



**Agriculture
and Markets**



pennsylvania
DEPARTMENT OF AGRICULTURE

April 10, 2020

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

Dear Secretary Perdue:

The states of New York and Pennsylvania are very grateful for the swift passage and signing of the Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act, and the recognition of our agriculture sectors as essential and life-sustaining businesses by the United States Department of Homeland Security. We write to request immediate action by the United States Department of Agriculture (USDA) to support the dairy industry and the citizens of Pennsylvania and New York, as our states are running out of time and need swift federal emergency assistance to survive.

New York and Pennsylvania require immediate action by USDA to use federal stimulus funds to assist our dairy industries affected by COVID-19.

Provide immediate emergency assistance in the form of a direct payment to dairy farmers. Dairy farmers need to make purchases now to put seed in the ground so they can continue to exist and operate in a post-COVID-19 United States. We propose USDA provide direct assistance to dairy farmers as follows:

- **Provide direct reimbursement to dairy producers** to partially offset the economic disruption caused to the dairy markets by the COVID-19 pandemic through a reimbursement of \$3.00 per hundredweight of milk produced during the next three months, which could equal \$10,000 per month for the average dairy farm. This amount was determined to closely mirror the recent price erosion in the Class 3 milk futures since the initiation of this unprecedented incident. This is particularly important to those who cannot avail of other federal corona and relief packages such as the Small Business Administration (SBA) Economic Injury Disaster Loans, etc.
- **Immediately activate a milk loss and block grant program similar to** the 2019 Wildfires and Hurricanes Indemnity and Milk Loss (WHIP-ML) Programs to indemnify eligible dairy operations for milk that was dumped, removed without compensation or received a reduction in price from the commercial milk market due to COVID-19 and continue with this program through June 2020.
- **Re-open the enrollment period for the Dairy Margin Coverage (DMC)** program so that producers can sign up for coverage for the rest of 2020, with the option to sign-up for 3 years with reduced enrollment costs that are included in the payment over the 3 year period. We support National Milk Producers Federation's recommendation using the DMC formula and prevailing futures prices, farm margins over feed costs project to \$5.80 per hundredweight for quarter 2 and \$6.76 for quarter 3 . If additional congressional approval is necessary, USDA must work with Congress to further extend the dairy producer financial safety net support through DMC, allowing producers to retroactively sign up for 2020 DMC coverage with sign up required for the remainder of the Farm Bill.

- **Design a dairy organic margin coverage program** specific to organic dairy producers. This program would obtain current organic milk prices and costs of organic feeds to ensure an adequate margin for producers in a manner similar to the Dairy Margin Coverage program. While the current DMC program is effectively supporting conventional milk producers, organic producers' unique circumstances warrant a redesigned program to support their operations.

Make substantial dairy purchases through The Emergency Food Assistance Program (TEFAP), the Commodity Credit Corporation (CCC) and other available funding sources by distributing such products to those in need immediately.

- Ensure Northeast state processors can receive priority for these purchases that would be distributed in their states, especially those states that quickly implemented aggressive social distancing and mitigation strategies to protect their citizens and prevent national spread.
- Allow states the ability to distribute these products as quickly as possible to those in need, including waiving income verification in areas with community spread and risk of transmission to food bank employees and volunteers.
- Allow a broad array of products and packaging, providing flexibility where possible to increase speed of purchasing and convenience for food banks.
- Use a voucher system to enable food banks to distribute foods in a more cost effective, efficient manner.
- Open up emergency bids to allow New York and Pennsylvania and other states hit hardest by COVID-19 to allow dual benefits of providing critical nutrition for the newly hungry and newly in need in our states and help balance the milk supply that has been disrupted by necessary COVID-19 mitigation strategies such as closing schools, restaurants, and other food service establishments. Many of the Pennsylvanians and New Yorkers who would otherwise be purchasing dairy products at grocery stores are unable to do so because they are waiting for unemployment compensation, emergency SNAP, and other federal programs.
- In Pennsylvania, we have been able to participate in a shell egg pilot that provided flexibilities to allow for smaller truck loads or less than full truckloads. It is critical to ensure that small processors and large processors be able to benefit from federal purchases.

Increase funding to the Milk Donation Reimbursement Program. This would allow more dairy organizations that incur expenses related to fluid milk product donations to apply for and receive limited reimbursements to cover those expenses, while reducing food waste and providing nutrition assistance to low-income individuals.

Provide every possible flexibility within the Supplemental Nutrition Assistance Program (SNAP) to maximize the buying power of SNAP recipients. PA and NY support National Milk Producers Federation's and International Dairy Foods Association's request to improve existing nutrition programs to address food insecurity. In order to maximize the buying power of SNAP recipients, USDA must reconsider its interpretation of section 2302 of the Families First Coronavirus Response Act to allow an additional emergency allotment to all households, up to the maximum benefit for their household size. Currently, USDA maintains that households that receive the maximum benefits will not receive any additional SNAP assistance. This means nearly 40 percent of SNAP households and those with the lowest incomes, will not receive any additional assistance despite real need and funding availability.

USDA must use every tool in its toolbox to support our most vulnerable citizens experiencing even more stress due to COVID-19, while helping to balance the food supply chain according to the congressional intent of the Families First Coronavirus Response Act. During a time of national crisis, when our most vulnerable citizens are going without while dairy farmers are forced to dump a safe and nutritious product

because of supply chain disruptions, it is unconscionable and un-American to consider that aid and support be withheld from those most in need when USDA has the authority and ability to help both.

Implement dairy processor initiatives to support domestic processing infrastructure.

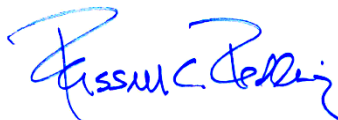
In recognition of the importance of the U.S. dairy processing infrastructure, PA and NY support initiatives of the National Milk Producers Federation and International Dairy Foods Association, including use of the recourse loan program to support working capital and the forgivable loan program to support processor operations (modeled on the Small Business Administration (SBA) program). We also recommend that USDA release the request for proposals (RFP) for the Healthy Fluid Milk Incentive Program (HFMIIP) to make available the \$1 million appropriated for FY 2020 to develop and test milk incentives in the marketplace.

New York and Pennsylvania remain steadfast in our commitment to protecting our citizens from COVID-19 and to supporting our dairy producers and processors, as well as the rest of the food supply chain. We ask that USDA take immediate action to ensure those who are going hungry because they are staying home to save lives can access food that would otherwise be wasted unnecessarily. USDA must make an immediate investment in our dairy industries today to ensure that we have a future food supply. We must come together to rebuild our nation, and our farmers must be supported today so that they can continue to feed us in the years to come.

Sincerely,



Richard Ball
Commissioner
New York Department of Agriculture and Markets



Russell C. Redding
Secretary
Pennsylvania Department of Agriculture

cc: National Association of States Departments of Agriculture – Barb Glenn
National Milk Producers Federation – Shawna Morris
International Dairy Foods Association – Cary Fry