

August 30, 2021

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Washington, DC 20250

RE: Docket #: AMS-TM-21-0058: Investments and Opportunities for Meat and Poultry Processing Infrastructure

To whom it may concern:

Thank you for the opportunity to submit comments related to increasing access to small and mid-sized meat processors. I appreciate that the USDA is gathering input from stakeholders and interested parties to help identify strategies and solutions that will create more competition in the meat processing industry. Iowa is a leader in livestock production and processing so this is a critically important issue for both our citizens and our state as a whole.

More competition is an issue that I have been personally hearing about from farmers for the last several years. While we try to do what we can here in Iowa to support our producers, this is an issue that must be dealt with at the federal level, so I applaud the USDA for taking these concerns seriously and attempting to address the challenge.

### **Grow Mid-Sized Processors**

Iowa has over 250 meat processing facilities across the state. These operations range from small, family-run Main Street lockers all the way to very large processing plants with multiple shifts and thousands of employees. Each of these facilities plays an important role in our food supply by ensuring that consumers have access to healthy and affordable protein options. However, Iowa is severely lacking mid-sized processors.

In order to increase competition in this sector, the USDA must prioritize support for new or expanded mid-sized processors. Mid-sized plants could help fill the gap by providing a new market option for larger-scale producers while also being able to process significantly more than a small locker.

Additionally, the USDA should consider redefining plant sizes to more accurately reflect the landscape. Currently, the USDA recognizes very small plants as less than 10 employees, small plants as 10-500 employees, and large plants as more than 500 employees.

This could include adding a category for medium or mid-sized facilities based on the number of employees, or redesigning these designations by the number of animals processed. This would paint a much clearer picture of the industry and help target resources where they can be most impactful at both the national and state levels.

### **Ensure State-Inspected Facilities are Not Excluded**

In addition to the recommendations outlined above, it is critical that any support provided to federally-inspected plants must also be offered to plants licensed at the state level. Limiting financial and technical assistance to just plants under federal inspection is not only misguided, it is contradictory to the administration's goal. The simple fact is that more players in the game generates more competition.

Of Iowa's 250 licensed facilities, 150 (or 60%) are under state inspection. With that many facilities already part of the equation, we shouldn't be excluding them from support. State-inspected plants are part of the solution.

Recently, the USDA announced the Meat and Poultry Inspection Readiness Grant program, which was intended to help facilities expand capacity, increase efficiencies, develop new markets, and improve health and safety standards. Unfortunately, this program was limited to plants working towards a federal grant of inspection or required them to participate in the Cooperative Interstate Shipment (CIS) program (which Iowa does have).

While CIS offers lockers an additional opportunity for interstate sales, not all of these facilities have a need or interest to take this step. While several lockers have taken advantage of the benefits of CIS, many are already working at capacity with their local customers and don't intend to conduct sales across state lines. Additionally, IDALS has a great working relationship with our small facilities and many prefer to remain under state inspection because they appreciate the flexibility offered by our inspectors.

Federal rules require that any state-administered meat and poultry inspection program must be equal to or greater than federal regulations. These facilities are meeting the same requirements so they should be treated the same and offered the same opportunities.

### **Boost Small and Existing Plants**

If the goal is to increase competition in the meat processing sector, ensuring that end consumers have options is key. This is where small and existing plants come into play.

Iowa's small town lockers play a critical role in providing locally-sourced meat direct to consumers and provide an alternative to the large grocery store chains that are typically working with large processors. Additionally, they provide livestock producers with an extra outlet to market and sell their products.

Over the last 18 months, our Meat and Poultry Inspection Bureau has been inundated with calls from folks who are hoping to launch new small facilities. There is an incredibly strong interest in

starting small-scale meat lockers in Iowa, particularly after the meat shortages that we saw amidst the COVID pandemic last year.

Some of the most frequent questions that we receive are about what assistance is available to small facilities at the state and national levels. Whether it is financial or technical, small processors need help when it comes to building plans, regulatory requirements and financial assistance such as grants or loans. Our team does a great job pointing folks in the right direction when it comes to state requirements and programs, but there are numerous resources and programs at the federal level that assist small businesses that we are unaware of. The USDA should consider creating a clearinghouse with this information that is available to those who want to start a small-scale meat processing operation, as well as state-level inspection personnel.

In addition to new small plants, Iowa already has numerous plants that are operational and don't require multi-million dollar construction or massive infrastructure upgrades. However, these businesses aren't without their own set of challenges. Most notably, a shortage of skilled workers (which isn't unique to just this industry) and the cost of expansion and upgrades.

Many of Iowa's small meat lockers are completely booked in 2022 and some have already begun scheduling requests for 2023. The demand already exists, it's just a matter of if they can keep up and do more. If these plants have better opportunities to access capital, whether it be through grants, forgivable loans, or low interest loans, they can make significant investments into their existing facilities to expand their operations and increase processing capacity. This is something that the USDA should strongly consider.

The USDA should ensure that small plants and plants currently in existence are not blocked from support. They are part of the solution to increasing competition and should be given the same supports and resources as new facilities.

Again, I want to thank the USDA for the opportunity to submit these comments and recommendations for boosting competition in the meat processing sector. The COVID-19 pandemic highlighted some of the gaps that exist in our food systems and supply chain. Ensuring competition in the meat processing system is just one way to move the needle. This is also a prime opportunity to strengthen local food chains, support small family farms, and connect consumers to locally-grown protein.

If I can provide any assistance or further information, I am happy to do so.

Sincerely,

A handwritten signature in black ink that reads "Mike Naig". The signature is written in a cursive, slightly slanted style.

Mike Naig  
Secretary of Agriculture