



Kim Reynolds
GOVERNOR

OFFICE OF THE GOVERNOR

Adam Gregg
LT. GOVERNOR

The Honorable Sonny Perdue
Secretary
United States Department of Agriculture
1400 Independence Ave SW
Washington DC 20250

Dear Secretary Perdue,

We write today concerned about the future of the domestic poultry industry, particularly as it relates to our nation's independent turkey farmers. In Iowa, reduced production capacity is drawing concerns about future impacts on turkey farmers. Other production cutbacks by independent turkey farmers may occur in other regions, particularly the Upper Midwest. The livestock and poultry sector is seeing unprecedented losses, which is irreparably impacting countless families and producers in Iowa and across the country.

It is important to remember that these turkey farmers own their own birds and are responsible for all input costs in the exact same manner as the cattle ranchers and hog farmers the department currently proposes to cover under Coronavirus Food Assistance Program (CFAP). Those turkey growers deserve the ability to successfully apply for CFAP funds if they demonstrate a 5 percent or greater loss.

We acknowledge that it is highly unlikely an independent turkey farmer suffered such a loss during the time period covered in the Notice of Funding Availability (NOFA) issued on May 22. However, many will be able to demonstrate such losses if, as we anticipate, there is a future round of CFAP payments. We urge the Agency to not wait until a second round to correct a significant flaw in CFAP that could unfairly prevent independent turkey farmers from ever seeking payments.

Because the turkey industry does not have a public-facing commodity exchange like other livestock species, the method for determining lost value in the matter outlined in the NOFA would be impossible. We would ask economists at USDA work to devise a methodology and formula that allows this niche sector of the nation's poultry industry to have the same opportunities provided to others in the pork, cattle, and sheep industry. We are convinced a verifiable formula structure can be developed. USDA already has demonstrated an ability to calculate the value of turkeys when indemnifying for animal disease losses and making Livestock Indemnity Program (LIP) payments. Those formulas almost certainly could serve as a basis for calculating lost value.

The key thing to remember is that an independent turkey farmer's lost value is not derived from a decrease in per-pound pricing; it stems from a reduction in the number of the turkeys that can be grown. With that in mind, a reasonable option is to base compensation on fixed costs and poult

costs. For turkey growers, most variable costs (feed, medication, etc.) will reduce proportionally to the reduction in a poult placement. Fixed costs are those that remain the same whether there be one or 10,000 turkeys in a barn. This includes items such as loan payments on the structure, labor and insurance. Utilizing an agreed-upon structure for hens and toms using the above principles of known costs will allow independent turkey growers to prove a 5 percent loss based on the known reductions in poult placements compared to their original agreed upon contract with a processor.

Plant closures and reduced flocks remain a growing threat to our turkey growers, and food supply chain. Our independent turkey growers stand to lose disproportionately compared to other corporate-owned growers due to increased exposure. While demand increased for many poultry products at the beginning of the COVID-19 pandemic, the realities have set in and independent turkey growers remain at risk to lose significant income over the third and fourth quarter.

There are numerous farmer-owned cooperatives and independent growers who are being left out of assistance in CFAP and we ask that USDA recognize the unique business structure of many turkey operations and help find a solution in order for these producers to receive federal assistance. We look forward to working together to incorporate these business structures when making decisions about eligibility for assistance under the NOFA.

Thank you for your continued attention to these critical issues.

Sincerely,



Governor Kim Reynolds



Secretary Mike Naig



Senator Chuck Grassley



Senator Joni Ernst