



June 10, 2020

The Honorable Nancy Pelosi
Speaker of the U.S. House
Washington, DC 20515

The Honorable Kevin McCarthy
U.S. House Republican Leader
Washington, DC 20515

The Honorable Mitch McConnell
U.S. Senate Majority Leader
Washington, DC 20510

The Honorable Charles Schumer
U.S. Senate Democratic Leader
Washington, DC 20510

Dear Speaker Pelosi, Republican Leader McCarthy, Majority Leader McConnell, and Democratic Leader Schumer:

I am writing today to share an updated economic analysis regarding the impact of the COVID-19 pandemic on America's corn farmers. This analysis was conducted as part of the National Corn Growers Association's (NCGA) efforts to better understand the economic impact of the global pandemic on the corn industry and work to create solutions to help corn farmers and their customers recover from the financial impacts of this crisis.

Impacts of COVID-19 on U.S. Corn Revenue for the 2019 through 2021 Marketing Years, analysis conducted by Dr. Gary Schnitkey and Jonathan Coppess of the University of Illinois, projects a \$59 per acre average revenue decline for the 2019 corn crop and a \$89 per acre average revenue decline for 2020, compared to pre-COVID-19 projections.

If realized, the 2020 crop year revenue would be the lowest corn revenues since 2006. Residual impacts from COVID-19 on corn prices are very likely to persist into 2021 and possibly beyond as two of corn's largest uses, livestock feed and ethanol, have been significantly impacted by COVID-19.

The analysis found comparison of pre-COVID and post-COVID scenarios indicate:

- Price declines associated with 2019 crop will result in revenue losses. Even after accounting for increases in the 2019 Commodity title and CFAP payments, total revenue declines by \$15 per acre on the 2019 crop.
- For 2020, a post-COVID price of \$3.20 per bushel and a national yield of 179 bushels per acre results in crop revenue of \$573 per acre. Crop revenue of \$573 would be \$49 per acre below the average crop revenue from 2014-2019. \$573 would be the lowest crop revenue since 2006.
- PLC payments on the 2020 crop would result under the post-COVID price scenario. Even after accounting for PLC payments, post-COVID revenue projections are well below the 2014-2018 average for total revenue. Without additional federal aid, revenue and incomes will be extremely low for corn farmers in 2020.
- Low revenues likely will persist into 2021, particularly if trend yields or higher occur in 2020, leading to large ending stocks for the 2020 marketing year. Corn farmers will find 2021 a challenging income year under likely supply/demand scenarios.

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As you are aware, the Coronavirus Aid, Relief, and Economic Security (CARES) Act included funds for the U.S. Department of Agriculture (USDA) to assist agriculture producers and USDA's Coronavirus Food Assistance Program (CFAP) is providing approximately \$2.3 billion for corn growers. While this is a welcome first step, this analysis shows that it will not cover the entire 2019 corn crop price loss due to the pandemic and does not address losses to the 2020 crop. As the corn planting season wraps up, there is growing concern among corn producers on the impacts to the 2020 crop year and beyond.

Other risk management tools available for corn farmers, such as the Price Loss Coverage (PLC) Program, would fall short of covering the significant losses brought on by the pandemic.

NCGA is grateful for your support of our nation's corn growers and respectfully ask that you keep this analysis in mind as Congress looks to take further steps to mitigate the economic impact of COVID-19. Please don't hesitate to reach out to Peter Laudeman, laudeman@ncga.com, if you have further questions.

Sincerely,

Kevin Ross
President
National Corn Growers Association

cc: Honorable Sonny Perdue, Secretary, U.S. Department of Agriculture
Honorable Representative Collin Peterson, Chairman, House Committee on Agriculture
Honorable Representative Michael Conaway, Ranking Member, House Committee on Agriculture
Honorable Senator Pat Roberts, Chairman, Senate Committee on Agriculture, Forestry, and Nutrition
Honorable Senator Debbie Stabenow, Ranking Member, Senate Committee on Agriculture, Forestry, and Nutrition

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