



June 30, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy:

On behalf of America's cattle producers, the National Cattlemen's Beef Association (NCBA) and undersigned state affiliate organizations thank you for your efforts to support our nation's ranchers and farmers throughout the COVID-19 pandemic. The assistance provided to rural America through the Coronavirus Aid, Response, and Economic Security (CARES) Act represented a critical step toward ensuring U.S. cattle producers remain operationally viable in the short-term during the height of COVID-19. However, as our nation collectively works to rebound from this pandemic, we have a clearer understanding of the challenges that remain for our industry, as well as the long-term solutions needed to facilitate a robust recovery. As such, we urge you to consider the following cattle industry priorities in relation to additional COVID-19 legislation:

Coronavirus Food Assistance Program (CFAP)

Cattle producers and their families welcome and appreciate the CARES Act cattle assistance funding. While a good start, the Coronavirus Food Assistance Program (CFAP) cattle assistance payments must be improved upon and tailored to provide additional support to those in our industry who have been especially affected by market disruption from the COVID-19 pandemic. These disruptions have forced cattle producers to make abnormal marketing decisions which have negatively impacted their businesses. We are concerned that arbitrary limitations on the CFAP program will not provide adequate assistance. For example, the majority of producers with spring sales were forced to sell cattle at a significant loss well beyond the April 15th cutoff date for Part 1 (CARES Act) incurred loss payments. Put simply, April 15th marked the height of this crisis with producers incurring losses just as severe following Part 1 as the days leading up to it. Further, establishing the Part 2 (CCC) payment rate at 25% does not deliver assistance equitably when compared with Part 1's 80% rate, and is particularly problematic for the cow/calf and stocker/backgrounding segments of the cattle industry. In order to continue to provide quality beef for the American consumer, it is imperative that the U.S. Department of Agriculture (USDA) be provided the guidance and additional resources necessary to address these disparities.

Conservation Reserve Program (CRP)

The COVID-19 pandemic has been particularly strenuous on supply chains. Reduced harvesting capacity from meat packing plants has caused bottlenecks in the supply chain – especially on feedlots. In order to alleviate these pressures, NCBA urges Congress to grant USDA's Farm Service Agency (FSA) the ability to open Conservation Reserve Program (CRP) acreage for emergency haying and grazing, in addition to removing the

USDA Risk Management Agency's November 1st deadline for harvesting and grazing prevented plant acreage cover crops. USDA indicated they require additional authority to provide flexibilities in CRP outside the existing definition of "natural disaster." While COVID-19 is not a weather-related event, it is a naturally occurring phenomenon causing widespread losses across the agricultural industry. We respectfully ask that Congress provide necessary flexibility for livestock producers impacted by COVID-19 to hay and graze their CRP acreage with no reduction in annual rental rate with inclusion of the PASTURE Act in any final relief package. Additionally, immediate passage of the Cover Crop Flexibility Act of 2020 will permanently address the domino effect created by producers' inability to plant crops in the spring and summer. The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act seeks to establish 5 million new acres within the CRP program. While appreciative of Congress' recognition that cattle producers need additional grazing flexibility, NCBA opposes an increase in overall CRP acreage and asks that Congress allow haying and grazing on existing enrolled acres.

Prevent Processing Backlogs & Provide Risk Management Tools

Cattle producers across the U.S. view the euthanization of livestock as an unacceptable option that we have diligently worked to avoid even as the backlog of animals ready for processing has reached historic levels. Therefore, it is critical that beef producers have the ability to hold animals on maintenance rations to keep them at harvest-ready weights instead of becoming over-finished, especially when backlogs in processing capacity reach unprecedented levels as is currently the case. In order to alleviate this pressure and explore the functionality of a tool for future black swan events, we support establishing a Fed Cattle Set-Aside Pilot Program, which we believe could help avoid the massive market shocks dealt to the cattle industry during events like the Holcomb, Kansas packing plant fire and COVID-19 pandemic. This pilot program will give the industry a voluntary tool to reduce the immediate pressure to harvest fed cattle until beef processors are operating at sufficient capacity. While the concept is simple, the impact will be significant. Additionally, given the fact that there are a limited number of risk management tools currently available to cow-calf producers and backgrounders, the industry is working to identify possible solutions for these segments of the supply chain. NCBA and the undersigned organizations support efforts to better mitigate price risk across all segments of the industry.

Waiver of Overtime Fees for Federal Meat Inspectors

Processing capacity at the meatpacking segment of the supply chain is a major driver of cattle prices. During the COVID-19 pandemic, beef processing facilities across the U.S. prioritized worker safety and voluntarily reduced line speeds and throughput in order to comply with social distancing guidelines and worker safety criteria, greatly impacting overall processing capacity. To prevent a backlog of fed cattle and to avoid subsequent adverse market effects, every effort must be made to increase processing capacity at packing plants. Small packing facilities face a tremendous disadvantage as a result of paying massive overtime fees to USDA Food Safety and Inspection Service (FSIS) inspectors. In order to encourage small packers to increase line speeds and processing capacities, there must be an incentive to harvest more cattle. By waiving overtime fees for federal meat inspectors, small packing plants will be appropriately incentivized to run at full capacity. In doing so, small processors will work toward alleviating strain on total processing capacity. To that end, NCBA strongly supports including S. 3797/H.R. 6977, to provide overtime and holiday fee relief for small meat, poultry, and egg processing plants, and for other purposes, in future COVID-19 legislation.

Oppose Market Policies in COVID-19 Legislation

Cattle producers have the freedom to market livestock through various methods which best suit their business' unique needs – including the cash market. This pandemic highlighted in stark relief our industry's ongoing discussions relative to robust price discovery. We recognize the need for greater price discovery and have been working closely with key stakeholders, industry experts, and our partners in academia for an industry-led solution

based on free-market principles. We believe these conversations must continue outside the context of COVID-19 legislation.

Cattle producers across the U.S. are grateful to their Senators and Members of Congress who acted swiftly to introduce and advance sound legislative proposals on a host of issues ranging from Paycheck Protection Program (PPP) improvements for agriculture to the livestock provisions included in the HEROES Act. As such, these recommendations are not intended to serve as an exhaustive list but a representation of the cattle industry's most critical priorities. Thank you for your consideration of these recommendations in future COVID-19 legislation and we look forward to working together to recover from this pandemic.

Sincerely,

National Cattlemen's Beef Association
Alabama Cattlemen's Association
Arizona Cattle Feeders Association
Arizona Cattle Growers' Association
California Cattlemen's Association
Colorado Cattlemen's Association
Colorado Livestock Association
Florida Cattlemen's Association
Georgia Cattlemen's Association
Hawaii Cattlemen's Council
Indiana Beef Cattle Association
Kansas Livestock Association
Kentucky Cattlemen's Association
Louisiana Cattlemen's Association
Michigan Cattlemen's Association
Minnesota State Cattlemen's Association
Mississippi Cattlemen's Association
Missouri Cattlemen's Association

Montana Stockgrowers Association
Nebraska Cattlemen's Association
Nevada Cattlemen's Association
New York Beef Producers' Association
North Carolina Cattlemen's Association
Ohio Cattlemen's Association
Oklahoma Cattlemen's Association
Oregon Cattlemen's Association
Tennessee Cattlemen's Association
Texas & Southwestern Cattle Raisers Association
Texas Cattle Feeders Association
Virginia Cattlemen's Association
Washington Cattle Feeders Association
Washington Cattlemen's Association
West Virginia Cattlemen's Association
Wisconsin Cattlemen's Association
Wyoming Stock Growers Association

CC:

The Honorable Sonny Perdue, Secretary, USDA
The Honorable Pat Roberts, Chairman, Senate Committee on Agriculture
The Honorable Collin Peterson, Chairman, House Committee on Agriculture
The Honorable John Hoeven, Chairman, Senate Appropriations Subcommittee on Agriculture
The Honorable Sanford Bishop, Chairman, House Appropriations Subcommittee on Agriculture
The Honorable Debbie Stabenow, Ranking Member, Senate Committee on Agriculture
The Honorable Mike Conaway, Ranking Member, House Committee on Agriculture
The Honorable Jeff Merkley, Ranking Member, Senate Appropriations Subcommittee on Agriculture
The Honorable Jeff Fortenberry, Ranking Member, House Appropriations Subcommittee on Agriculture