

March 21, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Minority Leader  
House of Representatives  
Washington, DC 20515

The Honorable Chuck Schumer  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi and Leaders McCarthy, McConnell, and Schumer:

United Fresh represents more than 1,500 companies that make up the full fresh produce supply chain at the forefront of the fresh and fresh-cut produce industry, including growers, shippers, fresh-cut processors, wholesalers, distributors, retailers, foodservice operators, industry suppliers and allied associations. On behalf of our members, we request urgent action to mitigate the challenges facing the sectors that have been impacted most severely as a result of the National Emergency Concerning the Novel Coronavirus Disease (COVID-19) outbreak.

This outbreak has had a seismic impact throughout the produce supply chain and is causing extreme uncertainty in the industry. For example, distributors serving schools and restaurants have seen this sector dry up almost overnight. The cruel reality is that these children and their families still need to be fed, and the fresh produce supply chain continues to have the capability and supply but lacks the flexibility and resources necessary to meet the needs of their communities. In addition, the growers who provide product to these distributors are being impacted by lack of payments from their customers causing uncertainty in the grower-shipper community.

United Fresh Produce Association has done a thorough analysis of the current situation and strongly believes there are a number of legislative and regulatory actions that should be considered that would help alleviate some of the current barriers we have addressed above and are seeing throughout the industry. Therefore, we request Congress to consider the recommendations outlined below as you continue to address the food and agriculture community during this COVID-19 crisis. A similar request has been made to Secretary Perdue regarding this crisis.

#### **Grower-Shipper Market Stabilization Program**

Because of current supply chain disruptions, food distributors in the fresh produce distribution chain who serve restaurants is at a standstill. Basically, with the closure of restaurants, hotels, and other eating establishments, food service distributors are not being paid for product delivered to their operations. That, in turn, impacts growers who provide commodities to these entities and are not being paid by their vendors. This could result in significant PACA claims that could well get into the \$100s of millions if not billions and cause a monumental disruption in the supply chain.

#### **We urge Congress to:**

- Establish a \$1 billion fund that would be utilized to address claims filed by food service distributors who have outstanding expenditures to grower-shippers. Based on submission and verification of these claims by food service distributors the fund would allow USDA to reimburse grower-shippers directly based on these approved claims.

- Dedicate \$100 million in funding for State Departments of Agriculture which could be facilitated through the Specialty Crop State Block Grant Program. Funding would be targeted to assist growers and specialty crop companies that experience unique and unexpected conditions due to the COVID-19 pandemic. For example, this could facilitate State Departments of Agriculture purchasing protective health equipment such as gloves, masks, and sanitation products needed by the grower-shipper workforce. We support temporarily changing any necessary underlying legislation to support this effort.

**We urge USDA to:**

- Have USDA PACA Division consider posting general information to the industry about their rights and responsibilities under PACA and where there can be flexibility in extending payment terms without losing their PACA Trust rights.
- Use this opportunity to establish a Pilot Crop Insurance Program to protect growers in the event of a food safety, government quarantine, or business disruption such as a pandemic. This has been a long sought-after risk management tool for the fresh produce industry.

**Fresh Produce Supply Chain Stabilization Program**

In order to ensure the fresh produce foodservice supply chain can be preserved we must flush out the existing supply that is left abandoned due to the shutdown of public and private foodservice and immediately distribute to those who need it most. We must also stabilize the supply chain for the foodservice distribution network until public and private foodservice establishments are able to become operational again. Accordingly,

**We urge Congress to:**

- Immediately make an additional \$1 billion available under DoD Fresh and USDA Vendor Program to help meet the needs of schools and all emergency feeding sites that are experiencing increased demand. Notably, DoD Fresh prime vendors and fresh produce vendors are primarily small businesses that face a unique set of challenges when disruption hits. We urge Congress and USDA to take advantage of the opportunity to utilize this existing supply chain capability to meet the needs of schools, food banks, and other emergency feeding sites that are scrambling to meet the unprecedented needs of their communities – while ensuring these businesses can continue to provide employment for their workers and be in business when schools return.
- Provide \$225 million funding for the Supplemental Nutrition for Women, Infants, and Children (WIC) to accommodate a temporary increase to the cash-value voucher benefits.

**We urge USDA to:**

- Over the next 30 days, implement expedited approval process for new USDA Food Vendor Program applicants whose primary business include restaurants, hotels, schools, and universities. After 12 months, those companies that were approved under the expedited process and wish to continue being an approved USDA food vendor must reapply through the normal USDA vendor application process. Food service distributors, who qualify under an expedited vendor approval process would be eligible to distribute current inventories immediately through federal feeding programs. While some are using retail channels to utilize their current supplies, most inventory currently sitting and waiting for a “customer.”
- Make DoD Fresh distribution available to all federal feeding programs, including TEFAP, schools operating under National School Lunch and Breakfast Program and Summer Feeding, and Child and Adult Food Program (CACFP) In addition, ensure that DoD Fresh prime vendors can rapidly make any changes to

FFAVORS catalog including pricing, item additions, serving sizes and amounts, varieties, and more, to adjust to the change in distribution needs.

- Establish broad temporary flexibilities allowing federal feeding programs to procure commodities from all available geographic sources.
- Allow schools to convert Fresh Fruit and Vegetable Program (FFVP) funding into flexible fresh produce purchasing, including but not limited to, pre-packed boxes of fresh produce for families to last multiple days consistent with their current meal service.
- The Cash Value Voucher (CVV) for the Supplemental Program for Women, Infants, and Children (WIC) should be increased from \$9 for children and \$11 for women to \$15 for all participant, better aligning it with National Academy of Sciences' recommendations, and to provide flexibility for WIC participants to purchase a more realistic supply of fresh produce for their families, while supporting farmers.
- Make available USDA-backed loan program for food distribution businesses to address 1) difficulty in making loan payments on existing debt; 2) difficulty in paying employees or vendors; 3) difficulty in purchasing materials, supplies, or inventory; 4) difficulty in paying rents, mortgages, or other operating expenses; and, 5) difficulty in securing financing.

We thank you for your swift attention on these matters to ensure that our businesses can remain open during – and after - this national emergency to keep Americans fed.

Sincerely,



Thomas E. Stenzel  
President and CEO  
United Fresh Produce Association

Cc:

Senate Agriculture Committee; Chairman Pat Roberts and Ranking Member Debbie Stabenow  
House Agriculture Committee; Chairman Collin Peterson and Ranking Member Mike Conaway  
Senate Agriculture Appropriations Subcommittee; Chairman John Hoeven and Ranking Member Jeff Merkley  
House Agriculture Appropriations Subcommittee; Chairman Sanford Bishop and Ranking Member Jeff Fortenberry  
House Education and Labor Committee; Chairman Bobby Scott and Ranking Member Virginia Foxx