National Farmers Union

UNITED TO GROW FAMILY AGRICULTURE

April 6, 2020

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

Dear Secretary Perdue:

On behalf of the nearly 200,000 family farmers, ranchers, and rural members of the National Farmers Union (NFU), I write to urge that you swiftly and efficiently implement assistance and distribute resources allocated to the U.S. Department of Agriculture (USDA) from the recently passed Coronavirus Aid, Relief, and Economic Security (CARES) Act. Family farmers, ranchers and rural communities need your help to withstand the effects of the COVID-19 pandemic.

Perhaps there has never been a time when the Secretary of Agriculture was burdened with as much responsibility for the health and economic well-being of rural America as you carry today. The actions of your department in the coming days, weeks, and months will be extremely important in securing the future of rural communities, the health of their residents, and the strength of their economies.

The health and safety of rural families and neighbors remains our primary concern. Our rural health care system is underfunded and unprepared for the pandemic. Your agency can help improve the situation. The CARES Act directs $25 million to bolster USDA Rural Development's Distance Learning and Telemedicine program, and further provides $185 million to support rural critical access hospitals and telehealth initiatives. Sound allocation of these resources can make a significant difference in rural health resilience.

Many farmers and ranchers rely on off-farm jobs to provide health insurance for their families. With a record rise in unemployment in the last few weeks, we are deeply concerned by the millions of Americans – and undoubtedly thousands of farmers – losing access to affordable health care as a pandemic takes hold in our country. As you work with your colleagues in the Cabinet and within the Administration, we urge you to forcefully advocate on behalf of uninsured farm families so that they may be quickly enrolled in alternative health insurance policies or programs.

Farmers across the country have an urgent need for help and aid programs must deliver assistance as quickly as possible. Existing farm programs could be improved to avoid lengthy implementation processes for new initiatives. Assistance must be targeted to farmers, not large agribusinesses, and farmers receiving payments must be subject to the payment limits and income limitations in the 2018 farm bill.

We are pleased that "producers that supply local food systems" were explicitly included as potential recipients of some of the $9.5 billion in aid authorized in the CARES Act. Farms and ranches selling through local and regional markets are expected to lose an estimated $1.02 billion due to the pandemic. USDA must ensure that these farmers receive financial relief commensurate with their expected losses.

In the last month, retail beef prices have increased but live cattle prices have plummeted. Cattle futures are down, but boxed beef prices are up. As you have rightly noted in conversations with stakeholder groups, there is great divergence in the beef market. As highly concentrated meat packers and processors exert pressure on independent ranchers, we fear that lower prices will result in consolidation at the farm and ranch level. Resources in the CARES Act must be directed toward helping ranchers stay in business in the short term and not channeled to multinational processing corporations. Additionally, federal agencies must investigate allegations of price fixing and other abuses of market power by the meatpacking industry.

Dairy farmers are also facing new and rapidly evolving market challenges. Disruptions in demand patterns and the threat of processing plant closures have resulted in a precipitous price drop in Class III milk – from more than $18 per hundredweight in January to less than $13 per hundredweight this week. These low prices and market volatility are poised to have a catastrophic effect on family dairy farms. To aid in the short term, USDA must reopen signup for the Dairy Margin Coverage (DMC) program. Additional policy actions will be needed – by Congress and your Department – in order to bring milk supply in line with demand. Any additional assistance mechanisms must rebalance the dairy market. Without USDA action to address the glut of milk in the supply chain, there will be a dramatic restructuring of the industry that will be very harmful to family farmers. Failure to help alleviate the dire financial situation for dairy farmers will result in the loss of hundreds, if not thousands, more family dairy farms.

We appreciate the Farm Service Agency (FSA) announcement of March 26, 2020, that provides greater flexibility in loan repayment for farmers and ranchers. Given the multitude of challenges in the farm economy that are compounded by the COVID-19 pandemic, we ask the Department take additional actions regarding loans and credit. Such measures must include loan payment deferrals, payment forbearance, interest suspension, deadline extensions, and the authorization of loan restructuring and loan balance write-downs. The Department should also consider suspending current and pending foreclosure actions in 2020. There will be many difficulties in the farm economy in 2020, but farm foreclosures must not be among them.

Furthermore, there are not any USDA disaster programs available to farmers and ranchers in response to the COVID-19 pandemic that would serve the same role as the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) program and the emergency grants authorized under this program in the CARES Act. It is essential that farmers and ranchers be eligible for EIDL and the related emergency grants. USDA must work with the SBA to facilitate this change. While agricultural enterprises are typically ineligible for EIDL, section 1110 of the CARES Act expands eligibility. It is our understanding that it was the intent of Congress that this eligibility be extended to farm and ranch businesses.

We also urge the Department to leverage the Agricultural Mediation Program to resolve loan and credit issues resulting from the pandemic. This program has been effective in facilitating resolutions between farmers and their lenders.

We appreciate your previous support of the biofuels industry. However, the COVID-19 pandemic has dramatically reduced fuel consumption and the biofuels industry needs relief. We urge USDA to use Commodity Credit Corporation funds to offset a portion of biofuel producer feedstock purchases. This funding would provide a much-needed capital injection for key agricultural processors and help keep these vital markets open to farmers.

While farmers and ranchers are struggling to keep up with abrupt changes in the economy, so too are consumers who may now find themselves without a job or with reduced household income. Your department should delay or abandon implementation of proposed rules that would curb the amount of help available to some low-income families and children. Now is certainly not the time to reduce aid through the Supplemental Nutrition Assistance Program.

As your Department continues the extremely important work of responding to the COVID-19 pandemic and implementing the broad authorities of the CARES Act, NFU members are ready to help in structuring this effort. We are deeply concerned with the immense and increasing pressure that our rural health system and farm economy are facing. You must act now to address the looming threat of mass closures and consolidation of family farms. The ripple effects of these changes would be catastrophic to our rural communities.

Sincerely,

Rob Larew
President