



**To the valued customers and stakeholders of the AMS
Cotton and Tobacco Program (C&T):**

Hello to all and welcome to another bi-annual edition of the AMS Cotton and Tobacco Program (C&T) External Stakeholder Newsletter. In this issue, we will cover some of the highlights and challenges faced during the 2021-22 cotton season, provide some crop quality information, discuss the status of the new Lubbock, TX Cotton Classification Complex (CCC), explain the importance of purchasing cotton bales each year to make the USDA's physical Universal Cotton Standards, and feature a video discussion between Dr. Gary Adams, President and CEO of the National Cotton Council and myself about the past season and looking forward to 2022 and beyond.



C&T Management Team: Ronald Robbins, C&T Associate Deputy Administrator; Darryl Earnest, C&T Deputy Administrator (center); and Monica Alexander, C&T Associate Deputy Administrator.

As of this newsletter, our Program is working to complete a very challenging 2021-22 cotton crop. As of March 1, the Program had classed 16.63 million bales of Upland cotton (out of a projected 16.82 million bales), and 319,101 bales of Pima (out of a projected 320,000 bales). The total overall estimated crop to be classed by C&T Program is 17.14 million bales, currently putting the Program at 99 percent complete for Upland and over 99 percent complete for Pima. The overall quality of the crop in all regions has been very high as compared to the last few seasons, which has been good given the continued strong market conditions. However, the season also yielded severe cotton supply chain disruptions, delays, and setbacks and our Program was no exception. The 2021-22 cotton season brought on unprecedented challenges and delays to the cotton classing process

due primarily to the lack of available labor in almost every regional location. Traditionally, the C&T Program has been able to count on return seasonal labor coupled with new labor to fully staff our 10 classing offices nationwide. Although we saw some hiccups to this formula in 2020-21, it wasn't close to the magnitude we experienced for 2021-22. We struggled to staff a complete shift in multiple locations and only parts of a second shift in those areas. No office was able to staff a viable third shift operation. Our absenteeism rates rose as did our level of attrition. This left our regional offices with an uphill battle to get cotton samples classed at the pace we were receiving them. I want to thank and commend the many permanent and seasonal employees from the C&T Program that stayed the course, hung with us through the ups and downs, and saw the season through. Without those dedicated individuals working collectively as a team, the season would have been much worse.

The cotton crop was late in every major region, which prevented us from readily shipping samples to other locations to assist with the classing. While we were able to do that later in the season, we could not early on as every office was reaching their peak operational status at the same time. When we could, we utilized any office with some extra capacity to assist other offices that were further behind. While this helped, it wasn't enough to prevent getting significantly behind in offices including Memphis, TN; Macon, GA; Lubbock, TX; Abilene, TX; and Florence, SC. Along the way, we also experienced equipment failure in some locations, delays in getting service to equipment or systems, delays in parts shipments, and even a fire in our Dumas, AR classing office, whose operations and facility were significantly impacted.

I want to apologize to all our stakeholders who were impacted or inconvenienced by the delays in getting samples classed and data disseminated this year as compared to years past. It is certainly never our intention to take any longer to class the cotton than we can help and experiencing delays of up to 15-20 days from receipt was unprecedented for us as well. In looking ahead to the 2022-23 cotton season, we plan to try and utilize every possible means for labor availability nationwide. The recent mandatory increase to a \$15.00 minimum wage for all government employees will affect approximately 66 percent of our seasonal workforce but will hopefully allow us to be more competitive to other businesses. We will also be reviewing other positions' salaries and offering incentives for employees to stay with us once they are employed. The Program will continue its accelerated path to installing automated systems in every location by 2024. These systems decrease the labor footprint by about 35 percent. However, all efforts we plan to do this year won't solve the labor issue overnight and don't come inexpensively. In the past, our Program would strive to deliver service within 3 days (72 hours) of receipt of the samples. However, with little to indicate that the labor shortage will reverse by late summer 2022 when offices begin to bring back seasonal employees or hire new ones, I am not optimistic that the 72-hour turnaround will return quickly, especially in some areas. Instead, I think some of the delays we experienced last year will return, hopefully not to the same extremes, but not back to normal. To try and offset this, our senior

managers will meet in spring 2022 to try and determine new ways to attract, hire, and retain capable employees across our Program.

The Program will continue to monitor closely any policies set forth by the Department and the White House regarding COVID-19 policies for government employees and contractors. While it appears the spread of COVID is retracting, future occurrences or outbreaks could still affect how our Program is required to monitor vaccinations and test employees. These requirements could also affect our timeliness of service depending on what we must do.

With the labor issues still in play, rising costs, and the supply chain still not fully recovered, we are planning now for how to best deliver our services to stakeholders in 2022. We know it won't be easy, just as 2021 wasn't easy. We will do our best to bridge the gaps we encountered and continue to provide the world's gold standard for cotton classing and standardization. We will also continue to communicate with stakeholders through updates directly to the gins, messaging with the trade associations, newsletters like this one, and direct communications. Our stakeholders can rest assured we will do everything we can to deliver the highest level of service needed and expected. We will always strive for excellence in everything we do, despite the hurdles or challenges we face along the way.

