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January 2, 2024

Zach Ducheneaux
Administrator
USDA Farm Service Agency
1400 Independence Ave SW,
Washington, DC 20250

Dear Administrator Ducheneaux:

The National Cotton Council (NCC) appreciates the opportunity to submit comments related to the Farm Service Agency's (FSA) Notice of Funding Availability for the Emergency Relief Program (ERP) 2022.

The NCC is the central organization of the United States cotton industry. Its members include producers, ginnery, cottonseed processors and merchandizers, merchants, cooperatives, warehousemen and textile manufacturers. A majority of the industry is concentrated in 17 cotton-producing states stretching from California to Virginia. U.S. cotton producers cultivate between 10 and 14 million acres of cotton with production averaging 12 to 20 million 480-lb bales annually. The downstream manufacturers of cotton apparel and home furnishings are located in virtually every state. Farms and businesses directly involved in the production, distribution and processing of cotton employ more than 115,000 workers and produce direct business revenue of more than \$22 billion. Annual cotton production is valued at more than \$5.5 billion at the farm gate, the point at which the producer markets the crop. Accounting for the ripple effect of cotton through the broader economy, direct and indirect employment surpasses 265,000 workers with economic activity of almost \$75 billion. In addition to the cotton fiber, cottonseed products are used for livestock feed and cottonseed oil is used as an ingredient in food products as well as being a premium cooking oil.

Over the last few years, cotton producers have endured extreme weather events throughout the growing season, including hurricanes, multi-year droughts, and record-high temperatures. Additionally, inflation and supply chain disruptions have led to a dramatic increase in input costs that have burdened not only growers but rural economies across the Cotton Belt.

In light of these challenges, Congress and the Biden Administration recognized the severe impact of these losses through the development of ERP in 2020 and 2021 and the \$3.74 billion funding to establish ERP for 2022. Unfortunately, FSA's implementation

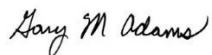
of ERP for 2022 deviated from Congressional intent, particularly as it relates to the progressive payment factor that will be used to calculate and prorate payments and limitations on the eligibility of insurance premium reimbursements.

These two ERP implementing provisions have punished producers across the country. In the case of the progressive payment factor, NCC opposes a policy that delivers the least amount of relative benefit to those who suffered the largest losses. While we understand and appreciate the funding constraints in which FSA was forced to develop ERP, we believe the Agency should instead aim to provide a more equitable support for producers of all sizes. Second, the limitation of the producer premium reimbursements has excluded some growers from qualifying for program benefits and created a significant disparity in assistance for growers with similar production losses.

Furthermore, Track 2 of ERP 2022 continues the burdensome reliance of Schedule F tax documents to determine potential assistance, even though these documents often do not provide a full picture of crop revenue or losses for producers who use cash accounting methods.

We strongly encourage FSA to reevaluate ERP for 2022 and use a similar approach to the method used in Phase 1 of ERP 2020 and 2021. While ERP for 2020 and 2021 was not perfect, we believe it offered a better approach than ERP 2022 and provided a more equitable and efficient approach for loss compensation.

Sincerely,



Gary M. Adams
President and CEO