

United States Senate
WASHINGTON, DC 20510

April 13, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Perdue,

The COVID-19 crisis has severely affected Michigan's farmers and ranchers. As the USDA responds to this unprecedented emergency, we urge you to consider the unique and diverse needs of Michigan agriculture, which supports one in four jobs in our state.

Michigan farmers have been hit hard by this global pandemic and will continue to struggle with the disruptions caused by this disease. Necessary social distancing practices and interruptions to global trade, restaurants, schools, and farmers markets have had an immediate and severe impact on many farmers' ability to distribute and sell their products. Our farmers need assistance during this crisis as they continue to work every day to prevent shortages and keep us supplied with food.

As you know, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provides \$9.5 billion for COVID-19 disaster assistance, specifically targeting funding for specialty crops, local food, dairy, and livestock producers. Beyond these specific hard-hit sectors, we also encourage the Department to look to the 2018 Farm Bill as a model for how to target assistance to producers who are more vulnerable, such as beginning and minority farmers. We also ask that you include appropriate payment limits and eligibility requirements to ensure the limited funds are distributed equitably. We urge USDA to carefully consider the need of all of these producers and recommend the following suggestions to disperse funds and implement new disaster programs.

Michigan is one of the top producers of specialty crops, including fruits, vegetables, and nursery products, which contribute \$2.46 billion to Michigan's economy. The fresh-produce industry has already estimated \$5 billion in losses nationwide as a result of COVID-19. Michigan producers of specialty crops have been impacted by closures of restaurants and the hospitality industry, challenges redirecting product to retail, low prices, and increased production costs. Before COVID-19, many crops were already facing challenges from unfair foreign imports from countries like Mexico, Turkey, and Peru, which has further harmed these growers.

In order to ensure that Americans can continue to access healthy fruits and vegetables, we ask that USDA provide direct assistance to farmers of all specialty crops facing losses and make purchases of products for food banks and other feeding programs. As USDA administers assistance, it is vital to Michigan producers that the Department consider losses resulting from COVID-19 in the summer or fall as market and distribution disruptions will affect the entire industry for the foreseeable future. Producers of many crops will not be able to account for their losses and increased production costs for the next several months but are still facing serious impacts.

Before the COVID-19 disaster, many Michigan dairy farmers were looking forward to a profitable year in 2020 after five years of market instability. As the effects of the pandemic have unfolded, dairy prices have plummeted, and demand has almost disappeared for dairy products used for ingredients, restaurants, and food service. Cows must be milked every day, so dairy farmers, processors, and their essential workers don't have the option to pause production. As a last resort, some milk has been dumped, but much more has been re-routed and used to support families in need. Cooperatives like Michigan Milk Producers have even sped up their planned donation of more than 85,000 gallons of milk and will additionally donate another 4,100 pounds of cheese to food banks who are in desperate need of supplies as unemployment climbs.

We recommend that you take a combination of actions that build off the existing programs to provide improved risk protection and direct assistance to farmers, purchase milk and dairy products, and incentivize donation whenever possible. Immediate and significant action is critical to restore stability and profitability to the dairy industry.

The COVID-19 disaster has presented a new set of challenges for Michigan's producers who supply local and regional markets. We have seen significant market disruptions for farmers who sell directly to consumers due to restaurant, school, and other institutional closures. In Michigan, local food economies contribute nearly \$500 million to the state economy. Across the nation, it is expected that local food producers will incur about \$1.1 billion in losses and additional costs due to the COVID-19 disaster for 2020.

To address the needs of producers who supply local food, we request that a portion of the \$9.5 billion be used to provide direct assistance to these farmers. We recommend developing a flexible revenue reimbursement program that provides a base level of direct assistance to producers with options to increase payments based on documented losses and additional costs related to the COVID-19 disaster.

Michigan's livestock and poultry producers are also facing unprecedented market volatility and supply chain shifts resulting from COVID-19. Futures prices for cattle and hogs have

plummeted, and the potential for processing-capacity disruption in the interest of public health presents further challenges to come for livestock and poultry producers. We urge you to also create a temporary program to provide direct assistance to producers of beef cattle, hogs, poultry, and other livestock to help offset the market impacts of COVID-19.

Finally, we appreciate the steps the Department has already taken to support farmers in this unprecedented situation, like providing additional flexibility for those repaying farm loans. In addition to implementing the new provisions in the CARES Act, we encourage the USDA to provide additional emergency flexibility in other existing programs and extend deadlines for program participants and grant applications.

Thank you for your work to support Michigan specialty crops, local food, dairy and livestock producers during the COVID-19 crisis.

Sincerely,



Debbie Stabenow
United States Senator



Gary C. Peters
United States Senator