



April 10, 2020

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

Dear Secretary Perdue,

On behalf of our dairy farmer members across the Midwest, I am writing to share Edge Dairy Farmer Cooperative's priorities for USDA action in responding to the COVID-19 crisis.

Economic fallout from the pandemic is wreaking havoc on the dairy community, and no farmer is being spared, regardless of farm size, location or business model. Demand for our dairy products vanished overnight with the sudden collapse of the food service market, as restaurants, college cafeterias, sports arenas and the like were shuttered. The losses are massive; for example, 50 percent of cheese produced in the United States is tied to food service markets. This has left many farmers in the dire situation of disposing of fresh milk or reducing production without financial certainty. All of this is also pushing down the prices our farmers are receiving for their milk and comes after several years of depressed prices and farm losses.

USDA must swiftly implement programs, like the Dairy CORE Program proposed by the Minnesota Milk Producer Association, that assist farmers in confronting financial challenges as well as ensure that farmers can produce food for people struggling to afford it. USDA actions should be targeted, farm size-neutral and all-encompassing. We ask that USDA consider these three measures:

1) Special direct financial assistance for dairy farmers.

The financial damage done to our dairy farms over the past few weeks is unprecedented. The recent milk price drop will shape the dairy community for years to come if farmers do not have the financial support needed to make it through this crisis. Instead of folding in the face of COVID-19, farmers have answered the call by continuing to provide our nation with the safe, nutritious food that people need to lead healthy lives. We are doing our part, but we need help to continue this mission.

USDA direct financial assistance, using funds allocated by the CARES Act, is a crucial component to relief. Edge believes that USDA can accomplish this in a simple, equitable fashion rather than developing top-down, multifaceted packages with unknown long-term consequences. The downturn in market prices for milk are solely due to COVID-19 and affect dairy farmers across the board. The dairy community would be better suited with a special direct financial program instead of attempted fixes to the shortcomings of existing programs that do not account for farm size and management style.

We see two components to accomplishing this:

Implement Minnesota Milk Producers Association's Dairy CORE Program. The program could be implemented quickly and equitably to help in the short term and would protect against long-term effects of market distortions. In the program, dairy farmers would receive one lumpsum payment of \$9 per hundredweight based on their March 2020 production baseline regardless of market prices. This would occur with the premise that cooperatives and proprietary processors are best suited to develop internal supply adjustment goals for their own supply chain. The payment would help farms meet financial challenges due to the pandemic and meet the goals set by their milk handler and processor. As the pandemic subsides, the dairy community would be able to react and promptly respond to meet demand instead of being burdened with negative consequences of government programs.

Reimburse farmers who have been forced to dispose of milk or remove milk from commercial production.

Existing rules do not allow all milk handlers to equitably share the burden of disposal of milk across all dairy farms. Farmers and processors who have had to dispose of or remove milk before the Dairy CORE Program's implementation date did not and would not have the ability to anticipate or plan around this program's creation. One method of helping put those farms back on an even playing field would be to allow for disaster-type payments for milk losses incurred during the month of April relative to March production. Regardless of decisions already made, all farmers would have the opportunity to plan their operations and supply chains around the Dairy CORE Program. No farmer should be left behind.

Disposing of milk is a direct loss of income that farmers could not otherwise protect against. This ask is wholly within the realm of the funding allocated to USDA by Congress. This crisis is causing pain on many commodity markets, but it has now wiped out the markets for some dairy farmers.

2) Targeted purchases of food service-oriented dairy products for food aid redistribution.

Due to the rapid onset of COVID-19, the dairy supply chain had little time to react before destructive shifts in demand. Dairy products intended for specialty purposes and food service destinations have nowhere to go. Processors cannot quickly retool product lines, and farms simply cannot turn off the cows.

USDA should use funds made available by the CARES Act to purchase large quantities of dairy foods. These purchases should be targeted toward products otherwise destined for food service and subsequently fund the repackaging and redistribution of dairy purchases to the food-aid hubs serving a quickly expanding number of people in need. With large increases in the need for food assistance programs expected, USDA can make sure safe, nutritious milk is not wasted at a time when it's needed most.

3) Regulatory flexibility around nutrition in food assistance programs.

Our farmers hold as sacred their mission of providing wholesome food to customers, and the actions taken in the past by USDA reflect a shared commitment. We agree with several ideas that now are being proposed to USDA to ensure people are able to receive dairy products during this crisis even though a particular product may not fit certain labeling, packaging or nutritional guidelines. Likewise, federal

food aid programs should be opened up to allow participants to pick up a broader array of dairy and other foods when visiting the grocery store. We do not want nutritious food to be wasted, especially when our nation is in need.

In closing, we urge USDA to make decisions that:

- 1) provide programs that are size-neutral and encompass all farms, and,
- 2) keeps milk moving from farms to processors to customers, many of whom desperately need it.

Our dairy farmers recognize and appreciate the department's work in ensuring the safety and stability of the entire food supply chain and are confident in the department's ability to help guide agriculture through these unprecedented times.

Sincerely,

A handwritten signature in black ink, appearing to read "Brody Stapel", with a stylized flourish extending to the right.

Brody Stapel
President, Edge Dairy Farmer Cooperative