



QUALITY ASSESSMENT DIVISION - FISCAL YEAR 2018 SUMMARY

PROGRAM HIGHLIGHTS

Meat Grading and Certification



Roughly 96% of steer/heifer, 59.3% of lamb, and 27.1% of veal commercially slaughtered in the U.S. are voluntarily graded by the Quality Assessment Division’s (QAD) team of 150 USDA meat graders nationwide. *USDA Choice and USDA Prime percentages reached 81.3% combined during FY 2018, and the number of USDA Prime carcasses reached an all-time high of 7.6% of all those presented for quality grading.* USDA meat grading reports are available at: <https://www.ams.usda.gov/reports/meat-grading>.

Commodity	Volume Officially Graded
Beef	23.0 billion pounds
Lamb	77.6 million pounds
Veal/Calf	23.4 million pounds
Chicken	4.7 billion pounds
Turkey	1.2 billion pounds
Duck/Geese	1.6 million pounds
Rabbit	144 thousand pounds
Shell Eggs	2.9 billion dozen

During FY 2018, QAD meat certification activities included 21.8 billion pounds certified for live animal breed programs and 8 billion pounds of carcasses for commercial carcass specifications.

In December 2017, QAD implemented changes to the [U.S. Standards for Grades of Carcass Beef](#) to provide companies additional options – specifically, dentition or age documentation – to ensure that cattle 30 months old or less are eligible for the youngest maturity group recognized as “beef” (A maturity). This has led to a 2.5% increase in the number of beef carcasses eligible for grading.

Poultry & Shell Egg Grading and Certification



QAD’s 658 poultry and shell egg graders voluntarily graded about 28% of the turkeys slaughtered, 20% of the broilers slaughtered, and 55% of table eggs packed in the United States during FY 2018. They also issued export certificates for over 85.9 million dozen shell eggs, assuring negotiated trade requirements were met. QAD aided the industry in opening access for U.S. table eggs to several new markets, including Guatemala, Honduras, South Africa, and India.



In August 2018, AMS updated the [U.S. Classes, Standards, and Grades for Poultry](#) to align with the USDA, Food Safety Inspection Service definition for “roaster and roasting chickens,” lowering the age requirement for this class of poultry and identifying the ready-to-cook weight as 5.5 pounds or more.

Audit & Verification Services

In FY 2018, QAD conducted 2,000 audits for over 850 firms, including Export Verification (EV) audits aimed at facilitating the export of U.S. products to countries with additional import requirements (e.g., feeding practices, age or source requirements). QAD provides EV programs for 25 foreign countries/markets for such products as beef, veal, bison, pork, lamb, goat, eggs, egg products, poultry, and closed-face sandwiches. The aggregated value of export products that flow into the 25 foreign markets with EV programs is more than \$3.8 billion per year, representing a return on investment of \$5,500 for every \$1 spent by customers.



The USDA Process Verified Program sustained strong demand the past year, with a total of 122 different PVP programs audited by AMS. Production claims continue to be high-priority attributes that the USDA PVP is used to enhance, as are systems related to traceability and source verification. The variety of products covered by USDA PVP include pork, poultry (chicken and turkey), beef, veal, and lamb, as well as grains, feed, and feed ingredients.

FINANCIAL OVERVIEW

On October 1 of this year, rates increased for meat and poultry grading services to accommodate a shrinking reserve and, despite successful efforts to identify efficiencies over the past few years through consolidation, increased operating costs¹. Both Fiscal Years 2017 and 2018 required significant investments in Information Technology for upgrades to billing/management systems and equipment – all aimed at streamlining service and enhancing security. A summary of financial activity for FY 2018 is below.

	FY 2018 Revenue	FY 2018 Expenses	FY 2019 Beginning Reserve Balance	Operating Reserve Available (Months)
Poultry & Egg Grading	\$55,252,000	\$56,662,000	\$7,533,000	1.8
Meat Grading	\$22,806,000	\$23,973,000	\$2,398,000	1.2
Auditing	\$4,225,000	\$4,825,000	\$1,769,000	4.4

AMS grading services remain a good value for American Agriculture: in FY 2018, the average cost to customers for grading and certification services is approximately \$0.0004 per pound for meat products, \$0.0041 per pound for poultry products, and \$0.0064 per dozen shell eggs.

COMMUNICATIONS AND RESOURCES

AMS provides a variety of resources online at www.ams.usda.gov that may be of interest to our stakeholders. These include:

- [Infographics](#) exploring voluntary grading and certification services.
- [AMS Fact Sheets](#) with basic information about QAD programs and services.
- [USDA grade marks/shields](#) for download. (Vector files available upon request).



QAD uses AMS' GovDelivery email service to share program announcements. Click the red envelope to subscribe, or visit: <https://public.govdelivery.com/accounts/USDAAMS/subscriber/new>

Thank you for choosing AMS Quality Assessment Division to provide grading, certification, and verification services to support your marketing efforts. We are committed to providing you the most efficient, effective, and customer-focused service possible, and appreciate working closely with all of our stakeholders to accomplish this mission for U.S. agriculture.

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¹ QAD is required to charge user-fee customers a rate that covers all expenses for voluntary services, such as employee pay and benefits, travel, property, overhead, information technology, etc. QAD is also required to maintain a reserve balance for each trust fund, to cover program shut down expenses should demand for QAD services cease.