



Jim Pillen
Governor

STATE OF NEBRASKA

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Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

August 4, 2023

Dear Secretary Vilsack:

Thank you for taking my call on Aug. 3. I appreciate the work that you do on behalf of American farmers and ranchers. As you know, last week Nebraska experienced a weather event that culminated in a trifecta of extreme heat, high humidity and no air movement, resulting in catastrophic conditions specifically for market-ready, fat cattle.

We are encouraging affected producers to work closely with their county Farm Service Agencies (FSA) to record losses and seek federal support from emergency livestock programs for which they may be eligible. It has come to my attention that the current Livestock Indemnity Program (LIP) payments do not meet statutory requirements. As outlined in 7 U.S.C. 9081(b)(2), indemnity payments are to be, "at a rate of 75 percent of the market value of the affected livestock."

Yet, in practice, USDA utilizes the flexibility provided in 7 CFR 1416.306 to make indemnity payments based on a chart of the previous year's average market rate. A chart based off last year's market rate does not accurately capture current market prices. If Nebraska cattle producers were to be paid out for last week's event based upon the current chart, they would receive a payment that met only about 50%¹ of the market value of their lost livestock instead of the 75% as authorized in statute.

The USDA deputy administrator is empowered by statute to correct this discrepancy and should do so immediately. There is recent precedent for such an adjustment. In 2022, North Dakota worked with the USDA to modify their LIP payments for a late season blizzard which dramatically affected their calving season. Nebraska would like to work with your team to identify a similar solution to assist our producers.

Sincerely,

A handwritten signature in blue ink that reads "Jim Pillen".

Jim Pillen
Governor

¹In accordance with the 2023 LIP chart, the largest class weight for cattle is 800 pounds and above. The maximum payment then is \$1,244.61. The cattle impacted by last week's event were at finish, or near finished weights, close to 1,400 pounds. In the current market, these cattle are worth \$2,609.22 per head, meaning the LIP payment is only 47.7% of market value.