



January 11, 2021

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 two major bipartisan relief packages to address this pandemic and provide economic resources to our communities. This guide contains information about the resources available to agricultural producers impacted by the COVID-19 pandemic. It is meant to be a 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) or call my office in Kirkland 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 black ink that reads "Suzan DelBene".

Suzan DelBene
U.S. Representative

TABLE OF CONTENTS

QUICK GUIDE	4
CORONAVIRUS FOOD ASSISTANCE PROGRAM	5
PAYCHECK PROTECTION PROGRAM	8
ECONOMIC INJURY DISASTER LOANS	12
ADDITIONAL AGRICULTURAL ASSISTANCE	14

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

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CORONAVIRUS FOOD ASSISTANCE PROGRAM

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

CFAP uses 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 provides \$16 billion in direct support based on actual losses for agricultural producers where prices and market supply chains have been impacted and assists 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 has partnered 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 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.

The COVID relief legislation signed on December 27, 2020, included \$11.2 billion to USDA to provide additional support to agricultural producers, growers, and processors. From this amount, the Secretary of Agriculture:

- Shall make CFAP supplemental payments for the 2020 crop year to producers of flat-rate crops who meet a defined market trigger;
- Shall take crop insurance indemnities, noninsured crop disaster assistance payments, and Wildfire and Hurricanes Indemnity Program Plus payments into consideration when determining the amount of eligible sales and may allow producers to select 2018 or 2019 sales;
- Shall make payments to livestock and poultry growers for losses suffered due to depopulation because of insufficient processing access due to COVID-19 market impacts;
- Shall make supplemental CFAP payments to cattle producers;
- Shall use no more than \$1 billion to make payments to livestock and poultry contract growers who had revenue losses due to contract changes because of COVID-19;
- Shall use no less than \$20 million to improve and maintain animal disease prevention and response capacity;
- Shall make additional payments to supplement the CFAP payment to more closely align with the calculated gross payment or revenue loss;
- May provide support to processors for crop losses due to insufficient processing access;
- May extend the term of a marketing assistance loan;
- Shall use no less than \$1.5 billion to purchase food and agricultural products, including seafood;
- The same fund is also available to make loans and grants to small and mid-sized food processors or distributors, seafood processing facilities and vessels, farmers markets, and producers to respond to COVID-19, including measures to protect workers;
- Is to conduct a preliminary review of the COVID-19 impacts on and needs of agricultural producers and food processors and actions needed to improve COVID-19 food purchasing;
- May use no more than \$200 million to support timber harvesting and timber hauling businesses impacted by COVID-19; May take into account price differentiation factors for each commodity when making payments under this section, such as specialized varieties, local markets, and certified organic; and

- May make recourse loans available to dairy product processors, packagers, or merchandisers.

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: 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 are complementary to CFAP and will not lower a recipient's CFAP payments.

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.

PAYCHECK PROTECTION PROGRAM

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.

On December 27, new COVID-19 relief legislation was signed into law. This legislation includes several provisions for small businesses including a new round of PPP funding, an extension of the covered period until March 31, 2021, additional eligible expenses for PPP funds, and a simplified forgiveness process.

FREQUENTLY ASKED QUESTIONS

Q: Are farmers eligible for a PPP loan?

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

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. Additionally, Farm Credit System Institutions are now eligible to make loans under the PPP.

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.

Q: Can I get a second PPP loan?

A: Yes! New legislation established a “PPP second draw” for smaller and harder hit businesses with a maximum amount of \$2 million. In order to receive a second PPP loan, eligible businesses must:

- Employ not more than 300 employees;
- Have used or will use the full amount of their first PPP loan; and
- Demonstrate at least a 25% reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter.

Q: What are the loan terms, for the second loan?

A: This loan has an interest rate of 1% and has a five-year minimum repayment term for any non-forgivable portions of the PPP loans. Loan payments will be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees. In general, borrowers may receive a loan amount of up to 2.5x the average monthly payroll costs in the one year prior to the loan or the calendar year. No loan can be greater than \$2 million.

Q: Will my second PPP loan be forgiven?

A: Yes. Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply.

Q: How do I get forgiveness on my PPP loan?

A: In order to get forgiveness for our loan, the money must be used for payroll costs, interest on mortgages, rent, utilities, and other permitted uses (see above). Additionally, at least 60% of the forgiven amount must have been used for payroll instead of the 75% in the original CARES Act.

Additionally, changes to the CARES Act will also give employers greater flexibility to have their PPP loan forgiven if they are unable to rehire laid-off employees, which under current law must occur by June 30. Specifically, a loan could still be forgiven during the year if the business is unable to rehire a laid-off employee who worked for the business on or before February 15, is unable to hire similarly qualified individuals for unfilled positions before December 31, or is unable to return to a pre-pandemic level of business activity due to compliance with federal social distancing, safety, or public health guidance related to the COVID-19 pandemic.

When applying through your lender for forgiveness on your loan you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll, and unemployment insurance filings.
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.

Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

Q: Is there a simplified forgiveness process for smaller loans:

A: Yes. Recent legislation created a simplified application process for loans under \$150,000.

A borrower can receive forgiveness if they sign and submit to the lender a certification that is not more than one page in length, that includes a description of the number of employees the borrower was able to retain because of the covered loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. The

borrower must also attest that borrower accurately provided the required certification and complied with Paycheck Protection Program loan requirements.

SBA will create this form by late January and may not require additional materials unless necessary to substantiate revenue loss requirements or satisfy relevant statutory or regulatory requirements. Additionally, borrowers are required to retain relevant records related to employment for four years and other records for three years. The Administrator may review and audit these loans to ensure against fraud.

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, and 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 additional \$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. The 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.

ADDITIONAL AGRICULTURAL ASSISTANCE

In addition to the Coronavirus Food Assistance Program (CFAP), the COVID relief and appropriations legislation that passed on December 27, included several provisions that help farmers and ranchers.

Assistance for Farmers and Ranchers:

- **Specialty Crop Block Grants** - \$100 Million in additional funding to support specialty crop farmers and address COVID-10 specialty crop supply chain issues at the state level via the farm bill's Specialty Crop Block Grant Program.
- **Local Agriculture Market Program** - \$100 Million in additional funding to support local farmers, farmers markets, and value-added production.
- **Farming Opportunities Training and Outreach Program** - \$75 million to the farm bill's Farming Opportunities Training and Outreach Program to support groups providing beginning, socially disadvantaged, and veteran farmers and ranchers with financial and marketing advice and technical assistance.
- **Gus Schumacher Nutrition Incentive Program** - \$75 million.
- **Supplemental Dairy Margin Coverage Payments** - The bill provides necessary cash flow assistance to small- and mid-sized dairies that have grown over the last seven years by establishing supplemental margin coverage based on the difference between 2019 actual production and Dairy Margin Coverage production history.
- **Dairy Donation Program** - The bill provides \$400 million to pay for milk to be processed into dairy products and donated to non-profit entities (food banks, feeding programs, etc.). Under the framework of the program, the dairy processor and nonprofit develop a plan for donation and distribution and USDA reimburses the processor for the associated cost of milk. The bill allows USDA to adjust the existing Milk Donation Program payments to match the level of payment provided by this new program.