



July 16, 2020

The Honorable Mitch McConnell
United States Senate
Washington, DC 20510

The Honorable Pat Roberts
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
United States Senate
Washington, DC 20510

The Honorable Debbie Stabenow
United States Senate
Washington, DC 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Roberts, and Ranking Member Stabenow:

Over the last six months, the coronavirus pandemic has triggered a global health emergency, upended the economy, and exposed long-hidden weaknesses in our financial, medical, education, infrastructure, and food systems. On behalf of National Farmers Union's (NFU) nearly 200,000 family farmer, rancher, and rural members, thank you for your leadership throughout this crisis. The Coronavirus Aid, Relief, and Economic Stimulus (CARES) Act (P.L. 116-136) and subsequent legislation have provided critical support for hospitals, family farmers, workers, and rural communities during this exceptionally difficult time.

But as the number of COVID-19 cases continues to rise rapidly across the country, it has become clear that this is not a temporary problem; additional policy changes and strategic federal investments will be necessary to sustain our communities through the coming months and lay the groundwork for a fair and equitable national economic recovery. On behalf of Farmers Union members nationwide, I offer several points for your consideration in the next round of stimulus legislation.

Financial Assistance to Family Farmers and Ranchers

Most of the assistance provided by the CARES Act to the U.S. Department of Agriculture (USDA) was used by the department to establish the Coronavirus Food Assistance Program (CFAP), which offers financial assistance to farmers and ranchers who suffered lower prices and additional marketing costs due to the pandemic. As of July 13, 2020, USDA has disbursed nearly \$5.9 billion to almost 410,000 approved applicants, and another \$10 billion remains to be distributed. However, in the absence of further assistance packages, net farm income is expected to drop by 12 percent this year.

While CFAP has offered a safety net to many producers, others were excluded due to the program's design and implementation. USDA included a mechanism for farmers to submit additional market information about price losses, but this flexibility did not provide assistance equitably; very small operations, agritourism operations, and farms who sell directly to consumers or local markets have often found that they were ineligible for payments. Additionally, some classes of commodities were excluded from the program and the losses from value-added sales were not fully counted. CFAP only considers losses incurred before April 15, 2020, which arbitrarily excluded or reduced benefits for

producers depending on when their crops or animals were marketed. The next stimulus should address these eligibility issues to ensure that all family farmers and ranchers can access the help they need.

Policy changes should not be limited to assistance programs that provide one-time aid to family farmers and ranchers. The impact of the pandemic will be long-lasting, and the next round of legislation ought to reflect these new realities in supply and demand. Markets for several commodities – namely dairy, beef, and pork – have been extremely volatile in the last few months due to drastic swings in consumer demand, processing capacity, and corresponding changes in production levels. Recent price increases for these commodities track closely with reductions in supply, and further assistance to farmers and ranchers must not incentivize overproduction. One way to do this is with supply management mechanisms that balance commodity supplies with demand and stabilize prices; we strongly encourage these tools be incorporated into the recovery plan.

Several bills already introduced in the Senate would make the food system more resilient for farmers and consumers alike. The Food Supply Protection Act (S. 3840) would help to facilitate the acquisition of surplus food from farmers and its distribution to food banks. The Farming to Support States Act (S. 3785), would direct funds to state governments to appropriately respond to the agricultural challenges within their own borders. NFU supports both of these bills and urges their inclusion in further stimulus legislation.

Finally, any additional resources that are allocated to USDA for CFAP or similar programs should be subject to rigorous transparency and reporting standards. The general public should be provided with information about these payments, and congressional oversight is needed to ensure that these funds are used to help family farmers and ranchers most in need of assistance. The assistance provided to family farmers and ranchers during the pandemic should be defensible and must not jeopardize future farm policy initiatives.

Rural Health Care

Even before the onset of COVID-19, rural Americans had limited access to health care. One in four rural hospitals were at risk of closure and nearly half were operating at a loss. Between the cost of treating acutely ill patients and losing revenue from elective care, the pandemic has added to the financial pressure, causing twelve rural hospitals to close this year alone. The allocation of \$10 billion specifically for rural providers as directed by the CARES Act was greatly needed and appreciated; however, given that the daily number of new cases in rural counties has grown by 150 percent in the past month, rural medical facilities will need more relief to keep their doors open. To do this, NFU recommends a 20 percent rural benchmark in the Provider Relief Fund that prioritizes rural providers with the greatest financial need, those hit hardest by COVID-19, and those serving a large portion of at-risk patients.

Though the direct and immediate medical needs of COVID-19 patients are very important, the uncertainty and adversity many rural Americans are experiencing is contributing to high levels of stress. The Farm and Ranch Stress Assistance Network is a crucial tool to expand mental health services in rural communities and needs additional funding to meet growing demand.

Agricultural Workforce

Farmers know – and consumers now better understand – the importance of the agricultural workforce to our national food supply. Farmers and workers need a fair and predictable approach to wages that does not impede U.S. competitiveness, is available to year-round agricultural operations, and, if desired, allows members of the existing workforce a pathway to citizenship. Additionally, workers have the right to work in an environment in which they feel safe, have appropriate personal protective equipment, and are allowed sick leave without the threat of employer retaliation.

Meat Industry

A more resilient meat and poultry processing system is needed to both maintain a reliable food supply as well as secure economic opportunity for farmers and ranchers in the face of a highly consolidation marketplace. For ranchers who are enduring the effects of low prices, NFU supports S. 3893 or other efforts to allow emergency haying and grazing on Conservation Reserve Program acreage. As a step towards bolstering competition, NFU supports the Requiring Assistance to Meat Processors for Upgrading Plants (RAMP-UP) Act (H.R. 7490), which would fund a USDA cost-share program to assist custom- and state-inspected meat plants to make the improvements necessary in order to be federally inspected. Such inspections will allow these plants to sell their products across state lines and will promote the development of regional markets.

Additionally, while larger facilities were closed due to COVID-19 outbreaks, smaller slaughter operations felt pressure to increase production and hours to keep up with demand. NFU supports the Small Packer Overtime and Holiday Fee Relief COVID-19 Act (S. 3797), which would reduce the costs borne by small slaughter plants in order to pay for federal inspectors working overtime or on holidays.

Beyond these bills, the pandemic has made clear the need to increase overall processing capacity at small- and medium-sized facilities, which will improve competition for ranchers and make our food supply chain more resilient to disruption.

Biofuels/Bioeconomy

The pandemic has devastated the U.S. biofuels industry. With fewer drivers on the road and dwindling demand for fuel, dozens of ethanol plants have shut down or idled. The effects have rippled across the rural economy, eliminating markets for farmers, costing hundreds of Americans their jobs, and slowing the growth of rural communities. Given the severity of the damage, it is imperative that the biofuels industry receives assistance in the next stimulus package.

The Renewable Fuels Feedstock Reimbursement Act (S. 3756) would reimburse renewable fuel producers for feedstocks they purchased during the first quarter of 2020. We also support the initiative in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800) that would establish a Renewable Fuel Reimbursement Program to pay ethanol and other biofuel plants 45 cents for every gallon produced between January 1 and May 1, 2020.

Access to Credit

We appreciate the steps the Farm Service Agency (FSA) has taken throughout the pandemic, including the voluntary suspension of loan accelerations and foreclosures as well as establishment of the direct financial impact from the pandemic as an eligible disaster under the FSA Disaster Set-Aside (DSA) program. But, given the tremendous strain the pandemic is placing on the farm economy, we urge Congress to take additional actions to ensure that farmers have access to the capital they need to weather this crisis. We recommend the next bill include language to ensure that the acceleration and foreclosure suspension does not end prematurely or without congressional notification. Additional measures may be necessary, including loan payment deferrals, payment forbearance, and loan restructuring.

Small Business Administration Programs

Farmers and ranchers must be able to access the Paycheck Protection Program (PPP)—the initiative central to small business relief in the CARES Act. To date, Small Business Administration (SBA) rules have disqualified producers filing Schedule F who show negative net income in 2019, which has hampered access for some farmers and ranchers. The Paycheck Protection for Producers Act (S. 3918) would eliminate this unnecessary barrier and make assistance more attainable.

Rural Broadband

More than ever, internet access is essential for everyday life. Tens of millions of Americans have shifted to working from home, school districts have closed and resorted to distance learning, and rural residents, lacking hospital access, have been left to seek medical attention via telemedicine platforms. But 18 million Americans still lack internet connectivity, 14 million of whom live and work in rural communities, according to the Federal Communications Commission.

Broadband is a basic utility that should be available to every American. The Universal Broadband Act (H.R. 6723) would expand the pool of providers that contribute to the Universal Service Fund —the program that enables connectivity for schools, libraries, rural, high-cost areas, and low-income households—by including broadband services. The next round of pandemic response legislation should work towards closing the digital divide by including this important provision.

Investment in Rural Communities

More funding should be made available for USDA’s Rural Business Investment Program to spur economic drivers in rural communities. Extending additional leverage through stimulus money for Rural Business Investment Companies would support the growth of small businesses in our communities and build a more dynamic rural economy.

Nutrition Assistance

The economic hardship wrought by the COVID-19 pandemic has resulted in a steep rise in hunger and food insecurity. On June 18, NFU joined more than 2,500 organizations in calling on Congress to address this crisis by providing a 15 percent boost in the Supplemental Nutrition Assistance Program (SNAP) maximum benefit and increasing the SNAP monthly minimum benefit from \$16 to \$30. For every meal provided through a Feeding America network food bank, SNAP can provide nine meals.

Conservation and Climate Change

Lastly, all options should be on the table to help farmers find new revenue streams, including reimbursements for soil health management and carbon sequestration. The Growing Climate Solutions Act (S.3894) is a bipartisan effort to help farmers engage in private voluntary carbon markets. This bill should be included in stimulus and recovery efforts to address our changing climate and create new sources of income for farmers.

Conclusion

The policies enacted in the coming weeks will have a lasting impact on family farmers, ranchers, and rural communities. Thank you for your important work and continued leadership during this difficult time.

Sincerely,



Rob Larew
President