inspection program personnel from postmortem activities at fixed points in young poultry slaughter operations and allow these personnel to conduct additional, more critical, public health-related activities elsewhere in the operations. However, FSIS inspection program personnel will continue to be present at all times for slaughter operations, as required by law.

HACCP Based Inspection Model - 12 year pilot program

Mr. Kingston: Public health benefits - FSIS conducted a large retrospective study on the impact of poultry slaughter line speed on Salmonella incidence. Over a three year period (2006-2008), FSIS found that the incidence of Salmonella in samples from establishments under the HIMP pilot was lower, on average, than samples from non-HIMP plants, regardless of line speed. Even setting aside the line speed issue (which drives plant productivity and reduces operating costs), these findings suggest that the HIMP model reduces public exposure to Salmonella and indicates a higher level of process control within the HIMP plants which has overall public health benefits.

Reduced costs to industry -- FSIS has a waiting list for poultry plants requesting to participate in the HIMP pilot. Participating plants have been able to increase their productivity, with a concomitant decrease in price per pound production costs. The twenty plants in the HIMP pilot, therefore, have a competitive advantage over their competitors, an advantage that the agency's current regulations protect.

Public savings -- Implementing a new slaughter rule for young poultry will permit redirecting FSIS inspection program personnel from certain activities at fixed points in the operation and allow these personnel to conduct additional, more critical, public health related responsibilities. In transferring the carcass sorting function to the private sector, the agency could see a reduction of approximately 562 on-line positions as well as the elimination of approximately 80 other-than-permanent staff years. If implemented at the beginning of fiscal year 2012, FSIS could find savings of $20,535,000 in 2012 and future years. The agency also anticipates savings (not included in the estimate) from workers compensation as the repetitive stress injuries associated with sorting carcasses are reduced.

The FDA testified last week and the Committee had a few opportunities to discuss the new Food Safety Modernization Act. As part of this new act, regulated food companies will be required to develop Hazard Analysis and Critical Control Point (HACCP) plans. FSIS obviously required HACCP plans with their final rule back in 1996. Shortly after this final rule, FSIS started a pilot program for poultry slaughter - what it called HACCP Based Inspection Model Program (HIMP). Over 10 years later, this pilot program is still in effect for 20 or so poultry plants.

Mr. Kingston: Based upon what you have learned over the years, is this inspection model more efficient? If so, why?

Response: Yes, this inspection model is more efficient because the system allows inspection program personnel more time to conduct off-line, food safety verification procedures, such as pre-operational and operational sanitation verification and other food safety verification activities, such as pathogen testing.

As authorized under existing regulations, FSIS sorts the carcasses by visually discerning both food safety/animal disease conditions and non-food safety defects and then directs the establishment to remove these defects and visible contamination from the carcasses. Under the HACCP Based Inspection Model Program (HIMP), the establishment sorts carcasses and removes the defects before FSIS inspects them. Then, a single on-line inspector conducts a visual appraisal of every carcass on the line with a more focused evaluation of food safety conditions. Fewer on-line inspectors frees up more Agency resources and inspector time for the off-line activities described earlier.

Mr. Kingston: Can you tell me how HIMP plants perform compared to the other poultry plants?

Response: Overall, HIMP broiler establishments have had lower *Salmonella* rates than non-HIMP broiler establishments. As shown below, HIMP establishments decreased their *Salmonella* rates when the percentage of

positive results in other establishments increased to 16.9 percent in 2005. FSIS has presented these data in several forums, including a public meeting in August 2007. The following chart has been updated to include 2008-2010 data.

Percentage of Regulatory Samples Positive for *Salmonella* in Young Chickens (Broilers) (HIMP versus Non-HIMP Establishments)

Year	HIMP Establishments	Non-HIMP Establishments
2001	8.4%	13.0%
2002	7.0%	13.3%
2003	11.1%	13.3%
2004	10.9%	14.1%
2005	10.5%	16.9%
2006	8.9%	11.7%
2007	5.4%	8.5%
2008	3.9%	7.4%
2009	4.7%	7.5%
2010	4.8%	6.7%

Source: USDA/FSIS.

Mr. Kingston: If there are some benefits to these plants, is USDA willing to expand this model? If not, why not?

Response: FSIS is considering a new system that would streamline slaughter inspection in young poultry slaughter establishments, based on its experience in HIMP establishments.

Pay Increase and New Staff for PHIS

Mr. Kingston: I noticed in your testimony, you state that FSIS is requesting $3.6 million for Public Health Information System (PHIS) staffing costs. This increase includes the addition of 40 new consumer safety inspectors that will have increased responsibilities.

Mr. Kingston: Since FSIS is supposed to implement Public Health Information System (PHIS) in FY2011, has the Agency already made a commitment to the 90 Consumer Safety Inspectors (CSI) who are now charged with carrying out increased responsibilities?

Response: Under PHIS, FSIS Consumer Safety Inspectors (CSIs) will perform a new inspection task, a Hazard Analysis Verification (HAV) of the establishment's food safety system in accordance with FSIS Directive 5000.1. Thus, the Agency will be upgrading CSI positions to the GS-09 level as result of this new inspection task.

Mr. Kingston: If so, how will FSIS pay for the increased pay and benefit costs if Congress does not appropriate the funding increase?

Response: FSIS will seek to minimize the impact on the Agency's regulatory activities, such as the HAV task. FSIS considers the CSI position

upgrades and the 40 new CSI positions to be critical to the Agency's mission of protecting public health.

Mr. Kingston: Lastly, why does FSIS need to hire 40 additional CSI positions, especially since the Agency claims there are increased efficiencies with the new IT system?

Response: The number of off-line full-time equivalent positions will increase slightly with the implementation of PHIS to allow for an increase in the indirect inspection duties of inspection program personnel, such as sampling and the new HAV task.

Mr. Kingston: According to the justifications, the PHIS will move the agency from manually collecting and combining data to Web-based applications that will take advantage of broadband and near real-time data collection and reporting. What is the value of near real-time data collection and reporting?

Response: PHIS will facilitate sharing of data among inspection personnel, their managers and headquarters on a daily basis, giving FSIS decision-makers a better picture of what is happening across the country, as it is happening. It will reduce the time lag for this kind of communication that previously occurred for days or even weeks. With PHIS, FSIS will be able to monitor establishment data on a daily basis and to send built-in alerts when anomalies in the data are detected. For example, PHIS will send alerts when a large number of incomplete inspection activities or high rates of noncompliance are observed in an establishment. Having more useful data, faster, will significantly improve the way FSIS protects public health. It will allow the Agency to predict negative public health outcomes and pinpoint vulnerabilities so that FSIS can take preventative actions to keep adulterated products out of commerce and rapidly respond when threats are realized.

Mr. Kingston: How many and which legacy systems is PHIS replacing? Will the agency have to run these systems simultaneously for a certain time period? If so, for how long? What is the cost to run these systems simultaneously?

Response: PHIS will eventually replace 13 major and minor systems currently in use at FSIS. Those systems include: the Automated Import Information System (AIIS), AIIS Web Reporting, the Performance Based Inspection System (PBIS) (State/Federal), the Resource Information System (State/Federal), LSample (State/Federal), the Electronic Animal Disposition Reporting System (eADRS) (which includes the Humane Activities Tracking System), eSample, Systems Tracking *E. coli* O157:H7 - Positive Suppliers, Form 10,240 Tracking, the Pathogen Reduction Enforcement Program, Residue (State/Federal), PBISReader, and ADRSReader.

All of these systems will require a period of overlap as all Federal users roll on to the system as well as for enhancements to account for the specific needs of the States. The timeframe is, in part, driven by the States' switchover to PHIS. The overlap timeframe will be different for each system, depending on its use by States for inspection. It is estimated that all Federal users of these systems will be completely migrated by October 2011.

FSIS recently completed consolidating and virtualizing its applications, where possible, and migrating its servers to a USDA Enterprise Data Center and a Disaster Recovery site. Enterprise infrastructure in place allows FSIS to scale up or down with minimum cost impacts. As PHIS matures and more users are brought online, the cost of doing this will be negligible because the other virtualized applications will be stood down.

Mr. Kingston: PHIS will be fully deployed in FY 2011. What is the cost in FY 2011, and what are the costs in FY 2012, and beyond?

Response: FSIS will continue implementation and enhancement of PHIS in FY 2012. The Administration's FY 2012 budget request for FSIS includes $16.6 million to continue the deployment and enhancement of the FSIS public health information infrastructure, including $13 million to allow for the purchase of critical equipment and improvement of information gathering systems to enhance access of inspection personnel to centralized, mission critical systems (FY 2011 request); and $3.6 million to pay for staffing requirements associated with the implementation of PHIS (FY 2012 request).

Mr. Kingston: Consumer Safety Inspectors will have to conduct Hazard Analysis Verification on a quarterly basis at 85 percent of plants and 15 percent on a monthly basis. How is this determined?

Response: The normal frequency of HAVs will be quarterly, but could be conducted as often as monthly, depending upon certain public health decision criteria. FSIS estimates that approximately 15 percent of establishments will meet the criteria for monthly directed HAV at any time. For a detailed description of the public health criteria FSIS will use to assess an establishment's control of its food safety system, please refer to the September 2010 FSIS report on "Data-Driven Inspection for Processing and Slaughter Establishments," on our website at: http://www.fsis.usda.gov/OPPDE/NACMPI/Sep2010/2010_Public_Health_Decsion_Criteria_Report.pdf.

Regulatory Sampling Expansion

Mr. Kingston: The budget proposes a $5.2 million increase to expand regulatory sampling. Specific references are made to improving the agency's ability to estimate the prevalence of pathogens in products under FSIS' purview and to expand to non-O157:H7 shiga toxin-producing E. coli (STEC). The budget really doesn't say what they agency is planning on doing with the money only why they think it is needed.

Mr. Kingston: Can you tell the Committee specifically what you plan to do with the $5.2 million that you are requesting for regulatory sampling expansion. It seems like you are well grounded on why you are asking for the funding, but not so much on what you would do with it.

Response: The Administration's FY 2012 budget request for FSIS includes $2.2 million to purchase testing supplies and reagents to conduct the laboratory analyses for 29,000 additional samples (10,000 *Campylobacter* samples, 8,000 *E. coli* O157:H7 samples, 5,000 *Listeria monocytogenes* samples, and 6,000 *Salmonella* samples) and $3 million for the renovation of laboratory space to accommodate this additional throughput.

Mr. Kingston: What is the current status of the Federal Register Notice on the health hazards of non-o157:H7 STECS?

Response: It is under OMB review.

Codex Alimentarius Commission (i.e. CODEX)

Mr. Kingston: FSIS spends about $3.8 million on CODEX activities.

CODEX is the UN international commission responsible for setting science-based standards for food safety. FSIS is responsible for United States Government participation in CODEX. The increasing "politicization" of international standards organizations CODEX represents a major threat to U.S. agriculture. Legitimate international standards prevent US agricultural commodities from being the victim of non-science based rules that countries use to ban imports from the US without being subject to retaliatory tariffs. In short, it does not matter how many tariffs our trade agreements eliminate or reduce, non-tariff barriers prevent free and fair international trade.

Mr. Kingston: Given CODEX's importance to U.S. agriculture, is USDA increasing its focus on CODEX activities?

Response: USDA strongly supports science-based food safety standards in Codex as the best way to foster food safety and security, as well as to promote fair trade. The U.S. Codex Office is administratively located in FSIS, and serves the vital dual functions of: 1) preparing the U.S. Delegations to effectively advance the U.S. national interests at Codex meetings and 2) building collaborative relationships with delegates from other countries in order to ensure that we achieve our common objectives at those Codex meetings. Through the operations of the U.S. Codex Office, USDA is able to ensure that the United States continues to play a leadership role in Codex.

Mr. Kingston: In preparation for the July CODEX meeting, what is the US Government doing to promote inter-agency coordination with the USTR and Foreign Agricultural Service, to continue to promote CODEX's science-based standards and not allow CODEX to become "politicized"?

Response: On all significant matters before Codex, the U.S. Codex Office consults with other Federal agencies, including USDA's Foreign Agricultural Service (FAS), the Food and Drug Administration, the Environmental Protection Agency, the Department of Commerce, the Department of State, and the Office of the U.S. Trade Representative. Policy direction is provided by senior officials from these agencies who meet periodically in an inter-agency committee that is chaired by the USDA Under Secretary for Food Safety.

The United States has historically been a strong supporter of science-based standards. Among the matters that will be taken up in the upcoming meeting of the Codex Commission is the establishment of a maximum residue level (MRL) for ractopamine, a veterinary drug widely used globally in pork production. Adoption of the MRL has been blocked by the European Union, and in preparation for the Commission meeting, the inter-agency group has been working for several months to develop a strategic communications plan and to

implement actions that will generate support for the U.S. position. This has included requests by senior U.S. political officials and FAS employees in overseas posts to key foreign government officials for support and for assistance with outreach to other countries. Several countries have committed to outreach efforts, as have representatives of the U.S. industry. U.S. inter-agency coordination on this and on other issues on the agenda will continue up to and during the Commission meeting in July, where the United States will be represented by a delegation that includes officials from all of the agencies.

Mr. Kingston: Is USDA working with other US Government agencies including State Department to conduct timely outreach to foreign governments (e.g. Australia, NZ, and Brazil) to build support for our CODEX positions?

Response: Outreach to foreign governments is essential for the successful adoption of U.S. positions at Codex meetings, and USDA supports an aggressive outreach program that is managed by the U.S. Codex Office and FAS. Some key components of our Codex outreach program are the colloquia that we organize for U.S. delegates to exchange ideas and find common interests with delegates from Latin America, the Caribbean island states, and Africa. In March 2011, we organized a colloquium in Mexico that was attended by Brazil and 40 other delegates who discussed items on the agenda of upcoming Codex meetings on pesticides, food additives, and fresh fruit and vegetables, as well as on the agenda for the Codex Commission meeting in July. In February 2011, we organized a colloquium in Ghana that was attended by 44 African delegates from 22 countries. The U.S. Ambassador to Ghana was the keynote speaker at that colloquium. U.S. Delegates continue the long-standing practice of preparing for Codex meetings and negotiations by having teleconferences with their counterparts from Australia, New Zealand, and Canada. Once at the venue of a Codex meeting, U.S. Delegates caucus with delegations from these countries as well as delegations from Latin America, Asia, and Africa, to discuss strategies for advancing common interests during the Codex committee session. In preparation for the next Commission meeting, the U.S. Codex Office has already enlisted assistance from Australia, New Zealand, Brazil, and South Africa to reach out to other countries for support for the ractopamine MRL.

Personnel Increase and Pay Costs

Mr. Kingston: Since FSIS proposes a total decrease in their budget for FY 2012, how can they afford to pay for an increase in FTEs by 219 between FY 2010 and FY 2012, especially with an increase in the average salary?

Response: FSIS is working to gain efficiencies and reduce costs not associated with salaries and benefits. As required by law, FSIS inspection program personnel will continue to be present at all times for slaughter operations and once-per-shift per day for processing operations. FSIS must therefore ensure that it has the necessary amount of inspection program personnel to regulate industry.

Office Costs

Mr. Kingston: Provide the FY 2010 actual, and FY 2011 and FY 2012 estimated costs for each of the following offices: Headquarters; 15 district

offices; Policy Development Division; 3 laboratories; Financial Processing Center; and the Human Resources Field Office.

Response: The information is submitted for the record.

[The information follows:]

	FY 2010	FY 2011	FY 2012
Headquarters*	247,793,278	247,793,278	252,463,278
15 District Offices	52,052,901	52,052,901	52,052,901
Policy Development Division	2,888,496	2,888,496	2,888,496
Three Laboratories	27,872,321	27,872,321	33,072,321
Human Resources Field Office	6,402,628	6,402,628	6,402,628
Total	337,009,625	337,009,625	346,879,625

*FSIS does not have the costs specifically for the Financial Processing Center; however, these costs are included in Headquarters costs.

Unfilled Positions

Mr. Kingston: The FSIS had 231 unfilled positions at the end of fiscal year 2010. 215 of these positions were in the field and 16 were in Washington, DC. Have these positions been filled?

Response: Between October 1, 2010, and March 15, 2011, 296 FSIS employees separated from the Agency, and FSIS hired 327 employees. Thus, as of March 15, FSIS has 200 unfilled positions, including 186 in the field and 14 in Washington, DC.

Savings on Shipping Laboratory Shipping Boxes

Mr. Kingston: The budget proposes to save $350,000 by returning laboratory sampling boxes back to the inspection facility via ground shipping. I think this is great. Please tell the Committee that you are not waiting for us to act on the budget request to implement this policy?

Response: On January 6, 2011, FSIS issued Notice 02-11 to inform FSIS inspection program personnel of the changes in Fedex service for the delivery of sample supplies. Prompted by a SAVE Award proposal submitted by an FSIS food inspector; on February 2, 2011, FSIS laboratories began shipping sample supplies for the majority of sampling programs to inspection program personnel using FedEx Ground service instead of FedEx Priority Overnight service, which will save approximately $350,000 each year. FSIS inspection program personnel will continue to send sample packages to FSIS laboratories overnight, as time is a critical element in the analysis process.

FSIS Motor Vehicle Fleet

Mr. Kingston: According to the budget justifications the FSIS is projected to spend $13.8 million on its vehicle fleet of 1,946 vehicles in fiscal year 2012. The annual cost to operate the FSIS vehicle fleet has increased $4.4 million, an astounding 46 percent increase, between FY 2009 and FY 2012.

Mr. Kingston: What is the reason for adding 150 new vehicles between FY 2010 and FY 2012?

Response: The number of inspection program personnel that are considered high mileage drivers was projected to increase by 150 between FY 2010 and FY 2012 for a combination of reasons: FSIS reduced the high mileage threshold from 700 miles per month to 600 miles per month; the cost of gasoline increased, prompting many high mileage drivers that previously chose to use their own vehicles to request a leased General Services Administration (GSA) vehicle instead; and FSIS increased the frequency of routine food safety assessments performed by inspection program personnel at regulated establishments.

FSIS leases government vehicles to inspection program personnel who are high-mileage drivers because the overall cost of leasing vehicles for these drivers is less expensive than reimbursing them for the cost of using privately owned vehicles (POV). Employees who drive at least 600 miles per month (7,200 per year) are considered high-mileage drivers.

The average employee with a GSA alternative fuel vehicle (AFV) drives 17,575 miles per year to carry out inspection tasks. It costs FSIS a little less than $5,500 annually to lease and use an AFV, whereas reimbursement for the use of a POV (at the rate of $0.51 per mile) would cost the Agency a little less than $9,000 annually. Consequently, FSIS saves about $3,470 per AFV driver, or $3.7 million annually, by leasing vehicles for these drivers.

The average employee with a GSA gasoline-powered vehicle drives 18,072 miles per year to carry out inspection tasks. It costs FSIS a little more than $4,700 annually to lease and use this type of vehicle. However if FSIS were to reimburse the same inspector to use his/her own personal vehicle, and reimbursement for the use of a POV (at the rate of $0.51 per mile) would cost the Agency more than $9,000 annually. Consequently, FSIS saves about $4,360 per gasoline-powered vehicle driver, or $3.3 million annually, by leasing vehicles for them instead.

Mr. Kingston: How much of the increased cost of $4.4 million is due to alternative fuel vehicles?

Response: $1.9 million of the increased costs are due to the use of AFVs instead of gasoline-powered vehicles.

Mr. Kingston: What is the cost to lease an alternative fuel vehicle versus the cost of a traditional vehicle?

Response: The average cost of leasing and using an AFV is $231 per month and 15.5 cents per mile, versus $174 per month and 14.5 cents per mile for a gasoline-powered vehicle.

Mr. Kingston: How many alternative fuel vehicles are in the fleet? What is the total cost of the alternative fuel vehicles in the fleet?

Response: FSIS has 1,064 AFVs in its fleet. The annual cost to lease those vehicles is $2.9 million and the annual mileage cost is $2.9 million.

Mr. Kingston: How many gasoline fuel vehicles are in the fleet? What is the cost of the gasoline fuel vehicles in the fleet?

Response: FSIS has 759 gasoline-powered vehicles in its fleet. The annual cost to lease those vehicles is $1.7 million and the annual mileage cost is $2 million.

Mr. Kingston: How much of the $4.4 million increase is due to the increase in the size of the fleet?

Response: $1,527,953 of the projected increase in GSA vehicle costs is due to an increase in fleet size.

Mr. Kingston: Why does the number of vehicles just go up? Doesn't the agency dispose of any vehicles?

Response: The number of vehicles in FSIS' fleet has increased because the Agency's public health mission requires inspection program personnel to drive to establishments, and the number of inspection program personnel who are high mileage drivers has increased. The number of high mileage drivers has increased because FSIS reduced the high mileage threshold from 700 miles per month to 600 miles per month; the cost of gasoline increased, prompting many high mileage drivers that previously chose to use their own vehicles to request a leased GSA vehicle instead; and FSIS increased the frequency of routine food safety assessments performed by inspection program personnel at regulated establishments.

Congressman Tom Latham
Questions for the Record

Food Safety and Inspection Service

Mr. Latham: FSIS has indicated it is drafting a notice requiring a product being tested for dangerous pathogens to be held at a facility until a negative test result is confirmed. Will guidance be included setting a limit on the amount of time it takes to run the necessary tests?

Response: FSIS published a Federal Register Notice on April 11, 2011, regarding the Agency's proposal to withhold the mark of inspection pending certain test results. FSIS has not set a time limit within which our laboratories must notify establishments of our test results. FSIS is accepting public comments on the Notice until July 11, 2011.

Mr. Latham: Although improved, what is the agency doing to ensure a strong veterinarian workforce within FSIS?

Response: FSIS will continue to use many different hiring strategies to ensure a strong veterinarian workforce, including recruitment incentives, student loan repayments, first-post relocations, direct hire authority, and student training programs.

Mr. Latham: What is FSIS doing in conjunction with the USDA to limit overlapping activities such as inspection and enforcement, training, research, and rulemaking for all federal government agencies that play a key role in overseeing the safety of the U.S. food supply.

Response: As the President has said many times, including most recently in his State of the Union address, reducing overlap and duplication within the Federal government is critical to ensuring that our government operates more efficiently and effectively. FSIS continues to work with the Food and Drug Administration, the Centers for Disease Control and Prevention, and the White House to consider how we can better organize Federal programs and functions to continue building on the President's FY 2012 budget proposal, which includes 211 terminations, and reductions and savings measures that will save Americans more than $33 billion in FY 2012 alone by targeting programs that are duplicative, outdated, or simply ineffective.

Congressman Alan Nunnelee
Questions for the Record

Office of Catfish Inspection Program

Mr. Nunnelee: The Administration's budget request recommends a decrease of $15.3 million for the Office of Catfish Inspection Program (OCIP) under the Food Safety Inspection Service. The Farm Bill was very clear that regulations for this program be completed within 18 months of passage of the Farm Bill. Can you elaborate on this budget request in light of the recently proposed rule and can you inform the committee when you expect the Department of Agriculture to both release the regulations and begin implementation of this program?

Response: The proposed rule was published on February 24, 2011, and FSIS is planning to accept public comments through June 24, 2011. The issuance of the final rule depends on a variety of factors, including the volume of comments received and the issues that the Agency must consider. Because the Agency is likely to accept and review comments for both the proposed and final catfish rule during FY 2012, FSIS did not request funding for catfish inspection in the 2012 budget.

Mr. Nunnelee: With the proposed rule on the definition of catfish pending/ in the comment period, Dr. Hagen mentioned that there would be several public meetings on the matter. Have dates been scheduled for these public meetings?

Response: Dates for the public meetings have not yet been confirmed. The meetings are in development, and will occur within the comment period of the proposed rule.

Rep. Rosa DeLauro
Questions for the Record

Impact of Cuts in H.R. 1

Ms. DeLauro: Last year, USDA requested an $18 million increase above FY 2010 levels for the Food Safety and Inspection Service (FSIS) to support initiatives to improve public health infrastructure, speed up investigations and response to outbreaks, conduct a baseline study on the prevalence of pathogens, and expand sampling. However, now it appears that you may see another $88 million cut over the remainder of the year if the current appropriations bill becomes law.

Ms. DeLauro: What would be the specific impact of FSIS' food safety activities if the agency's budget was cut significantly as specified in H.R. 1? How would FSIS implement this reduction in funds, how would it impact food safety?

Response: Since October 1, 2010, the Agency has undertaken a review of all spending and made significant progress in reprioritizing non-essential travel, operating, and staffing to support core mission requirements. These re-prioritizations were necessary to provide adequate funding for pay cost increases (including merit promotion and within-grade increases) and unfunded benefit increases (resulting from rising health care costs and an increasing number of Federal Employees Retirement System employees). If FSIS funding were reduced to FY 2008 levels, we would have to review our options. I would point out however, that 85 percent of the FSIS budget is for personnel, so a reduction of this magnitude would likely have an effect on the FSIS workforce.

Ms. DeLauro: How many inspectors would have to be furloughed? Since meat and poultry plants cannot operate by law without an inspector present, what would that mean for meat and poultry plants across the country? How many chickens and beef carcasses would be destroyed because they would go uninspected?

Response: Under the proposed plan to mitigate an $88 million reduction, the Agency will seek to minimize the impact on the Agency's regulatory responsibilities, on industry, and ultimately the consumer. It is difficult to estimate the exact impact of the proposed reduction on industry.

Ms. DeLauro: How many fewer tests for food-borne pathogens would be conducted? What other food safety activities at FSIS would be negatively impacted?

Response: The Agency does not anticipate a change in its regulatory requirements and activities, and would seek to minimize any effect on the enforcement of its regulatory responsibilities.

Non-O157 E. Coli Testing

Ms. DeLauro: The CDC estimates that non-O157 Shiga Toxin-producing E. Coli (STEC) cause 36,700 illnesses, 1,100 hospitalizations, and 30 deaths annually. FSIS has been petitioned to declare six strains (O26, O45, O103, O111, O121, and O145) as adulterants.

Ms. DeLauro: When does the agency intend to respond to the petitions? Will FSIS declare these strains adulterants?

Response: FSIS has granted the petition expedited review. FSIS intends to respond to the petitions in a Federal Register notice. The notice will address whether these strains are considered adulterants in raw beef products. The notice is currently under review at OMB.

Ms. DeLauro: It is my understanding that it is not necessary to finalize any tests being developed in order to declare these strains as adulterants, correct? We know that these strains make people sick, so why not declare them adulterants like O157:H7?

Response: FSIS has developed a notice that would address these issues. The notice would provide an opportunity for comment and would allow industry to make the necessary changes to processing.

Interstate Shipment of Meat and Poultry

Ms. DeLauro: FSIS issued a proposed rule on the interstate shipment of meat and poultry that followed the language in the 2008 farm bill very closely. That language was based on an agreement between consumer and labor groups, as well as the National Farmers Union and the National Association of State Departments of Agriculture (NASDA). FSIS needs to get this rule finalized so that it can move forward.

The final rule is over 15 months late and when Secretary Vilsack testified two weeks ago, he indicated that he believed the final clearance by OMB was imminent.

Ms. DeLauro: What is the status of the final rule on shipment of meat and poultry products in interstate commerce?

Response: As of March 15, the final rule is under OMB review. FSIS is preparing to implement its rollout for the rule, which will include outreach to the States and other stakeholders before the rule publishes.

Ms. DeLauro: Can you explain why it has taken so long to issue the rule?

Response: The final rule was informed by public comments submitted in response to the proposed rule, which raised complex issues and expressed differing views on how the program should be implemented. The complexity of the issues associated with the rule required a careful and deliberative analysis.

Traceback Policies

Ms. DeLauro: It is my understanding that the agency conducts a full set of traceback activities in the event of a food-borne illness. But when FSIS finds a positive test result, it does not conduct a complete traceback to the source.

Ms. DeLauro: How is the agency improving its traceback policies to trace contaminated meat back to the source following a positive test result for E. coli O157:H7?

Response: FSIS field personnel have begun collecting supplier information at the time of sample collection instead of when a sample is confirmed positive for *E. coli* O157:H7. This allows FSIS to begin to trace contaminated product back to the source materials earlier in the process.

In addition, FSIS personnel (FSIS Enforcement, Investigation, and Analysis Officers) will begin the traceback process within 48 hours of an *E. coli* O157:H7 presumptive positive result on a FSIS sample. Under this new traceback process, FSIS personnel will conduct investigations to identify all source materials and potential suppliers of beef components used in the production of the sampled lot of ground beef or bench trim found potential positive or confirmed positive for *E. coli* O157:H7. FSIS personnel will also determine whether there were problems in the slaughter process, sanitary dressing, or fabrication process employed at the original source slaughter establishment identified.

Ms. DeLauro: While I understand that inspectors now record information on both the source meat and its suppliers when they sample ground beef and boneless trip for E. coli O157:H7, instead of waiting to see if there is a positive E. coli result, will the agency conduct the full complement of traceback activities when there is a positive test?

Response: Currently, when FSIS confirms an FSIS sample as positive, the District Office identifies all supplying establishments associated with the production of the raw beef products that tested positive for *E. coli* O157:H7.

FSIS also conducts follow up sampling for *E. coli* O157:H7 at suppliers that provided source materials for product that FSIS finds positive for *E. coli* O157:H7.

In addition, FSIS conducts a food safety assessment at the establishment where the positive was found, at sole suppliers of source materials for the product, and at other suppliers that have supplied source materials for such product that FSIS has found positive multiple times within 120 days.

Furthermore, FSIS inspection program personnel at establishments that supplied source materials for positive product verify that the establishment met the applicable regulatory requirements for the implicated production lots sent to the establishment or retail facility where FSIS found the positive product. In addition, inspection program personnel determine whether the establishment found multiple positives for *E. coli* O157:H7 in its own testing, evidence of a potential systemic problem. Finally, FSIS inspection program personnel verify that the supplier is effectively implementing adequate sanitary dressing procedures.

As discussed above, FSIS intends to start new investigations at establishments earlier in the process to better identify potential suppliers of contaminated product.

FY 2012 Budget Request

Ms. DeLauro: The FY 2012 budget estimates savings of $34 million from restructuring, eliminating positions, and introducing efficiencies.

Ms. DeLauro: What positions are you proposing to eliminate and how does that affect daily and continuous plant inspections?

Response: The proposed $34 million in savings for FY 2012 from restructuring, eliminating positions, and introducing efficiencies will not affect our front line inspection workforce. For example, FSIS has identified 37 full-time equivalent positions that can be eliminated by refraining from backfilling open positions resulting from attrition, restructuring functional areas to streamline operations, and consolidating staff and resources to eliminate redundant positions, saving the Agency an estimated $4.5 million. However, none of these positions are in the field.

Ms. DeLauro: When FSIS inspection is inadequate we get scandals like the Westland/Hallmark Beef recall in 2008. What safeguards on the proposed savings are in place to ensure that they do not result in another inspection failure like that?

Response: As required by law, FSIS inspection program personnel will continue to be present at all times for slaughter operations and once-per-shift per day for processing operations. In addition, FSIS personnel will continue to perform humane handling verification and enforcement activities at all slaughter plants.

FSIS is deeply committed to ensuring the humane treatment of all animals that are presented for slaughter, and therefore continually updates its protocols for enforcing the Humane Methods of Slaughter Act. In December 2010, FSIS announced the following new measures related to humane handling: enhanced humane handling training for inspection program personnel; a notice to inspection program personnel clarifying existing rules related to non-ambulatory cattle; a commitment to respond to and solicit comments on two humane handling related petitions; a request that USDA's Office of Inspector General audit industry appeals of noncompliance records and other humane handling enforcement actions by FSIS; and the future appointment of an Ombudsman in the Office of Food Safety specifically for humane handling issues.

Single Food Safety Agency

Ms. DeLauro: The Government Accountability Office (GAO) released a report two weeks ago that highlighted the overlapping and duplicative process that costs taxpayers billions of dollars each year.

One of the areas referenced in the report is food safety where 15 different agencies have some oversight jurisdiction over food safety laws. The GAO report failed to specify a cost-saving figure on the spending overlap for food safety.

How much savings do you think could be captured if there was a single food safety agency?

Response: The amount of savings that could be achieved by creating a single food safety agency, if there are any, depends on how such an agency is defined under the law, and is therefore difficult to estimate. Factors influencing the size of the savings achieved include, but are not limited to, any changes to the food safety regulatory authorities of the new agency compared to FSIS, and additional costs to facilitate a transition. Food safety and public health must remain our top priorities, and a single food safety agency should not be pursued at the expense of these goals.

Ms. DeLauro: On a related note, another final rule pending before USDA that has been late in getting implemented is the establishment of a mandatory inspection program for catfish that was included in the 2008 farm bill.

Senators McCain and Coburn have introduced legislation to transfer catfish inspection back to FDA.

Has the Administration taken a position on that legislation? Does this situation highlight the need for a single food safety agency?

Response: The Administration has not taken a position on the referenced legislation. FSIS is simply carrying out the requirements contained in the 2008 Farm Bill.

Chinese Poultry

Ms. DeLauro: I brought this issue up to the Secretary when he testified earlier this month, but I also want to highlight to you some recent reports about the food safety system in China.

First of all, a recent survey of the Chinese public found that almost 70 percent are not confident about the safety of their country's food supply. More than half of the survey's respondents said "government management and surveillance should be further improved to properly protect people from unsafe food." Furthermore, consumers also indicated that they remain especially concerned about certain foods, such as pickled vegetables, canned food, dairy products, and fresh meat and meat products - contaminated meat products was one of the items that topped the respondents' lists of the top threats to food safety.

There is another report that stated that many Chinese are pursuing their own food safety measures by growing their own vegetables. They are concerned that there is widespread application of pesticides and fertilizers in the conventional agriculture industry, and antibiotics and hormones are widely used in raising livestock.

If this were not enough, I think we have all seen the reports where China has sentenced a food safety activist for 2.5 years for organizing parents whose children were sickened in the 2008 Chinese milk scandal.

In USDA's third progress report on China's request for equivalency to export processed and slaughtered poultry to the U.S., you mentioned that, in an audit conducted by FSIS in China from December 1 - 21, 2010, FSIS visited six establishments (three slaughter facilities and three processing facilities).

Ms. DeLauro: In conducting these audits and analyzing the results, does FSIS factor in things like these reports I just outlined? When will those audits be posted on the FSIS website?

Response: FSIS does not typically incorporate such public survey information into its equivalence analysis process because of the unscientific nature of such data, findings, and conclusions. However, the Agency does maintain a general awareness of relevant information from "third party" sources. Ultimately, FSIS' approach to a food safety system audit relies on a verifiable scientific, data driven analysis of the government's handling of food safety issues. Once the two China audit reports (one on poultry slaughter and another on poultry processing) are finalized they will be posted on the FSIS website no later than 30 days from the date they are finalized, as was stipulated in the FY 2010 Agriculture Appropriations Act (P.L. 111-80).

Ms. DeLauro: Did the Chinese government provide you with the list of the six facilities that were visited by FSIS? Would these six facilities be eligible to export poultry products to the U.S. if there is an equivalency determination?

Response: Yes, the six establishments audited by FSIS were part of a larger list of establishments put forward by the Chinese government to be audited. Once China is deemed equivalent and, thus, eligible to export poultry products to the United States, the next step is for the Chinese government to certify to FSIS those establishments that fully meet the FSIS requirements. The certified establishments could include the six that were audited by FSIS and any other establishment approved by the Chinese government to export poultry products to the United States.

Ms. DeLauro: Does the Department expect China to export processed poultry products under the conditions of the April 24, 2006 rule whereby the Chinese could only export processed poultry from approved sources as designated by FSIS?

Response: If FSIS determines that only China's processed poultry inspection system is equivalent, then the conditions of the April 24, 2006, rule would stand. However, if FSIS determines that China's slaughter poultry inspection system is also equivalent, then China would be eligible to slaughter its own poultry for export to the United States in addition to exporting processed poultry products derived from approved FSIS sources. The Department cannot predict whether China will actually export processed poultry under the conditions set in the 2006 rule if China's processed poultry system is deemed equivalent.

Ms. DeLauro: It is my understanding, and this was confirmed by the Secretary, that allowing China to export products from a slaughtering facility would require a separate rule. When do you expect the proposed slaughter rule to be published by FSIS in the Federal Register for public comment?

Response: Yes, this will require a separate rule. FSIS expects the proposed rule to be published around spring 2012.

Ms. DeLauro: Has USDA calculated how the U.S. poultry industry would be impacted if we allowed for increased poultry exports from China?

Response: As part of the rulemaking process, FSIS will conduct an economic analysis to determine the impact that China poultry exports could have on the U.S. poultry industry. Based on the analysis that FSIS has conducted so far, FSIS believes there will be no discernible effect on the domestic supply or prices as a result of poultry exports from China and, therefore, no changes to costs or benefits to the industry at large. There would, however, be some efficiency improvements in the market as a result of the entry of poultry exports from China. These market effects may lead U.S. firms to produce other products with which they might be relatively more competitive. This change in production by U.S. firms might lead to some small, one-time costs.

Public Health Information System (PHIS)

Ms. DeLauro: USDA is requesting an increase of $3.6 million for increased costs associated with the implementation of PHIS. USDA believes that PHIS will move the agency from manually collecting and combining data to Web-based applications that take full advantage of improved broadband capabilities and near real-time data collection and reporting.

Ms. DeLauro: As you move forward with this system, what kind of response have you received from NAS (National Academy of Sciences)? Has NAS given any indication that FSIS is proceeding in the appropriate direction with PHIS?

Response: In 2009, NAS provided recommendations on how FSIS could improve its approach to data driven inspection and FSIS committed to adopting all of those recommendations. In April 2010, FSIS provided a briefing to NAS on how FSIS had revised its approach based on the recommendations made. The feedback from that briefing was positive and supportive of the changes that the Agency had made. In September 2010, FSIS provided two detailed reports to NAS. In one report, the FSIS Strategic Data Analysis Plan, FSIS describes the data limitations of the current systems, how those data needs would be addressed, and how the Public Health Information System (PHIS) supports these needs. In the second report, the FSIS Public Health Decision Criteria Report, FSIS describes its public health decision criteria, including their scientific basis and how they are calculated and applied.

Ms. DeLauro: Is the reporting on compliance with inspection procedures going to change? Since PHIS will be able to track violations of procedures more easily, will future FSIS reports on compliance be more accurate?

Response: PHIS will not change FSIS' regulatory authorities or inspection activities, which verify that slaughter and processing facilities are in compliance with food safety regulations. What will change is how those inspection activities and findings are recorded. Under the current system, inspection program personnel are only required to document the regulations that support their findings of non-compliance. Under PHIS, inspection program personnel will be required to document the regulations applicable to each of their inspection findings, whether the findings are of compliance or non-compliance. Future FSIS reports on compliance will thus be more comprehensive. This additional information will ensure that inspection

program personnel are accountable, and that their inspection findings are objective and uniform.

Ms. DeLauro: How much money has the agency expended to implement PHIS?

Response: Since 2008, FSIS has spent $32,899,304 to develop PHIS and to implement the system (includes an FY 2011 estimate).

Ms. DeLauro: What is the quality control being used to ensure that the data used in PHIS is accurate?

Response: There are several levels of quality control built into FSIS' inspection activities. PHIS will log information about who entered data and when it was entered, which helps to identify the right points of contact when following up on quality control issues. PHIS will make greater use of "controlled vocabularies" and other structured data entry techniques, which ensures that the employee is entering information in a consistent and quantitative manner. PHIS will also have reporting functionality that is greater than in previous systems. Reports in PHIS will enable a supervisor or analyst to review data entered into the system. If that supervisor or analyst identifies unusual information, they can work with the districts and inspection staff to determine the cause and, if necessary, the proper corrective steps. Finally, PHIS has the ability to utilize outlier detection methods developed by data analysts to scan data and flag anomalies for further evaluation, providing alerts and reports to staff as needed. For example, an analyst could establish typical ranges for animal weights and scan for slaughter data that lie beyond those ranges.

Ms. DeLauro: How long do you anticipate before inspectors are proficient in using this new system? How extensive is the training going to be?

Response: FSIS began training inspection program personnel on March 14, 2011. The Agency will be conducting training sessions across the country through fall 2011. The majority of the employees who will need the training are field inspectors, field supervisors, Public Health Veterinarians, and Enforcement, Investigations, and Analysis Officers, making up a total of 4,500 employees.

The course will take place over two weeks, and will include click-by-click training on how to enter data into PHIS screens, and a refresher on the Agency's public health policies. Upon completion of the two week training course, FSIS inspection program personnel will be equipped with the necessary knowledge to begin using the system.

Australia and New Zealand New Inspection Systems

Ms. DeLauro: Both Australia and New Zealand are implementing new inspection systems for meat products exported to the U.S. These new systems in both countries will involve shifting some inspection duties from government-paid inspectors to meat company employees.

Would you tell us what the FSIS position is on granting equivalency status to these new inspection regimes?

Response: In 1999, FSIS determined that Australia's alternative meat inspection system was equivalent to the U.S. meat inspection system. This alternative system became known as the Meat Safety Enhancement Program (MSEP), and Australia has been exporting product to the United States under MSEP since 2008. Thus, Australia is not implementing a new inspection system, but rather implementing this equivalent system in all Australian beef, sheep, and goat slaughter establishments that are eligible to export to the United States. MSEP has been renamed the Australian Export Meat Inspection System (AEMIS), but the system itself will remain the same as that determined to be equivalent by FSIS in 1999.

The government of New Zealand has advised FSIS that they are considering implementing an alternative meat inspection system for all sheep slaughter establishments eligible to export to the United States. To date, New Zealand has run trials in some of their sheep slaughter establishments to demonstrate that it achieves the same level of public health protection as U.S. domestic slaughter inspection. New Zealand will submit the trial results and other data to FSIS as part of their equivalence submission. In order to achieve equivalence recognition, a foreign country must submit its alternative inspection system to an evaluation by FSIS consisting of a document review and an on-site review. The document review is an evaluation of the laws, regulations, and other implementing documentation used by the country to enact its inspection program. FSIS evaluates the information submitted and then conducts an on-site review to verify all aspects of the country's inspection program including the foreign government's oversight of the laboratories and individual establishments within the country that will be certified to export to the United States. If FSIS determines that a foreign country's inspection system is equivalent, the Agency is required to conduct rulemaking to list the country in the meat inspection regulations, i.e., 9 CFR 327.2.

Recent Recall

Ms. DeLauro: FSIS is currently in the processing of working with Creekstone Farms to recall some 14,000 pounds of ground beef products that may be contaminated with e-coli O157:H7.

Ms. DeLauro: Can you tell us how the contamination was discovered?

Response: Yes. On March 8, 2011, Creekstone Farms Premium Beef recalled 14,000 lbs. of product because one of the firms to which Creekstone distributed ground beef products conducted its own laboratory testing and found a positive for *E. coli* O157:H7 in that product. Creekstone was able to identify the time and date when this product was ground and recalled all products that went through their grinder that could have been associated with the contaminated product.

Ms. DeLauro: Is FSIS attempting to traceback the source of the contamination beyond the Creekstone plant?

Response: Creekstone was the original supplier of the product in question; thus, further traceback was unnecessary. The firm that identified the contaminated product was the only firm that received product from the lot in question.

N-60 Sampling Program

Ms. DeLauro: I am sure you are aware of the recent findings by the department's Office of the Inspector General that the sampling program to detect E. coli O157:H7 in beef trim at the Food Safety and Inspection Service (FSIS) is not statistically valid.

As you may recall, the OIG report is based on a request I submitted in November 2009 that highlighted concerns about the efficacy of the testing FSIS performs to detect E. coli in U.S. beef trim.

While the OIG agreed that no method of statistical sampling and testing can guarantee that a particular lot of beef trim is free from E. coli contamination, the report found that FSIS' N-60 sampling method is not designed to yield the statistical precision that is reasonable for food safety.

And I am sure you are aware of the letter I sent to Secretary Vilsack last week that asks a series of follow-up questions about the OIG report, which I will ask you:

Ms. DeLauro: Do you agree with the OIG's findings that FSIS should construct a revised statistically valid sampling program?

Response: FSIS takes seriously the OIG's recommendations with regard to the FSIS N-60 sampling method. The Agency agrees that a strong sampling program is an important part of inspection activities performed by the Agency. We believe that to ensure food safety, FSIS must verify that establishments have identified hazards likely to occur and have put in place processes to minimize or eliminate those hazards. Verification includes a variety of inspection activities, of which sampling is just one example.

FSIS' current beef sampling strategy appears to be working. According to the most recent data from 10 states reported by the Centers for Disease Control and Prevention's FoodNet, the incidence of foodborne illnesses from *E. coli* O157:H7 decreased by 41 percent compared with the 1996-1998 baseline. Subsequently, ground beef is no longer the leading source of foodborne-based *E. coli* illnesses.

Still, the Agency is continually considering new approaches to further reduce the incidence of *E. coli* O157:H7, with testing being one of our many strategies. Testing alone will not ensure the safety of products in the marketplace. Food safety is achieved by ensuring that the appropriate safeguards are in place at every step along the process.

Ms. DeLauro: During a hearing two weeks ago, the OIG indicated that FSIS needs to consider implementing a risk-based sampling scheme. However, if FSIS does not possess a statistically valid sampling program, how does it intend to devise a risk-based sampling scheme?

Response: The Agency is working to ensure that our sampling programs have the greatest possible impact on public health. We want to explore what improvements can be made in our sampling programs, and the OIG report will inform and help drive our efforts.

As referenced in the report, FSIS will develop a plan for prioritizing and performing *E. coli* O157:H7 baseline studies of beef to improve our verification systems, and will develop new verification tasks for inspection program personnel to perform as part of their Hazard Analysis Verification and their verification of sanitary dressing.

Ms. DeLauro: Given the findings in the OIG report, how confident are you with the quality of the data that has been submitted into the system that will serve as the foundation for the implementation of the Public Health Information System (PHIS)?

Response: We are very confident in the soundness of PHIS. FSIS developed the system taking into consideration data from a range of sources and the experience and expertise of a number of experts.

FSIS is continually striving to improve the quality and value of the data collected, and the data collected through PHIS will be of better quality than what is available and gathered today. PHIS will help FSIS to collect better, more informative data and to monitor the quality of that data. For example, PHIS will utilize automated detection methods developed by data analysts to scan the data and flag anomalies for further evaluation and resolution.

Ms. DeLauro: What would be the cost estimate of developing a revised statistically valid sampling program and would recent proposed budget cuts in H.R. 1 prevent FSIS from accomplishing this?

Response: As mentioned above, FSIS is working with OIG to reach a consensus regarding our sampling program, and in light of the uncertainty of FY 2011 funding, we must look for ways to improve *E. coli* O157:H7 detection without compromising our program, which resulted in the reduced *E. coli* O157:H7 levels in the first place.

Ms. DeLauro: In its response to the OIG report, FSIS indicated that it intends to implement a new inspection procedure - the Hazard Analysis Verification (HAV) - that will examine an establishment's hazard analysis and decision making documents. FSIS contended that the HAV would serve as a screening process to identify issues of concern in the design of the establishments' food safety systems.

Regarding this new HAV procedure, who will be performing this new inspection procedure? Have they received appropriate training?

Response: The Hazard Analysis Verification (HAV) procedure is a new inspection task that will be performed by FSIS Consumer Safety Inspectors (CSIs), who will be trained in the procedure as part of their overall training for PHIS.

Ms. DeLauro: Will part of the HAV procedure involve the evaluation of the effectiveness of a firm's HACCP plan? How often will facilities be subject to an HAV procedure?

Response: In performing the HAV, CSIs will verify that the establishment's hazard analysis addresses the applicable food safety hazards for the process, product, and intended use. Specifically, the CSI will

determine whether the establishment has considered all relevant hazards, has established a critical control point (CCP) to control the hazards that are reasonably likely to occur, and has supported the CCP with adequate documentation. CSIs also will verify that any prerequisite programs that are intended to prevent the occurrence of a food safety hazard are working. The normal frequency of HAVs will be quarterly, but could be conducted as often as monthly, depending upon certain public health decision criteria.

Rep. Sanford D. Bishop, Jr.
Questions for the Record

State Standards

Mr. Sanford: According to your testimony, FSIS regulates intrastate commerce through cooperative agreements with the 27 States that operate meat and poultry inspection programs, conducting reviews of these programs to ensure that they are "at least equal to" the Federal program. FSIS recently released the results of its annual review of State program self-assessments, and its triennial on-site review of each State program (nine programs annually), and determined that all of these States met the "at least equal to" standard.

Can you tell us how many states exceeded the Federal standard? And in those states which exceeded the Federal standard, what specific areas did they do better than the Federal government? Any examples of innovation?

Response: FSIS conducts reviews of each of the 27 State meat and poultry inspection programs to determine whether they meet and maintain the mandated "at least equal to" standard. FSIS' determination is based on a thorough review of the nine components of each State's program (statutory authority and food safety regulations, inspection, product sampling, staffing and training, humane handling, non-food safety consumer protection, compliance, civil rights, and financial accountability). FSIS does not determine the extent to which a program exceeds the "at least equal to" standard.

Private Inspections of Imported Meat

Mr. Sanford: FSIS recently issued a Federal Register Notice (76-FR-11752 – 11755) that gives a green light to a privatized inspection system for all Australian beef, sheep, and goat products exported to the United States. The Australian inspection system, which was devised in the late 1990s and called the Meat Safety Enhancement Program (MSEP), removes most government inspectors from the slaughter line and replaces them with company-paid inspectors. The U.S. imported nearly 563 million pounds of red meat products from Australia in 2010, making Australia one of the largest meat exporters to the U.S.

Is this consistent with U.S. law governing inspection of imported food, particularly in terms of meeting the same safety standards imposed in the U.S.? Can you tell us what developed countries do not recognize Australia's Meat Safety Enhancement Program (MSEP)?

Response: Australia's Meat Safety Enhancement Program (MSEP) has been renamed the Australian Export Meat Inspection System (AEMIS). The system remains the same as that determined to be equivalent by FSIS in 1999. In 1999, FSIS determined that slaughter inspection in MSEP establishments meets all requirements of U.S. law for the exportation of meat products to the United States, and provides the same level of public health protection as U.S. domestic slaughter inspection.

As part of the Agency's routine evaluation of an exporting country's inspection system, FSIS will continually assess the equivalence of

Australia's meat inspection system to ensure that imported meat from Australia continues to be safe and wholesome. This is accomplished through FSIS port-of-entry re-inspection, data analysis, and audits. In addition to these standard activities, which apply to all countries exporting meat or poultry to the United States, FSIS will initially conduct enhanced procedures regarding re-inspection and on-site audits for Australian establishments operating under MSEP/AEMIS, and exporting to the United States.

FSIS does not know which developed countries have not recognized Australia's MSEP program. The Agency has reached out to the Australian Embassy for an answer and is awaiting a response.

Cat Fish Inspection

Mr. Sanford: In a recent GAO report on food safety, the GAO re-stated its long-held position that our 15 federal food safety agencies should be consolidated into one, even though the financial savings would not be significant. GAO used the pending switch of catfish inspections to FSIS, from FDA, as an example of how government jurisdiction should not be so fractured, since FDA is already responsible for all other seafood. However, it is my understanding that the cost of implementing this already recommended switch will be approximately $30 million.

Mr. Sanford: Can you share with us why the Administration did not include a funding request for the $30 million needed to make the switch from FDA to FSIS?

Response: The Administration did not request funding for catfish inspection for FY 2012 because FSIS plans to be accepting and reviewing comments for both the proposed and final rule on mandatory catfish inspection during this time period.

Follow-up

Mr. Sanford: What percentage of cat fish is imported?

Response: As noted in Table 5 of the risk assessment published with the proposed catfish rule, approximately one-third of catfish available on the US market in 2008 was imported. The information is submitted for the record.

[The information follows:]

Table 5. Kilograms of varieties of catfish available for consumption in the United States, 2008.

Origin	*Ictalurus*	*Pangasius*	Other Siluriformes	Totals
Imported	10,470,953	35,748,529	57,169	46,276,651
Domestic	105,679,239	0	0	105,679,239
Total	116,150,192	35,748,529	57,169	151,955,889

Mr. Sanford: What are the top 5 exporting countries? Does FSIS have inspection programs in those countries specifically for cat fish destined for the U.S.?

Response: The top five countries importing *Ictalurus* (i.e., a "narrow" definition of catfish) are China, Mexico, Indonesia, Canada, and Vietnam. The top five countries importing *Siluriformes* (i.e., a "broad" definition of catfish, inclusive of *Ictalurus*) into the United States are Vietnam, China, Thailand, Cambodia, and Malaysia.

FSIS does not operate inspection programs in other countries. Rather, FSIS determines whether a foreign government's food safety system is equivalent to the U.S. system through an initial audit; conducts annual reviews of the foreign system; and re-inspects foreign products at U.S. ports of entry. Thus, FSIS would apply the same requirements to imported catfish products as it would for imported meat products.

Cost Saving Proposals

Mr. Sanford: I am told that during a cost cutting exercise at the Food Safety and Inspection Service that employees figured out that the Agency might be wasting money by paying for express shipping for empty containers. It's clear that the agency needs to move samples quickly to the laboratory and pays for next-day delivery for that.

But getting the empty containers back may not be so urgent. According to news reports, you expect to save $350,000 next year by switching to ground shipping for the empty containers.

That's actually not a bad idea. But can you tell me, has the agency come up with other, more tangible and substantial potential program or policy recommendations for cost savings?

Response: Increases in the FY 2012 budget request for FSIS are partially offset by reductions in funding for the Catfish Inspection Program, given the investment to date and the need for considerable stakeholder engagement and regulatory development before adoption and implementation of the program (-$15.3 million); for cooperative agreements with the 25 State and local partner laboratories in the Food Emergency Response Network (FERN) (-$4.1 million); and for FSIS laboratory capacity-building (-$5.6 million). In addition, FSIS will achieve significant savings by streamlining agency operations (-$4.5 million), achieving broadband efficiencies (-$3.5 million) and laboratory sampling efficiencies (-1.0 million), and reducing laboratory sample shipping costs ($350,000).

Administration's Proposed Reductions

Mr. Sanford: Though Agriculture Secretary Tom Vilsack said in a statement that USDA's budget request "makes appropriate investments to help us continue to improve the safety of the food Americans eat each day," the request cuts federal meat inspection --from $904 to $889 million. Budgets for international food safety inspection and state food safety inspection would be cut by $3 million and $1 million, respectively, from $19 to $16 million and $64 to $63 million.

I am particularly concerned about the foreign and state inspection programs. Given the ever increasing pressure by our foreign partners to increase food imports, and what could be loosely labeled as a "fledgling" foreign inspection program, how are we adequately insuring the safety of imported foods coming into the U.S.?

Response: In order for a foreign country to export product regulated by FSIS (meat, poultry, and processed egg products) to the United States, FSIS must first deem a foreign government's food safety system to be equivalent to the U.S. system. Our system of establishing country-by-country equivalence makes the foreign country accountable for its own food safety system and the establishments within its borders. This is an efficient, effective, and globally-accepted approach. After establishing the equivalence of a nation's system, FSIS conducts audits of that system to make sure that it continues to be equivalent. Finally, if and when product enters the U.S. through import facilities, it is re-inspected by FSIS. Re-inspection includes product examination and random testing for microbiological and chemical contaminants.

CDC

Mr. Sanford: Though the Centers for Disease Control and Prevention, another key public health agency that plays a role in the federal food safety system, also takes a small cut under President Obama's plan--CDC's budget would go from $6.5 billion in FY 2010 to $5.9 billion in FY 2012--the proposal requests $68 million in additional funding for the National Center for Emerging Pathogens and Zoonotic diseases, which oversees CDC's food safety functions. Are the two of you working cooperatively, and if so, in what areas? Will the reductions in their budget have any direct/indirect impact on those joint relationships/projects?

Response: FSIS works closely with the CDC National Center for Emerging and Zoonotic Infectious Diseases (NCEZID) on multi-State foodborne outbreak investigations, the CDC-led OutbreakNet Sentinel Sites, FoodNet, and PulseNet projects, and with the CDC Food Safety Office.

Reductions in funding for these CDC, NCEZID-led activities would directly affect several important FSIS-CDC-State collaborations, including the launch of a FoodNet non-O157 Shiga toxin-producing *E. coli* case-control study designed to improve scientific knowledge regarding risk factors for infection, the timely provision of FoodNet data to FSIS for use in evaluating progress toward the USDA High-Priority Health Goals, and the implementation of exposure assessments for *Campylobacter* cases. Funding reductions would also likely reduce CDC staff available to work on foodborne outbreak investigations and illness and outbreak surveillance.

Decreased funding would likely lead to a reduction in the number of OutbreakNet Sentinel Sites established through CDC and FSIS funding for the purpose of improving State health department capacity and capabilities to investigate foodborne illness outbreaks and provide the data that FSIS needs to investigate the food sources of illness. Reduced funding to the PulseNet subtyping network would have a detrimental effect on foodborne illness outbreak investigations, as this network provides critical, real-time reporting on illnesses and is used to define cases for investigation.

Reductions in funding to the CDC Food Safety Office would affect their ability to serve as a central collaborating center for FSIS, FDA, and non-government entities.

FSIS - Food Inspection Capacity

Mr. Sanford: What is your view of the State role in food inspection, particularly given an expectation of continued budget reductions and where the Federal inspection foot print is largely dependent on the State partners? How can we more effectively support the state inspection process, especially in the area of training assistance to States?

Response: FSIS regulates all meat and poultry products that are shipped in interstate or international commerce for human food. FSIS also oversees 27 cooperative State meat and poultry inspection programs to ensure the safety of meat and poultry products shipped within those States.

FSIS offers training for State inspection program personnel, and is looking into the possibility of working with those States to establish their own training programs, and providing materials and support. In addition, FSIS is partnering with FDA, the Association of Food and Drug Officials, and others supporting the International Food Protection Training Institute (IFPTI, Battle Creek, MI). IFPTI is standardizing training and certification for various food protection disciplines for all Federal, State and local food protection agencies and intends to make such training more readily available. Among other things, IFPTI has hosted an FSIS-presented livestock slaughter course for State program trainees.

Follow-up

Mr. Sanford: As you know, the over the years, Department and the State of Georgia work cooperatively on food inspection activity. Given the fiscally restrained environment we're facing today, there actually may be ways to broaden and expand the cooperative relationship between State inspection activities and Federal. I know the Commissioner of Agriculture for the State has expressed an interest in building on our current relationship with the Federal government.

Any thoughts on where we might be able to build on existing synergies and/or create *new ones?*

Response: FSIS is always eager to explore new ways in which it might advance its food safety mission by working with States. For example, we will continue to build on our successful partnership with State and local agencies on FSIS foodborne illness and traceback investigations. State and local public health and regulatory agencies are vital partners in our battle to keep food safe, particularly with regard to investigations in response to outbreaks of human foodborne illnesses associated with FSIS-regulated products. One of the ways we become aware of a possible link between an FSIS-regulated product and human illnesses is through notification by local, State, territorial and international public health officials. FSIS inspection program personnel and investigators also work in coordination with local, State and territorial health or agriculture department personnel during domestic traceback investigations.

Proposed CR Funding Reductions

Mr. Sanford: Funding for the Food Safety Modernization Act has been an area of particular controversy. The FDA has said that implementing the legislation would cost about $1.4bn over five years, but the GOP budget proposal for the remainder of fiscal 2011 includes significant spending cuts to food regulatory agencies, including the FDA, the Centers for Disease Control and Prevention (CDC), and the Agriculture Department's Food Safety Inspection Service (FSIS).

If we're faced with having to reduce or curtail mandatory inspections at the Federal level as a result of these reductions, what, if any options do you have at your disposal to maintain the national food inspection apparatus at an effective operating level? Does it make sense to expand the use of State food inspection services in the short term, should severe reductions in our food safety programs survive?

Response: The Agency will seek to minimize the impact of budget cuts on FSIS inspection program personnel, who are required by law to be present at all times for slaughter operations and once-per-shift per day for processing operations.

FSIS conducts reviews of the 27 States meat and poultry inspection programs to ensure that they are providing inspection services "at least equal to" the Federal inspection program. FSIS also cooperates with States to oversee Talmadge-Aiken and cross-utilization plants, which are meat and poultry slaughter and processing establishments that operate under Federal regulations administered by State inspection program personnel, similar to what would occur under the Interstate Shipment Program. Moreover, FSIS maintains agreements with two States that do not have meat or poultry inspection programs (California and Colorado) to conduct reviews of custom slaughter establishments. Finally, FSIS has a cooperative agreement with Utah to conduct egg processing inspection on the Agency's behalf.

However, as these are all cooperative programs requiring Federal oversight, any effects on the Federal program would also have a relative effect on inspection services performed by these State programs.

Congresswoman Marcy Kaptur
Questions for the Record

Budget Impacts

Ms. Kaptur: Many of the successes at FSIS over the last few years have been a result of funding commitments made by this committee and this is not the time to turn back. Are the trends in decreasing vacancy rates as identified in your testimony at risk as a result of funding cuts proposed in HR 1?

"Between December 2009 and December 2010, the vacancy rate for PHVs (even without applying other-than-permanent coverage) declined by almost four percent, from 11.5 to 7.7 percent. And over the last two years, since December 2008, the PHV vacancy rate has decreased by almost eight percent, from 15.6 to 7.7 percent."

Response: Under the proposed plan to mitigate an $88 million reduction, the Agency will seek to minimize the impact on the Agency's employees, who are committed to keeping America's food supply safe. I would point out however, that 85 percent of the FSIS budget is for personnel, so a reduction of this magnitude would likely have an effect on the FSIS workforce.

Ms. Kaptur: In the first hearing of the Agriculture Appropriations Subcommittee on March 1 2011 Secretary Vilsack commented briefly on the impacts of HR 1 but did not give the committee specific numbers. Considering that two weeks has elapsed since that hearing, has USDA provided specific numbers to the committee on potential impacts of the proposed $88.4 million cut in HR 1 from FY 10?

Response: USDA has not provided specific numbers to Congress regarding the potential impacts of the proposed $88.4 million cut to FSIS funding, but since 85 percent of the FSIS budget is for personnel, a reduction of this magnitude would likely have an effect on the FSIS workforce.

Ms. Kaptur: Congressman Dicks discussed the effects of HR 1 on the ability of FSIS to do its job and on the potential impact of furloughs on FSIS. In response, the Secretary said, "If you impose upon FSIS a significant reduction and you give us less than a fiscal year -- if you give us six months or five months in which to -- to manage that reduction, you're going to see personnel reductions and you're going to see impacts obviously on -- on facilities." With the prospect of another short term continuing resolution, if HR 1 was implemented in the remaining part of the year, would USDA be required to furlough employees?

Response: Under the proposed plan to mitigate an $88 million reduction, the Agency will seek to minimize the impact on the Agency's regulatory responsibilities, on industry, and ultimately the consumer. I would point out; however, that 85 percent of the FSIS budget is for personnel, so a reduction of this magnitude would likely have an effect on the FSIS workforce.

Ms. Kaptur: Unlike FDA that does not *require* inspectors at domestic facilities, FSIS is by law, mandates that to operate, line inspectors must be

present. If the $88.4 million cut proposed in HR 1, what would the economic impacts be for domestic meat inspection? Would companies have to stop selling product locally?

Response: It is difficult to estimate the exact impact of the proposed reduction on industry or on retail facilities, but meat and poultry products cannot be sold in interstate commerce without a Federal mark of inspection.

Ms. Kaptur: If companies were not allowed to slaughter meat, what types of impact would this have on the feed, chicken raising and delivery markets?

Response: It is difficult to estimate the exact impact of the proposed reduction on industry or on retail markets.

Ms. Kaptur: Would there be shortages of meat in the supermarkets or would we face increases in meat costs at the supermarket?

Response: It is difficult to estimate the exact impact of the proposed reduction on retail facilities and product costs.

Ms. Kaptur: If HR 1 was implemented as envisioned by the House GOP, would this result in more foreign imports of meat products?

Response: Because FSIS inspection program personnel are required to re-inspect all imported meat, poultry, and processed egg products at U.S. ports of entry, imports of these products would be affected as much as domestic product.

Ms. Kaptur: Would grocery stores or restaurants be forced to limit their operations?

Response: It is difficult to estimate the exact impact of the proposed reduction on retail facilities.

Ms. Kaptur: This morning on the morning radio there were discussions on the possible effect that a work stoppage in the NFL could have on the consumption of chicken wings but my question for you today is what a work effect a work stoppage or furloughs could have on the availability of meat to Americans?

Response: Meat and poultry products cannot be sold in interstate commerce without a Federal mark of inspection, and thus, FSIS will seek to minimize the impact on the Agency's regulatory responsibilities.

Ms. Kaptur: As stated in your budget documents "Nationally, 9500 FSIS and 1400 state employees depend on reliable connectively to information systems and applications daily to accomplish FSIS inspection." Potential furloughs for a number of these employees across the country could result in huge economic impacts beyond the meat inspection industry. Outline for the committee the interconnectedness of the meat inspection system and its economic footprint should this meat inspection process be hampered by poorly timed and implemented budget cuts.

Response: In FY 2010, FSIS employed more than 8,000 personnel protecting public health nationwide in approximately 6,200 federally inspected establishments and elsewhere on the front lines, inspecting each and every livestock and poultry carcass and each meat, poultry, and egg processing establishment at least once per shift. During FY 2010, FSIS personnel inspected 147 million head of livestock and nine billion poultry carcasses in domestic facilities.

The Agency also ensures the safety of imported products. In FY 2010, FSIS personnel at the U.S. border were presented with approximately 3.2 billion pounds of meat and poultry products from 29 eligible countries and approximately 22.4 million pounds of egg products from Canada for re-inspection.

Small Slaughter/ State Based Meat Inspection

Ms. Kaptur: The final rule to implement a new inspection program to permit the interstate shipment of state inspected meat and poultry is over 15 months late. When the Secretary testified before the subcommittee on March 1st, Congresswoman Delauro discussed the delay in implementing the State based inspection system with Secretary Vilsack and the secretary said, "We are expecting it soon from OMB, very soon. My hope is -- we talked about this just yesterday about the interstate rule. Our hope is it that it gets done very soon."

Two weeks has now elapsed since this last hearing, is there any further update on this rule? When should we expect action on this matter?

Response: The final rule cleared OMB on March 30, 2011. FSIS is preparing to implement its rollout for the rule, which will include outreach to the States and other stakeholders before the rule publishes.

Ms. Kaptur: The Department of Agriculture has conducted mobile slaughter trainings across the country. Please update the committee on the results of these trainings and the continued coordination as a result of this work.

Response: During FY 2010, FSIS hosted two webinars and three information sessions to assist small operators in complying with the regulatory requirements when operating a federally inspected mobile slaughter unit.

One of the webinars focused on Red Meat Mobile Slaughter Units, and was attended by 181 participants. The other focused on Poultry Mobile Slaughter Units, and was attended by 150 participants. FSIS saved the presentations from these Webinars onto CDs and offered them free-of-charge to farmers, ranchers and owners or operators of small farming, slaughter, and processing operations at 17 industry trade shows and workshops, reaching approximately 25,000 attendees. These CDs are available on FSIS' website and offered on its Food Safety Resources Brochure for Small and Very Small Plants, which is mailed annually to approximately 8,000 Federal and State-inspected slaughter and processing establishments.

FSIS partnered with USDA's Rural Development and Agricultural Marketing Service, as well as local extension offices, to conduct three Mobile

Slaughter Unit Information Sessions: in Boonsboro, Maryland, for 90 participants; in Carson City, Nevada, for 60 participants; and Ft. Collins, Colorado, for 150 participants. At these information sessions, small farmers and ranchers learned about FSIS' regulatory requirements, how to obtain a loan or grant from USDA, and how to participate in the Department's Organic program.

Ms. Kaptur: The Department of Agriculture seems to recognize the great importance of small agriculture and the critical role that slaughter capacity plays in giving farmers access to markets. From maps and data that USDA made available in May of 2010, hundreds of counties across the country have local slaughter facilities, but because of the way our regulations are written, these farmers cannot export their product out of state. What could the economic impact of the state based meat inspection program have for rural America if it enables the interstate sales of meat inspected by 27 state based meat inspection programs?

Response: This Administration and USDA are keenly interested in creating new economic opportunities for small producers, such as with the 'Know Your Farmer, Know Your Food' Initiative. However, FSIS is the public health regulatory agency charged with ensuring the safety of all meat, poultry, and processed egg products shipped in commerce for use as human food, and we are confident that this program will provide economic opportunities for certain small and very small producers and maintain the integrity of the USDA mark of inspection.

Ms. Kaptur: Small farmer outreach at the Department Agriculture is absolutely critical. Over the last year USDA has devoted more resources, time and dollars to outreach to the small slaughterhouses that serve as economic drivers for hundreds of countries across the country. In your budget documents, you have not specifically identified the dollar figures associated with the mobile slaughterhouse programs, the small farmer outreach within FSIS or possible economic analysis of the impact of these farmers across our country that access. We must stop the decline of slaughter capacity across rural America and the more I hear about USDA initiatives, the more I am convinced that USDA is up to the task.

While USDA has devoted resources to small farmer outreach and produced documents in this area, USDA has not provided the committee detailed budget estimates of the staffing devoted to this area. Has USDA tracked the FY 10, FY 11 and FY 12 resources for expended for the small farmer office the Undersecretary has indicated is now staffed?

Response: In FY 2010, FSIS dedicated 19 full-time equivalent (FTS) positions, and in FY 2011 and FY 2012, FSIS has dedicated 17 FTEs in our Office of Outreach, Employee Education and Training (including our Small Plant Help Desk) to assisting small and very small operators and entrepreneurs.

Ms. Kaptur: Please provide appropriate budget tables for FY 10, FY 11 and FY 12 for the small slaughter and farm outreach program activities conducted within FSIS.

Response: The cost of outreach to small and very small business outreach activities, including travel, operating expenses, and salaries and

benefits for the aforementioned FTEs, is $1.6 million for FY 2010, an estimated $1.8 million for FY 2011, and another $1.8 million FY 2012.

Ms. Kaptur: Does USDA plan on conducting more mobile slaughter outreach sessions during FY 11 or FY 12? If so, what is the budget for this program?

Response: Due to budget constraints, no mobile slaughter outreach efforts have been scheduled for FY 2011 or FY 2012. However, FSIS will continue to work with other USDA agencies to field questions from operators and entrepreneurs about how to meet meat and poultry food safety requirements and how to open a mobile slaughter unit.

Ms. Kaptur: What other new activities does USDA have planned to assist small slaughter facilities?

Response: In FY 2010, FSIS launched the Small Plant Help Desk, a one-stop call center that operators of small and very small plants can call or e-mail regarding the regulation of meat, poultry, and processed egg products. The Help Desk is staffed by knowledgeable and experienced personnel dedicated to providing thorough assistance to Federal or State-inspected plants. Since its launch in January 2010, the Small Plant Help Desk has answered more than 3,000 calls and distributed more than 5,000 resources to owners and operators of small and very small meat, poultry and processed egg products establishments. This Help Desk will continue to be an integral part of FSIS' overall effort to assist small and very small slaughter and processing facilities.

In addition, FSIS will continue to develop and expand its partnerships with industry, academia, non-profits and other government agencies to further enhance its outreach to small facilities. For instance, FSIS will work with State Meat and Poultry Program Contacts and University HACCP Coordinators to share information and resources on topics such as food defense, nutrition labeling, Interstate Shipment, HACCP Validation, and other essential subjects to small and very small plants. In addition, the Agency works closely with entities such as the Niche Meat Processor Assistance Network, a national network offering assistance, resources and guidance to small and very small plants slaughtering and processing meat derived from livestock and poultry that are locally grown, certified organic, grass-fed, antibiotic and hormone free, or humanely raised (certified).

Building on the Agency's monthly publication targeted to small plant owners and operators, *Small Plant News*, FSIS will launch a series of guidebooks under that newsletter's brand to provide further in-depth and user-friendly guidance on topics of concern to small slaughter and processing businesses. Each guidebook in the series will focus on one subject such as: How to Deal with Plant Emergencies, How to Develop a Recall Plan, Labeling, and HACCP Validation, to name a few. If supporting an expected Agency final rule, the appropriate guidebook will not be released until that rule is published.

Ms. Kaptur: Does USDA plan on updating data and maps related to the May 2010 analysis of slaughter capacity across the country? This data is extremely useful and provides the first USDA glimpse into the economic importance of the program. We look forward to the next steps from this May

2010 release as do many of the small and isolated farmers that do not have regular access to slaughter capacity.

Response: FSIS updated the maps in August 2010, and posted them on our website at: http://www.fsis.usda.gov/PDF/Slaughter_Estab_Maps_080910.pdf. FSIS plans to continue updating the maps into the future, with both improved slaughter facility and production data, and possibly other features to aid in interpretation.

Ms. Kaptur: Has USDA coordinated with the Economic Research Service, the National Agricultural Statistics Service or the Chief Economists office in analyzing the economic benefit of the small farmer slaughter outreach program?

Response: FSIS has not conducted an economic analysis of its outreach efforts. However, FSIS' small plant outreach team continues to actively seek recommendations from small plant owners and operators on issues so that they can develop guidebooks and other resources to help them further.

Ms. Kaptur: In recent correspondence to my office, the Department provided the following information "During FY 2010, FSIS held information sessions across the country to educate farmers, ranchers, and processors on how to apply for a federal grant of inspection and operate an FSIS-inspected mobile slaughter unit. FSIS also organized two net conferences on mobile slaughter units: one on red meat, which had 181 attendees; and one on poultry with 150 attendees." For the record, please elaborate on the other relevant information related to activities conducted by the small slaughter outreach office.

Response: In addition to the information sessions and webinars on Mobile Slaughter Units, FSIS conducted the following net meetings, webinars, and technical workshops for small and very small plants in FY 2010:

Title / Topic	Sessions	Participants
Critical Issues in Selecting and Maintaining Effective GMPs for an Effective Food Safety System	3	83
Effective Examples of In-Plant Validation of Food Safety Interventions in Poultry Products	3	168
Industry Preparation for Human Pandemic	2	8
In-Plant Validation of Food Safety Interventions in Poultry Products	3	132
Issues in Food Safety Related to Egg Products	3	101
Lessons Learned from Food Safety Assessments and Recalls During FY 2010 2nd Quarter	1	239
Public Health Information Systems (PHIS) - Import	2	262
PHIS - Export	2	204
PHIS - Domestic	2	212
Safety & Health Precautions for High Pressure Processing Systems	1	54
Sanitary Dressing Procedures	3	307
Selecting and Maintaining Effective Good Manufacturing Practices to Improve Establishment Food Safety Systems	3	158
Selecting Scientific Documentation to Support Establishments' HACCP Plan	3	379

Ms. Kaptur: What changes does FSIS plan on making to the small slaughter outreach program?

Response: FSIS hopes to expand its small and very small plant outreach program by further developing and expanding partnerships with other Federal and State agencies, academia, non-profits and industry associations. Our strategy is to leverage expertise and resources within FSIS and among our partners so that more customers can be better served.

Ms. Kaptur: Has the mobile slaughter outreach program been successful? Please share other success stories for the committee about the program or plans to expand the program in the coming years.

Response: Yes, FSIS' mobile slaughter outreach program has been successful, in that FSIS has reached thousands of plant operators and entrepreneurs about how to meet FSIS food safety requirements and open a mobile slaughter unit. FSIS is currently considering bringing Mobile Slaughter Unit information sessions to other states (i.e., California, New York, and Vermont) in the future.

FSIS Policy Provisions

Ms. Kaptur: Another final rule that has been late in getting implemented from the 2008 Farm Bill is the establishment of a mandatory inspection program for catfish. Why has it taken so long for the proposed rule to get published?

Response: Because of the complexity of the issues requiring consideration in developing a domestic and international catfish inspection program; the change in regulatory authority; and the need to coordinate extensively with other Federal agencies; how to structure the anticipated regulatory hand-off; and the implications both at home and abroad; the process took far longer than anyone had expected.

Ms. Kaptur: Legislation has been proposed by Senators McCain and Coburn to transfer catfish inspection back to FDA. Has the Administration taken a position on that legislation?

Response: The Administration has not taken a position on the legislation proposed by Senators McCain and Coburn.

Ms. Kaptur: China -- any updates on the equivalency determination

Response: From December 1-21, 2010, FSIS conducted two separate but simultaneous audits of China's poultry inspection system to: one for poultry processing and one for poultry slaughter. FSIS continues to analyze materials provided by China during the on-site audits, and sought published information on China's food safety system from various domestic and international agencies, as part of its equivalence evaluation of China's poultry inspection system.

FSIS will submit two separate audit reports to China. China will then be responsible for working with FSIS to address any concerns that may be

raised in the reports.

Ms. Kaptur: Both Australia and New Zealand are implementing new inspection systems for meat products exported to the U.S. Both will involve shifting some inspection duties from government-paid inspectors to meat company employees. Would you tell us what the FSIS position is on granting equivalency status to these new inspection regimes?

Response: In 1999, FSIS determined that Australia's alternative meat inspection system was equivalent to the U.S. meat inspection system, and Australia has been exporting product to the United States under the Meat Safety Enhancement Program (MSEP) since 2008. The MSEP has been renamed the Australian Export Meat Inspection System, but the system itself will remain the same as that determined to be equivalent by FSIS in 1999. Thus, Australia is not implementing a new inspection system, but rather implementing this equivalent system in all Australian beef, sheep, and goat slaughter establishments eligible to export to the United States. In making the 1999 equivalence decision, FSIS determined that slaughter inspection in MSEP establishments meets all requirements of U.S. law for the import of meat products into the United States, and provides the same level of public health protection as U.S. domestic slaughter inspection.

The government of New Zealand has advised FSIS that they are considering implementing an alternative meat inspection system for all sheep slaughter establishments eligible to export to the United States. To date, New Zealand has run trials in some of their sheep slaughter establishments to demonstrate that it achieves the same level of public health protection as U.S. domestic slaughter inspection. New Zealand will submit the trial results and other data to FSIS as part of their equivalence submission. In order to achieve equivalence recognition, a foreign country must submit its alternative inspection system to an evaluation by FSIS consisting of a document review and an on-site review. The document review is an evaluation of the laws, regulations, and other implementing documentation used by the country to enact its inspection program. FSIS evaluates the information submitted and then conducts an on-site review to verify all aspects of the country's inspection program including the foreign government's oversight of the laboratories and individual establishments within the country that will be certified to export to the United States. If FSIS determines that a foreign country's inspection system is equivalent, the Agency is required to conduct rulemaking to list the country in the meat inspection regulations, i.e., 9 CFR 327.2.

Ms. Kaptur: Brazil seems to have a difficult time meeting our food safety standards for the meat products they export to the U.S. It seems that every couple of years there is a major issue where we don't accept their meat products for one reason or another. What is FSIS doing to ensure that Brazilian food safety system consistently complies with the equivalency status we have accorded it?

Response: In order for any foreign country, including Brazil, to export product regulated by FSIS (meat, poultry, and processed egg products) to the United States, FSIS must first deem a foreign government's food safety system to be equivalent to the U.S. system. In addition, FSIS conducts audits of that system to make sure that it continues to be equivalent.

Finally, FSIS-regulated product that is exported to the United States is re-inspected at U.S. ports of entry.

On May 27, 2010, Brazil notified FSIS that it was voluntarily suspending all exports of cooked beef products to the United State after Ivermectin was detected in its shipments of meat products. Brazil worked with FSIS and completed a corrective action plan that satisfied the Agency's concerns related to Brazil's residue control program, and on December 28, 2010, lifted its voluntary suspension. FSIS will continue to sample at ports of entry to verify that Brazil's food safety system provides adequate residue oversight. In addition, FSIS will perform follow-up verification activities, including requesting documentation that demonstrates the country's residue program's process control.

Ms. Kaptur: What firewalls exist between the USTR and the Food Safety & Inspection Service decisions related to the determinations of equivalency and audits of foreign countries inspection systems? How does USDA separate diplomacy from the public health mission of FSIS?

Response: FSIS has a clear documented process for making equivalency determinations. The process is outlined on the FSIS website and in office procedures and does not include consultation with USTR, as it is a public health regulatory determination, rather than a political determination. USTR may issue public comments, make inquiries, or raise points of clarification with regard to any regulatory proposal that FSIS has issued as part of the rulemaking process.