

Approved: 1-20-99
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on January 14, 1999 in Room 423-S of the Capitol.

All members were present except: Senator Christine Downey (Excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:

Mary Jane Stattleman, Assistant Secretary, Kansas Department of Agriculture
Dr. Lyman Kruckenberg, Area Supervisor, Meat and Poultry Inspection

Others attending: See attached list

Senator Umbarger made a motion to approve the minutes of the January 13, 1999 meeting as submitted. Senator Corbin seconded. Motion carried.

Mary Jane Stattleman, Assistant Secretary, Kansas Department of Agriculture, provided a Meat Inspection Program update regarding the deficiencies with the program as outlined by the United States Department of Agriculture (USDA) after its triennial review of the state program (Attachment 1). In the spring of 1995 the USDA gave Kansas a category 3 rating, ratings ranging from one to four. A level 4 notes the program is unacceptable and takes federal action to regain control in the plants. Secretary of Agriculture Allie Devine learned of this Category 3 rating in the spring of 1996 and began corrective measures. In a review by the USDA in August of 1998, seven out of nine plants visited were cited for violations focusing on basic sanitation. Immediate action was taken and during the September review USDA found plant conditions much improved and meeting the standards. Although it has been suggested that Kansas should return the program to USDA, the Secretary of Agriculture believes it would be in the best interest of Kansas consumers and plant operators for the program to remain as a state run program.

Dr. Lyman Kruckenberg, Area Supervisor, Meat and Poultry Inspection, spoke in more detail concerning the status of the Kansas Inspection Program.

The Chairperson stated that there will be future discussion by the Senate Agriculture Committee on the subject of leaving meat inspection under a state program or turning it back to the USDA.

There will be a joint meeting of the Senate Energy and Natural Resources Committee and the Senate Agriculture Committee on January 20, 1999 in Room 423-S at 8:00 a.m. as well as the regularly scheduled 10:00 a.m. meeting.



United States
Department of
Agriculture

Food Safety
and Inspection
Service

Washington, D.C.
20250

JAN 8 1999

Honorable Alice Devine
Secretary
Kansas Department of Agriculture
901 South Kansas Avenue
Topeka, KS 66612

Dear Secretary Devine;

During the month of August 1998, the Food Safety and Inspection Service (FSIS) initiated a comprehensive review of the Kansas Meat and Poultry Inspection Program. As you know, the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA) require state administered meat and poultry inspection programs to be at least equal to the Federal program. Federal monitoring of this requirement is performed annually, based on a set of oversight strategies, one of which may be the comprehensive review process. The purpose of the comprehensive review is to determine (1) your state's compliance with the State Performance Plan (SPP) and (2) the adequacy of the various components which in combination represent the overall inspection system. These components are reviewed by specialists in the work areas of compliance, in-plant reviews, resource management, finance, chemistry and civil rights. Comprehensive reviews may include targeted follow-up reviews to measure the success of corrective actions prompted by the initial findings.

At this time, we are providing you with an interim report of the comprehensive review findings for the state for Kansas. There are several reasons for providing an interim report.

- FSIS delayed the civil rights component of the review due to budget related travel restrictions. This activity has been rescheduled for January 1999.
- Some revisions to the State Performance Plan are still in progress and must be assessed for the final report.
- Most importantly, many significant improvements are underway or proposed for implementation over the next 6 months. We believe that a realistic final rating should take these improvements into account.

FSIS specialists from the areas of compliance, in-plant reviews, resource management, and chemistry performed on-site reviews. FSIS specialists in finance prepared a report based upon their independently scheduled review in September 1997. Reports from all of these areas have been provided to Kansas.

FSIS has serious concerns, associated primarily with the August in-plant review findings and related resource management issues. These concerns and the significant improvements

Senate Agriculture
1-14-99
Attachment 1

Honorable Alice Devine

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underway are the primary topics of this report. Summaries of the review findings and corrective actions are enclosed at the end of the report.

Slaughter and processing plants were selected at random for the in-plant reviews. Additional plants were targeted based upon past history. The in-plant reviews were performed during the week of August 3, 1998, by a team lead by Dr. Stephen Perraut, the FSIS reviewer. Other review team members included Dr. Joe Beuerlein, State Program Manager at that time and the respective state supervisors. Dr. William Leese, Director, Federal-State Relations Staff (FSRS) from FSIS and Ms. Mary Jane Stattelman, Assistant Secretary, Kansas Department of Agriculture participated as observers. Dr. Perraut and other team members discussed the findings for each plant. Consensus was demonstrated. Ordinarily only serious findings, likely or certain to cause adulteration of product, were recorded on the FSIS report. Dr. Perraut's report of the findings was faxed to the state program in preparation for the exit teleconference.

On August 25, 1998 an exit teleconference covering in-plant reviews was held and included the following individuals:

State Representatives

Ms Alice Devine
Secretary of Agriculture
KS Department of Agriculture

Dr. Glen Riggs
Area Supervisor
Meat and Poultry Inspection

Ms. Mary Jane Stattelman
Assistant Secretary of Agriculture
KS Department of Agriculture

Dr. Lyman Kruckenberg
Area Supervisor
Meat and Poultry Inspection
(Currently Program Manager)

Dr. Joseph Beuerlein
Program Manager
Meat and Poultry Inspection
KS Department of Agriculture
(Not currently with Program)

Mr. Robert Doctor
Compliance Officer
Meat and Poultry Inspection

Federal (FSIS) Representatives

Mr. John McCutcheon
Associate Deputy Administrator
Office of Field Operations

Dr. Stephen Perraut
Reviewer
Technical Service Center

Dr. William Leese
Director
Federal-State Relations Staff

Mr. Richard Benda
Reviewer
Technical Service Center

Honorable Alice Devine

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Mr. Donald Smart
Branch Chief
Domestic Review
Technical Service Center
(Currently Director, Program Review)

Dr. Mohamed Mohanna
Staff Officer
Federal-State Relations Staff

The review team's findings were discussed during the teleconference. Seven of the nine plants reviewed had serious deficiencies. Six of the plants had multiple serious deficiencies. The findings strongly suggested that the inspection system was out of control. You reported that corrective actions were already underway along with a strong proactive plan to upgrade the program.

During the week of September 1, 1998, Dr. Mohamed Mohanna, Staff Officer, FSRS, Ms. Stattelmann, and Dr. Kruckenberg visited 6 plants with a history of serious deficiencies during the August review. This FSIS initiative reaffirmed that State-initiated corrective actions were in place. Dr. Mohanna noted that serious deficiencies had been corrected or were under inspection program controls. He commented that staffing shortages were causing difficulties in the state program coverage of processing plants and in covering veterinary assignments.

As part of your corrective strategy, Kansas requested technical support from FSIS. Dr. Perraut was detailed by FSIS to provide this support for a two-month period beginning in mid September. Following this assignment, Dr. Perraut reported that, "It is apparent to me that positive attitudes in the Inspection Program have greatly influenced the standards being currently monitored and enforced...great strides have been made to assure that only safe, wholesome product is being produced".

During the week of November 16, 1998, FSIS conducted follow-up in-plant reviews. The review team was led by Mr. Richard Benda, an FSIS reviewer, and included Dr. Kruckenberg and the respective state supervisors. Dr. Leese, Ms. Stattelmann and your assistant, Ms. Carol Jordan were observers. The five plants still operating that had multiple serious deficiencies on the August review were revisited, along with 3 additional plants, for an expanded assessment of the inspection program. Although a few serious deficiencies were found, the overall improvement was remarkable. The Kansas program responded to all deficiencies promptly and in an appropriate manner. **The State inspectors, supervisors, Dr. Kruckenberg and your staff are to be commended for accomplishing so much in three months.**

Ms. Betty Gourley, Management Analyst, Resource Management Staff, FSIS, reviewed the resource management aspect of the Kansas program. She concluded that with the implementation of proposed staffing initiatives, FSIS expectations should be met concerning veterinary assignments and processing plant coverage. Ms. Gourley commented favorably on the dedication of you and your inspection staff to meet resource management challenges. (As you know, FSIS has approved matching funds to cover the increased staffing.)

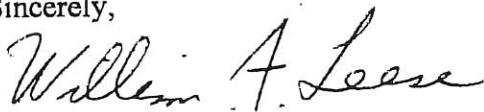
Honorable Alice Devine

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Mr. Billy stated in his letter of September 2, 1998, that a rating of Category 4, Unacceptable, would be considered if deficiencies consistent with the August 1998 review persisted. However, the transformation recognized during the November 1998 review is a sign of remarkable improvement. With much accomplished but work still in progress, it is unreasonable to give a final rating at this time. A provisional rating of Category 3 – Acceptable with significant variations will be assigned. A final in-plant review, for rating purposes, will be scheduled for the latter half of calendar year 1999. This scheduling will accommodate timeframes for implementation of Kansas program staffing initiatives. If the work in progress proceeds according to plan, the program may have the potential to surpass the provisional rating. However, if the proposed and ongoing program initiatives are suspended for any reason, the concerns expressed in Mr. Billy's letter will be revisited. A copy of Mr. Billy's letter is enclosed.

In closing, we wish to thank you and your staff for the excellent cooperation provided to the members of the FSIS review teams. Furthermore, you and your staff are to be commended for the remarkable transformation underway in the Kansas Meat and Poultry Inspection Program. Dr. Kruckenberg, Program supervisors, inspectors and the establishments deserve much credit for their accomplishments, as demonstrated by the improvements noted during the FSIS follow-up review.

Sincerely,



William F. Leese
Director
Federal-State Relations Staff

Enclosures

FINDINGS REQUIRING CORRECTIVE ACTION
1998 COMPREHENSIVE REVIEW
KANSAS
STATE MEAT AND POULTRY INSPECTION PROGRAM

Reference: FSIS Directive 5720.2 Rev.2, Attachment 2-6

FINDING NO. 1: Regulations (Element No. 2):

A current copy of the State Meat and Poultry Inspection Regulations is not included in the new State Performance Plan (SPP) package.

State Corrective Action:

Ongoing activity with the Federal-State Relations Staff to complete initiatives associated with the SPP.

FSIS Assessment of Corrective Action:

Work in progress.

FINDING NO. 2: Resource Management (Element No. 4):

Staffing is not suitable to cover daily patrols of processing operations and to cover veterinary duties in a manner consistent with FSIS requirements. Results of the August review found some in-plant state inspection personnel ineffective. Training files were not ready for review.

State Corrective Action:

Staffing increases are proposed over the next 6 months to cover inspection of processing operations and veterinary duties, including final dispositions. Secretary Devine, Dr. Kruckenberg and Dr. Perraut held training and informational meetings at central locations. Dr. Kruckenberg, Dr. Perraut and supervisors visited plants to communicate with inspectors and plant representatives. The newly hired training officer is addressing formal training issues and will be scheduled for appropriate FSIS training.

FSIS Assessment of Corrective Action:

FSIS has approved matching funds to cover requested staffing increases to meet FSIS requirements. A profound increase in responsiveness of the inspection force was demonstrated during the November follow-up review that attests to the success of KS program initiatives. FSIS supports assignment of a training officer and proposed training initiatives. These activities represent important work in progress.

FINDING NO. 3: Labels and Standards (Element No. 6):

General labeling failures were identified in two plants on the August review including illegible safe handling statements, missing species identifications and ingredient statements.

State Corrective Action:

Training and informational meetings with inspectors and supervisory plant visits. Technical support from Dr. Perraut.

FSIS Assessment of Corrective Action:

Successful resolution based upon the November follow-up review.

FINDING NO. 4: IN-Plant review/Enforcement (Element No. 7):

On the August review multiple serious deficiencies were identified in 6 of 9 plants visited. One of 9 plants had a single serious deficiency. The enclosed letter of September 2, 1998 from Mr. Billy provides additional details. On the follow-up review, 2 of 8 plants had a single serious deficiency (fecal contamination). One of 8 had multiple serious deficiencies (loose rust and flaking paint above exposed product, rodent droppings, and dead insects in dry storage areas). All operations in this plant were suspended by the State, on the day of the review, due, among other things, to water line problems.

State Corrective Action:

All deficiencies have been reported as corrected or under control pending correction.

FSIS Assessment of Corrective Action:

The November follow-up review demonstrated that State initiatives to address in-plant deficiencies are effective.



United States
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Washington, D.C.
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SEP 2 1998

Ms. Alice Devine
Secretary of Agriculture
Kansas Department of Agriculture
901 South Kansas Avenue
Topeka, Kansas 66612

Dear Secretary Devine:

This letter addresses the findings and subsequent actions associated with the in-plant review by the Food Safety and Inspection Service (FSIS) of the Kansas Meat and Poultry Inspection Program. The in-plant review took place from July 31 through August 7, 1998 as part of an overall comprehensive review of the state program. The scheduling was based upon a 3-year review cycle for state programs with a rating of 3 on the previous review. A rating of 3 applies to a program that is acceptable with significant variations.

Nine plants were reviewed in August 1998 by Dr. Stephen Perraut from the FSIS Technical Service Center. A team approach was used in which Dr. Joseph Beuerlein, State Program Manager and the state area supervisor or assistant area supervisor had an opportunity to participate in the classification of deficiencies. The findings were discussed among team members. Findings reported as serious by Dr. Perraut were agreeable to the team as a whole.

The FSIS Deficiency Classification Guide was used to classify deficiencies. Major and critical deficiencies have serious public health significance. Such serious deficiencies are likely or certain to result in adulterated product. Such deficiencies were observed in 7 of the 9 state plants visited. Six of the 7 plants had multiple serious deficiencies including the following potential public health concerns:

- Fecal contamination was observed on multiple beef and or swine carcasses in three plants.
- Dripping and /or heavily beaded condensate was falling on loosely covered product or located on overhead structures above exposed product in three plants.
- Dead flies, particles of foreign materials, dust and dried meat particles were observed on product-contact packaging materials in three plants.
- Live and dead flies were observed at one plant in a dry storage area where exposed packing materials were stored and in the processing department where exposed product was present.
- Residues from previous operations were observed on equipment in processing departments in two plants.

- General labeling failures were identified in two plants.
- A smoke house was located in a room not maintained as a production department in one plant.

Similar deficiencies were identified in the 1995 FSIS comprehensive review. Although improvements were documented in an FSIS follow-up to the 1995 review, recurring deficiencies were associated with one plant that also showed serious deficiencies in the current review.

At the invitation of the Kansas Department of Agriculture, FSIS participated in the peer review of the state's program in August 1997 and provided guidance to Kansas in developing team problem solving action plans and provided training. The peer review of plants conducted as part of this Kansas initiative found a pattern of deficiencies consistent with the 1995 and 1998 FSIS reviews.

Findings from the August 1998 FSIS review showed serious recurring deficiencies in spite of state program initiatives. In general, in-plant state inspection personnel were found to be ineffective and the inspection program appeared to be weak in maintaining regulatory control. Supervisory review records at some locations did not accurately reflect the conditions that were observed during the FSIS review. Documentation on Process Deficiency Records by state inspectors, for the most part, did not adequately describe the conditions observed during the FSIS review.

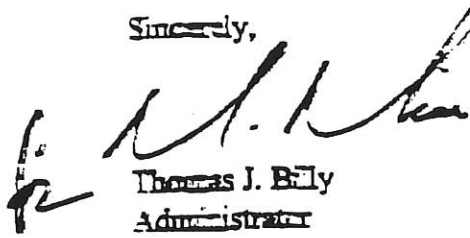
Although state program control actions were taken to correct observed deficiencies at the time of the FSIS review, concern remains for program effectiveness in enforcing regulations and protecting public health. Therefore, FSIS will perform a follow-up review of plants with serious deficiencies on an accelerated schedule, during the week of September 1, 1998.

FSIS requests that you submit a report to Dr. William Leese, Director, Federal-State Relations Staff, by October 1, 1998, defining immediate and ongoing measures in place to control and correct the deficiencies identified in the review. Also please provide Dr. Leese with a complete report of corrective measures and actions in place for the overall program by November 1, 1998.

FSIS will conduct a more extensive in-plant review process beginning on or about November 16, 1998. This systems review will include plants with a history of serious deficiencies and a sufficient number of additional plants for a thorough assessment. Based upon the overall findings FSIS will determine the program rating. If a pattern of deficiencies consistent with the August 1998 findings persists, a rating of 4 (unacceptable) will be considered along with deliberations that may lead to program designation.

Thank you for the superb cooperation provided by your staff on a day to day basis and during the course of the comprehensive review.

Sincerely,



Thomas J. Billy
Administrator



United States
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Agriculture

Food Safety
and Inspection
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Washington, D.C.
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K.D.A.
Office of Secretary

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Honorable Alice Devine
Secretary
Kansas Department of Agriculture
901 South Kansas Avenue, 7th Floor
Topeka, Kansas 66612

Dear Ms. Devine:

This is to notify you of the fiscal year 1999 allocation for the State of Kansas Cooperative Inspection Program. The Agency's fiscal year 1999 appropriation provides \$40,655,000 for the Cooperative Inspection Program, a decrease of \$300,000, related to the State of Florida designation, from the fiscal year 1998 appropriation of \$40,955,000. No increase was allowed for pay raises or inflation.

We have carefully considered each State's budget request to determine the most equitable distribution of the limited available resources. Through analysis of the state budget submission, plant and personnel reports, and additional input from state personnel, we have determined your allocation to be \$1,769,000.00.

We have had a long and fruitful partnership with our Cooperative Meat and Poultry Inspection Program. We fully support the program and want it to continue. We have funded the program at the level of your request. Fund availability will be contingent on fulfilling your proposed staffing plan.

Please keep us advised of any changes in the requirements of your State Agency.

The Agency's fiscal year 1999 appropriation also includes funding for State Cooperative Inspection activities as a part of the President's food safety initiative. This funding is separate and additional to the funds included in your allocation and is available on a 50 percent cost sharing basis. The specific items included in this funding are:

Purchase and installation of computers at the plant level that are compatible to FSIS computer systems	\$3,875,000
Upgrading State laboratory equipment for pathogen testing	856,000
Training State inspectors in HACCP	500,000

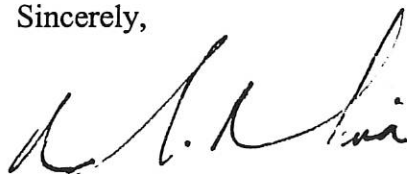
Instructions for requesting funds for the food safety activities will be issued to you separately.

Please forward all communications to:

USDA, FSIS, OM, FMD, FRAB
Room 2136-S
14th and Independence Ave., SW
Washington, DC 20250

Please contact Dr. William F. Leese on (202) 418-8897 or Francisco Apodaca on (202) 690-4260, if you have any questions, comments, or require other assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "M. T. Mina". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark T. Mina
Deputy Administrator
Field Operations



United States
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Food Safety
and Inspection
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Washington, D.C.
20250

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OCT 29 1997

Alice Devine, Secretary
Kansas Department of Agriculture
901 South Kansas Avenue
Topeka, Kansas 66612

Dear Ms. Devine:

A fiscal review of the Kansas Department of Agriculture (KDA) Cooperative Meat and Poultry Inspection (MPI) program was conducted during the period September 16-24, 1997, by Elsie Evans, Accountant, Financial Reviews and Analysis Branch, Budget and Finance Division.

The review was conducted to determine the sufficiency of the financial systems, records, reports, and procedures employed by the KDA in accounting for the State program.

Our inspection covered Federal Fiscal Years (FY) 1994 through 1996, and indicated those tests deemed appropriate to verify that the State agency is operating in accordance with FSIS Directive 3300.1, Rev. 1, Fiscal Guidelines for Cooperative Meat and Poultry Inspection Programs.

Officials Contacted:

Accounting records, reports and explanations of the accounting system were provided by the following officials:

Joyce Brokaw, Accountant I, Fiscal Operations, KDA
Harold Flickinger, Accountant II, Fiscal Operations, KDA
Cathy Darnall, Public Service Administrator I, MPP, KDA
Max Foster, Fiscal Operations Manager, KDA
Joe Beuerlein, Meat and Poultry Program Director, KDA

As a result of the review, we conclude that the KDA is operating in compliance with provisions of FSIS Directive 3300.1, Rev. 1.

Our review revealed that the KDA should perform the following actions:

REVISE SF-269A, FINANCIAL STATUS REPORTS FOR FY 1994 THROUGH 1996

The final SF-269A reports for FY 1994 through 1996, should be revised to include the adjustments contained on the enclosed schedules. A summary of the adjustments is as follows:

a) FY 1994 - As a yearend closeout process, the KDA transfers costs contained on October reports to the prior year to ensure that costs are charged to the proper Federal fiscal year. The KDA appropriately excluded the transferable costs from the FY 1995 expenditure reports but did not include those costs on the FY 1994 expenditure reports. Additionally, the fourth quarter did not reflect the fixed indirect cost rate. b) FY 1995 - The final report was not revised to reflect the fixed indirect cost rate. c) FY 1996 - The adjustment is due to a transitional error.

The revised SF-269A reports and a letter to Ray Bolyard, Director of the Resource Management Staff, Inspection Operations, requesting additional funds should be sent to the address below. Approval of the additional Federal payment will be based on the availability of funds.

Francisco A. Apodaca, Chief
USDA, FSIS, BFD, Financial Reviews and Analysis Branch
Room 2136, South Building
14th and Independence Avenue, SW
Washington, DC 20250

For future SF-269A reporting, normal reporting procedures should be followed. We have requested that you submit this information to this office so that the reviewer will be able to approve the fiscal review changes. We will forward the documentation to the appropriate offices for processing.

**PROCEDURES FOR REVIEW AND PREPARATION OF
SF-269A EXPENDITURE REPORTS**

Since FY 1994, the KDA has implemented a process of transferring costs between fiscal years and the State's accounting system has been revised. Procedures should include details regarding yearend close out activity; identification and handling of all unallowable operating costs; actions required to compute, allocate and track unallowable inspection costs; and accuracy checks.

Please submit a copy of the procedures to the Financial Reviews and Analysis Branch (address above) by November 30, 1997.

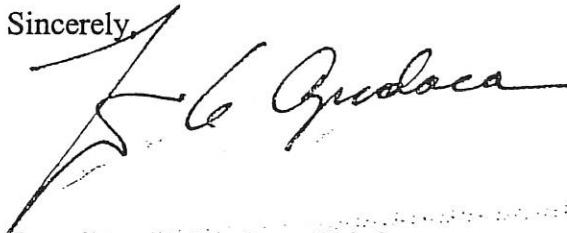
OTHER AREAS OF REVIEW

The following areas were also examined from the standpoint of internal controls and sufficiency of financial records:

1. Personnel
2. Travel
3. Equipment
4. Lab Costs
5. Overtime Reimbursements

The KDA is operating in full compliance in all of these areas.

Sincerely,



Francisco A. Apodaca, Chief
Financial Reviews and Analysis Branch
Budget and Finance Division

Enclosures

cc:

Joe Beuerlein, Director, Meat Inspection Program, KDA
Joyce Brokaw, Accountant I, Fiscal Operations, KDA
Max Foster, Fiscal Operations Manager, KDA
Ray Bolyard, Director, Resource Management Staff, IO
William Leese, Director, Federal State Relations Staff, IO
Stephanie Zagrodniczek, Chief, AOSB, BFD

KANSAS STATE BOARD OF AGRICULTURE
MEAT AND POULTRY INSPECTION PROGRAM
SUMMARY OF AMOUNTS DUE THE FEDERAL AGENCY
OCTOBER 1, 1993 - SEPTEMBER 30, 1996

FY 1994	10/01/93 - 09/30/94	\$94,953.27
FY 1995	10/01/94 - 09/30/95	(9,415.00)
FY 1996	10/01/95 - 09/30/96	<u>(16.99)</u>
TOTAL AMOUNT DUE STATE AGENCY		<u>\$85,521.28</u>

KANSAS STATE BOARD OF AGRICULTURE
MEAT AND POULTRY INSPECTION PROGRAM
SUMMARY OF AMOUNTS DUE THE FEDERAL AGENCY
OCTOBER 1, 1995 - SEPTEMBER 30, 1996

	10/1/95 - 06/30/96	07/1/96 - 09/30/96	TOTAL
A. Direct Costs Per Review			
1. Insp. Personal Serv.	\$1,301,828.28	\$481,407.84	\$1,783,236.12
2. Insp. Other	\$217,081.35	\$92,518.04	\$309,599.39
3. Allow Insp. Dir. Costs	\$1,518,909.63	\$573,925.88	\$2,092,835.51
4. Total Lab Pers. Serv.	\$59,228.67	\$26,667.35	\$85,896.02
5. Lab Other	\$14,500.31	\$25,359.78	\$39,860.09
6. Laboratory Div. Direct Costs	\$73,728.98	\$52,027.13	\$125,756.11
7. Total Direct Costs Per Review	1,592,638.61	625,953.01	\$2,218,591.62
B. Indirect Costs			
1. Sal. & Wage Base per Review			
a. Inspection Division	1,301,828.28	481,407.84	\$1,783,236.12
b. Laboratory Division	59,228.67	26,667.35	\$85,896.02
2. Applicable Rates (%)			
a. Inspection Division	26.49%	25.62%	
b. Laboratory Division	21.38%	52.30%	
3. Indirect Cost Calculations			
(B.1.a X B.2.a)	344,854.31	123,336.69	468,191.00
(B.1.b X B.2.b)	12,663.09	13,947.02	26,610.11
4. Total Indirect Costs	357,517.40	137,283.71	494,801.11
C. Total Revised Cost (A3+B3)	<u>1,950,156.01</u>	<u>763,236.72</u>	2,713,392.73
D. State Entitlement (50% of Line C)			<u>1,356,696.37</u>
E. Federal Payments			
1. LOC Drawdowns		1,356,713.36	
2. Direct Payments		0.00	
3. Total Federal Payments			<u>1,356,713.36</u>
H. Net Amount Due the State Agency FY 1996 (Lines F3-G3)			<u>(\$16.99)</u>

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KANSAS STATE BOARD OF AGRICULTURE
MEAT AND POULTRY INSPECTION PROGRAM
SUMMARY OF AMOUNTS DUE THE FEDERAL AGENCY
OCTOBER 1, 1994 - SEPTEMBER 30, 1995

	10/1/94 - 06/30/95	07/1/95 - 09/30/95	TOTAL
A. Direct Costs Per Review			
1. Insp. Personal Serv.	\$1,359,202.06	\$455,126.77	\$1,814,328.83
2. Insp. Other	\$214,564.78	\$79,975.69	\$294,540.47
3. Allow Insp. Dir. Costs	\$1,573,766.84	\$535,102.46	\$2,108,869.30
4. Total Lab Pers. Serv.	\$61,956.24	\$20,400.47	\$82,356.71
5. Lab Other	\$14,532.28	\$3,356.35	\$17,888.63
6. Laboratory Div. Direct Costs	\$76,488.52	\$23,756.82	\$100,245.34
7. Total Direct Costs Per Review	1,650,255.36	558,859.28	\$2,209,114.64
B. Indirect Costs			
1. Sal. & Wage Base per Review			
a. Inspection Division	1,359,202.06	455,126.77	\$1,814,328.83
b. Laboratory Division	61,956.24	20,400.47	\$82,356.71
2. Applicable Rates (%)			
a. Inspection Division	26.68%	26.49%	
b. Laboratory Division	<u>41.05%</u>	<u>21.38%</u>	
3. Indirect Cost Calculations			
(B.1.a X B.2.a)	362,635.11	120,563.08	\$483,198.19
(B.1.b X B.2.b)	<u>25,433.04</u>	<u>4,361.62</u>	\$29,794.66
4. Total Indirect Costs	388,068.15	124,924.70	512,992.85
C. Total Revised Cost (A3+B3)	<u>2,038,323.51</u>	<u>683,783.98</u>	2,722,107.49
D. State Entitlement (50% of Line C)			<u>1,361,053.74</u>
E. Federal Payments			
1. LOC Drawdowns		1,370,468.74	
2. Direct Payments		<u>0.00</u>	
3. Total Federal Payments			<u>1,370,468.74</u>
H. Net Amount Due the State Agency FY 1995 (Lines F3-G3)			<u>(\$9,415.00)</u>

KANSAS STATE BOARD OF AGRICULTURE
MEAT AND POULTRY INSPECTION PROGRAM
SUMMARY OF AMOUNTS DUE THE FEDERAL AGENCY
OCTOBER 1, 1993 - SEPTEMBER 30, 1994

	10/1/93 - 06/30/94	07/1/94 - 09/30/94	TOTAL
A. Direct Costs Per Review			
1. Insp. Personal Serv.	\$1,292,109.25	\$590,002.57	\$1,882,111.82
2. Insp. Other	\$228,057.40	\$58,232.29	\$286,289.69
3. Allow Insp. Dir. Costs	\$1,520,166.65	\$648,234.86	\$2,168,401.51
4. Total Lab Pers. Serv.	\$64,748.82	\$25,481.95	\$90,230.77
5. Lab Other	\$16,934.31	\$3,257.17	\$20,191.48
6. Laboratory Div. Direct Costs	\$81,683.13	\$28,739.12	\$110,422.25
7. Total Direct Costs Per Review	1,601,849.78	676,973.98	\$2,278,823.76
B. Indirect Costs			
1. Sal. & Wage Base per Review			
a. Inspection Division	1,292,109.25	590,002.57	\$1,882,111.82
b. Laboratory Division	64,748.82	25,481.95	\$90,230.77
2. Applicable Rates (%)			
a. Inspection Division	27.59%	26.68%	
b. Laboratory Division	55.69%	41.05%	
3. Indirect Cost Calculations			
(B.1.a X B.2.a)	356,492.94	157,412.69	\$513,905.63
(B.1.b X B.2.b)	36,058.62	10,460.34	\$46,518.96
4. Total Indirect Costs	392,551.56	167,873.03	560,424.59
C. Total Revised Cost (A3+B3)	<u>1,994,401.34</u>	<u>844,847.01</u>	2,839,248.35
D. State Entitlement (50% of Line C)			<u>1,419,624.17</u>
E. Federal Payments			
1. LOC Drawdowns		1,324,670.90	
2. Direct Payments		0.00	
3. Total Federal Payments			<u>1,324,670.90</u>
H. Net Amount Due the State Agency FY 1994 (Lines F3-G3)			<u>\$94,953.27</u>

OCTOBER 9TH REPORT ON STATUS OF KANSAS MEAT AND POULTRY PROGRAM

LAWS AND REGULATIONS

In July 1998 you requested copies of the Kansas law and regulations. Please see Attachment "A." You also inquired as to how frequently state regulations are updated. It is the policy of the department to update regulations as needed. We are required to follow the Kansas Administrative Procedures Act which specifies clearance procedures, and public notice and comment procedures. We can provide you with the specifics of this process if you determine it is necessary. We will also be clarifying this information in the revised state performance plan.

FUNDING AND FINANCIAL ACCOUNTABILITY RESOURCE MANAGEMENT

With regard to funding and financial accountability, the Kansas Department of Agriculture's program was recently audited by USDA for FY 1993-1996. Please see Attachment "B." Please note that USDA found KDA to be operating in full compliance.

There have been a number of more recent issues regarding resource management and funding. As stated in the cover letter these issues are being addressed together in this section because of their close relationship. There are a number of specific personnel issues that we have sought to address.

1. Program Manager. Dr. Lyman Kruckenberg has accepted the position of program manager. He has previously served as an area veterinarian in western Kansas and has experience with USDA, FSIS and private practice. Dr. Kruckenberg has been vital in the review of plants for the past few months and has assisted during USDA's field reviews. His knowledge and leadership skills are very apparent and have worked to energize other staff and subordinates.
2. Field Veterinarians. For a number of years, USDA has expressed concern about inadequate number of veterinarians. In 1981, the meat and poultry program had 4 veterinarians. This number decreased in 1984 to 3 veterinarians and in 1988 to 2 veterinarians. Later in 1993, another veterinarian was hired as the program manager, but this person was not responsible for any plants. This shortage of veterinarians in the field has been cited as a criticism of our program for a number of years. In the past, the need for more veterinarians in the field was covered by contracting with a number of private veterinarians across the state.

In 1998, we have budgeted and are advertising for two additional veterinarians in the field so that in the near future we will have 3 full-time field veterinarians on staff. We have received approval and have shifted funding to hire 4 veterinarians as unclassified temporary full-time employees within the next 60 days. On September 25, 1998 we made a written request of USDA for additional funding to support these efforts. To date we have received no approval. These 4 veterinarians will replace the numerous contract veterinarians that we have previously used for

disposition of animals. We believe the 4 veterinarians will allow us to have a greater full-time presence in the field and assist in other areas than just disposition of animals while also eliminating the appearance of a potential conflict of interest by the contract veterinarians who may be called upon to rule on the disposition of an animal that was previously treated by the same veterinarian.

The hiring of these veterinarians will require training at the training center in Dodge City, Kansas. Furthermore, we will explore the ability to train these individuals about pathology in Wellington, Kansas. The cost for training our veterinarians and supervisors is estimated at \$20,000. However, it is imperative that they receive proper training if we are to have an effective, credible and consistent program.

3. Sufficient number of employees cover all of the slaughter and processing facilities on a daily basis. During the time frame between 1981 to 1995, the meat and poultry program lost 2 field veterinarians, the training officer position, 21 Agriculture Inspector I's. During this same timeframe the number of registered plants decreased by 38. (See attachment "C") We are proposing in our FY 2000 budget adding 6 inspectors so that we are able to inspect each facility that is processing once a day while also being present at inspected facilities on their slaughter days.

Please note this request must be approved by the Governor and the Kansas legislature during the normal state budgeting process. The legislature is in session from January 1999-May 1999. This may delay significantly the hiring of these positions and the completion of the task of inspection during processing on the level required by USDA in your September 4, 1998 letter. It will be imperative that USDA be prepared to testify before the Kansas legislature on the requirements and needs for this inspection.

Attached please find an updated organizational chart reflecting the changes and proposed changes. (See attachment "D")

4. Personnel issues. Dr. Joe Beuerlein has tendered his letter of resignation effective October 9, 1998. We are in the process of advertising for this and Dr. Lyman Kruckenberg's field veterinarian position since he has accepted the position as program manager. We completed interviewing for these positions on October 9th and anticipate having personnel hired shortly thereafter.

Brent Wentz, the northeast area supervisor was placed on administrative leave on September 2, 1998. We have recently dismissed him, however, Mr. Wentz is entitled to various hearings under the civil service provisions in Kansas, therefore this issue may not be final. In the interim, Bob Doctor has agreed to be the northeast area supervisor. He has been with the program for a number of years and has previously functioned as the an area supervisor and has most recently been one of our two compliance officers.

We are in the process of evaluating and counseling Agricultural Inspectors I's that are not adequately performing their duties. We will continue to evaluate and discipline when needed so as to ensure that all inspectors are performing their duties in a professional and meaningful manner.

5. USDA Professional Assistance. Currently, Dr. Steve Perraut, is working with the program to assist us in training and education for plants and staff. Dr. Perraut arrived in September 1998 and is planning on working with us until the early part of November 1998. We would like for this arrangement to be extend for 1-2 years. For the next 6 months Dr. Kruckenberg is planning on being in the field on a continuous basis. We agree with his assessment that he must be in the field the majority of the time if the program is to improve. Both the plants and the field staff need to know that we are serious about enforcing the statutes and regulations. The most effective way of ensuring that this message reaches everyone in a consistent fashion is for Dr. Kruckenberg to have a visible presence in the field. Given this plan, Kansas needs someone to answer questions from either staff or plant owners; oversee the PBIS system; assist the new veterinarians; conduct and advise on training programs for plants; and answer labeling questions. We believe that Dr. Perraut can provide this type of assistance to Dr. Kruckenberg and the program. Dr. Perraut has become a valuable part of our revitalization efforts and we respectfully request approval of his continued service here.

6. Training. Training is critical to the maintenance and quality of the program. The Department recognizes that training is necessary for both departmental personnel and plant operators. The department will be evaluating and assessing the training needs of employees as plant reviews are conducted. In 1983 the training officer position was eliminated and the plan was to send all new employees to College Station, Texas for training by USDA, FSIS personnel. Not all employees received this training. In 1998, the department reallocated resources to add a training officer position. The position has been filled and the new training officer is in the process of becoming a certified trainer. Once certified, the training officer will train new employees, and current employees whose skills need improvement. In addition, the new veterinarians will be sent to USDA training and receive oversight by the current field veterinarians. In time, the department will plan for the evaluation and continuous training of supervisors and field veterinarians to assure compliance with the latest laws and applications of latest scientific advances.

The department has also provided a number of training opportunities for plants. Attached are the letters that were sent to plants informing them of changes to laws and opportunities for training. In 1997, the Department contracted with Kansas State University to provide on-site personal guidance and advice to plant operators to assist the plants in complying with sanitation and HACCP procedures. To date, KSU has worked with plants and conducted or participated in 15 low cost or free HACCP and Sanitation seminars involving 192 participants (See attachment "E"). The state plans to continue this program. The state, through Dr. Perraut, has requested USDA assistance to offer sanitation workshops for plants to be conducted within the next two months. This will provide an opportunity for plants to hear first hand the discussions of sanitation and ask questions in a non-adversarial setting. The department is planning to host four seminars throughout the state. The seminars will be conducted by Dr. Kruckenberg and Dr. Perraut. We have sent letters to each plant and each inspector informing them of these seminars.

The seminars will be held on October 17th in Topeka; October 24th in Salina; November 7th in Garden City; and in Wichita on November 21. (See attachment "F")

The department has also offered to plant operators to conduct informal, scheduled reviews of a plant. Plants were notified of this opportunity by letter. (See attachment "G") To date only 5 plants have requested this assistance.

7. Computers - We have equipped all of the supervisors with computers, printers and modems. We are working with USDA's Technical Center to equip our computers with the federal regulations and a search program that can assist them in finding the relevant regulations. We would like to equip our agricultural inspectors with similar equipment in the future however, the cost to equip an inspector with a computer, printer and modem is approximately \$1800.00 per person. Therefore, this is not an inexpensive measure and may take a few years to equip each person in the program. However, we are hopeful that we can equip the 6 new veterinarians with this package of equipment at a cost of approximately \$10,800.00.

IN PLANT WORK

Inadequate enforcement of the inspection requirements resulted in unacceptable plants. In 1995, the federal review noted that procedures for follow-up and corrective action as described in the state performance plan were not being followed. Fifteen out of the 26 plant records had no follow-up corrective actions on file or were not timely filed. Furthermore, they determined that 2 of the 7 plants reviewed were unacceptable and all 7 plants had deficiencies for a total of 36 major variations and 70 minor variations. It was after this review that the program in the fall of 1995 received a Category 3 rating - acceptable with significant variations. In April of 1997, I discovered that even though we had answered all of USDA's concerns, we had not written to ask that our rating be improved. I thereafter wrote to Dr. Fetzner and requested a higher rating. This request was denied. However, in an attempt to understand how we had gotten to the place where the program received a category three rating, I instructed the staff to undergo a systems analysis and a peer review. Both of these reviews occurred in the summer of 1997.

Since the northeast section of our state seemed to experience the greatest number of problems, Dr. Kruckenberg, Dr. Riggs, Dr. Perraut and the inspection staff have spent a great deal of time reviewing the plants in the northeast. Attachment "K" outlines the work that has been done by the KDA staff and Dr. Perraut in the northeast Kansas plants. Through this process, we have found a higher number of plants with deficiencies than in the other parts of the state. Most of these deficiencies are sanitation violations and can be corrected without structural changes or large outlay of capital. While we believe that most of the plants are making a sincere effort to comply with the regulations and statutes we will need to continue to have a significant presence in this region so as to ensure that the old problems do not reoccur.

During the last two weeks of September 1998, the supervisors and veterinarians have formed teams and are conducting reviews of another supervisors area so as to ensure that we are enforcing the laws and regulations in a consistent and uniform manner. On October 14, 1998, the supervisors will meet in Topeka and discuss their findings. They will list the problems that were

identified and rank these issues in order of food safety risks: they will also identify at risk plants, and the inspectors that are in need of more training. Work priorities will be based upon these ranking.

The managers and supervisors intend to meet regularly to assess and reprioritize work. This process will likely continue for the next few months. At various points we will begin to plan for long range program management. The revised state performance plan will further define the long term program.

To date, the following plants have decided to close their plants permanently: Goering Locker in Moundridge, Valley Vista in Topeka, and the Beattie Locker in Beattie.

Attachments

- "A" KDA laws and regs
- "B" Financial Audit by USDA
- "C" Budget/Personnel overview of 1981-1998
- "D" 1998 M&P proposed organizational chart
- "E" KSU training program Aug. 1997-Sept. 1998
- "F" Sanitation Letter
- "G" September 1998 letter to KDA plants
- "H" Six month review of the number of times an inspector was at each facility
- "I" Six month schedule of territory outlining slaughter and inspector schedule
- "J" Newspaper articles regarding the meat and poultry program
- "K" September review of the NE Kansas plants

STATE OF KANSAS

ILL GRAVES, GOVERNOR
Alice A. Devine, Secretary of Agriculture
901 S. Kansas Avenue
Topeka, Kansas 66612-1280
(913) 296-3558
FAX: (913) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

October 9, 1998

Mr. Thomas Billy, Administrator
Food Safety and Inspection Service
United States Department of Agriculture
Washington, DC 20250

William F. Leese, D.V.M., Director
Federal-State Relations Staff
Food Safety and Inspection Service
United States Department of Agriculture
Washington, DC 20250

Dear Mr. Billy and Dr. Leese:

This letter is in response to your September 2, 1998 letter requesting that the state of Kansas provide you with a report defining immediate and ongoing measures in place to control and correct deficiencies identified in the review. I believe that this will also serve as the comprehensive report requested prior to November 1, 1998. After reviewing this document, if you believe additional reporting is necessary, please do not hesitate to contact me.

The report generally follows the outline of the State Performance Plan Checklist. However, we are presenting a picture in time to define what has taken place and what our immediate future plans are. We have combined the funding and financial accounting and resource management issues because they are directly linked under the current circumstances. We are also providing you a very brief overview of our training plans. We have identified the problems but have not worked through the logistics issues of training. The majority of this report will focus on program operations especially in plant reviews. We have outlined our actions the past two months and have our plans for the next few months. The long range plan for action will be articulated in a revised state performance plan. The revision of the state performance plan will occur within the next few months and is a priority for Dr. Kruckenberg.

I have included a copies of communications with plants. I believe it is important that we offer them as much information as possible so as to avoid confusion or misinformation. I have not included discussions of speciality programs or laboratories. These issues will be further addressed in our revised state performance plan.

Mr. Thomas Billy
Dr. William Leese
Page Two
October 9, 1998

We have tried to address many of the issues that you have raised in your previous reviews of our program. Where possible, we have taken immediate action to resolve long standing issues. The management team consisting of Dr. Kruckenberg, Dr. Riggs, the Agricultural Inspection III (supervisors), Departmental Budget Director Max Foster, Assistant Secretary Mary Jane Stattelmann, and Personnel Director Angela Castardo have given long hours of service to revitalize the program. They are committed to its success and so am I. Further, we have seen renewed energy in many of the field inspectors which I believe is one of the most encouraging signs that change and improvement are occurring.

If you need any additional information, please do not hesitate to contact me.

Sincerely,

Alice A. Devine
ms

Alice A. Devine
Secretary

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Alice A. Devine, Secretary of Agriculture
901 S. Kansas Avenue
Topeka, Kansas 66612-1280
(913) 296-3558
FAX: (913) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

October 7, 1998

The Honorable Dan Glickman
Secretary of the United States
Department of Agriculture
14th St. & Independence Ave., SW
Washington, DC 20250

Dear Secretary Glickman:

As you know the meat program in Kansas is under considerable scrutiny. I want to thank you, Administrator Bill, Dr. Leese, and the people at the Omaha Technical Center for your support to dates. Dr. Perraut, with the Omaha Technical Center has been here working with us and has been very helpful.

The review of the meat program will likely continue into the 1999 Kansas legislative session. People will be questioning whether Kansas should return the program to USDA. Obviously decisions should not be made without a clear understanding of the consequences. Therefore, I am requesting that USDA provide us, in writing, answers to the following questions.

1. What would be the step by step process USDA would follow to withdraw designation? Tom Billy, Dr. Leese and I have discussed this to some degree and Dr. Leese provided me a copy of "The Designation Process" (1983) and a discussion of the steps taken in Florida. These documents are helpful but I would like a Kansas specific plan. It would be extremely important that time frames be provided in the plan.
2. What effect would federal inspection have on plants now inspected by the state? There are a number of questions and perceptions pending. Please provide USDA's response to these items.
 - a. Federal inspection would be "easier." Some people have expressed opinions that if USDA would inspect plants that inspection would be less frequent and more relaxed.
 - b. USDA inspection would be more consistent because USDA would be the "only" inspectors in the plants and therefore, there would be no discrepancies between inspectors.

The Honorable Dan Glickman

Page Two

October 7, 1998

3. Would all plants now inspected in Kansas be eligible for and accepted by USDA for designation?
4. What would a typical state plant need to do under federal inspection they do not need to do under state inspection? There have been a number of discussions in this area. For example, some Kansas plants have no separate office space for inspectors or the heights of the rails in the facility do not meet federal requirements. Would these structural issues preclude the plant from qualifying for federal inspection? Please do not limit the answer to this example. If you or your staff suspect other items that would preclude a plant from qualification, please include such items in your response.
5. What would be the potential costs of compliance under federal inspection for small plants now inspected by the state.
6. Please provide a discussion of the effects on plants where the state program was returned to USDA.
7. In the opinion of USDA, what would be the benefits and detriments of federal inspection to plants, the USDA, and the state?
8. Kansas has made a request for additional financial assistance, if Kansas maintains the state program will USDA provide the additional assistance?
9. If the program is shifted to USDA, what opportunities for employment would current state inspectors have with USDA?

Tom Billy and I discussed the possibility of USDA reviewing all of Kansas plants to determine eligibility for federal inspection. I also discussed with Dr. Leese and the Tech Center a modified review. I believe that decision makers in Kansas will need to know exactly what will happen if the program is returned to USDA. Decision makers and plant owners will want to know what plants will continue to operate and which plants likely will not. This is not a time for speculation or conjecture. We need hard facts. I am requesting that USDA take all steps possible to provide comprehensive data as to the status of Kansas plants and possibility for acceptance in the federal system if that becomes necessary. This "acceptance" review needs to be conducted as quickly as possible, so that the results are known prior to budget discussions within the state.

Finally, I am also requesting that USDA have someone prepared to fully and completely discuss all of these issues when the legislature convenes in January 1999. I would hope that USDA will be prepared to have a representative physically present when discussions of the program take place.

The Honorable Dan Glickman
Page Two
October 7, 1998

My staff and I remain committed to providing a quality inspection program. We sincerely appreciate the working relationship between USDA and the state. We will continue to work to assure that the November sanitation review is positive. Again, thank you for your assistance and I look forward to your response.

Sincerely,



Alice A. Devine
Secretary

c: Mr. Tom Billy
Dr. William Leese
Omaha Tech Center

USDA officials say Kansas meat inspections improved

■ Agency had threatened to take over state program because of meat inspection problems.

By Scott Rothschild

Eagle Topeka bureau

TOPEKA — Follow-up inspections of several Kansas meat processing plants found "marked improvement" over unsanitary conditions found last summer, officials said Wednesday.

In August and September, USDA officials blasted the state's meat-safety enforcement after finding potential health hazards at several meat plants.

Inspectors had found beef and swine carcasses contaminated with fecal matter among other "major and serious deficiencies," according to a report from the USDA's Food Safety Inspection Service.

After the report, Kansas Secretary of Agriculture Alice Devine made

staffing and procedural changes in the state's inspection program.

Last month, federal officials returned to Kansas and conducted several re-inspections, in addition to checkups at randomly chosen plants.

"We noted a marked improvement both in the plants and in the inspection process," said William Leese, director of the FSIS Federal-State Relations Office.

Of the plants previously inspected, most had cleaned up problems that had been noted before, according to a preliminary report. Some plants continued to have a few problems, but they were identified and corrected by plant staff, the report said.

The problems in Kansas plants found last summer prompted federal officials to threaten to take over Kansas' inspection program.

The meat-inspection program currently costs \$2.4 million annually, with the cost shared equally by the state and federal government. There are

approximately 130 meat processing plants in Kansas.

The question has arisen whether it would be better for the federal government to take over the responsibility. Kansas is one of 26 states which maintain a state meat and poultry inspection program. USDA staff conduct periodic reviews to determine whether state programs are equal to federal oversight.

Devine says she would rather the inspection program continue under the state.

"This department supports the state program and believes it is in the best interest of the state of Kansas," Devine said.

Devine has said earlier that she would request an additional \$241,000 to hire six new inspectors. Currently, there are 40 inspectors.

Senate Concurrent Resolution No. 1605

By Committee on Agriculture

1-13

9 A CONCURRENT RESOLUTION urging Congress to remove or re-
10 strict the use of trade sanctions as they apply to agricultural products.

11

12 WHEREAS, the export of agricultural commodities has provided the
13 United States the only positive return on its balance of trade; and

14 WHEREAS, the only way to insure that a positive return on the bal-
15 ance of trade continues is to allow international markets to remain open;
16 and

17 WHEREAS, the use of unilateral economic sanctions rarely achieve
18 its goal, but cause substantial harm to the producers of products; and

19 WHEREAS, the storage of grain on the ground in Kansas is just one
20 example of the adverse affects sanctions have on agricultural products;
21 and

22 WHEREAS, economic sanctions hinder the export of agricultural
23 products, exacerbating the transportation of such products and possibly
24 lowering the price received by the Kansas farmer for such agricultural
25 products: Now, therefore,

26 *Be it resolved by the Senate of the State of Kansas, the House of Rep-*
27 *resentatives concurring therein:* That Congress remove or restrict the
28 use of trade sanctions as they apply to agricultural products and that
29 Congress insures that the use of trade sanctions will result in meaningful
30 results; and

31 *Be it further resolved:* That the Secretary of State be directed to send
32 enrolled copies of this resolution to the President of the United States
33 Senate, the Speaker of the United States House of Representatives, the
34 secretary of the United States Department of State and to each member

Meat Inspection Update

Federal law preempts state law in the area of meat inspection. States operate "equal to" federal programs. USDA conducts reviews every three years of the states' program.

In the spring of 1995, USDA conducted its triennial review of the state program. USDA outlined a number of deficiencies with the program and gave Kansas a category 3 rating. Ratings fall from 1 to 4. At level 4, USDA notes the program unacceptable and takes federal action to regain control in the plants.

I learned of the Category 3 rating in the spring of 1996 and began corrective measures. Those included the following list:

- Made sure that all vacancies are filled immediately, so as to maintain a presence in the field.
- Shifted to full time inspectors where once we had part-time staff to assure consistency in the field staff.
- Recently increased by one the number of veterinarians in the field. We now have three, which is the maximum the program has ever had.
- Closed plants partially or totally when violations were serious. Plants can reopen after corrective measures are taken.
- Conducted a peer review with personnel from other state programs and USDA.
- Conducted a systems analysis of the program process and formed action teams.
- Funded training for plants.
- Hired a consultant to travel to plants to teach them how to comply with the new requirements of the federal law.
- Recently, hired a new training officer to do nothing but train our inspectors.
- I have toured plants and talked with the meat processors' association to send the message that the state has to clean up the situation in order to maintain our credibility.

During the first week of August 1998, USDA was here for the triennial review. USDA randomly selected 9 plants most of them were located in northeast Kansas and also Beloit, and Kensington. The violations were not minor and focused on basic sanitation. Apparently, all of the efforts from the top were not getting the basic job done in the plants.

On August 25, 1998, USDA contacted KDA to discuss the August review. The message was clear that KDA needed to take immediate corrective action in order to maintain the program. USDA notified us that they would be reviewing the program again in November 1998 to ascertain whether the program had improved. KDA requested technical assistance to improve the program.

On Wednesday, August 26, Dr. Joe Beuerlein, our program manager became ill (apparently stress related) and went on medical leave. Dr. Beuerlein has since resigned. Dr. Lyman (Butch) Kruckenberg has been named program manager.

On Thursday, August 27, I called a meeting with the remaining two veterinarians to plan a strategy for immediate action to respond to USDA. USDA Assistant to the Administrator Mark Mina telephoned again, to reinforce the seriousness of the violations and the need for immediate action. He also informed me that USDA would be making follow up visits to those plants in question the week of September 1. His message was clear, if the state wanted to continue to maintain its equal to status, then the state must take action in these trouble areas immediately. This moved our time frames for correction up significantly. Our strategy was simple. "Let's get to the plants first, and assure that they are in compliance."

We formed teams from across the state to review facilities in northeast Kansas where USDA found significant problems. The teams found serious violations and closed either completely or partially a number of facilities. The types of violations included paint peeling from the ceiling over work areas where product was being processed; mold, dust, rust, or fecal matter on carcasses; contaminated work surfaces where raw product was exposed; improper seals around the facility wherein rodents could access the product; poor hygiene of plant workers; glass in product; pesticides and cleaners stored with product for sale; and other basic sanitation violations. Apparently training and the supervisory chain of command had been broken, which allowed plant conditions to deteriorate. The closing of plants generated considerable media attention. We responded to numerous press calls and I wrote to the *Capitol Journal* explaining the situation.

During the September review USDA found plant conditions much improved and KDA staff doing the job correctly. The Department's challenge is to continue the process. The Department continues to take steps to assess and improve the program. Teams of supervisors have reviewed every plant. The teams have assessed what plants need immediate attention and which inspectors need immediate training. The needs are now being met.

Dr. Perraut from USDA has been here assisting in reviewing plants. Further KDA has hosted four weekend sanitation training seminars across the state for inspectors and plant employees. These seminars were free and open to all plants. In addition, KDA has sent letters to plants explaining the current sanitation standards.

It has been suggested that Kansas should return the program to USDA. This would save the state \$1.2 million and reduce the number of employees by 60. It is uncertain what impact such a move would have on small plants. I have written to Secretary Glickman requesting information. (See attached.) I have not received a response. However, because I believe we have turned the program around and are headed in the right direction, it is my opinion that it is in the best interest of Kansas consumers and plant operators for the program to remain as a state run program. In November of 1998, USDA reviewers reinspected Kansas meat plants and determined the Kansas program had improved significantly and that we were doing our job in the field.

There are a number of staffing issues that need addressed. Field Veterinarians. For a number of years, USDA has expressed concern about inadequate number of veterinarians. In 1981, the meat

and poultry program had 4 veterinarians. This number decreased in 1984 to 3 veterinarians and in 1988 to 2 veterinarians. Later in 1993, another veterinarian was hired as the program manager, but this person was not responsible for any plants. This shortage of veterinarians in the field has been cited as a criticism of our program for a number of years. In the past, the need for more veterinarians in the field was covered by contracting with a number of private veterinarians across the state.

In 1998, we budgeted and have filled two field veterinary positions, so that in the future we will have 3 full-time veterinarians on staff. We have received approval and have shifted funding to hire 4 veterinarians as unclassified temporary full-time employees. To date, two of these positions have been offered and have been accepted by Kansas licensed veterinarians. These two individuals will start their training at the end of January. These two individuals should complete their training by the last of March and begin field duties. The other two positions will be filled toward the end of February 1999, with their training lasting approximately 6 to 7 weeks. These 4 veterinarians will replace the numerous contract veterinarians that we have previously used for the disposition of animals. We believe the 4 veterinarians will allow us to have a greater full-time presence in the field and assist in other areas than just disposition of animals, while also eliminating the appearance of a potential conflict of interest by the contract veterinarians who may be called upon to rule on the disposition of an animal that was previously treated by the same veterinarian.

The hiring of these veterinarians will require training. The majority of the training can be done in-house by Dr. Kruckenberg. However, some of the training will require the veterinarians to travel out of state to USDA approved training centers. The two Veterinary Area Supervisors have completed the technical portion of the in-house training, and are completing their training at the USDA training center in San Antonio, TX. We have budgeted \$25,000 to allow us to begin training during FY 99. We have also budgeted \$50,000 for FY 2000 to train the veterinarians and the supervisors. It is imperative that they receive proper training if we are to have an effective, credible and consistent program.

Sufficient number of employees to cover all of the slaughter and processing facilities on a daily basis. During the time frame between 1981 and 1995, the meat and poultry program lost 2 field veterinarians, the training officer position, and 21 Agriculture Inspector I's. During this time frame the number of registered plants decreased by 38. On the average day there are 25 state inspected plants that are conducting slaughter operations and require full time coverage by inspection personnel. This leaves only 16 inspectors to cover the operation of approximately 101 facilities that are processing meat products on off slaughter days. With the average coverage of 3 plants per inspector per day on processing patrol, there are 53 plants without inspection coverage each day. If you allot each Assistant Area Supervisor 2 patrol plants per day in addition to their supervisory duties and each Area Veterinary Supervisor 1 patrol plant, you still have 38 plants per day that are not covered. This figure does not take into account that 16.3% of the work force is on leave at any given time. There are also 18 custom facilities in the state that also need inspection oversight.

We are proposing in our FY 2000 budget adding 6 Agriculture Inspector II's so that we are able to inspect each facility that is processing once a day while also being present at inspected

facilities on their slaughter days. With the addition of the 6 new inspectors and the 4 SPO Veterinarians we should have coverage in each plant at least 9 out of every 10 days of operation. The total budget request is approximately \$240,000 for salaries, training and travel for the additional 6 inspectors. USDA would pay one-half. Kansas would pay one-half. On January 4, 1999, we received a letter from USDA informing us that they had agreed to pay for half of the increased budget requests that we made to them.

YEAR 2000

The year 2000 will bring many changes in the Meat and Poultry Inspection Program. On January 27, 2000 all inspected plants, both state and federal will be required to implement the HACCP (Hazard Analysis Critical Control Point) system. This new system will increase the demand on the Compliance section of the Meat & Poultry Program. The USDA during the August review of our program recommended that it may be necessary to add one additional field compliance officer.

The year 2000 also brings with it the interstate shipment of state inspected meat and poultry products. It is felt that with the introduction of interstate shipment, many of the small federally inspected facilities will apply for state inspection services. With the implementation of the proposed changes in the staffing of the Meat & Poultry Program, we should have a strong program for these new facilities to join.

KANSAS CUSTOM PLANT GUIDELINES

The following information is intended only as a guideline outlining some of the most commonly asked questions concerning the operation of a Custom Plant in the state of Kansas.

1. Animals that may be slaughtered by an establishment operating with a custom registration.
 - A. Animals delivered by the owner or his representative for slaughter and/or processing for the owner of the animal, members of the owners immediate household, and nonpaying employees and guest.
 - B. Only healthy animals may be slaughtered by a Custom establishment. Animals cannot be disabled, diseased, dying, or down. A diseased animal is any animal showing signs of a Central Nervous System disorder, has an abnormal temperature (high or low), has difficulty breathing, has any abnormal swellings, shows lack of muscular coordination, is unable to walk or stand normally. Any animal which shows any condition which would warrant condemnation on antemortem inspection.
 - C. Animals that may be slaughtered include cattle, sheep, swine, goats or poultry.
2. Animals or products must be properly labeled "NOT FOR SALE" and cannot be sold into commerce.
 - A. If a retail exemption is granted, a custom operator may buy inspected and passed product to further process and sell to the household consumer only, provided the retail product is prepared separately and maintained separate from "NOT FOR SALE" product. Labeling requirements on the product offered for sales are different from custom "NOT FOR SALE" product.
3. Sanitation of Custom establishments.
 - A. The requirements for a custom establishment and an inspected establishment are basically the same. The main difference is that a custom establishment is not required to have a written Standard Sanitary Operation Procedure (SSOP). All requirements for the cleaning and sanitizing of equipment are enforced in a custom establishment.
 - B. An adequate source of 180 degree water with an in line thermometer must be available to clean and sanitize in the case of contamination on the kill floor (Reg 308.8, 308.3 (d)(4)).
4. A water potability certificate must be on hand and renewed yearly.
5. A current sewage certificate must be on hand.
6. All inedible material must be properly denatured before removal from the establishment.
7. All equipment used in a custom plant must meet the same approval guidelines as an inspected establishment (Reg 308.5).
8. There are only minor differences in the facilities required for a custom operation and inspected facility.
9. Sanitary dressing requirements for custom plants are the same as for inspected plants. There is ZERO tolerance for fecal contamination of carcasses in the coolers.
10. The custom plant is exempt from most sampling and testing requirements of the inspected establishment.
11. Animals presented for slaughter at a Custom establishment are exempt from antemortem and post mortem inspection.

NON- AMENABLE SLAUGHTER POLICY MEAT & POULTRY INSPECTIONS

The principle non- amenable species processed in Kansas slaughter establishments are wild deer, elk and antelope. Non- amenable means that these animal species are not subject to the typical methods of inspection as cattle and swine.

The policy enforced by the Meat & Poultry Inspection Program takes into consideration the following points.

1. How will cross-contamination between the deer and inspected products be prevented in the coolers, processing room, and freezers?
2. What is the plan for storage and separation of deer carcasses during the season?
3. How is the wholesomeness of the meat products being assured?
4. What labeling practices and materials will be used to ensure identification of the deer products.

The possibility of cross-contamination is especially high in those plants with limited processing and storage facilities. Lowering of standards of sanitation is not permitted to accommodate an overabundance of deer.

Even though the hunter may present the deer carcass in almost any condition, once that carcass enters the plant it is subject to the same standards of sanitation during processing and storage as any beef or hog carcass. A contaminated deer can cause food borne illnesses just as easily as a contaminated hog or beef. Because of the possibility of cross-contamination the following conditions are enforced on deer carcasses before they enter the cooler:

1. Contamination from the intestinal tract must be removed
2. Any hide and excessive hair must be trimmed.
3. Grossly damaged and contaminated wounds should be trimmed.
4. Feet and heads need to be removed.

The hunter that took care to deliver a clean carcass to the processing plant should not be penalized, and put in a health risk, by having his deer stored and processed with unsanitary carcasses.

Once in the cooler and during processing and freezing the non- amenable product must be kept separate from inspected and passed products.

The product must be labeled and each package marked as "Not for Sale."

Meat & Poultry Program History

Veterinary Staffing:

Program was originally staffed with 4 field Veterinarian II positions and 1 Veterinarian I position. In addition, there was a veterinarian in the office on loan from USDA FSIS. The veterinarian I position was eliminated and not refilled because of plant closure. The USDA FSIS position was vacated by the death of the veterinarian and never refilled. The Board of Agriculture did not see a need to staff this position with a State position. Therefore, there was no veterinarian in the office until the program manager position was filled with a veterinarian in March 1993. The field veterinarian positions were decreased from 4 to 3 in the fall of 1982 and from 3 to 2 in 1987. This field staff was increased to 3 veterinarians November 30, 1998.

Ag II Assistant Supervisors:

In 1981 there were 8 Ag II assistant supervisors. This number was decreased to 6 in 1982. The Ag II positions were reclassified to Ag III positions in about 1985-86. The Ag III positions were decreased to 4 in 1987. After a hard fought battle, Ag III numbers were increased to 6 in 1989.

Ag I Inspectors:

In 1981 there were approximately 70 Ag I inspectors. This number was gradually decreased with retirements and transfers. About 1984-85, Ag I positions in other programs were reclassified to Ag II positions, but remained Ag I's in the MPI program. The Ag I numbers shrunk to 37 full time and 11 part time positions in 1987. In the fall of 1987 the decision was made to combine part time positions into full time positions. This created 41 full time positions and 1 permanent part time position.

Plant Numbers:

Official establishment numbers have declined from approximately 250 (Fully Inspected and Custom Exempt) to approximately 135-140.

Program Category Rating:

Until 1995 Kansas maintained a category II rating. In 1995 after a correlation review by FSIS Kansas received a category III rating which translated to an equal to status with major variations. In 1991 the correlation review revealed a rating of category II which was equal to with minor variations. However, this rating was achieved only because aggressive corrective action was taken by State supervisors during the correlation review.

In 1987 equal to certification was delegated to state programs. This was to be achieved by implementing approved state performance programs. Kansas' State Performance Program was

implemented at this time. However, it was felt by the field staff that the plan was not working as intended, but these concerns were ignored by administrative personnel in Topeka.

Kansas Meat Inspection Summary

The Kansas Meat Inspection program has faced many problems in recent years. However, it should not be terminated. The KDA program is beneficial to both the state and the meat industry of Kansas compared to a full federal program.

The two programs must be considered as parts of a whole. They each have separate functions in the meat industry. The FSIS program is designed for the benefit of the large plants. They enjoy inspecting the large plants and assist on interstate shipment. The KDA program is designed for the small and custom exempt plants. Many small plants have a close and productive relationship with their State Meat Inspection programs.

The State Inspection program is more accessible to the small plants. If they have a question or problem, they are able to call a local agency and get an answer by a person that day. This is an enormous cut in the layers of bureaucracy that is seen at the federal level. The KDA program also has a vested interest in promoting the interests of the small and custom plants. KDA is accountable to ensuring that the plants do not close down in order to keep small businesses in Kansas.

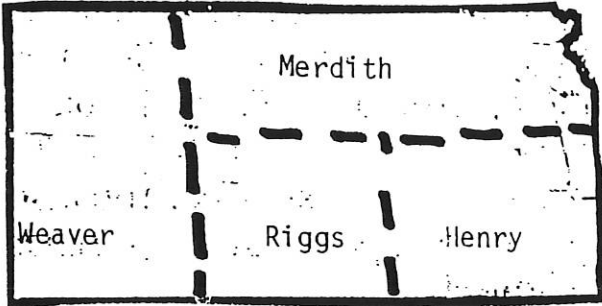
The KDA program is also more economical. Plants that would have to go under federal inspection would suffer additional expenses such as, new brands, printed boxes, overtime, and holiday pay. Many of the plants would have to close their doors. Older plants, grandfathered many years ago, would not meet the current requirements. The cost of their upgrading would in many cases force them to close doors forever too. Other plants would have to go to a custom exempt status that would limit their retail severely.

The grave concern to a switch to Federal Meat Inspection has to do with the quality of inspection that the custom exempt plants will get by FSIS. The federal government does not have the time or staff to inspect custom exempt plants. This leads to those plants getting inspected only once a year. If this is to happen, Kansas could face some serious health problems.

Dropping State Meat and Poultry Inspection may appear as a quick method of saving money in the Kansas budget. However, the long-term detrimental impact on the Kansas economy and local agricultural communities outweighs illusory immediate savings.

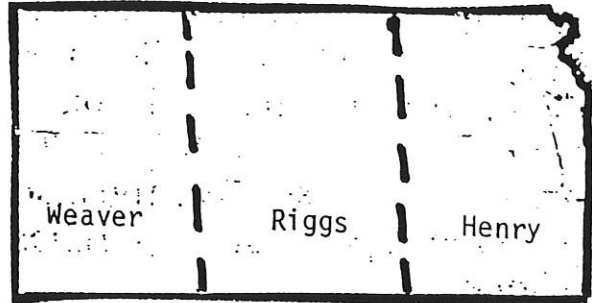
Meat Program Overview

FY 1969-1983



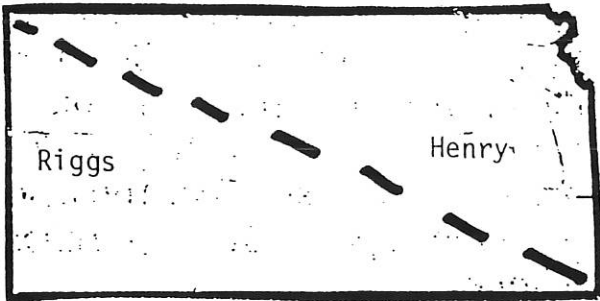
Each Veterinarian-----2 Ag II's
Training Officer in Topeka

FY 1984



6 Ag II's
Training Officer in Topeka
1 Compliance Officer

FY 1988



5 Ag III's
1 Admin. Officer (Including Training Officer)
1 Compliance Officer

FY 1990

6 Ag III's
2 Compliance Officers
1 Admin. Officer III

FY 1993

3 Veterinarians
6 Ag III's
2 Compliance Officers
0 Training Officers

FY 1998

4 Veterinarians
6 Ag III's
2 Compliance Officer
1 Training Officer

Kansas Meat Plants

Year	Custom	Inspected
1981	49	189
1982	47	192
1983	44	200
1984	39	199
1985	36	202
1986	30	193
1987	27	185
1988	24	184
1989	23	177
1990	18	170
1991	17	163
1992	16	162
1993	16	158
1994	15	152
1995	14	151
1996	13	152
1997	13	147
1998	18	137
Currently	18	134

Plant Hours / Available Inspector Hours

1983 3.3
1984 3.4
1985 4
1987 4.3
1988 4.5
1989 4.1
1990 4.4
1991 4.9
1992 4.9
1993 4.8
1994 4.0
1995 4.7
1996 4.9
1997 4.1
1998 3.9

MEAT & POULTRY
INPLANT INSPECTIONS
HOURS PER INSPECTOR
FOR THE MONTH OF:
JUNE 1998

INSPECTOR	TRAVE TIME	HOURS INPLANT	HOURS LEAVE	TOTAL HOURS	PERCENT TRAVEL	PERCENT INPLANT	PERCENT LEAVE
BUNNY, AUSTIN	35.50	131.50	9.00	176	20.17%	74.72%	5.11%
BOKELMAN, DENNIS	0.00	0.00	176.00	176	0.00%	0.00%	100.00%
BRADY, BRUCE	24.00	128.00	24.00	176	13.64%	72.73%	13.64%
CALVIN, MAX	27.00	69.00	80.00	176	15.34%	39.20%	45.45%
DAVIS, RODNEY	24.00	152.00	0.00	176	13.64%	86.36%	0.00%
DEINES, STANLEY	47.50	128.50	0.00	176	26.99%	73.01%	0.00%
DICKMAN, BECKY	20.50	123.50	32.00	176	11.65%	70.17%	18.18%
DOCKTER, TERRANCE	42.00	134.00	0.00	176	23.86%	76.14%	0.00%
DUPREE, ANDREW	0.00	80.00	0.00	80	0.00%	100.00%	0.00%
ECHER, DANNY	43.00	107.00	26.00	176	24.43%	60.80%	14.77%
FLERLAGE, MICHAEL	27.00	133.50	15.50	176	15.34%	75.85%	8.81%
GABEL, STEVEN	17.00	97.00	62.00	176	9.66%	55.11%	35.23%
HUNSAKER, WILLIAM	43.00	125.00	8.00	176	24.43%	71.02%	4.55%
HARDING, KRISTIAN	4.00	36.00	0.00	40	10.00%	90.00%	0.00%
JOHANNSEN, TAWNY	11.00	165.00	0.00	176	6.25%	93.75%	0.00%
JOHNSTON, JOHN	18.00	78.00	80.00	176	10.23%	44.32%	45.45%
KIRKHAM, HARRY	19.50	108.50	48.00	176	11.08%	61.65%	27.27%
ATIMER, SREPHEN	28.00	148.00	0.00	176	15.91%	84.09%	0.00%
EDDY, ANDREW	17.00	87.00	72.00	176	9.66%	49.43%	40.91%
LEDDY, KEITH	27.50	128.50	20.00	176	15.63%	73.01%	11.36%
LIND, DALE	38.50	127.50	10.00	176	21.88%	72.44%	5.68%
LITTLE, BILLY	0.00	0.00	176.00	176	0.00%	0.00%	100.00%
McADAMS, JOSEPH	31.50	126.50	18.00	176	17.90%	71.88%	10.23%
McGEE, IVAN	20.00	60.00	0.00	80	25.00%	75.00%	0.00%
MITCHELL, DALE	46.00	130.00	0.00	176	26.14%	73.86%	0.00%
MITZNER, DAVID	7.00	33.00	0.00	40	17.50%	82.50%	0.00%
OGLE, WILLARD	29.00	99.50	47.50	176	16.48%	56.53%	26.99%
POWELL, LEE	21.00	139.00	0.00	160	13.13%	86.88%	0.00%
REED, JERRY	29.50	146.50	0.00	176	16.76%	83.24%	0.00%
RINKES, LYNN	23.50	151.50	0.00	175	13.43%	86.57%	0.00%
ROBERTS, ERROLL	34.50	120.50	21.00	176	19.60%	68.47%	11.93%
ROGGE, MICHAEL	42.50	127.50	6.00	176	24.15%	72.44%	3.41%
SINGULAR, LEE	21.50	148.00	6.50	176	12.22%	84.09%	3.69%
SPIELBUSCH, STEVEN	31.00	145.00	0.00	176	17.61%	82.39%	0.00%
STUHLSTATZ, DAVID	26.50	99.50	50.00	176	15.06%	56.53%	28.41%
TOWNS, SEAN	34.50	137.50	4.00	176	19.60%	78.13%	2.27%
TURNER, REX	27.50	127.00	21.50	176	15.63%	72.16%	12.22%
VANMETER, TONI	25.50	150.50	0.00	176	14.49%	85.51%	0.00%
GRAND TOTAL	965.00	4,229.00	1,013.00	6,207.00	15.55%	68.13%	16.32%

