

NASDA's FY25 USDA-FSIS Cooperative Agreement Funding Requests

Agency: USDA

Division: Food Safety Inspection Service

Line: FOOD SAFETY INSPECTION SERVICE: State Food Safety and Inspection

Requested Amount: Program Funding of \$75,000,000

FY24 Requested: \$73,530,000 :

FY24 Enacted: \$67,131,000

FY25 President's Budget Request: \$71,000,000

Justification:

FSIS cooperates with state agencies in developing and administering the State MPI and Cooperative Interstate Shipment (CIS) programs. The programs are primarily for small and very small establishments

and the state programs aid in the sustainment and expansion of these establishments. With rising costs, and the anticipated entry of additional states and establishments into the programs between 2023 and 2025, the budget requests \$3.4 million to cover the FSIS contribution to the programs (up to 50 percent of the cost of the State MPI programs and 60 percent for the CIS programs). The state MPI and CIS programs' growth are part of USDA's priority to expand meat processing capacity and strengthen the resilience of the supply chain. State and federal meat inspection programs should function together as a seamless system in both intrastate and interstate commerce. Under a cooperative agreement with USDA's FSIS, state meat inspection programs may receive up to 50% funding for their inspection activities. Traditionally, FSIS has provided state programs with the full 50% match. However, in recent years, FSIS has been providing state programs with significantly less funding, challenging states' ability to provide inspection services. Reduced federal support for state meat and poultry inspection services is occurring at the same time as the Support for USDA and state governments have been providing grants to support numerous new facilities and expanded operations of independently owned meat and poultry processing businesses, especially as a result of the supply chain disruptions caused by the COVID-19 pandemic. These grants have been intended to provide additional and more efficient processing options for local livestock producers by modernizing, increasing, diversifying, and decentralizing meat and poultry processing capacity. Relatedly, states have seen dramatic increases in the number of fully inspected slaughter establishments, many of which are subject to state meat and poultry inspection. With limited staff, states face further financial constraints, which lessen their ability to support the growth of existing establishments, expand operations, or

increase harvesting days. The reduction limits staff, including veterinarians, and makes response time slower, resulting in disruptions to operations. Without additional resources, states will be forced to turn away facilities for state inspection, resulting in higher costs for processors to receive federal inspection or a reduction in the amount of processing capacity available for farmers. Alternatively, in light of a lack of sufficient federal funding to support these efforts, states may elect to withdraw from the program, leaving the responsibility on FSIS to provide inspection services at 100% of the cost. The National Association of State Departments of Agriculture (NASDA) requests an increase in funding to maintain support for these critical state programs, which provide essential service to small to medium-sized operations at a fraction of the cost of federal inspections.