

August 7, 2020

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

Dear Mr. Secretary:

America's farmers, ranchers and members of the agricultural input supply chain greatly appreciate the support of members of Congress, the administration and your Department during this pandemic. The \$9.5 billion in funding appropriated to your office through the Coronavirus Aid, Relief, and Economic Security Act is providing much-needed financial support to livestock, dairy, non-specialty and specialty crop producers across the U.S through the Coronavirus Food Assistance Program. We also thank you for adding additional commodities in early July through the Notice of Funding Availability process and considering other specialty crops, non-specialty crops, aquaculture, floriculture and horticultural products for eligibility in the coming weeks.

We write today to express our concern that the August 28 CFAP deadline may exclude eligible producers from participating in the program -- including producers of commodities that were recently added to the list of eligible commodities and commodities that are likely to become eligible through the NOFA process.

To ensure all eligible producers receive CFAP support, the undersigned organizations respectfully request the Department extend the sign-up deadline for CFAP. This will ensure FSA staff has adequate time to process all submitted applications and farmers have ample opportunities to enroll eligible commodities. At the same time, we strongly encourage you to increase producer and stakeholder engagement initiatives. While the Department has done a commendable job in reaching out to all affected parties, communication and outreach by FSA staff has likely been significantly impacted by the lack of face-to-face interactions; in addition, many producers eligible for CFAP may have had limited or no previous interaction with FSA staff. This latter fact likely impacted the estimates of CFAP eligibility and benefits distributed to impacted producers.

We also encourage the Department to announce second tranche payments and further review CFAP eligibility criteria including sales dates, second tranche payment rates and market contract eligibility, such as the definition of price risk and the inconsistency between interpretation of livestock sales, dairy sales and crop sales with respect to the use of futures or forward contracts. For example, with respect to sales dates, CFAP uses an April 15th cutoff date for tranche one support, yet nationally 60% to 80% of nursery and floriculture sales occur in a 10-week period from March through May, outside the primary CFAP window, and as a result losses in the sector, estimated as high as \$1.2 billion may not be fully covered.¹

As flexible as an approach as possible should also be taken to the program, and any future support efforts, to ensure that producers can receive the full benefits to which they are

¹ "Analysis of the Impacts of COVID-19 on the U.S. Nursery and Floral Crop Industry" June 22, 2020.

entitled. When applying direct attribution to each operation, we request that you apply each owner's share to the overall CFAP payment to which the entity is entitled, not to the payment limitation itself, in order to maximize the benefit afforded to operations of all sizes and avoid unfairly limiting support to certain farms based on ownership structure. In addition, we ask that you treat operations that are held in trust as corporations for purposes of determining eligible CFAP payments. Some dairy farmers in particular are organized in this manner, with multiple partners often included in one trust, and should not receive a reduced benefit on account of this unrelated business decision.

While we appreciate the flexibility provided within the CFAP payment limit structure for entities structured as corporations, we continue to believe that the limits are too restrictive and disproportionately impact specialty crops, dairy, hogs and cattle producers. The payment limit structure should be reconsidered with respect to the scale of these operations, especially as USDA contemplates a path forward for utilizing the \$14 billion replenishment that Congress provided for the Commodity Credit Corporation and well as any funds not distributed through the first and second tranche of CFAP payments.

USDA's CFAP Cost-Benefit Analysis² estimated the initial tranche of CFAP payments at \$15.4 billion. As of August 3, the most recent data available, \$6.8 billion in CFAP assistance has been provided to agricultural producers, representing 44% of the first tranche estimated payments. The percentage of CFAP's estimated payments made to producers are highlighted in the table accompanying this letter. Commodities lagging significantly in CFAP support include hogs and pigs at 20%, upland cotton at 49%, dairy at 47%, soybeans at 51%, both wheat classes at less than 60%, corn at 66% and cattle at 69%. At \$270 million, specialty crop payments represent only 12% of the estimated CFAP payments, with several products as egregiously low participation rates including carrots at 1%, oranges at 2%, tomatoes at 6%, apples at 10%, strawberries at 11%, potatoes at 24% and almonds at 39%.

As a percent of licensed farm operations recognized in USDA's 2017 Census of Agriculture, the 499,156 applications received represent only 24% of farm operations. Similarly, the 22,224 dairy applications received represent approximately 65% of licensed dairy operations. The disparity between approved applications and the number of farm operations points toward the need for additional farmer and stakeholder engagement and a sign-up deadline extension.

In addition, U.S. aquaculture would immediately benefit from CFAP assistance and request prompt action to announce a funding decision. Aquatic animal farmers continue to be severely impacted by disruption of seafood marketing channels, increasing costs of production, challenges obtaining services and inputs, challenges with cash on hand to cover operating expenses, and missed or delayed loan and bill payments.

We applaud the efforts of the Department to quickly deliver support to agricultural producers provided by the CARES Act and hope that the Department will strongly consider our recommendations when determining how to ensure producers negatively impacted by COVID-19 receive the necessary support. We also look forward to working with you and your staff in determining how to best utilize the \$14 billion in funds replenished to the Commodity Credit Corporation as well as any future stimulus funds appropriated to the Department.

² "Coronavirus Food Assistance Program Cost-Benefit Analysis" May 14, 2020.

Thank you for all you do for agriculture,

Agricultural Retailers Association
American Farm Bureau Federation
American Seed Trade Association
American Sheep Industry Association
AmericanHort
Association of Equipment Manufacturers
Biotechnology Innovation Organization
California Citrus Mutual
Nation Onion Association
National Aquaculture Association
National Cattlemen's Beef Association
National Cotton Council
National Council of Farmer Cooperatives
National Milk Producers Federation
National Potato Council
National Sorghum Producers
North American Blueberry Council
Produce Marketing Association
Rural & Agriculture Council of America
Society of American Florists
Southwest Council of Agribusiness
Texas Citrus Mutual
Texas International Produce Association
U.S. Apple Association
United Fresh Produce Association
United States Cattlemen's Association
Washington State Potato Commission
Western Growers

Table. CFAP Payments As Of August 3 As A Percentage of CBA Payment Estimates

| Commodity | Category | CBA Estimated CFAP Payment | 80% of CFAP | Payments As Of Aug 3 | Percent of CFAP |
|---------------------|---------------|----------------------------|-------------|----------------------|-----------------|
| Milk | Dairy | \$3,466,380 | \$2,773,104 | \$1,312,886 | 47% |
| Hogs | Livestock | \$2,665,400 | \$2,132,320 | \$430,170 | 20% |
| Cattle | Livestock | \$5,436,620 | \$4,349,296 | \$2,980,319 | 69% |
| Wool | Livestock | \$4,490 | \$3,592 | \$2,857 | 80% |
| Sheep | Livestock | \$28,300 | \$22,640 | \$31,764 | 140% |
| Barley | Non-Specialty | \$27,158 | \$21,726 | \$2,093 | 10% |
| Sorghum | Non-Specialty | \$52,855 | \$42,284 | \$15,283 | 36% |
| Canola | Non-Specialty | \$17,010 | \$13,608 | \$5,344 | 39% |
| Sunflowers | Non-Specialty | \$19,434 | \$15,547 | \$6,136 | 39% |
| Cotton-Upland | Non-Specialty | \$441,864 | \$353,491 | \$172,306 | 49% |
| Soybeans | Non-Specialty | \$845,025 | \$676,020 | \$344,486 | 51% |
| Wheat-HAD | Non-Specialty | \$5,241 | \$4,193 | \$2,331 | 56% |
| Oats | Non-Specialty | \$4,240 | \$3,392 | \$1,919 | 57% |
| Wheat-HRS | Non-Specialty | \$49,590 | \$39,672 | \$22,576 | 57% |
| Corn | Non-Specialty | \$2,293,410 | \$1,834,728 | \$1,217,500 | 66% |
| Millet | Non-Specialty | \$2,699 | \$2,159 | \$1,434 | 66% |
| Cantaloupes | Specialty | \$12,641 | \$10,113 | \$3 | 0% |
| Garlic | Specialty | \$35,284 | \$28,227 | \$28 | 0% |
| Raspberry-RED | Specialty | \$31,315 | \$25,052 | \$50 | 0% |
| Walnuts | Specialty | \$60,766 | \$48,613 | \$300 | 1% |
| Grapefruit | Specialty | \$12,138 | \$9,710 | \$77 | 1% |
| Carrots | Specialty | \$78,656 | \$62,925 | \$563 | 1% |
| Sweet Corn-SWH | Specialty | \$103,317 | \$82,654 | \$1,330 | 2% |
| Oranges | Specialty | \$142,735 | \$114,188 | \$1,933 | 2% |
| Beans | Specialty | \$246,839 | \$197,471 | \$4,301 | 2% |
| Celery | Specialty | \$10,943 | \$8,754 | \$223 | 3% |
| Tangerines | Specialty | \$47,929 | \$38,343 | \$1,065 | 3% |
| Kiwifruit | Specialty | \$2,430 | \$1,944 | \$54 | 3% |
| Asparagus | Specialty | \$2,741 | \$2,193 | \$64 | 3% |
| Spinach | Specialty | \$136,592 | \$109,274 | \$3,237 | 3% |
| Avocados | Specialty | \$5,304 | \$4,243 | \$137 | 3% |
| Lettuce-Romaine-RMW | Specialty | \$58,554 | \$46,843 | \$2,625 | 6% |
| Tomatoes | Specialty | \$130,404 | \$104,323 | \$5,874 | 6% |
| Cauliflower | Specialty | \$46,407 | \$37,126 | \$2,175 | 6% |



| Commodity | Category | CBA Estimated CFAP Payment | 80% of CARES | Payments As Of Aug 3 | Percent of CARES |
|---------------------|-----------|----------------------------|--------------|----------------------|------------------|
| Lettuce-Iceberg-CRS | Specialty | \$149,568 | \$119,654 | \$7,177 | 6% |
| Artichokes | Specialty | \$12,794 | \$10,235 | \$689 | 7% |
| Sweet potatoes | Specialty | \$58,376 | \$46,701 | \$3,763 | 8% |
| Broccoli | Specialty | \$204,730 | \$163,784 | \$15,369 | 9% |
| Lemons | Specialty | \$119,337 | \$95,470 | \$9,179 | 10% |
| Apples | Specialty | \$173,714 | \$138,971 | \$13,507 | 10% |
| Peppers-Bell-GRN | Specialty | \$25,886 | \$20,709 | \$2,066 | 10% |
| Squash | Specialty | \$83,766 | \$67,013 | \$7,213 | 11% |
| Watermelon | Specialty | \$5,609 | \$4,487 | \$483 | 11% |
| Strawberries | Specialty | \$291,482 | \$233,186 | \$25,715 | 11% |
| Eggplant | Specialty | \$3,711 | \$2,969 | \$402 | 14% |
| Cucumbers | Specialty | \$14,654 | \$11,723 | \$1,961 | 17% |
| Pears | Specialty | \$49,979 | \$39,983 | \$6,692 | 17% |
| Peppers-Other | Specialty | \$9,312 | \$7,450 | \$1,606 | 22% |
| Potatoes | Specialty | \$186,737 | \$149,390 | \$35,742 | 24% |
| Blueberries | Specialty | \$34,359 | \$27,487 | \$7,167 | 26% |
| Onions-Dry | Specialty | \$49,224 | \$39,379 | \$11,447 | 29% |
| Cabbage | Specialty | \$35,683 | \$28,546 | \$9,572 | 34% |
| Almonds | Specialty | \$177,486 | \$141,989 | \$55,988 | 39% |
| Pecans | Specialty | \$30,040 | \$24,032 | \$17,613 | 73% |
| Taro | Specialty | \$69 | \$55 | \$113 | 205% |
| Papaya | Specialty | \$323 | \$258 | \$606 | 235% |
| Mushrooms | Specialty | \$1,401 | \$1,121 | \$3,166 | 282% |
| Rhubarb | Specialty | \$- | \$- | \$50 | |
| Peaches | Specialty | \$- | \$- | \$185 | |
| Onions-Green-GRN | Specialty | \$- | \$- | \$240 | |