



July 16, 2018

Amy Mitchell
USDA FSA DAFP/PECD/CB

Brad Karmen
USDA FSA DAFP

Sean O'Neill
USDA FSA DAFP/PECD/DO

Dear Amy, Brad, and Sean:

We are writing to alert you to a problem regarding the Livestock Indemnity Program (LIP) and to request that a task force be created to explore possible ways to resolve this situation. Our goal is to recognize and resolve the shortcomings of the program by allowing more livestock producers a reasonable opportunity to receive relief while also upholding the intention and integrity of the program.

LIP is a very well-intentioned relief program that is all about the details – precise qualifying weather, detailed livestock records, and even verifiable documentation from a vet or third party. There are at least four major challenges with the LIP. First is the difficulty in obtaining weather data. Second is the lack of detailed livestock records necessary to process a payment. Third is applying the program to newborns, and fourth is determining an eligible weather event.

Regarding the first concern, many times county offices have spent large amounts of time trying to find weather sites that provide reasonable and accurate information. The qualified weather stations that provide the needed data are few and very far between in frontier states like Montana. Another method is needed.

Regarding livestock records, the availability ranges from none to fairly detailed, but mostly non-existent. The county offices spend inordinate amounts of time trying to sort through whatever records are provided. The end result is usually that the producer's records fall short of meeting the LIP requirements.

Regarding the LIP requirements as they relate to newborns, it is almost impossible for producers, especially large producers to meet all the requirements. For instance, one sheep producer lost more than 500 baby lambs in February during extreme cold and snow conditions. It was impossible for the producer to keep track of the births and losses with any level of accuracy. Regarding eligible weather events, we should ask ourselves, 'What is the intent of the program?' Was the LIP developed to cover broad losses such as experienced this past severe and unrelenting winter that began in October and didn't ease up or end until mid or late April, or is the LIP intended to cover losses for very specific weather events that are extreme and very identifiable? The latter seems more accurate, and we hope the program can be modified to better

Farm Service Agency | Farm Production and Conservation
Montana FSA State Office
P.O. Box 670 | Bozeman, MT 59771
Phone: 406.587.6872 | Fax: 855.546.0264 | Website: www.fsa.usda.gov/mt

recognize the former so that livestock producers can actually receive relief under those circumstances.

Unfortunately, the LIP is not designed to address the type of winter experienced in 2017-2018. For instance, in Montana a very snowy and cold winter began in October of 2017 and was unrelenting until mid or late April. From time to time there were blizzards that exacerbated the situation, but the general weather conditions during that entire time were extremely stressful for livestock, especially during calving time. As a result of this harsh winter, in several parts of the state herds of cattle, sheep, and other livestock have been reduced by 30% or more. Not only were the livestock deaths far beyond the usual mortality rates, but also the number and percent of serious and debilitating livestock injuries, sickness, and physical health problems were widespread and rampant due directly to the winter conditions.

In Montana as of late April, the FSA had been notified of more than 1,500 dead adult cows and bulls, more than 11,200 dead calves, and more than 1,100 dead other livestock. Those are just the livestock deaths of which we are aware, and those numbers are startlingly high. One county shows more than 1,600 dead calves and nine other counties from all across Montana range from about 400 losses to 1,100. Of Montana's 56 counties, only 19 show less than 50 calf deaths. Again, those reflect only the numbers that have been reported to the FSA, which no doubt means the actual losses are considerably higher.

Anyone not familiar with livestock operations in the western U.S. might understandably wonder why the livestock producers don't just simply bring the herds indoors during times of tough weather. Although that approach would be quite helpful in protecting the health and numbers of the herds, it would be and is impossible for almost all livestock producers. Barns simply aren't large enough to hold herds of several hundred and even sometimes thousands of head of livestock. Plus, the livestock are oftentimes scattered across hundreds and thousands of acres. As a result of those factors, much of calving operations occur in open, hopefully dry ground, which was unfortunately a rare situation that resulted in a high percent of baby livestock being born and nurtured in very snowy, icy, windy, cold, and sometimes wet conditions putting their survival at high risk. Maybe this argues for expansion of the FSFL Program to include livestock facilities (e.g., barns and calving sheds), but that discussion can be held another time.

Do winter storms and blizzards kill livestock? Of course they do, although they last very rarely for a duration of three days. There are many aspects of winter weather that can cause an inordinate amount of livestock deaths that exceed the expected mortality rate. Also, winters like the one we just experienced can maim and harm livestock with lingering effects so that their market value is adversely affected.

Perhaps a whole new approach for the LIP should be considered. Besides possible tweaks such as making county-wide or area-wide designations (similar to LFP) to ease some of the weather criteria and reporting requirements, having County Committees set "calving/lambing" periods similar to grazing periods and having producers file Notices of Loss within 30 days of completion of the "calving/lambing" period or no later than July 15th, and having producers report livestock numbers to FSA just like they do for acres perhaps using tax and loan records for beginning inventory numbers and fall sale records for ending inventory numbers, maybe a more

mathematical approach should be considered that utilizes normal mortality and pregnancy rates to relieve the livestock producers of some reporting requirements. Perhaps even a revolutionary approach that pays livestock producers for living rather than dead livestock should be considered. We're not endorsing such tweaks and approaches, but we urge the national office to take a fresh, broad view of what LIP needs to be in the future in order to provide actual relief to livestock producers.

Local offices have reported that livestock producers are very frustrated with the rules and requirements of the LIP. During stressful times in the winter when their herds are at high risk for death due to the weather, their minds are not on taking pictures and researching official weather sites so that they can qualify for LIP relief. Instead, their entire focus and energy is on saving as many lives of the herd as they possibly can. Indeed, during the summer meeting of the Montana Farm Bureau in June of 2018, a member of that organization posed the following question to panel members consisting of the SED and the three program chiefs: "Are you aware that the FSA is under extreme heat from ranchers because of the failure of the LIP program to provide any benefits for huge cattle losses this past winter?" The SED responded affirmatively that the FSA has received such input and we are sorry that the LIP is apparently not working favorably for livestock producers.

Besides that troubling interaction with the Montana Farm Bureau, the Montana SED has been contacted by some individual livestock producers who have expressed serious frustration regarding the LIP. Their concerns typically have centered around a program promoted to provide relief to livestock producers, but ultimately resulting in denials of their applications. The producers are upset about the criteria for eligibility, the reporting requirements, and the investment of time to fill out and submit the applications, only to be denied in the end. So, we the undersigned believe that an added benefit of making changes to the LIP will be the dramatic improvement of our relations with our livestock producing customers. The FSA seems to have a much closer relationship to farm producers than livestock producers, and hopefully a revamped LIP could assist our efforts to bridge a better relationship with livestock producers. We also believe that making constructive changes will significantly benefit the county offices and county committees as they struggle to process the LIP applications under the current system. Simplicity should increase efficiency.

We hope that the national office will recognize the need for revising the LIP so that livestock producers will have a much more improved opportunity to receive some relief for their higher-than-normal livestock losses. Secretary Perdue has done an excellent job of promoting customer service and efficiency. Unfortunately, the LIP has not lived up to either of those goals. In short, we have been advertising a program that we cannot deliver under the current rules and criteria. We urge you to form a task force to examine possible changes to the LIP, and we request that the SED in each of our states be allowed to appoint at least one member to the task force. We also ask that representatives of the livestock producer organizations (e.g., Stockgrowers Association, Farm Bureau) be invited to serve on the task force to gain their direct input and perspective. If possible, it would be very helpful to livestock producers if the changes coming from the task force could be applied retroactively to the winter of 2017-2018 so that their livestock losses could justifiably result in relief from the LIP.

It should be noted that many of the concerns raised about the Livestock Indemnity Program also apply to the Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP).

Thank you for your consideration.

Sincerely,

Mike Foster
Montana SED

Sincerely,

Brian Dansel
Washington SED

Sincerely,

Bryan Scoresby
Alaska SED

Sincerely,

Brad Thykeson
North Dakota SED

Sincerely,

Paul Shubeck
South Dakota SED
“South Dakota supports forming
a task force to examine LIP.”

Sincerely,

Evan Frasure
Idaho SED

Sincerely,

Bruce Richeson
Utah SED