



Kentucky Department of Agriculture

April 17, 2020

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

Dear Secretary Perdue,

As Kentucky's Commissioner of Agriculture, I wanted to update you on Kentucky's agriculture economy in light of the COVID-19, often referred to as the Wuhan Coronavirus, pandemic. The pandemic has significantly affected all of American agriculture and Kentucky is not immune to these economic realities. My duty as Commissioner compels me to highlight a few ways that we are seeing the effects of COVID-19 in Kentucky's agricultural economy, especially as our commodity groups seek to secure economic relief through the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress.

- **Beef Industry:** According to the National Cattlemen's Beef Association (NCBA), the nation's beef industry is looking at an estimated loss of \$13.6 billion in total economic damage. This economic earthquake is reflected across all levels of the industry, from the producer to the processor. The NCBA also estimates an average loss of \$111 per head for the nation's cow-calf sector, which constitutes a large portion of Kentucky's cattle industry. Seeing as Kentucky is the largest beef cattle state east of the Mississippi River, my state stands to suffer significant losses because of this pandemic. I also share the concerns raised by Kentucky producers regarding suspect disparities in the price of beef on the farm level and at the grocery store. I encourage the U.S. Department of Agriculture (USDA) to continue keeping a watchful eye on the price of meat at retail and losses suffered on the farm level.
- **Poultry & Egg Industry:** While most people recognize the worldwide dominance of Kentucky fried chicken, they are surprised to learn that our state's poultry and egg sector tops the list of agricultural cash receipts every year. Fortunately, Kentucky's chicken processors have adapted to increase worker safety and continue production at this time. However, I am concerned about facility closures in other states and how those might affect prices at the farm level.
- **Dairy:** It's no secret that the nation's entire dairy industry has been facing some hard times these past few years. Falling prices and the consolidation of milk companies have disrupted small dairies in Kentucky. The global pandemic will likely increase this trend. Additionally, many consumers and producers have seen videos of milk dumping due to decreased demand, largely attributable to school closures. While Kentucky has not seen any milk dumping on the level that we see in other states, the Kentucky Dairy Development Council (KDDC) is aware of a couple of cases that have occurred locally. I know the National Milk Producers Federation and the International Dairy Foods Association published a joint plan for USDA to support the nation's dairies. KDDC and I share their concerns about the gap between supply and demand due to "stay at home" or "shelter in place" orders.
- **Agricultural Labor:** Many Kentucky producers, especially in our tobacco and grain sectors, are grateful for your speed in resolving issues with the H-2A visa system. However, many farm operations in Kentucky have discovered that these labor costs are not covered through the Small Business Administration's Paycheck Protection Program, often called PPP (which at the time of this writing has



exhausted its funding, though Senate Majority Leader McConnell is working overtime to replenish those funds over the objections of some in Congress). While I know that this issue does not pertain to USDA operations, I felt I should make you aware that Kentucky producers believe they are negatively affected by the lack of PPP funding for them to retain ag laborers. Additionally, participation from most farmers in PPP has been hindered by lack of clarity in the guidelines and emphasis on payroll expenditures. We hope if funding is added for the SBA program, the terms can be more amenable to our agricultural producers or these needs can be addressed directly by USDA.

- **Produce:** Under my direction, the Kentucky Department of Agriculture is allowing farmers' markets and community supported agriculture (CSA) operations to remain open to the public as long as they maintain social distancing and other Centers for Disease Control guidelines. That being said, important markets for Kentucky produce, like restaurants, have been closed. I applaud the American Farm Bureau and Feeding America's joint proposal to provide relief to farmers by purchasing produce and other ag products and providing them to food banks, which have seen an increase in demand during this unprecedented time.
- **Equine:** One of Kentucky's signature industries most severely impacted by restrictions on public gatherings is our equine sector. Racing dates have been cancelled, sales have been negatively impacted, and the inability for families to visit farms has drastically reduced the revenue for our largest thoroughbred operations and numerous small agritourism venues.
- **Other Farm Sectors:** Almost every agricultural enterprise in Kentucky has felt the brunt of this crisis. Our number of hog farms is considerably smaller than some of our neighboring states, but our producers are sharing in the estimated \$5 billion loss expected by the National Pork Producers Council for the remainder of 2020. The stress on our livestock producers and changes in food consumption is also reducing the prices for other commodities like corn and soybeans. With over 30% of Kentucky's agricultural production relying on global exports, we must be strategic in keeping these markets viable and protecting other industries like our biofuel producers.

Kentucky and American farmers, workers, and families are coming together to do what is needed to fight the coronavirus. The pandemic has reminded the nation of the necessity of the seemingly invisible men and women who get food from the farm gate to the dinner plate; the American heroes preparing fields for crops, drivers transporting semi-trucks of product, and workers stocking grocery shelves and adapting to new consumer habits. We need to make sure the backbone of the American economy – our farmers and workers – are made whole after this pandemic has passed.

I appreciate your attention to this matter, and all the USDA is doing to make sure that the agency lives up to your motto of "Do right and feed everyone." That mission is more critical now than ever before.

Sincerely,



Dr. Ryan F. Quarles
Commissioner of Agriculture
Commonwealth of Kentucky

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