

May 8, 2020

TO: Interim Secretary Randy Romanski, DATCP
Assistant Deputy Secretary Angela James, DATCP
Noah Roberts, office of Governor Tony Evers
(via email only)

FROM: [Wisconsin Farmers Union](#)
[Michael Fields Agricultural Institute](#)
[REAP Food Group](#)
[Fondy Food Center](#)
[Rooted WI, Inc.](#)
[Artisan Grain Collaborative](#)
[Central Rivers Farmshed](#)
[FairShare CSA Coalition](#)

The groups listed above, representing farmers and local food networks throughout the state, appreciate the willingness of DATCP and Governor Evers to explore the possibility of direct assistance to Wisconsin farmers as a portion of the state's \$1.9 Billion CARES Act allocation. Signatories to this letter suggest the following with regard to program design principles, eligibility, and payment schedule for such a program.

Design Principles:

- State direct support to farmers from the CARES Act should cover as many Wisconsin farmers as possible—particularly beginning farmers and new entrepreneurs. In a May 2020 survey of 120 farms who are listed in the [Wisconsin Farm Fresh Atlas](#), 40% reported Gross Farm Receipts of \$35,000 or less.¹ Smaller farms, though they account for a smaller percentage of total agricultural production, generate greater relative economic activity (see references on page 4.)
- Payments should prioritize farmers who are least likely to have benefitted from other state and federal COVID relief. In general, it appears that these are farms with less than \$75,000 in gross farm revenues, and in particular, farms with less than \$35,000 in gross farm revenues.²
- Insofar as possible, program complexity should be minimized in favor of speed. Administrative burden should be minimized in order to direct funds to farmers, rather than toward program administration.
- Minority-owned farms in Wisconsin, particularly Hmong-owned and Hispanic-owned farms, are more likely to be small in terms of Gross Farm Receipts. Minority communities in Wisconsin and nationwide have faced the greatest economic fallout from COVID-19. They should be given particular consideration in any COVID-19 state relief program.
- According to the USDA Census of Agriculture, very few farming households, either in Wisconsin or nationwide, derive the majority of their household income from farming. (See graph on p.4.) For most farm households, the majority of their income comes from off the farm. Any direct assistance program design that seeks to exclude households with off-farm income will be overly-restrictive.

¹ survey of Farm Fresh Atlas farmers conducted by REAP Food Group, May 4-6, 2020.

² Id.

Identification of Eligible Farmers:

- Signatories to this letter recommend eligibility for all Wisconsin tax filers who either:
 - Filed a Schedule F in 2019 that showed at least \$10,000 in gross farm receipts, or
 - Filed a corporate tax form 1120 or 1120S in 2019 that included a NAICS code corresponding with an agricultural commodity, and showed at least \$10,000 in gross farm receipts.
- Consider excluding farm filings, whether Schedule F or Form 1120/1120S, that include NAICS codes related to forestry.
- Deployment: push or pull? We encourage DATCP, DOR, and other relevant state agencies to consider the possible advantages of issuing checks automatically to qualified recipients, rather than requiring applicants to go through (and agencies to create) a potentially-cumbersome application process. Automatically disbursing checks would operate similarly to the stimulus checks issued by the federal government. Advantages of the “push” approach to deployment include:
 - Speed / government responsiveness to present need.
 - Reduced administrative burden for state agencies.
 - Reduced application hassle for farmers.
- Concerns about payments going to “unworthy” recipients should be minimal in this instance. On the cusp of the largest economic downturn since the Great Depression, it seems safe to assume that all farmers are either currently hurting or will be hurting in the very near future. A cover letter included with checks can invite farmers who are not experiencing economic distress to donate all or a portion of their check to farmer support initiatives: Harvest of Hope, Hunger Task Force’s partnership with Dairy Farmers of Wisconsin, etc.

Payment Schedule:

Signatories to this letter recommend a commodity-neutral approach to direct assistance payments for the following reasons:

- Ease of government administration.
- Ease of farmer application, particularly for farmers with diversified operations selling multiple commodities (i.e., a farm that sells vegetables, livestock, eggs, honey, and hay.)
- Lack of necessity – as noted previously, all farmers are hurting or will be soon.

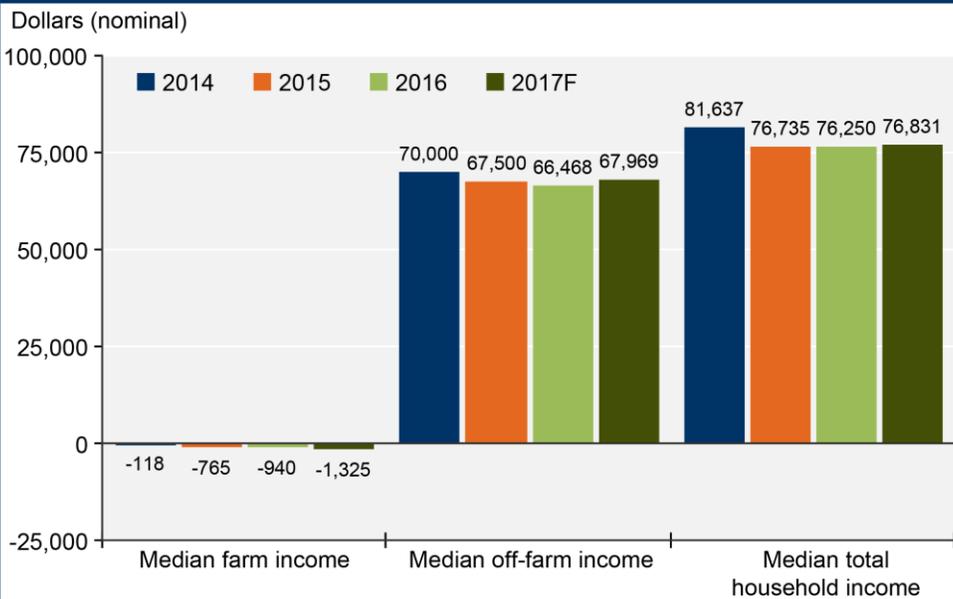
Our groups propose the payment formula on the following page:

Gross Farm Receipts (these farm size categories correspond with the NASS Census of Ag categories)	Aprox. Number of Farms of this size in Wisconsin (based on NASS 2016 Census of Ag) ³	Direct Assistance Payment	Payment as a Max Percentage of Gross Farm Receipts
\$1,000 to \$9,999	30,400	\$0	0%
\$10,000 to \$99,999	20,900	\$500	5.00%
\$100,000 to \$249,999	7,300	\$2,500	2.50%
\$250,000 to \$499,999	4,800	\$5,000	2.00%
\$500,000 to \$999,999	2,900	\$7,000	1.40%
\$1,000,000 and above	2,400	\$9,000	0.90%
Total Estimated Cost		\$94,600,000	

We note that a program cost of \$94.6 million is greater than the \$50 million figure previously proposed by Wisconsin Farmers Union and other agriculture organizations. We have opted to give an honest accounting of the present need, and the minimum payment levels that would be meaningful to farmers. Farm loss estimates for 2020 range from 15% to 50% depending upon commodity. As noted in the chart above, any CARES Act direct support would cover only a fraction of farmers' losses.

³https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/Annual_Statistical_Bulletin/2017AgStats_web.pdf

Median farm income, median off-farm income, and median total income of farm operator households, 2014-2017F



Note: F = forecast.

Source: USDA, Economic Research Service and National Agricultural Statistics Service, Agricultural Resource Management Survey. Forecast as of August 30, 2017.

Smaller farm size = larger economic impact

- A 1994 study found that smaller farms make nearly 95% of their expenditures locally, while larger operations spend less than 20% locally.

John W. Chism and Richard A. Levins, "Farm Spending and Local Selling: How Do They Match Up?" *Minnesota Agricultural Economist* 676 (1994).

- A study of 1,106 rural communities in Iowa found that economic growth rates in communities with conventional farming are 55% higher than in those with large animal feeding operations.

Miguel Gomez and Liying Zhang, "Impacts of Concentration in Hog Production on Economic Growth in Rural Illinois" (Illinois State U. working paper presented at annual meeting of American Agricultural Economics Association, July 30–August 2, 2000).