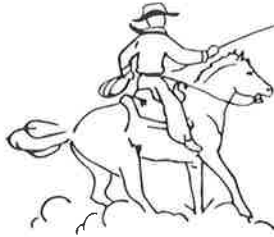


North Dakota
STOCKMEN'S ASSOCIATION



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April 27, 2022

Marcy Svenningsen
Farm Service Agency State Executive Director
North Dakota State Office
1025 28th St. S
Fargo, ND 58103

Dear Ms. Svenningsen:

As you know, Mother Nature delivered a one-two punch to the state's livestock producers this month in back-to-back record-setting storms. The impacts of Blizzard Haley and her encore production last weekend were significant and compounding, as the disasters arrived in the heart of calving season. While all classes of livestock were vulnerable in conditions that delivered several feet of snow, rain and/or ice and consistent 30-, 40-, 50- and even 60-mile-an-hour winds, newborn calves were especially susceptible to death and illness. Our producers worked around the clock to protect their herds, often putting their animals' needs and safety ahead of their own. Despite heroic examples of stewardship, based on the information received from hundreds of North Dakota cattle producers already, many animals perished in the storms or may likely later due to prolonged stress and illness resulting from the storms.

Cattle producers are grateful for the Livestock Indemnity Program (LIP) administered through Farm Service Agency, which provides some financial assistance for livestock losses above normal mortality resulting from adverse weather conditions. As our producers have reviewed the program since the recent crises, however, there are a few suggestions we would like to share for your agency's consideration:

As producers have analyzed the program payment rates, they have been disappointed to learn especially about the value allotted for calves under 250 pounds to be only \$163.15 (or \$175.27, after the 2022 values are published). As we understand, the payment rate is supposed to reflect 75 percent of the market value, yet the compensation for the under-250-pound category is only a fraction of that. While USDA does not publish an official price for baby calves, we have done some research to document average prices here in North Dakota. A Facebook group named "Bottle Calves in North Dakota" has 3,851 members. It has been in existence since February 2018. Its stated purpose is to help North Dakota ranchers find calves for their cows. There are 42 listings on that site this year that include prices for bottle calves. The prices range from the lowest at \$250 to the highest at \$500,

with an average of \$392.86. We visited with three prominent auction markets in the state – one in western, one in central and one in eastern North Dakota. All three reported a limited sampling of calf sales at their barns so far this year, but, of those sold, the averages were similar to what was found on the Bottle Calves in North Dakota platform. As such, Farm Service Agency should consider increasing this category's value or, perhaps, merging the young calf categories and adjusting the rate accordingly.

It is important to note that the \$392.86 figure represents only the replacement value of a newborn calf. A more accurate figure to consider may be the value of that animal at marketing time. Many cow-calf producers in North Dakota plan to sell those calves at or shortly following weaning. According to projections from North Dakota State University Livestock Economist Dr. Tim Petry, calf price projections for Q4 2022 for 500- to 600-pound steer calves is \$190 per hundredweight. Similarly, a recent USDA market report for North Dakota estimates the range for that weight class in that period to be \$185 to \$204 per hundredweight, while the Livestock Information Marketing Center projects 500- to 600-pound prices at \$181 to \$186 per hundredweight for the Southern Plains (and Northern Plains prices are routinely higher). While there are obviously differences in the programs, it is important to note the sharp contrast between crop insurance, which insures a harvested commodity, not seeds in a field, and LIP payments, particularly for young calves, which are based on a snapshot in time, not their projected endpoint, such as weaning. Additionally, there is a dramatic difference – \$278.41 – between the under-250-pound and 250-to-399-pound LIP payment categories. It is our understanding that the calf categories were only recently segregated into these specific groups.

Another area that warrants attention in the LIP program is how subsequent deaths from adverse weather-induced illness are accounted for. Oftentimes, problems that can be attributed to the qualifying weather event linger long after the storm has passed, and death occurs later. These mortalities too should be considered under the program. A suggestion would be to include pneumonia, as one example, as a covered loss if occurring within a certain time frame following an adverse weather event if the death can be verified.

Thank you for your consideration of these ideas to refine LIP so it better reflects program objectives and provides more meaningful relief to livestock producers. If you would like to discuss this further, feel free to call our office at (701) 223-2522.

Sincerely,



Jeff Schafer
President

CC: Sen. John Hoeven
Sen. Kevin Cramer
Rep. Kelly Armstrong