

MEMORANDUM

VIA EMAIL ONLY

To: Governor Tony Evers

From: Wisconsin Farm Bureau Federation
Wisconsin Corn Growers Association
Dairy Business Association
Wisconsin Soybean Association
Wisconsin Pork Association
Wisconsin Cattlemen's Association
Wisconsin State Cranberry Growers Association
Wisconsin Potato & Vegetable Growers Association

Date: April 21, 2020

Subject: **Request for Immediate Farmer Assistance for Failing Commodity Markets in Wisconsin Agriculture as a Result of COVID-19**

On behalf of the farmers and the agriculture economy in Wisconsin represented by the groups listed above, we write to you to appeal for your assistance and recognition of the unprecedented devastation that Wisconsin farmers are experiencing as a result of the COVID-19 public health crisis. Never before have we ever experienced the type of crushing economic destruction that this pandemic has brought across our commodity markets. It has devastated our labor force, threatened our supply chains, created panic buying from retailers and consumers and will likely bankrupt many multi-generation farms in Wisconsin.

We are appreciative of the continued work that your Department of Agriculture, Trade and Consumer Protection has done to assist our members with recent logistical issues and supply chain concerns as we strive to maintain a consistent food supply for the State of Wisconsin.

We are grateful that the U.S. federal government is providing some aid to farmers through the U.S. Department of Agriculture under the CARES Act. That same legislation commits \$1.9 billion to help shore up Wisconsin's economy.

Accordingly, we respectfully request that you provide Wisconsin farmers with \$50 million in direct cash relief from Wisconsin's \$1.9 billion in initial CARES Act federal aid. We understand that there may be limits on how the CARES Act funding can be used but we ask that you strive to use a portion of that federal money for our farmers in crisis. We know that this amount will not cover the total loss to the food producers of this state, but it may sustain many farmers through the next few weeks as they regroup and reorganize their businesses and strive to keep the food supply chain intact in Wisconsin.

DATCP can affirm that the milk and meat producers of this state cannot just stop feeding animals when they have yards full of partially finished animals. Dairymen cannot just quit milking cows in mid-lactation. The grain farmers cannot just ignore getting seed in the field when it is late April

in Wisconsin. Potato, vegetable and specialty crop producers face the costs of storing warehouses full of commodities that were destined for a now decimated food service market, while planting 2020 crops.

Current estimated and projected losses to Wisconsin commodities as a result of COVID-19 are as follows:

- **Dairy/Milk:** Dairy has experienced an 87¢/cwt decline in February 2020 and a \$1.74/cwt decline in March 2020. This equates to a \$66 million loss in Wisconsin milk revenue for those two months. Going forward, the projected decline estimates approximate losses \$6/cwt, which will result in hundreds of millions of dollars in losses. In addition to losses from plummeting prices, many dairy farmers in Wisconsin have been asked to dispose of milk or cut production, which causes even greater difficulties for those farms as they try to stay in business.
- **Pork:** Currently, 10% of the U.S. pork processing capacity is closed. Twenty-five percent (25%) of the Wisconsin hog market has been lost due to the shuttering of the food service industry. At this time, projected Wisconsin hog production losses (*not* including processing losses) is \$44.4 million.
- **Beef:** The beef industry has been faced with losing 25% of its packing capacity in addition to a \$25/cwt pullback in cash prices since the first of February. In Wisconsin, each segment of the industry faces extreme losses: 310,000 cow-calf operations with a loss of \$247.15/head, 250,000 cattle of feed with a loss of \$205.96/head, and 340,000 stocker calves with a loss of \$159.98/head. This equates to approximately \$180-\$200 million loss to Wisconsin's beef industry in 2020.
- **Potatoes:** Approximately, 500,000 cwt of potatoes have been displaced and there has been a 1,119,895 cwt contract reduction for 2020, which equals current immediate estimated losses of \$17 million. In addition, the massive reduction in foodservice sales due to coronavirus has resulted in an oversupply situation for the U.S. potato industry that will result in a predicted loss of \$100 million for Wisconsin potato growers on their 2020 crop.
- **Cranberries:** Out of home consumption of cranberries has declined by over 60% and convenience store sales have declined by 20%. Grower prices had just started to rebound from \$10-\$15 per cwt to ranges in the mid-\$20 range. We fully expect declines in the future due to lost sales and export markets. Exports to China, EU and UK have declined by over \$31 million due to retaliatory tariffs. Rebuilding these markets considering the pandemic will be challenging.
- **Soybeans:** Prices have declined \$0.65-\$0.75/ bushel and costs have increased \$0.25-\$0.35/bushel equating to projected losses of \$1.00/bushel. Wisconsin produces between 80 million and 100 million bushels of soybeans annually. Current projected losses are \$80-100 million.

- **Corn:** As of Mid-April, cash corn prices have declined by 16 percent on average, with several regions experiencing declines of over 20 percent. Forecasting prices through the rest of the 2019 crop marketing year shows a \$50/acre revenue decline for corn compared to a \$10/acre drop for soybeans. (Actual revenue losses will depend on how much corn a producer currently has to market.) Wisconsin corn acres in the last 2019 were 2.68 million acres and in 2020 there will be an estimated 8% increase. Corn will be one of the most impacted crops as its two largest uses – livestock feed and ethanol – are under pressure. Impacts of reduced livestock demand are just beginning to come to bear in the market, as livestock processing plants are beginning to be disrupted.

In closing, we plead for you to consider the plight that has come upon Wisconsin's premier industry through no fault of its own. Please help us sustain Wisconsin agriculture, the economic engine that drives Wisconsin's employment. Food production cannot start and stop on a dime. The investment is too great. We fear that some of these losses will be permanent.

- cc. Randy Romanski, Interim Secretary, Department of Agriculture, Trade and Consumer Protection (DATCP) *(via email only)*
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