

April 3, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
Washington, DC

Dear Mr. Secretary:

You and your staff are doing a tremendous job supporting American agriculture in this crisis. The farmers and ranchers of our nation are in debt to you and we offer our continuing appreciation and support.

Enactment of the Coronavirus Aid, Relief, and Economic Security Act (CARES) just a few days ago was a necessary step in helping to protect American farmers and ranchers. Now, as you begin implementing this historic legislation, I need to share with you the critical needs surfaced by American Farm Bureau Federation members as we assess them today. Even before the onset of the COVID crisis, many members were continuing to suffer economic damage from ongoing trade disputes, underscoring the need for additional MFP support. The COVID emergency has only exacerbated this situation. By way of background, I am attaching a copy of my letter to you dated March 17, 2020. That letter outlined our initial assessment of needs and is updated herein. I am also attaching a copy of a more detailed list of concerns shared with congressional leaders on March 20 as they debated the CARES Act last week. Please utilize these documents as you move forward.

Overarching Concern

I consistently hear from growers around the country the imperative need to get financial assistance into producers' hands immediately. Timing is crucial. With congressional approval of \$14 billion to replenish the Commodity Credit Corporation (CCC) and \$9.5 billion for livestock, specialty crops and other growers, producers cannot wait. We urge you to set the highest priority on getting these critical dollars into farmers' and ranchers' hands absolutely as soon as possible. This must be the Department's #1 Priority.

I outline below in more detail the most immediate concerns farm and ranch producers have brought forward. As you develop programs to implement the CARES Act, I urge you to give top priority to the following critical needs:

Support for all of agriculture

All sectors of agriculture must be included under CARES coverage as implemented by USDA. Specialty crops, livestock, and others are highlighted in the special \$9.5 billion authority vested with the Secretary, while the replenishment of CCC authority should also provide broad authority to assist other segments of agriculture. Certain sectors of agriculture are particularly hard-hit; I have outlined these immediately below. But other growers are also faced with immediate financial hardship, and they are set out also. It is critical that USDA do all in its power to assist growers in every region, of all commodities, to the maximum of its ability.

- Sectors particularly hard-hit

We urge the Department to turn its attention as quickly as possible to these sectors and use its full authority to provide relief to the greatest extent feasible:

- a. Dairy and milk prices have declined sharply in recent weeks and farm-level milk prices are likely to be even lower due to price re-blending to account for distressed and disposed loads of milk. We urge USDA to examine every possible way to support the sector. This may be through:
 - i. Crafting a special direct payment to dairy farmers. While we previously proposed re-opening Dairy Margin Coverage, we believe a direct payment at least equivalent to the financial support provided by DMC would provide immediate financial support to dairy farmers;
 - ii. To offset the decline in demand in the food service and school meal sectors, USDA should immediately make purchases of dairy products including but not limited to fluid milk, butter, cheeses and dry milk powders. Additional support could be provided through export assistance programs and direct commodity support;
 - iii. The creation of a voucher program through the Milk Donation program to facilitate the distribution of donated milk through grocery stores and other venues since some food banks are not geared for highly perishable products;
 - iv. Consider activating a milk loss program similar to the 2019 Wildfires and Hurricanes Indemnity and Milk Loss (WHIP-ML) Program to indemnify eligible dairy operations for milk that was dumped or removed without compensation from the commercial milk market due to COVID-19;
 - v. Temporarily increase the minimum milk solids content in fluid milk to above 8.25 solids-non-fat and for whole milk above 3.25 percent butterfat.
 - vi. Ensure that any milk disposed of or dumped, counts towards a Dairy Revenue Protection policy holder's total milk marketing's.
 - vii. Allow school lunch programs still operating to purchase whole milk; and
 - viii. Section 32 dairy purchases to the greatest extent possible.

- b. Livestock is also under tremendous stress, as is poultry. Futures prices have plummeted for live cattle, feeder cattle and lean hogs by as much as 30%. USDA should do its utmost to cover the significant losses livestock producers have incurred. In addition, we urge the department to:
- i. Craft a special direct payment to cattle, hog and poultry farmers, including but not limited to stocker and cow/calf operators.
 - ii. Catfish, crawfish and other aquaculture producers should be eligible for assistance since 60% of their sales goes to restaurants.
 - iii. Utilize where appropriate existing authorities under the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish;
 - iv. Consider purchases of beef, pork, poultry and aquaculture products for distribution in food and nutrition programs; and
 - v. Cooperate and share information with the Commodity Futures Trading Commission and Chicago Mercantile Exchange to monitor and prevent price manipulation in the spot or futures markets for livestock and dairy commodities.
- c. Specialty crops
- i. The labor demands in fruit and vegetable production are acute. We want to continue to work with USDA, DOL and DOS in providing maximum accessibility to the workforce and flexibility in labor operations.
 - ii. It will be important to assure that funds allocated to specialty crop growers get to all producers, regardless of size, experiencing immediate impacts.
 - iii. Direct payments are needed for all specialty crop growers that are dumping products and experiencing income losses due to restaurant and retail closures.
 - iv. With the steep decline in purchases in the food service sector, USDA should consider developing a purchase program that would quickly provide stability to all impacted fresh produce growers through the duration of the COVID-19 public health emergency.
- d. Cotton prices have fallen below 50 cents per pound and are the lowest in more than a decade. We urge USDA to examine every possible way to support the sector. This may be through:
- i. Direct payments to cotton producers that recognizes the price declines related to COVID-19 and the slowdown in economic output; and
 - ii. Reactivating the Cotton Ginning Cost Share Program to provide financial assistance to offset the cotton ginning costs – a prerequisite for marketing cotton lint and seed.
- e. Ethanol and biofuels have seen their prices and operating margins fall sharply due to the impact of COVID-19 self-distancing on gasoline demand. The reduced demand for ethanol has negatively impacted cash corn prices across the Midwest and reduced the supplies of critical livestock supplies and feedstuff such as dried distillers grains or CO2. We urge the department to use its authority to provide emergency financial assistance to all participants affected by the current situation. This includes corn growers, who produce feedstock for ethanol facilities; ethanol plants that produce biofuel; livestock producers who depend on the co-products for animal feed and

livestock processing facilities that depend on CO2. While different approaches have been advanced (such as purchasing feedstock at ethanol and biofuel facilities) we believe the Department must devise a solution that supports all parties who depend on a healthy biofuels sector. This may require innovative thinking, and we are prepared to work with USDA in helping craft a workable solution that is sensitive to the interests of all parties.

- Other Sectors Needing Critical Relief

Whether under the special appropriation of \$9.5 billion to the Secretary or under the CCC reauthorization, financial support must be provided to these important production sectors, which are often the backbone of a rural community and a rural economy:

- a. Agri-tourism
- b. Aquaculture producers, including:
 - i. Catfish
 - ii. Crawfish
 - iii. Tilapia and hybrid striped bass
 - iv. Oysters
 - v. Shellfish
 - vi. Trout farmers and others
- c. Forage crops
- d. Nurseries (including sod), floriculture and horticulture (including retail greenhouse and ornamental crops) and related sectors (such as hay & straw sales lost to racetrack closings)
- e. Other specialty livestock (e.g., wool and fur producers) and equine
- f. Self-employed farmers and sole proprietors. While these individuals may not have payroll obligations, they are under equal financial stress and should be covered under all programs.
- g. Tobacco
- h. Craft beverage producers and wineries
- i. Local fresh market farmers whose local fresh markets are no longer operating due to stay-at-home orders issued by state or local government.
- j. Livestock producers whose sale barn auctions have been closed or disrupted
- k. Producers in such areas as hydroponics, aquaponics and indoor production

- Meet needs immediately

Many growers are increasingly desperate. They include livestock, dairy, nursery, horticulture and others such as those listed immediately above. As soon as realistically possible, these growers should be given clear, unequivocal guidance on:

- a. What USDA and other government assistance programs are available
- b. Where to go for assistance
- c. How to apply
- d. Clear eligibility criteria

At the same time, farm retail outlets (either on- or off-farm) must be provided information about where to go to get relief resources (such retailers have lost markets due to stay-in-place orders).

Additionally, USDA should seek to expand the Supplemental Nutrition Assistance Program (SNAP) Online Purchasing Program to allow qualified vendors at farmers markets, food hubs, farm stands to accept SNAP purchases, fulfill food orders and comply with social distancing and other mitigation order aimed at reducing spread of COVID-19.

- Workforce/health issues

The Department should consider funding and/or forgivable loans for workforce safety programs on farming operations. The funds from the program could be used to buy additional personal protective equipment masks, meet additional lodging and sanitation requirements, provide wellness checks, etc. Farmer applicants could ask for a loan commensurate with the level of funding they think they will need to provide these safety measures for the next 2.5 months, and then on June 30 the loan will be forgiven if the farmer can show receipts for the purchase/outlay of those covered costs. The program could also cover administrative pay for sick workers. Administrative leave would allow workers to get paid while encouraging them to come forward.

- Continuity and supply chain issues

These remain critically important components of a successful program to aid the agricultural sector. We continue to urge USDA to work aggressively with our trading partners to assure that critical trade relations remain intact to the greatest extent possible. Specifically:

- a. Livestock and agricultural trade with Canada and Mexico must be maintained.
- b. Chemicals and other farm inputs from foreign nations should continue to flow so that farmers do not lose these critical components of agriculture production. This is affecting availability of fertilizer and other commodities.
- c. Shipments of plant material to chain stores will undoubtedly be affected. These shipments start to ramp up in April.

- Special Needs

Hawaii imports 90% of its food. While much of it comes via ocean cargo, more perishable items are transported on passenger planes as cargo. With the reduction of flights, we must assure that the food needs of Hawaiians are protected.

Farm Bureau stands ready to partner with you in this evolving, dynamic situation. We anticipate new insights and will share those with you as the department ensures that farmers and ranchers get the help they need in these unprecedented times.

Thank you again for your leadership at this critical time.

Sincerely,

A handwritten signature in cursive script that reads "Zippy Duvall". The signature is written in black ink and is positioned above the printed name and title.

Zippy Duvall
President