

# United States Senate

WASHINGTON, DC 20510

April 29, 2022

Honorable Zach Ducheneaux  
Administrator  
U.S. Department of Agriculture Farm Service Agency  
1400 Independence Ave., S.W.  
Washington, DC 20250

Dear Administrator Ducheneaux,

I write to you regarding the recent weather disaster North Dakota suffered from Blizzard Haley and the subsequent snow, ice, rain, and wind storms which resulted in cattle producers having a number of their livestock perish, particularly calves. Thankfully, the U.S. Department of Agriculture's Livestock Indemnity Program (LIP) is in place to assist producers who had above normal livestock fatalities as a direct result of the storms. Unfortunately, as producers have familiarized themselves with LIP, they have expressed concerns the payment rate for calves under 250 pounds does not accurately compensate them for the losses they incurred.

Understanding LIP payments are based on national payment rates which are 75% of the fair market value of the applicable livestock as computed using nationwide prices for the previous calendar year, the 2022 LIP Fact Sheet indicates this year's payment rate per head for non-adult beef cattle weighing less than 250 pounds is roughly \$175. According to producers in North Dakota, this figure is significantly lower than 75% of the fair market value for their livestock.

Currently, non-adult beef cattle in the 250 pound weight range are trading through local online groups at a price as low as \$250 and as high as \$500, with an average price of approximately \$393. Multiple local auction markets have corroborated this price range. A \$393 figure would yield a payment to the producer of roughly \$294 per head, a significant increase from the \$175 indicated on the fact sheet.

Additionally, it is my understanding the under 250 pound category and the 250-399 pound category were separated into different groups recently. While understanding program integrity must be maintained, merging the categories again may be beneficial to producers.

For determining payment calculations, the 2014 Final Rule for LIP stated, "the payment for livestock owners will continue to be calculated based on 75 percent of the average fair market value of the applicable livestock on the day before the date of death of the livestock, as determined by FSA. When determining the market value of applicable livestock, FSA will establish market values for each type and category of livestock using data from credible livestock markets. Credible livestock markets will include sale barns and local sales as well as sales at terminal market centers or slaughtering facilities." However, the way payment calculations were determined was changed in the 2020 Final Rule to be calculated "using nationwide prices for the previous calendar year unless some other price is approved by the Deputy Administrator."

Because of the emphasis on timely date of death and local market information within the 2014 Final Rule and the flexibility for altering prices provided within the 2020 Final Rule, I encourage you to examine whether the \$175 price is accurate and adjust it accordingly in order to provide producers more accurate levels of assistance during this time.

2021 in North Dakota was a difficult year, especially for ranchers. The state was ravaged by significant drought, producers were forced to procure feed from alternative sources, and, in many instances, they were forced to cull herds it took them years to build. Now in 2022, producers lost a number of calves and expended significant feed resources to keep their livestock warm and fed. It is critical these producers receive meaningful relief as soon as possible.

For the reasons outlined above, I respectfully request you use the flexibility at your disposal to accurately compensate producers for the livestock they lost and examine whether the weight categories under LIP should be reexamined. I look forward to working with you to ensure North Dakota's producers obtain timely and accurate relief during this strenuous time.

Sincerely,

A handwritten signature in blue ink that reads "Kevin Cramer". The signature is written in a cursive, flowing style.

Kevin Cramer  
United States Senator