



May 4, 2020

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

Dear Secretary Perdue:

I write on behalf of the almost 4,000 dairy farms and \$2.5 billion dairy industry in the State of New York. While I commend the actions that the United States Department of Agriculture (USDA) has taken to address the effects that the COVID-19 pandemic is having on agriculture in the United States, I join the National Milk Producer Federation (NMPF), American and New York Farm Bureau, and others in urging your agency to clarify details on the Coronavirus Food Assistance Program (CFAP) announced on April 17, 2020. In addition, following the Department’s review of the CFAP, I also urge the USDA to direct additional emergency assistance funding to our dairy farmers.

In New York, the effects the COVID-19 pandemic is having on both our families and our communities is devastating. The CFAP will provide critical financial support to assist in the purchase of agricultural products that will then be provided to food banks; however, I am concerned about the effectiveness of the CFAP in providing direct relief to the dairy industry. The New York State Department of Agriculture and Markets (Department) conducted an analysis on the CFAP which indicated that the amount allocated to the dairy industry is inadequate and direct payments to farmers are insufficient.

Amount allocated to the dairy industry is inadequate

According to 2018 USDA reported statistics, the cattle industry in the US had a gross income of about \$67 billion, the dairy industry’s gross income was \$35 billion, and the hog industry had a gross income of \$21 billion. The combined total of these industries is \$123.9 billion. Based on the aid announced, it seems clear that the allocation aligns with these figures:

	2018 Gross	%	Allocated Aid	%
Cattle	\$67.5b	54%	\$5.1b	53%
Dairy	\$35.2b	28%	\$2.9b	30%
Hogs	\$21.1b	17%	\$1.6b	16%
	\$123.9b		\$9.6b	

However, when reviewing USDA projections of losses for each industry, we find a significant disparity. According to the USDA outlooks for Livestock, Dairy and Poultry, the estimated reduction in prices as compared to the same periods in 2019 based on COVID-19 are as follows:

- The cattle industry is estimated to have a price reduction of 6% for the first quarter of 2020, 14% for the second quarter and an overall reduction of 6% for the year. This equals about \$4 billion. If the USDA estimates hold true, then the **allocated aid is 126% of the expected loss based on prices.**
- The hog industry is estimated to have a price reduction of 32% for the second quarter and a 16% for the third quarter with an overall 16% price reduction for the entire year based on the impacts of COVID-19. This calculates to a loss of \$3.3 billion. Since the value of aid is allocated at \$1.6 billion, **this is only 47% of the expected loss.**

- Lastly, for the dairy industry the USDA estimated that the 2020 US all milk price will be about \$3.90 per cwt below projections made prior to the pandemic. Given the most recent US milk production available (2019 = 218 billion pounds) this equates to a loss of \$8.5 billion. **The announced aid for dairy is 2.9 billion, or 34% of the expected loss.**

In summary, the proposed packages do not closely match USDA's own forecasts of the price reductions that are attributable to the COVID-19 pandemic and the amount allocated to the dairy industry is inadequate.

Direct payments to dairy farmers are insufficient

Additionally, the following is a summary of the Department's analysis of the actual payouts to New York dairy producers, which indicates that they would only cover a portion of the total production loss:

- 100 cow dairies: All milk sales: \$454,000. CFAP check expected: \$20,841, which equals 4.6% of total production loss when the actual loss is closer to 16%.
- 200 cow dairies: All milk sales: \$909,000. CFAP check expected: \$41,683, this equals 4.6% of total production loss when the actual loss is closer to 16%.
- 500 cow dairies: All milk sales: \$2,274,000. CFAP check expected: \$104,209, this equals to 4.6% of total production loss when the actual loss is closer to 16%.
- 1,000 cow dairies: All milk sales: \$4,548,000. CFAP check expected: \$125,000, this equals to 2.7% of total production loss when the actual loss is closer to 16%.
- 2,000 cow dairies: All milk sales: \$9,096,000. CFAP check expected: \$125,000, this equals to 1.4% of total production loss when the actual loss is closer to 16%.

Using the summary results of this analysis, we have determined that the restrictions imposed by this package render the proposed direct payments to farmers as insufficient to cover the devastating losses our dairy farmers are experiencing. We also note that, using the payment structure outlined above, that approximately \$1.8 billion of the total package proposed for dairy is not utilized.

The dairy industry is vital to the health and well-being of our population. While we wait for the benefits of the federal financial aid packages to take effect, we urge you for a more equitable allocation of the CFAP to protect the long-term sustainability of one of the nation's greatest agricultural industries.

I thank you for your continued efforts to advance agriculture in our nation and look forward to discussing adjustments that should be made to the CFAP to resolve this critical issue.

Sincerely,



Richard A. Ball
NYS Commissioner of Agriculture

cc: National Association of States Departments of Agriculture – Barb Glenn
National Milk Producers Federation – Shawna Morris