

AgriEthos Consulting

Team Member Name	Year	Major
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Advisor(s): Professor Nisha Nair

Topic: All American Breakfast: Bird Flu, Egg Prices, and the Ethics of Deregulation

Audience: USDA Deputy, COO, Directors, Administrators, and State Directors

Executive Summary:

The US egg industry is at a critical juncture, grappling with compounding challenges stemming from repeated avian flu outbreaks, volatile supply chains, and evolving regulatory expectations around animal welfare. As demand continues to rise and supply tightens due to widespread flock culling, states are increasingly reverting to caged egg production methods, compromising long term policy commitments to humane farming practices. These tradeoffs raise serious ethical, financial, and operational dilemmas for producers, regulators, and consumers alike.

This case evaluates these challenges through the lens of the US Department of Agriculture (USDA), exploring how government policy and incentive structures can either reinforce short term reactive behavior or promote long term resilience in the egg industry. Key ethical tensions include the rollback of cage free mandates to ensure market availability, the economic and moral consequences of mass flock depopulation which farmers are currently compensated for, and the systemic risks posed by inadequate biosecurity protocols.

Our analysis highlights that while USDA's current support for depopulation and emergency relief helps stabilize markets in the short term, it inadvertently disincentivizes proactive investment in disease prevention. Only 150 facilities have adopted USDA recommended biosecurity enhancements despite evidence showing significantly reduced outbreak risk. This raises concerns about both the sustainability and fairness of the current model, particularly when public funds are used to offset costs for preventable losses.

From a market standpoint, the shift back to caged production undercuts years of progress toward more ethical sourcing and increases the risk of reputational damage across the industry. Simultaneously, price gouging during shortages and the potential release of contaminated products, although not well documented, pose significant risks to consumer trust and public health.

This business case ultimately proposes a multifaceted strategy to guide USDA action by reframing compensation schemes to prioritize prevention over response, expanding subsidies for biosecurity infrastructure, and aligning emergency measures with long term policy commitments to animal welfare. It further considers the integration of circular economy principles, opportunities in egg substitutes, and the development of more resilient and regionally diversified supply chains.

Our recommendation is that USDA serve as the catalyst for a systemic pivot, one that balances market stability, ethical responsibility, and long-term industry resilience.