

Poultry Slaughter and Processing Requirements for the State of Vermont and the US

June 16, 2006

Sources:

- Randy Quenneville, VTDA Inspection Services Chief (June 1, 2, 5, and 12, 2006)
- Herb Vedder, USDA-FSIS District Office in Albany (June 12, 2006)
- Health Regulations for Food Service Establishments, VT Department of Health
http://healthvermont.gov/regs/03food_estab.pdf
- Poultry Products Inspection Act, USDA-FSIS
http://www.fsis.usda.gov/regulations_and_policies/PPIA/index.asp#Sec.%20454
- Electronic Code of Regulations, Title 9, Part 416 – Sanitation, Federal Code
- Sanitation Performance Standards Compliance Guide (Federal Regulations Part 416 with comments) <http://www.fsis.usda.gov/OPPDE/rdad/FRPubs/SanitationGuide.htm>
- Guidance for Determining Whether a Poultry Slaughter or Processing Operation is Exempt from Inspection Requirements of the Poultry Products Inspection Act, USAD-FSIS (Inspection and Enforcement Initiatives Staff)
http://www.fsis.usda.gov/OPPDE/rdad/FSISNotices/Poultry_Slaughter_Exemption_0406.pdf

1. The USDA has regulations that govern poultry processors and then they have exemptions to those regulations for processors who slaughter and process less than 20,000 birds per year. The exemptions cover:

- Personal Use
- Customer Slaughter/processing
- Producer/Grower of less than 1000 birds per year
- Producer/Grower 20,000 limit exemption
- Producer/Grower or Other Person Exemption
- Small Enterprise Exemption
- Retail Exemption

These “exemptions” primarily apply to exemption from USDA inspection.

2. All exemptions require that poultry is slaughtered and processed “under sanitary conditions using procedures that produce sound, clean poultry products fit for human food.” Sanitation procedures and practices that are required for exempt poultry businesses are the same requirements for poultry businesses receiving full USDA inspection. It is important to note that this applies regardless of the exemption (ie. personal use, under 1000 or up to 20,000). (see page 2 of the USDA Exemption Guide)

It appears that they are saying that the standards for the facility for processing your own chickens is the same as processing up to 20,000 a year under the PGOP exemption?

3. 27 states have their own inspection program. These programs can add additional regulations to the existing Federal Regulations, but cannot loosen the regulations. Vermont is one of the 27 states. In Vermont the USDA and Vermont inspectors are

one in the same, sometimes they inspect on behalf of VT and other times on behalf of the USDA. States that do not have their own inspection program rely on USDA for inspection.

4. According to the VTDA, in all USDA exemption scenarios except the Personal Use and Producer/Grower of less than 1000 birds/year, the slaughter/processing facility must be inspected and passed by the Vermont Department of Agriculture. Yet, according to the USDA (conversation on June 12, 2006) all facilities must be inspected.
5. The Producer Grower under 1000 can slaughter and process up to 1000 birds per year within the USDA exemption criteria for Producer/Grower of less than 1000 birds. According to the VTDA these birds may be sold directly at the farm only, unless operating under the VTDA exemption for selling at farmer's markets. In order to qualify for the farmer's market exemption, you must have a VTDA inspected facility (you DO NOT need to have inspection during the slaughter and processing). To date, NO Vermonter has taken advantage of this VTDA exemption. It has been available since at least 2003.
6. The Producer Grower can slaughter up to 20,000 birds per year. The descriptive text in the USDA exemption does not explicitly state who the farmer may sell to or how, but it does say: "poultry products are distributed solely by the producer grower."
7. The Producer/Grower or Other Person (PGOP) Exemption on the other hand, clearly states that it allows the sale of up to 20,000 birds per year directly to household consumers and restaurants, hotels, and boarding houses. Under this exemption, the federal standards do not require inspection during slaughter, but the VTDA requirements do require inspection during slaughter and processing of poultry that will be sold to a restaurant.
8. The exemptions described in the USDA Exemption document are quite confusing, even though the document was produced to clarify the exemptions. While ONLY the PGOP exemption states that the poultry can be sold direct to household consumers, and hotels, restaurants, and boarding houses in the descriptive text, under Attachment 1, Summary of Exemptions and Limitations, it says that the Producer Grower (both 1000 and 20,000 limits) AND the PGOP can sell to ANY customer, including HRI and Distributors. Only the PGOP can NOT sell to Retail stores according to that same table.
9. While the USDA exemption would allow a farmer to slaughter and process up to 20,000 poultry per year for sale to restaurants without inspection during processing, the VTDA requires on-site inspection during processing.
10. "Inspection" means that a VT Inspector is on the premise during the slaughter and processing of the animal. The state provides this service at no cost to the farmer for up to 8 hours a day and five days a week for a total of 40 hours per week. Time beyond that must be paid for by the company requiring the inspection.
11. Although not explicitly stated in the federal regulations, the basic requirements for an acceptable facility for processing chicken (according to the VTDA) is: two rooms (one clean and one dirty), running pressurized water, acceptable drainage and sewage.

The inside walls must be made of material that makes it easy to be cleaned. Typically this means lined with glass board for easy cleaning. Surfaces must also be easily cleanable. This facility must be inspected and approved by the VTDA (if operating under the exemptions).

12. The state health department regulates restaurant operations (“Food Service Establishments”). However, under their requirements for “acceptable source” it says:

Food shall be obtained from sources that comply with regulations of the Vermont Agency of Agriculture, U.S. Department of Agriculture (USDA), Food and Drug Administration (FDA) or other sources approved by the Department of Health.

13. Ultimately the VTDA/USDA regulates food that is sold in restaurants. The health department is responsible for enforcing the rules.

Issues related directly to chicken processing in Vermont

1. The regulations are confusing and difficult to interpret. With well over 16 hours of conversations with the VTDA and USDA and reading the regulations, the regulations are only becoming less and less clear.
2. A slaughter/processing facility that meets VTDA requirements is expensive (one Vermont farmer recently paid \$80,000 for his and did a large part of the work himself). The further requirement by the VTDA to have an inspector present during slaughter adds additional requirements for the facility such as a restroom that meets public restroom requirements (the bathroom in the farmhouse is not adequate) and a paved driveway, that add additional costs to the facility.

Hypothetical ROI analysis on building such a facility:

1000 chickens/year at a profit of \$3 per chicken = \$3000 per year profit.

$\$80,000/\$3000 = 26$ years before there is an ROI

Even if the facility cost \$20,000 it would take over 6 years for it to pay for itself.

Perhaps the investment could be justified by a farm dedicated to producing ONLY poultry, but it is not at all feasible for a small, diversified family farm.

3. The only poultry slaughter facility in the state of VT approved for slaughtering for restaurants that accept birds from outside farms is in Springfield, VT – 2 hours from the Mad River Valley. Processing costs are \$2.50 to \$3.00 a bird. Factor in the transportation costs to drop off the birds, and then pick them up as well as the farmer’s lost time because he was driving the birds around the state and it is not a feasible solution.
4. A mobile processing facility, such as one operated by Ray Garcia of New Hampshire could be an option (not for restaurants because of the inspection requirements in the state of VT, but for sale of poultry at farmer’s markets), but the VTDA had several requirements for the mobile unit that would add costs and make it cost prohibitive. The same unit can be used in New Hampshire to slaughter and process poultry for restaurants.

The Bigger Picture

1. According to the USDA's Food Review, in 1992 more than four-fifths of our poultry in the US is produced in plants employing more than 400 employees; in 1967 less than one-third of our poultry was produced in such facilities.
2. The four-firm concentration ratio (the share of industry sales from the four largest firms) rose between 1977 and 1992 from 22 to 41. This means that in 1992 41 percent of the chicken produced in the US comes from 4 firms. As stated in the Food Review article:

Many economists believe that, when four-firm concentration ratios exceed 80, it is easier for large firms to raise prices without fear of a competitor taking away sales by selling a similar product at a lower price .

The four-firm concentration ratio for cattle was 71 in 1992.

3. Larger chicken plants can process chicken more cost-effectively (savings can be 15% or more for larger plants). The larger plants are thus able to sell poultry at a lower price, driving the smaller firms out of business.
4. The exact same facility requirements that apply to a large firm's chicken processing factory apply to small, diversified family farmers.

The Even Bigger Yet Smaller Picture (bigger because it is a global issue, smaller because it will have a direct and immediate personal impact on each and every individual person)

1. A community that can feed itself is free. (Quote from Joel Salatin in Holy Cows and Hog Heaven)
2. Our communities can no longer feed themselves. Family farms are shrinking and their land being forever converted for housing and development.
3. We depend on a very small number of giant corporations motivated by quarterly profits and stock share prices for our food. Food is grown and processed thousands of miles from where it is consumed requiring expensive transportation, packaging, and nutrient depleting preservatives to get it to our plate.
4. Large growing/processing operations are much more attractive targets for terrorists than small local farmers and if compromised could create a food crisis given the amount of food they produce and Americans rely on.
5. Food that does not travel thousands of miles is more nutritious and delicious.
6. Who would you trust more in processing your chicken? A local farmer who has to look you in the eye when he/she sells you chicken and depends on your repeat business to feed and take care of his family or a large corporation focused on quarterly profits and short term stock share prices?

The Objectives of the Chicken Event

To create an awareness and start a discussion about the impact of USDA and VTDA rules and regulations on small, diversified family farms leading to a new way of thinking about their role in our local food supply and more farmer-friendly regulations.