

Poultry Grower Payment Systems and Capital Improvement Systems Proposed Rule Overview

On June 10, 2024, the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) published the proposed rule, "[Poultry Grower Payment Systems and Capital Improvement Systems](#)." The public comment period is open until August 9. The purpose of this proposed rule is to increase transparency and address unfairness and deception in broiler grower payments, poultry grower ranking systems (commonly known as tournaments), and capital improvement systems.

The operation of tournament systems and the associated contracts between broiler chicken growers and live poultry dealers (LPDs) commonly exhibit a range of problematic practices. This proposed rule addresses these issues in the following ways to improve tournaments and increase fairness of broiler contracts:

The proposed rule would, if finalized:

- **Prohibit an LPD from discounting or reducing a broiler grower's contractually stated compensation rate**, requiring LPDs to implement a grower payment method using only positive performance adjustments (bonuses, rather than reductions).
- **Establish a duty to conduct fair comparisons, which requires an LPD to adopt policies and procedures for operating a fair ranking system for broiler growers.** The policies and procedures will be subject to audit and review and must include:
 - Processes for the selection and distribution of inputs that affect grower performance
 - Processes for the flock production practices that affect grower performance, such as target weights and stocking density
 - Processes for determining an LPD's comparison flexibility, including when to remove a grower from the ranking group comparison and compensate by a non-comparison method (ex: by a five-flock average), and the appropriateness of the time period used for comparison.
 - Processes for resolving grower concerns in a timely manner
- **Require an LPD to provide Capital Improvement Disclosure Documents to broiler growers when that LPD requires the grower to make additional capital investments.** The LPD's disclosures must include:
 - The purpose of the investment
 - Construction schedules
 - Housing specifications
 - Required or approved manufacturers or vendors

- Financial incentives and compensation for the grower
- An analysis of projected grower returns
- A disclosure statement

Public Comments:

USDA invites comments on this proposed rule [here](#). While not required, USDA encourages comments to fully explain all views and alternative solutions or suggestions, supplying examples and data or other information to support those views where possible. Parties who wish to comment anonymously may do so by entering “N/A” in the fields that would identify the commenter.

Get Involved:

Read the proposed rule and learn more on the AMS Poultry Grower Payment Systems and Capital Improvement Systems [webpage](#).