

*Costs related to possible hold-and-test actions.* Hold-and-test actions are expected to be taken by establishments in EG 4 and to a lesser extent in EG 3. For purposes of this analysis, 50 percent of the EG 3 and 95 percent of the EG 4 establishments that are expected to have some problems with *Lm* contamination are also expected to be faced with one or more hold and test events annually. This calculation suggested that seven small and 79 very small establishments in EG 3 and one large establishment and 29 small and 63 very small establishments in EG 4 are expected to take one or more hold-and-test actions over a typical year. In addition to the number of establishments affected, there are five other factors that affect this cost impact. These are: (1) The amount of production likely affected (based on the number of lines times number of shifts and production per shift estimates); (2) the pounds per pallet that will need to be handled and placed into storage; (3) the average number of days that the product will

be held in storage; (4) the number of times per year that a hold-and-test action occurs; and, (5) the cost per day per pallet in handling and storage. Also, the amount of existing available storage will influence any expected burden placed on establishments. The recent FSIS hotdog and deli-meat survey found that up to 40 percent of establishments have sufficient storage to hold product, but for only one to two days of production. Even though this finding only reflects the capacity of hotdog and deli-meat establishments, FSIS does not anticipate any serious problems with establishments finding available storage for holding product under possible increased hold-and-test situations on their premises or at other locations. FSIS bases its estimate for expected industry-wide costs of hold-and-test on parameters stated in Table 19. These costs are intended to include the transportation, handling and storage costs associated with product that has been tested and may or may not prove to be contaminated with *Lm*. For example, the \$119,500 cost calculation for

hold and test expected to be incurred by very small establishments was made by multiplying the expected number of affected establishments (79) times the number of expected hold and test occurrences per year (3) times the daily cost of holding (5 days times 5.6 pallets times \$18 per pallet per day). Similar calculations were made for other affected establishments in the other HACCP establishment size categories and establishment groups. FSIS does not consider that the costs associated with the handling and eventual disposition of contaminated product, including its possible destruction, should be attributed to this final rule. It is believed that this product would have or should have been discovered and appropriately disposed of under current good manufacturing practices had they been followed by the establishment. Also to the extent that some of these products are normally refrigerated, these holding cost estimates would over-estimate the impact on the industry.

Table 19. Cost of hold-and-test actions

Item	HACCP Establishment Size Category			
Assumption	L	S	VS	Total
	Pounds			
Production affected	228,000	28,400	5,600	
	Number of:			
Pallets (1000 lbs. per pallet)	228	28	6	
Average days in storage	5	5	5	
Hold and test frequencies				
EG 3	3	3	3	
EG 4	6	6	6	
	Dollars			
Handling and storage cost per day (\$/pallet)	18	18	18	
Handling and storage costs	\$thousands			
EG 3	20.7	51.7	119.5	191.9
EG 4	144.2	437.9	191.9	774.1
Cost of hold and test	164.9	489.6	311.4	966.0