



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

GARY MCDOWELL
DIRECTOR

April 14, 2020

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

Dear Secretary Perdue,

I am writing on behalf of Michigan farmers to request that as USDA makes decisions on how to distribute \$14 billion to replenish the Commodity Credit Corporation (CCC) and \$9.5 billion for livestock, specialty crops and other growers appropriated for agriculture in the CARES Act, that you respectfully consider the situation among Michigan's food and agriculture industry.

As Michigan producers were just beginning to recover from an historically difficult year in 2019 due to weather and low commodity prices, the global COVID-19 pandemic has now created even more daunting economic conditions.

Last year, Michigan farmers faced extraordinary challenges in one of the wettest springs on record. These conditions led to nearly one million unplanted acres as farmers struggled to get crops in the ground. In June, Governor Gretchen Whitmer requested a USDA disaster declaration for the state. 82 of Michigan's 83 counties were declared primary disaster areas, or contiguous to a declared county, due to extreme weather conditions. Thank you for your aid during that crisis. The challenging spring led to a wet fall with corn and soybean harvests between 15% to 24% below average.

For some in the agriculture industry, these discouraging times have extended beyond the last five years. The Michigan Department of Agriculture and Rural Development continues to get reports of food processor closures, milk dumping, and supply chain disruptions due to COVID-19. In addition, we're getting reports of producers not being able to fill their labor needs. One specialty crop (asparagus) estimates millions of dollars of losses this year from labor issues alone. We are all very concerned about our industry. Now as Michigan farmers are facing the prospect of yet another difficult growing season in 2020, the COVID-19 pandemic has impacted commodity markets and pushed more farmers to the brink of bankruptcy.

As you consider how to distribute aid this year, we ask that you consider all Michigan producers. There are many sectors of Michigan's food and agriculture economy that will need support this year; but please pay particular attention to the following sectors that have been hard hit:

- 1) **Dairy** - Michigan dairy producers have seen falling prices and demand fluctuations that have led to dumping of the product. This industry has suffered many years of challenges. USDA should work to ensure producers have markets for their products and make direct payments to producers.

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- 2) **Livestock** - With demand down and multiple processing facilities closing, the beef, lamb, pork, and poultry industries are feeling increasing pressures to stay in business. Market access and potentially emergency loan assistance from USDA may be needed. USDA should also consider direct payments to producers.
- 3) **Specialty Crops** - Michigan is a large specialty crop state. From cherries to dry beans, apples to asparagus, greenhouses and nurseries to cranberries -- Michigan grows it all. Many of these industries are taking it on the chin as demand drops. Produce, a large part of Michigan's agriculture industry, has seen 40% drop in demand nationally and up to \$1 billion in losses a week. We support the idea of a Produce Stabilization Support Program.
- 4) **Farmer Specific Need** - Temporary flexibilities on farm loans recently announced by the Farm Service Agency are made permanent for the duration of the pandemic and subsequent economic recovery. We ask that you make SBA loans available to farmers and processors now, and during the recovery, from the pandemic. Additionally, continuity of access to H2A workers is also extremely critical.
- 5) **Agriculture Block Grants** - We suggest the creation of agriculture block grants, similar to Specialty Crop Block Grants, from USDA Agricultural Marketing Service. Such a program would allow states to assist farmers and processors and would be funded based on USDA's 2017 Ag Census. State Departments of Agriculture have a close working relationship with our commodity leaders. Understanding their needs and ability to quickly support them would be a welcome relief to all.
- 6) **Direct Assistance to Producers** – As a result of restaurant, school and other institutional closures, we have seen significant market disruptions for farmers who sell directly to consumers. Local food economies contribute nearly \$500 million to Michigan's economy. To address the needs of producers who supply local food, we request that a portion of the \$9.5 billion be used to provide direct assistance to these farmers. We recommend developing a flexible revenue reimbursement program that provides a base level of direct assistance to producers with options to increase payments based on documented losses related to the COVID-19 disaster.

Michigan's food and agriculture industry contributes \$104.7 billion annually to the state's economy. Our producers need your help to continue to survive. We appreciate your consideration of our farmers when making decisions on CARES aid distribution.

Thank you again for your leadership during these trying and unprecedented times.

Sincerely,



Gary McDowell
Director

cc: Senator Debbie Stabenow
Senator Gary Peters