

# COVID-19 UPDATE



## USDA ANNOUNCES CORONAVIRUS FOOD ASSISTANCE PROGRAM

U.S. Secretary of Agriculture Sonny Perdue last week announced the Coronavirus Food Assistance Program (CFAP). This new U.S. Department of Agriculture (USDA) program will take several actions to assist farmers, ranchers, and consumers in response to the COVID-19 national emergency. President Trump directed USDA to craft this \$19 billion immediate relief program to provide critical support to our farmers and ranchers, maintain the integrity of our food supply chain, and ensure every American continues to receive and have access to the food they need.

"During this time of national crisis, President Trump and USDA are standing with our farmers, ranchers, and all citizens to make sure they are taken care of," Secretary Perdue said. "The American food supply chain had to adapt, and it remains safe, secure, and strong, and we all know that starts with America's farmers and ranchers. This program will not only provide immediate relief for our farmers and ranchers, but it will also allow for the purchase and distribution of our agricultural abundance to help our fellow Americans in need."

CFAP will use the funding and authorities provided in the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Families First Coronavirus Response Act (FFCRA), and other USDA existing authorities. The program includes two major elements to achieve these goals:

**Direct Payments:** There will be \$16 billion in direct payment to agricultural producers who can demonstrate lost demand and short-term oversupply for 2020 as a result of COVID-19. Allocations will be determined by utilizing the two following calculations:

1. Price losses that occurred January 1-April 15, 2020. Producers will be compensated for 85% of price loss during this period.

2. Expected losses from April 15 through the next two quarters, and will cover 30% of expected losses.

Overall, payment is limited to \$125,000 per commodity, with an overall limit of \$250,000 per individual or entity. Qualified commodities must have experienced a 5% price decrease between January and April. Although it has not been finalized, USDA expects to expedite the sign-up process in early May to release payments to growers by the end of May or early June.

**USDA Purchases:** There will also be \$3billion in USDA purchases, in partnership with regional and local distributors whose workforce has been affected by the closure of schools, restaurants, hotels, etc. This program will begin with \$100 million per month in fresh fruits and vegetables, \$100 million per month in dairy products, and \$100 million per month in meat products.

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.

Further details regarding eligibility, rates, and other implementation will be released at a later date. The Commission is actively working with USDA to gather all available information regarding this available funding. Please do not hesitate to contact us if there are any questions regarding these funds.

## **USDA FARM SERVICE LOAN INFORMATION**

Given some of the unique challenges that some agricultural producers face regarding PPP loans surrounding Farm Labor Contractor workers and affiliation rules, it is important to note that the USDA Farm Service Agency (FSA) Farm Operating Loans are also available for additional support. These can be guaranteed loans through a FSA-approved lender to farmers or FSA direct loans to farmers. FSA direct loans are limited to \$400,000 and guaranteed loans are capped at \$1.776M, and both have relatively low interest rates.

One of the eligibility requirements for the FSA guaranteed and direct loan programs is that an agricultural producer must be denied credit elsewhere – the producer self-certifies this in the FSA loan application. Given a number of folks who have not been able to get a PPP loan, perhaps the FSA programs are another alternative. These loans can cover farm operating expenses, including labor costs.

Additionally, it should be noted that farmers can apply for both PPP loans and FSA guaranteed/direct loans. However, according to USDA, FSA would not authorize a loan for the same purposes that another lender is financing. USDA also said that even if there is overlap in a loan purpose, it may only be for the covered period allowable for the PPP and FSA could provide financing for that expense for the remainder of the year.

USDA recommends that agricultural producers interested in FSA guaranteed or direct loans should contact their local FSA office for more information and application assistance. To find a local FSA office, you can use the USDA Service Center locator tool here:

<https://offices.sc.egov.usda.gov/locator/app>

You can learn more about the FSA Direct Loan Program

here: <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/farm-operating-loans/index>

You can learn more about the FSA Guaranteed Loan Program

here: <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/guaranteed-farm-loans/index>

Other information about USDA programs to assist agricultural

producers during the pandemic can be found online here: <https://www.farmers.gov/coronavirus>

## **GOVERNOR NEWSOM ANNOUNCES PAID SICK LEAVE BENEFITS FOR FOOD SECTOR WORKERS IMPACTED BY COVID-19, ADDITIONAL PROTECTIONS FOR CONSUMERS**

Last Thursday, Governor Gavin Newsom today signed an executive order to support California workers from large employers in the food sector industry impacted by the COVID-19 pandemic with two weeks of paid sick leave, filling a gap left by federal relief that had provided similar paid leave benefits for employers with fewer than 500 workers.

Workers in the food sector, including farmworkers, agricultural workers, and those working in grocery stores and fast food chains, and as delivery drivers, are part of the state's essential infrastructure workforce, and have continued to work to serve Californians.

"These workers on the front lines of this crisis are our unsung heroes for continuing to work to ensure that Californians have food on their tables during these challenging times, and we must do everything in our power to make sure they are taken care of at home and in the workplace. Making sure they have paid sick leave and added protections in their place of work is critical," said Governor Newsom.

Additionally, the Executive Order provides health and safety standards to increase worker and customer protection by permitting workers at food facilities to wash their hands every 30 minutes, or as needed, to increase proper sanitation measures.

The Administration has taken several actions to ensure food worker protections, including recently issued guidance by Cal/OSHA for the grocery industry on best practices on physical distancing, disinfecting, and the use of reusable bags. Also, the Governor released \$100 million to support child care for essential infrastructure workers, including grocery workers, and vulnerable populations last week.

A copy of the Governor's executive order can be found [here](#).

Learn more about the state's ongoing COVID-19 response efforts here.

Visit [covid19.ca.gov](https://covid19.ca.gov) or [covid19.ca.gov/es](https://covid19.ca.gov/es) for critical steps Californians can take to stay healthy, and resources available to those impacted by the outbreak.