

**Analysis of Costs**

*Number of Establishments.* The preliminary regulatory impact analysis relied on the 1997 Census of Manufacturers for an initial count of RTE MPP establishment numbers. 1,630 establishments were identified as producing a RTE MPP. The estimated number of establishments affected by the proposed rule was expected to be fewer than the actual number total for many reasons, but chiefly because the Census classifies businesses according to their principal activity. In some cases, the production of RTE MPP might be a secondary activity. This undercounting was a major deficiency in the preliminary regulatory impact analysis (PRIA). FSIS has corrected this problem and is estimating the impacts of the final rule considering both federally and State-inspected establishments producing RTE MPPs.

Basing the analysis on a more realistic estimate of the number and types of establishments affected by the rule provides a better estimate of industry impacts.

However, using this approach, the product-specific information, such as the value of production, that was available through Census data, cannot be used. Also, certain assumptions must be made in manipulating the data for both federally and State-inspected establishments to avoid double counting and to estimate HACCP process categories for RTE MPPs at State-inspected establishments.

FSIS used the 2001 Performance-Based Inspection System (PBIS) databases to identify Federal-inspected establishments that have at least one HACCP process category code (actually, the pertinent procedure code from FSIS's inspection system procedure guide) associated with a RTE MPP. The 2001 PBIS database showed that there were 2,930 federally inspected establishments with 3,556 HACCP process category codes associated with RTE MPPs. Establishments were grouped into HACCP establishment size categories by cross tabulating this data with the 2001 Enhanced Facilities Database (EFD). (HACCP

establishment size categories have been defined since the publication of the PR/HACCP rule (61 FR 38806; July 25, 1996) as large: more than 500 employees; small: between 499 and 10 employees; and very small: Fewer than 10 employees or less than \$2.5 million in annual sales.) To obtain the number of unique establishments in each HACCP process category code, the number of HACCP plans for each HACCP process code was divided by the average number of HACCP plans per establishment in each size category (bottom of Table 2).

The EFD identified 2,046 State-inspected RTE MPP establishments comprised of 1,992 very small establishments and 54 small establishments. To obtain an estimate of the product types produced at State-inspected plants, the total number of State-inspected establishments was distributed across the four HACCP process category codes in the same proportion that was found in federally inspected establishments (Table 3).

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