



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE

May 12, 2020

The Honorable Bob Casey
United States Senate
Washington, DC

Dear Senator Casey:

From the start of the Wolf Administration's COVID-19 mitigation efforts, agriculture and the entire food supply chain was designated as essential and life-sustaining. The heroes working throughout this field have continued operations despite the great risk, stress, uncertainty, and disruption that COVID-19 has brought upon us all. Our recovery and our national security are impossible without the certainty of a safe, secure, and available food supply, and the necessary protections to those working in these industries. I write to urge Congressional action in the next stimulus to support and fund:

Protect our Workforce

Our agricultural economy is sustained through a reliable and efficient workforce. We need to ensure that funding for Personal Protective Equipment (PPE) gets into the hands of all essential workers in the food and agriculture sectors, as well as businesses like grocery stores, farmers markets, restaurants, and food service companies. These employers should be able to access funding to buy and supply their employees with proper protective equipment, securing their safety now and in preparation for the potential for future outbreaks. In addition to PPE, testing and financial support for infrastructure investments to implement social distancing for farm workers is crucial to protecting our food supply. It is important that this support be provided equitably, both to large companies, as well as small family-run operations.

Federal funding must be made available for retrofitting or infrastructure investments for enhanced worker safety in food processing facilities, grocery stores, farmers markets, restaurants, and on farms, including seasonal farm labor housing.

In addition, the Giving Retailers and Our Convenience Employees Relief Act (GROCER Act) introduced by Representatives Dwight Evans and GT Thompson would establish a federal tax holiday for grocery and convenience store employees from February 15 through June 15 for individuals making less than \$75,000 annually. The bill would also provide discretion to the United States Treasury to extend this benefit for an additional three months.

Protect Stressed Industries

Dairy

As Governor Wolf noted in his letter to USDA Secretary Perdue on April 15, 2020, the dairy industry is Pennsylvania's largest agricultural sector. Immediate support to dairy is critical and



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE**

must include direct payments to farmers, loans and support to dairy processors, immediate purchases of dairy products and distribution through the charitable food system, and risk management options through the Dairy Protection Program. Governor Wolf's administration and the Pennsylvania General Assembly have provided bipartisan support to our dairy industry to help weather the past five years of challenges. Pennsylvania cannot afford to lose its dairy farmers or dairy processors, and we need your immediate assistance on behalf of this industry

It will take an act of Congress, but it is critical that the enrollment period for the Dairy Margin Coverage (DMC) program is reopened so that producers can sign up for coverage for the rest of 2020. Producers should be required to sign-up for three years with reduced enrollment costs that are included in the payment over the three-year period. We support National Milk Producers Federation's recommendation using the DMC formula and prevailing futures prices, farm margins over feed costs projected to \$5.80 per hundredweight for quarter 2 and \$6.76 for quarter 3. This process would allow producers to retroactively sign up for 2020 DMC coverage with sign up required for the remainder of the 2018 U.S. Farm Bill.

Designing a dairy organic margin coverage program specific to organic dairy producers would be extremely beneficial to our dairy industry. 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.

USDA needs additional funds to continue providing direct reimbursements 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 benefit from other federal COVID-19 relief packages such as the Small Business Administration (SBA) Economic Injury Disaster Loans, etc.

Livestock and Poultry

The livestock and poultry industries have been especially hard hit due to processing disruptions from COVID-19. In Pennsylvania, we have taken many steps with the Pennsylvania Department of Health to keep processing plants open and ensure a sustainable food-supply chain. We also have many small farmers who provide direct-to-consumer products or who would like to expand these offerings as we move into the recovery phase. Technical and financial support are needed to help producers pivot to direct marketing. Direct support must also be included for any new stimulus package to ensure the success of these sectors. Poultry and egg producers, in particular, were not listed for the USDA's initial round of direct payments – this industry must be supported



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE**

and reimbursed for disruptions. Swine, beef, small ruminants, and aquaculture must also be supported.

Specialty Crops

We encourage the USDA to make immediate purchases of specialty crops, such as mushrooms, fruits, and vegetables to support the charitable food system and ensure food does not go to waste. These farmers must be compensated for lost crops due to COVID-19 disruptions. Likewise, specialty crops such as hemp should be made eligible for federal funding and programs for growers and farmers within states that have approved plans.

Horticulture and Green Industries

The horticulture industry, including greenhouses, floriculture, and independent garden centers, have been especially harmed by the timing of the COVID-19 pandemic. Spring is planting season for homeowners and gardeners, as well as the time that many celebrate religious holidays with beautiful, high-quality flower arrangements grown by small businesses in Pennsylvania.

The social distancing and COVID-19 mitigation steps necessary to save lives and protect our healthcare system from being overwhelmed have meant that many businesses in the green and horticulture industries have had to unexpectedly close their physical operations or transition to alternative delivery models just as they were preparing to start the busiest season of the year. To help them financially, it's important to assist this critical sector with direct payments or other forms of business assistance that help cover their losses.

Restaurants

The Payroll Protection Program has proven effective for businesses that are able to bring their workforce back to work; however, restaurants in most states, including Pennsylvania, have been limited to carry out dining only. Current operating restrictions have not allowed the widespread rehiring of restaurant staff, such as servers.

We propose a new working capital fund for restaurants. Such a fund would provide them with relatively small grants of up to \$20,000 to rehire staff, hire sanitizing services, purchase PPE, retool supply chains to incorporate more local food purchasing or retool their business model from on-site dining to more carry-out, drive-through, and catering options, or simply to remain current with utilities, landlords, or mortgage holders.

Farmers Markets, Direct Markets, and On-Farm Markets

In Pennsylvania, farmers markets and on-farm markets have been designated as essential and life-sustaining businesses from the start of our COVID-19 mitigation efforts. These businesses are critical to provide additional access to food for citizens impacted by stay-at-home orders and those looking to avoid crowds at grocery stores. We will continue to rely on our farmers markets and on-farm markets as we recover from COVID-19. These places of business need innovative support, like credit card scanners, IT Support, and enhanced sanitation methods.



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE**

Equitable support must be provided to all producers for lost or disrupted markets, as well as support for the transition to alternative delivery models. The necessary shutdown of food service institutions and our general way of life has disrupted many traditional businesses within agriculture outlined above but also those in new or niche markets such hydroponics, aquaponics, small-scale production of specialty food products for restaurants and farmers markets, agritourism, urban agriculture, and other small businesses that support local food systems. It is critical that Congress provide direct support to those agri-businesses and farmers who may not typically receive or seek federal support through USDA but who are critical to local and state economies. Pennsylvania is home to many farm-to-table restaurants and other food service institutions that take pride in procuring high-quality, local, and specialty products from our Pennsylvania farmers. Our farmers also provide these products to neighboring markets in New York, Washington D.C., and the entire U.S. As small and large businesses scramble to react to the ever-changing marketplace, Congress must provide financial and technical support to help agri-businesses and farmers explore and transition to new delivery models.

Ensuring that new and beginning farmers, farmers of color, veteran farmers, and small and diverse businesses have equitable access to federal programs and resources must be a congressionally mandated priority in the next stimulus.

Funding for Research

The ability to respond rapidly to human and animal health emergencies relies on preparedness and planning measures in place. We have been reminded of this through COVID-19 and historically in animal agriculture with *Highly Pathogenic Avian Influenza* and Mad Cow Disease, as examples. Given all we don't know about COVID-19, it's important to research this virus and better understand its zoonotic potential.

Support for Mental Health Initiatives

Another way that Congress can support our farm families and agriculture industry workforce is through mental health resources and services. The COVID-19 pandemic has quickly reshaped and disrupted our daily routines, changing nearly every aspect of how Pennsylvanians live. The agriculture community continues to provide unwavering service to this nation, compounding the stress and anxiety in this uncertain time. We ask that funding and resources be available for mental health services for the agricultural and restaurant sectors authorized in the CARES Act, a critical need to support those who are working so hard to support us. This support should be made available to all critical infrastructure workers, regardless of status.

Also, funding telehealth initiatives would greatly improve the lives of those in rural communities. By connecting residents across the commonwealth to medical professionals ensures those in need receive the best care available when needed.



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE**

Protecting those in Need

As Governor Wolf has written several times to USDA and to Congress, we need to continue to protect those in need. I reaffirm my request for immediate congressional action related to the commonwealth's food security needs during the COVID-19 pandemic, specific to funding and flexibilities for the Supplemental Nutrition Assistance Program (SNAP) as outlined in our April 27, 2020 letter. Expanding access to SNAP will provide critical nutrition and food security to our most vulnerable and newly vulnerable Pennsylvanians while providing relief to the charitable food system and stimulating local economies.

Expansion of USDA's Gus Schumacher Nutrition Incentive Program – and providing these grant funds to states for large scale projects without a fund matching requirement – would be a timely way to maximize the buying power of SNAP recipients, especially heading into the farmers market and summer produce season. This type of expansion would take minimal federal administrative resources and could quickly expand the buying power of SNAP recipients without requiring farmers, processors, distributors, or food banks to complete another application.

In addition, we ask for support of Senator Casey's S.3536 and S.3566 to be included in the next congressional stimulus. These respective bills will support grocery delivery for SNAP participants who are seniors, immunocompromised individuals, or others who are unable to travel safely to a grocery store, and would bolster the ability of food banks and food assistance programs to meet the needs of the growing numbers of food insecure individuals, while also providing much needed additional funding for purchases from small and medium farmers.

Continue Support for USDA Lending Programs

The Farm Service Agency (FSA) has seen an erosion of its direct lending programs for farm ownership and operating costs in favor of loan guarantees that are less costly. While FSA loan guarantees have become an important tool for the Farm Credit System and other lenders willing to serve the agricultural industry, it is critically important that FSA be given sufficient budget authority to cover a direct loan program that can reach new and beginning farmers as well as established farmers whose markets have been disrupted by COVID-19. It is also important that FSA waive the eligibility restriction for new FSA loans based on past debt write-down or other loss to the agency and the prohibition on refinancing of other debt with FSA direct loans. Congress must authorize USDA's ability to implement zero-interest for all FSA direct loans and utilize the Interest Assist program to buy-down guaranteed loan interest to zero percent.

Similarly, the American Recovery and Reinvestment Act authorized Rural Development's Rural Business – Cooperative Service to offer 90% guarantees in the Business and Industry loan guarantee program, and reduced the loan origination fee on funds lent under the Act's authority to one percent. We believe both of those changes also are warranted now to ensure the success of



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE**

funding already appropriated through the CARES Act for Section 310B of the Consolidated Farm and Rural Development Act.

Finally, Rural Development's Rural Housing Service has for the last several years reduced to zero the amount of budget authority needed for Community Facility loans; however, we strongly believe more funding is essential in Community Facility Grants. As COVID-19 continues its inexorable march from urban centers into small towns and rural communities, the Community Facilities program could be a lifeline to help expand rural hospital intensive care capacity, modernize emergency response facilities and equipment from ambulances to fire trucks, or renovate schools, libraries, and other essential community facilities to incorporate physical distancing.

Create a Block Grant Funding Program for State Departments of Agriculture

Pennsylvania has a very diverse agricultural economy, ranging from mushrooms to the oldest brewery in America. Even our best planning to represent the needs of our stakeholders it is not feasible to capture every impact or loss, requiring a broad-based approach. It is essential that block grants be provided to each state's department of agriculture to ensure a holistic and comprehensive approach to stabilizing our agricultural and rural communities.

Thank you for your work during this crisis and continued commitment to the commonwealth and its residents. Our nation relies on a sustainable and strong agricultural economy, and while we work hard to get through this pandemic, we will need to continue to work together.

Sincerely,

A handwritten signature in blue ink that reads "Russell Redding".

Russell Redding
Secretary

CC: Pennsylvania Congressional Delegation