

COVID-19 Update

June 12, 2020



SO...WHAT HAS SDCA DONE TO ADDRESS THE COVID-19 CRISIS?

These are challenging times and we provided an overview of our pandemic response efforts last month, but it's time for an update as the issues remain fluid and SDCA is still working to safeguard our members' interests by weighing the issues and working to identify the best course of action for the ongoing benefit of our industry. What have we done since the COVID-19 crisis began?

- SDCA signed on to a letter asking Congress to provide authority to open CRP acres for emergency haying and grazing due to the pandemic. The letter additionally asks Congress to immediately pass the Cover Crop Flexibility Act of 2020 to permanently address the issues surrounding the dates cover crops may be harvested or grazed on Prevented Plant acres. These requests will provide greater forage availability and flexibility during the crisis.

Update: On June 5, Senator Thune joined Senator Smith in introducing the PASTURE (Pandemic Authority Suitable to Utilize Reserve Easements) Act of 2020 to allow emergency haying and grazing of CRP due to the pandemic. In addition, Senator Thune and Representative Johnson are working on a letter this week to USDA Secretary Perdue asking for cover crop flexibility again this year on prevent plant acres. We remain optimistic a permanent solution may be passed.

- SDCA signed on to a multi-state letter asking the US Department of Justice to investigate packer actions surrounding both the Tyson packing plant fire of last fall and the COVID-19 related cattle market disruption. SDCA thanks President Trump for asking the DOJ to investigate as well.

Update: You may have seen that the Department of Justice issued requests for information, similar to subpoenas, in early June to Tyson, JBS, Cargill and National Beef in their ongoing investigation.

- SDCA is working with Representative Johnson, the SD Animal Industry Board and other stakeholders to explore options to improve opportunities to market or donate state-inspected beef across state lines.

Update: SDCA's Board of Directors identified interstate shipment of state inspected meat as a top priority at the meeting on June 3. We continue to work with Representative Johnson's office as well as the SD Animal Industry Board to develop legislative language that will allow for the retail sale and direct shipment of state inspected beef across state lines. SDCA will also be working with our state partners and NCBA to develop more widespread industry support for these efforts. We will keep our members apprised as this issue continues to unfold.

- SDCA continues to explore programs and ideas that would provide better long-term risk management solutions for beef producers, including insurance programs and the functionality of the commodities markets.

Update: SDCA's Board of Directors has reviewed and provided feedback on two proposals to enhance risk management options for livestock. One is a proposal to enhance the existing Livestock Risk Protection Program for feeder cattle, fed cattle and swine. The second is a

Weaned Calf Revenue protection pilot program that is currently available through RMA for the top cow-calf states, including SD. Contact Jodie Anderson at executive@sdcattlemen.org if you'd like more information on these two proposals.

With regards to the commodities markets, we are evaluating proposals that would increase the volume of reported sales through Livestock Mandatory Reporting without the drastic step of a mandated level of negotiated sales. Examples include the proposed "Bid the Grid" program and other options that incorporate more states reporting and/or more sales that are currently exempted from reporting.

- In April, SDCA's Board of Directors voted to support the concept outlined in the so-called 30-14 letter, although noting questions remain regarding potential implementation. The 30-14 letter calls for policy that would mandate each slaughter facility to procure a minimum of 30% of their cattle through negotiated trade to be delivered within 14 days.

Update: While the concept of the 30-14 letter was appealing as a potential means to enhance price discovery, further evaluation of that proposal, as well as the Grassley legislation that would increase the proposed mandate to 50% cash trade, led SDCA's Board of Directors to not endorse either mandate at our June meeting. We continue to seek alternatives to enhance price discovery without hindering our members' ability to choose how their cattle are marketed. SDCA will seek changes in the upcoming renewal of Livestock Mandatory Reporting regulations to increase the number of prices reported in hopes of achieving more robust price discovery.

- SDCA signed on to a multi-species letter requesting Congress consider how the USDA Wildlife Services is funded, including state and local cooperators whose budget have been detrimentally impacted by COVID-19. The letter asked Congress to consider providing additional Wildlife Services funding in the event local governments are unable to continue to contribute.
- SDCA issued a statement thanking President Trump for invoking the Defense Production Act to keep the beef supply chain functioning.

SDCA also continues to communicate frequently with our Congressional delegation, offering suggestions and input on potential additional relief programs. These include:

- We thank Senator Thune for introducing legislation on June 9 to improve the Paycheck Protection Program for ag producers. The bill would allow producers filing a Schedule F to use their 2019 gross income (up to \$100,000) when calculating their PPP loan rather than net income since many producers showed a net loss on their 2019 Schedule F due to the wet planting season and low commodity prices.
- We are working with our colleagues in other states and NCBA to request USDA expand the dates for which sales of livestock qualify for the CFAP program. We recognize the arbitrary nature of the April 15 cut off date and are encouraging USDA to extend that deadline so additional sales of market-ready livestock would be eligible. Similarly, we are encouraging USDA to expand on the livestock inventory payments through the CCC funding they were already provided in the CARES Act.
- NCBA has also indicated support for Congress to provide funding for the proposed "[fed cattle set-aside program](#)" in the next relief bill to help ease the bottleneck created by packing plant closures. SDCA likewise see merit in the program, but we have concerns regarding whether the federal government can create and implement this program quickly enough to be effective in the current pandemic crisis.