

Congress of the United States
Washington, DC 20515

April 3, 2020

The Honorable Sonny Perdue

Secretary

U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Perdue:

Wisconsin's dairy and agriculture economy is in crisis, and we write to ask for your immediate attention and aid. Supply chain disruptions are cascading through communities across the state, putting dairy farmers and dairy processors at immediate risk of layoffs and closure. Our dairy industry was already in a precarious situation after several challenging years and uncertainty in dairy markets. Coronavirus-related changes in consumer purchasing have caused rapid shifts in demand. While these changes in consumer demand are temporary, without immediate action, they could have a permanent effect in causing the closure of hundreds and possibly thousands of farms, rural businesses, and food processors. Wisconsin needs your help.

We acted together in a bipartisan effort to write and pass the Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act [P.L. 116-136], which President Trump signed into law on March 27, 2020. This legislation provided \$23.5 billion in disaster and aid funding to the U.S. Department of Agriculture in order to respond. The Wisconsin Department of Agriculture, Trade, and Consumer Protection wrote to you earlier this week, requesting assistance in this urgent and uncertain time. We urge you to utilize the funding Congress provided in the CARES Act to respond to the requests made by our state and take additional actions detailed below.

First, we ask that you take actions to move cheese and dairy products from our plants to consumers using several tools that Congress has provided USDA to help respond to times of crisis. Second, we urge you to provide funding to states to help them resolve supply chain disruptions and keep agricultural products and food moving as it should in order to reach consumers when and where they need it. Third, we encourage you to reopen enrollment for the Dairy Margin Coverage program and make payments retroactive to the beginning of the year. Reopening enrollment in the program could effectively utilize existing USDA authorities to efficiently distribute funds from the \$23.5 billion provided in the CARES Act. We also ask that you invest substantial resources in economic and supply chain research to evaluate ways to stabilize supply and demand in dairy so that dairy farmers and dairy processors have more certainty to operate on in the future.

Cheese and dairy product purchases and incentives

There are several immediate actions USDA can take to help dairy. Robust and ongoing CCC and Section 32 purchases, with funding from the CARES Act, would provide nutritious dairy

products to families impacted by the Coronavirus pandemic, provide much-needed food to stock our food banks, and would help to maintain the healthy nutritional intake of dairy products by children who are at home and who would otherwise get these nutrients at school. You could also assist school districts to place contracts for dairy products that would be fulfilled after schools reopen, helping schools and dairy plants prepare for that additional shift in demand. Finally, you could utilize emergency Coronavirus funding provided in the CARES Act to expand the use of the Healthy Fluid Milk Incentives program, which can help deliver high quality nutrition to families in need at the stores where they shop. Announcing these actions would allow the dairy sector to have some clarity on what demand for dairy products will look like throughout the coming months, which will help reduce the enormous uncertainty businesses currently face.

A robust cheese and dairy product purchase would have effects across the dairy supply chain. Right now, warehouses are full of cheese that was on its way to restaurants, schools, cafeterias, and other places that are temporarily closed because of the need to practice social isolation to slow the spread of Coronavirus. These high quality dairy products could end up wasted if we do not get them out to consumers quickly.

Dairy purchases will also help to keep dairy processing plants up and running, so that our manufacturers and their dedicated employees can continue their important work of providing food for our nation. In order for those plants to keep running, they need a market for their cheese, and in this extraordinary time, the federal government is uniquely able to purchase that cheese and make sure it reaches American dinner tables.

These actions will help ensure that we do not waste the incredibly hard work that our dairy farmers do day-in and day-out to provide a steady supply of milk for our country. Dairy cows produce milk regardless of any virus or change in the economy. When dairy plants shut down, farmers are left to figure out where to sell their highly perishable milk. In the worst situations, dairy farmers without a home for their milk must instead dispose of it and treat it like a waste product. As this week has unfolded, we have heard of a growing number of entities that have already started to dispose of milk because of these dramatic market disruptions, and more are predicting additional milk disposal next week and in the weeks to follow. At the same time, some grocery store shelves are sold out of dairy products, which should not happen in a time of oversupply. We need immediate action to keep the dairy supply chain moving and not waste the critical food our farmers and food processing workers are producing.

Stabilizing the Supply Chain in a time of crisis

Our agricultural and food processing supply chains are facing enormous stressors right now as a result of rapidly changing market conditions related to Coronavirus consumption patterns. In order to keep food stocked in our grocery stores, we need to make sure that the supply chain that makes that happen can continue to operate as steadily as possible. Farmers, food processors, warehouse managers, and retailers are all working together to address the many unpredictable issues that come up in this trying time. We ask that you provide them with technical assistance, funds to keep their workforce healthy and on-the-job, and contacts within USDA that can help to resolve issues impacting agriculture and food processing across the federal government.

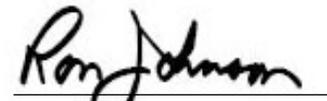
Preventing farm closures from Coronavirus

Finally, we urge you to provide relief to farmers who are facing a very, very difficult season with commodity prices that have been depressed by Coronavirus and have upended farm business plans within the course of a few weeks. Farmers who enrolled in the Dairy Margin Coverage program at the beginning of the year made coverage selections in vastly different market conditions. Reopening the Dairy Margin Coverage program to allow farmers to adjust their coverage selections and make those changes retroactive to the beginning of the year can help stabilize farms in these extraordinarily difficult market conditions. Lastly, the coming weeks will be extremely difficult for our farmers, but the effects of the Coronavirus are projected to last much longer. Therefore, we urge you to dedicate funding for economic and supply chain research that can provide the agriculture sector updated information and analysis on current and projected market conditions as our farm and food businesses prepare for the future.

Thank you for your attention to the crisis situation in Wisconsin and the assistance you can provide to our farmers and agricultural economy.

Sincerely,


Tammy Baldwin
United States Senator

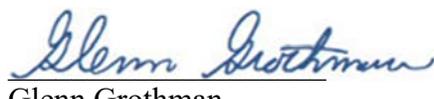

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