



April 23, 2020

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

Dear Mr. Secretary:

The National Cattlemen's Beef Association (NCBA) deeply appreciates the U.S. Department of Agriculture's (USDA) tireless work to support America's farmers and ranchers whose livelihoods have been threatened by the Coronavirus Disease (COVID-19) pandemic, including the recently announced Coronavirus Food Assistance Program (CFAP). The cattle industry has and will suffer significant losses due to COVID-19, and CFAP has the potential to be a critical lifeline for America's cattle producers whose family businesses have been upended by the ongoing pandemic.

As USDA works to finalize program details, NCBA would like to caution the Department against any payment limitations or means-testing provisions that would arbitrarily restrict assistance under CFAP. While many details of the program have yet to be released, initial reports indicate CFAP will have a payment limit of \$125,000 per commodity and \$250,000 per producer. Given the massive per-head losses already realized across all segments of the cattle industry, as well as the projected diminished revenue beyond 2020, rumors of payment limitations are particularly alarming.

In March, NCBA commissioned a team of renowned agricultural economists, led by Dr. Derrell Peel of Oklahoma State University, to forecast cattle market losses attributable to COVID-19. That study, released on April 14th, estimated total industry losses at \$13.6 billion. Further, the study found immediate losses by cattle industry segment broke down to \$3.7 billion for cow-calf producers, \$2.5 billion for stocker/backgrounders, and \$3 billion for feeders. On a per-head basis, this calculates to cow-calf, stocker/backgrounder, and feeder segment losses of approximately \$247.15, \$159.98, and \$205.96, respectively. The study in its entirety is enclosed for your convenience.

NCBA is aware that CFAP will only cover a percentage of both the actual and projected losses for U.S. cattle producers, but the proposed payment limitations will drastically restrict that relief. For example, our analysis indicates that a \$125,000 per-commodity cap would limit payments for cow-calf operations with 505 head or more of cattle, stocker/backgrounder operations with a 781 head inventory and feed-yards with 606 head of feeder cattle. While on the surface this may seem sufficient, variable operating costs for all inventory remain largely unchanged by COVID-19 market shocks. Furthermore, some cattle raisers also produce other commodities, but others are solely engaged in the business of raising livestock. As such, arbitrary payment limitations should not be instituted on a per-commodity basis or restricted to sole-proprietorship entities.

Further, prescriptive formulas that limit compensation for losses incurred after April 15th to 30%, as has been attributed to this program, would result in many producers deriving almost no real relief from these funds. Put simply, this crisis continues to escalate, as do the financial impacts to cattle producers across all

sectors and regions. It is our hope that USDA is factoring these producers into plans for more equitable payments utilizing the \$14.4 billion allocated to Commodity Credit Corporation replenishment under the CARES Act.

NCBA recognizes the tremendous challenge of providing assistance to multiple segments of agriculture, particularly when funding is limited, and the need is great across all sectors. However, payment limits bite hardest when commodity prices are lowest. It is imperative that cattle producers, regardless of herd size or business structure, be empowered to recuperate all losses in order to maintain consistent food production levels after this situation is resolved.

Since the CFAP was congressionally authorized via the Coronavirus Aid, Response, and Economic Security (CARES) Act without requirements for payment limitations, we urge USDA to consider the unique business needs of the cattle industry when making decisions regarding commodity payment caps. If our industry is to quickly rebound from this pandemic, we must be adequately equipped to weather all short-term losses as we await a resolution to the COVID-19 crisis.

Thank you for your consideration of this important matter.

Sincerely,

National Cattlemen's Beef Association
Alabama Cattlemen's Association
American National CattleWomen
Arizona Cattle Feeders Association
Arizona Cattle Growers' Association
Arkansas Cattlemen's Association
California Cattlemen's Association
Colorado Cattlemen's Association
Colorado Livestock Association
Florida Cattlemen's Association
Georgia Cattlemen's Association
Hawaii Cattlemen's Council
Idaho Cattle Association
Illinois Beef Association
Iowa Cattlemen's Association
Kansas Livestock Association
Kentucky Cattlemen's Association
Louisiana Cattlemen's Association

Maryland Cattlemen's Association
Michigan Cattlemen's Association
Minnesota State Cattlemen's Association
Mississippi Cattlemen's Association
Missouri Cattlemen's Association
Nebraska Cattlemen's Association
Nevada Cattlemen's Association
North Carolina Cattlemen's Association
Ohio Cattlemen's Association
Oklahoma Cattlemen's Association
Oregon Cattlemen's Association
Tennessee Cattlemen's Association
Texas Cattle Feeders Association
Washington Cattle Feeders Association
Washington Cattlemen's Association
Wisconsin Cattlemen's Association
Wyoming Stock Growers Association

Enclosure

CC:

The Honorable Pat Roberts, Chairman, Senate Committee on Agriculture
The Honorable Collin Peterson, Chairman, House Committee on Agriculture
The Honorable Debbie Stabenow, Ranking Member, Senate Committee on Agriculture
The Honorable Mike Conaway, Ranking Member, House Committee on Agriculture