

From: Linda Slover [linda@schadham.com]
Sent: Tuesday, August 16, 2005 5:16 PM
To: fsis.regulationscomments@fsis.usda.gov
Subject: Comments on Changes in Fees for Meat, Poultry and Egg Products
Agency: Department of Agriculture, Food Safety & Inspection Service

9 CFR Parts 391, 590, and 592

(Docket No. 03-027P)
 RIN 0583-AD12

Changes in Fees for Meat, Poultry, and Egg Products Inspection Services – Fiscal Years 2005-2008

From: Mark P. Schad, Schad Meats, Inc. 2615 Cummins Street, Cincinnati, OH 45225, 513-251-6991

The following are my comments regarding the proposed rule to change the fees for meat, poultry and egg product Overtime and Holiday inspection services:

FSIS should accurately represent what is “mandatory” inspection and what is actually “overtime” inspection out in the field. The impact of overtime for the small and very small processor continues to result in significant additional costs of processing and product, which cannot always be passed along to the consumer.

For the small and very small processor the proposed increases are not negligible. Continued additional costs eating into profits may result in the loss of small and very small processors.

Overtime fees charged to the small and very small processor are not accurately represented in the information provided in support of the negligible increase as described by FSIS. For example, for the very small processor the cost per pound is exceedingly high compared with the large processor, see below:

1. The small processor produces 3,000 pounds of product in an 8 hour day (Saturday or Holiday). If required to pay 8 hours of overtime the cost \$55.19 for each hour. $\$55.19 \times 8 \text{ (hrs.)} = \441.52 . The cost per pound is \$0.147.
2. The large processor that processes 300,000 pounds in the same 8 hours would only have the effect of \$0.00147 for the same amount of inspection overtime.

The statement that “additional overtime/holiday costs will have an insignificant impact on profits and process” is not a true statement for the small and very small processor. Adding \$0.147 cents per pound of product for the small and very small processor has a major impact.

The fact that FSIS is seeking increased fees based on normal rises in salary and overhead costs is not at issue. However, the current system of overtime is inconsistently applied and many times results in abuses. Such abuses have an adverse effect on small and very small processors.

Some examples include:

1. FSIS determines “tour of duty” for an inspector without regard for the small or very small processor. Where an inspector’s “tour of duty” is different than “hours of operation” of a plant, the plant is placed in the position of paying for overtime during normal “hours of operation” of the plant. This “tour of duty” is subject

to change with the normal rotation of inspectors*.

Specifically, if an inspector's "tour of duty" is from 5 a.m. to 2 p.m. and a plant operates from 7a.m. to 4 p.m. there is a potential for FSIS to collect 2 hours of overtime daily. In some instances the inspector waits until the 2 p.m. to 4 p.m. time period to come in on a normal day, not a Saturday or Holiday, rather than inspecting during his/her regular tour of duty.

2. Inspection is not present one day in a week when product reaches high temperature and finishes cooking and is moved to the cooler. However on a Saturday morning, if a plant cooks product which will reach high temperature and finish cooking and is moved to the cooler, inspection must come in for the plant that morning. The plant is doing no other processing. This usually results in the small or very small processor being charged two (2) hours overtime.**

Any increase in the fees charged by FSIS will continue to increase the burden placed on small and very small plants.

*Note: When a very small plant does not have an assigned inspector the "tours of duty" can potentially be different based on which inspector happens to be assigned on any given day.

**Note: Product produced every day (regardless of whether it is Monday thru Friday or a Saturday) is monitored with a circular chart recorder for the cook and chill cycles.