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TEXAS CATTLE FEEDERS ASSOCIATION

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The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave NW
Washington, D.C. 20250

Dear Secretary Perdue:

Thank you for your ongoing support of U.S. agriculture and the cattle industry during these very challenging times.

Your recent announcement of the Coronavirus Food Assistance Program (CFAP) is very much appreciated by all of agriculture, especially the \$5.1 billion allocated to cattle producers. We understand that you are in the difficult position of providing a level of assistance needed for each segment of agriculture with the amount of funds available. However, Texas Cattle Feeders Association (TCFA) is very concerned about the \$125,000 payment limit per commodity. This low limit fails to recognize the size and scope of many cattle operations in Texas and across the nation.

Estimates developed by a group of economists led by Dr. Derrell Peel with Oklahoma State University project market losses of \$13.6 billion for cattle producers. Losses were estimated at \$247.15 per head for cow-calf producers, \$159.98 per head for stocker operators, and \$205.96 per head for cattle feeders. The proposed payment limit will preclude most cattle feeders in Texas, Oklahoma and New Mexico from receiving any meaningful assistance relative to their actual losses. These members annually market more than 6,000,000 fed cattle — 28% of the nation's fed cattle production.

For example, the average sized TCFA feedyard member has a 35,000 head capacity. Under the current \$125,000 payment limit, they will recoup less than 1% of actual losses they will experience due to the COVID-19 pandemic. Additionally, individual cattle feeders comprise a large percentage of TCFA membership. A producer owning cattle in a custom feedyard marketing 2,500 head will recover less than 25% of their loss. A mere 600 head will hit the \$125,000 payment limit.

USDA has precedence for not establishing payment limitations in disaster assistance programs. In the case of manmade or natural disasters, a cattle producer has no ability to foresee the future and is unable to limit market exposure and associated losses. USDA continues to recognize this important difference in the Emergency Assistance for Livestock Program and the Livestock Indemnity Program, neither of which impose payment limitations on producers that have suffered extraordinary losses as a result of a disaster. Disaster assistance in response to this unprecedented event should also be implemented without payment limitations.

We strongly urge you to eliminate payment limits for cattle producers.

Sincerely,

Paul J. Defoor
Chairman

cc: Texas, Oklahoma and New Mexico Congressional Delegations