



April 30, 2020

# COVID-19 Resource Guide

*Agriculture*



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●● A NOTE FROM CONGRESSWOMAN SUZAN DELBENE ●●

The COVID-19 pandemic is the largest public health and economic crisis our state and county have faced in a lifetime. Many people have lost their jobs, kids are out of school, and businesses have closed their doors. This situation requires bold action to provide relief to the most affected and provide a strong recovery.

I want you to know that I'm fighting for you in Congress. Since the beginning of this outbreak, my priorities at the federal level are protecting families, workers, and small businesses, and getting our health care system the resources it needs to save lives.

Congress has now passed three emergency bipartisan funding bills to address this pandemic and provide relief to our communities. This guide contains information about the resources available for agricultural workers impacted by the COVID-19 pandemic. This guide is meant to be reference tool and the information within is not exhaustive. Inside you will find a compilation of existing federal and state resources.

Because the situation is constantly evolving, check my website ([delbene.house.gov](http://delbene.house.gov)) or call my office in Bothell at 425-485-0085 for additional assistance.

Please know that my staff and I are here to help. Stay safe and healthy.

Sincerely,

A handwritten signature in blue ink that reads "Suzan DelBene".

Suzan DelBene  
U.S. Representative

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## QUICK GUIDE

Small Business Administration (SBA) Disaster Assistance Center:  
1-800-659-2955; online at <http://www.sba.gov/content/disaster-assistance>

FEMA Region X (Alaska, Idaho, Oregon, and Washington):  
425-487-4600; online at <https://www.fema.gov/region-x-ak-id-or-wa>

American Red Cross Disaster and Emergency Assistance:  
<https://www.redcross.org/get-help.html>

Washington State Emergency Management Division:  
800-562-6108 or (253) 512-7000  
Online at <https://mil.wa.gov/emd-contact-us>

Washington State Department of Revenue (DOR): WA DOR has established a web page with information for property owners and businesses impacted by natural disasters:  
<http://dor.wa.gov/Content/GetAFormOrPublication/PublicationBySubject/TaxTopics/DisasterRelief.aspx>

Farmers' Guide to COVID-19 Relief from Farmers' Legal Action Group:  
<http://www.flaginc.org/wp-content/uploads/2020/04/Updated-Farmers-Guide-to-COVID-19-Relief-April-27-2020.pdf>

For assistance please contact any of my offices, or visit my website at [www.delbene.house.gov](http://www.delbene.house.gov)

*Bothell Office:*  
22121 17<sup>th</sup> Ave. SE,  
Ste 220  
Bothell, WA 98021  
(425) 485-0085

*Mount Vernon Office:*  
204 W. Montgomery St.  
Mount Vernon, WA 98273  
(360) 416-7879

*Washington, DC Office:*  
2330 Rayburn HOB  
Washington, DC 20515  
(202) 225-6311

## CORONAVIRUS FOOD ASSISTANCE PROGRAM

On April 17, 2020 USDA announced the Coronavirus Food Assistance Program (CFAP). This program will take several actions to assist farmers, ranchers, and consumers hurt by COVID-19.

CFAP will use the funding and authorities provided in the CARES Act the Families First Coronavirus Response Act, and other USDA existing authorities. The program includes two major elements to achieve these goals.

- **Direct Support to Farmers and Ranchers:** The program will provide \$16 billion in direct support based on actual losses for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term oversupply for the 2020 marketing year caused by COVID-19. The breakdown for direct payments are:
  - \$5.1 billion for cattle ranchers, \$2.9 billion for the dairy sector, and \$1.6 billion for hog producers
  - \$3.9 billion for row crop farmers
  - \$2.1 billion for specialty crop producers
  - \$500 million for growers of other crops
- **USDA Purchase and Distribution:** USDA will partner with regional and local distributors, whose workforce has been significantly impacted by the closure of many restaurants, hotels, and other food service entities, to purchase \$3 billion in fresh produce, dairy, and meat. USDA will begin with the procurement of:
  - \$100 million per month in fresh fruits and vegetables
  - \$100 million per month in a variety of dairy products
  - \$100 million per month in meat products.
- The distributors and wholesalers will then provide a pre-approved box of fresh produce, dairy, and meat products to food banks, community and faith based organizations, and other non-profits serving Americans in need.

On top of these targeted programs USDA will utilize other available funding sources to purchase and distribute food to those in need.

- USDA has up to an additional \$873.3 million available in Section 32 funding to purchase a variety of agricultural products for distribution to food banks. The use of these funds will be determined by industry requests, USDA agricultural market analysis, and food bank needs.
- The FFCRA and CARES Act provided an at least \$850 million for food bank administrative costs and USDA food purchases, of which a minimum of \$600 million will be designated for food purchases. The use of these funds will be determined by food bank need and product availability.

## FREQUENTLY ASKED QUESTIONS

**Q: How will the direct payment amount be calculated?**

A: Farmers will receive a single payment based on two calculations: Producers will be compensated first for 85 percent of the price losses that occurred from Jan. 1 through April 15; then, a second payment will cover 30 percent of expected losses from April 15 through the next two quarters.

**Q: Peak season for my crops isn't until after 15 but I'm still expecting significant losses. Why will only 30 percent of expected losses be covered?**

A: This issue has been raised with USDA and they are working to find a solution as soon as possible.

**Q: Is there a cap for direct payments?**

A: Yes. Farmers will receive no more than \$125,000 per commodity, with an overall limit of \$250,000 per individual or entity. Qualified commodities must have seen at least a 5 percent price decrease since January.

We are aware that this cap could cause problems for a number of farmers. We have raised this issue with USDA and have asked them to provide more flexibility on the direct payments. USDA is currently examining this issue.

**Q: Does participation in other farm programs impact the amount of money I will receive through CFAP?**

A: No. Programs such as Agriculture Risk Coverage, Price Loss Coverage, Dairy Margin Coverage and Dairy Revenue Protection is complementary to CFAP and will not lower a recipient's CFAP payments.

**Q: When can I apply for the direct payment and what information do I need?**

A: USDA is still finalizing the guidance on what documentation will be needed for the direct payments. We will update this document as soon as we get new guidance from USDA.

Currently, USDA expects to let farmer begin applying for aid starting in early May with payments beginning by the end of May or early June.

**Q: How will the USDA purchase and distribution program work?**

A: The details of the purchase and distribution program can be found on the AMS website – including the RFP from USDA. On the website there are directions for you to provide offers to AMS and pick a nonprofit destination to deliver your product(s). AMS will award federal contracts based on these offers and will pay you upon delivery of the product(s). If you are interested in participating in the program, please [click here for more information](#). I would also encourage you to watch the webinar that walks you through the process of participating in the program.

## CARES ACT

One of the key pieces of the Coronavirus Aid, Relief, and Economic Security (CARES) Act is the Paycheck Protection Program (PPP) that will provide small businesses with zero-fee loans of up to \$10 million. The original CARES Act included \$367 for PPP, and on April 23, Congress passed the Paycheck Protection Program and Healthcare Enhancement Act that added \$310 billion to the PPP program. Out of the \$310 billion, \$60 billion is reserved for smaller financial institutions, including credit unions and minority-owned banks. In addition to the PPP, the CARES Act included several provisions to help farmers and ranchers.

### **Assistance for Farmers and Ranchers:**

- \$9.5 billion dedicated disaster fund to help farmers who are experiencing financial losses from the coronavirus crisis, including targeted support for fruit and vegetable growers, dairy and livestock farmers, and local food producers, who have been shorted from receiving emergency assistance in the past.
- \$14 billion to fund the Farm Bill's farm safety net through the Commodity Credit Corporation (CCC). The CCC is the funding mechanism for programs like the Price Loss Coverage and Dairy Margin Coverage program.
- Eligibility for farmers and agricultural and rural businesses to receive up to \$10 million in small business interruption loans from eligible lenders, including Farm Credit institutions, through the Small Business Administration. Repayment forgiveness will be provided for funds used for payroll, rent or mortgage, and utility bills. These loans will be administered through the Paycheck Protection Program (PPP). The PPP will provide small businesses with zero-fee loans of up to \$10 million. Up to 8 weeks of average payroll and other costs will be forgiven if the business retains its employees and their salary levels.



Principal and interest is deferred for up to a year and all borrower fees are waived.

- \$3 million to increase capacity at the USDA Farm Service Agency to meet increased demand from farmers affected by the coronavirus crisis.

### **Protections for Consumers and the Food Supply**

- \$55 million for inspection and quarantine at our borders to protect against invasive pests and animal disease.
- \$33 million for overtime and temporary food safety inspectors to protect America's food supply at meat processing plants.
- \$45 million to ensure quality produce and meat reaches grocery stores through increased support for the Agricultural Marketing Service.
- \$1.5 million to expedite U.S. Environmental Protection Agency (EPA) approvals of disinfectants needed to control the spread of coronavirus.

### **FREQUENTLY ASKED QUESTIONS**

**Q: What programs in the CARES Act can help my small businesses?**

A: The CARES Act established the PPP that provides 100% federally guaranteed loans to employers who maintain their payroll during this emergency. This program is retroactive to February 15, 2020 and loans are available through June 2020.

**Q: Are farmers eligible for a PPP loan?**

A: Farmers are eligible for PPP loans, but there are restrictions on the payroll expenses. Specifically, it says that payroll expenses cannot include salaries for foreign workers or independent contractors (1099 workers).

**Q: How is the loan size determined?**

A: If you were in business February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs

during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.

If you were not in business between February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.

The maximum loan size is \$10 million.

**Q: What kind of lender can I get a PPP loan from?**

**A:** All current SBA 7(a) lenders are eligible for PPP, and you can apply for the PPP Loans directly through your local lending institution. You do not apply for these loans through the SBA.

The Treasury Department will also be in charge of authorizing new lenders. Information on the 7(a) program can be found on SBA's website.

## ECONOMIC INJURY DISASTER LOANS

Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

SBA's Economic Injury Disaster Loans (EIDL) offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The Paycheck Protection Program and Healthcare Enhancement Act added \$50 billion to the EIDL program and provides an addition \$2.1 billion

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%. <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>.

In addition to the CARES Act includes \$10 billion to provide an advance of \$1,000 per employee (\$10,000 maximum) for small businesses and nonprofits that apply for an SBA EIDL. Even if the applicant is subsequently denied for the loan, this advance grant will not need to be repaid. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses. The Paycheck Protection Program and Healthcare Enhancement Act added another \$10 billion to this program.

**Note: The Paycheck Protection Program and Healthcare Enhancement Act authorizes businesses with less than 500 employees that are engaged in farming and agricultural-related industries to receive both Economic Injury Disaster Loans and EIDL emergency advances**

## FREQUENTLY ASKED QUESTIONS

**Q: Are farmers eligible for EIDLs?**

A: Yes.

**Q: What is the difference between loans and grants?**

A: The majority of small business assistance in the first emergency supplemental bill for COVID-19 were small business loans offered by the Small Business Administration. Loans must be paid back and typically have an interest rate and grace period, which grants are direct cash infusions that can assist with economic uncertainty.

**Q: Where do I apply for these loans?**

A: You apply for an EIDL online [here](#) or they can also reach out to their local SBA District Offices.

**Q: What's the timeline for processing my application?**

A: Once a borrower submits an application, approval timelines depend on volume. Typical timeline for approval is 2-3 weeks and disbursement can take up to 5 days. Borrowers are assigned individual loan officers for servicing of the loan.

**Q: If I get an EIDL and/or an Emergency Economic Injury Grant can I get a PPP loan?**

A: Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP.