

**Alert | Health Emergency Preparedness Task Force:
Coronavirus Disease 2019**



April 10, 2020

Agriculture Provisions in the CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress and signed into law by President Trump on March 27, 2020, includes several provisions offering support for U.S. agribusiness, ranchers, and farmers. Overall the legislation includes roughly \$49 billion in funding for crop and livestock producers, nutrition assistance, and support for local producers to thwart the negative impacts that the Coronavirus Disease 2019 (COVID-19) is having on the U.S. economy.

However, while funding set aside for individuals is beginning to flow to American workers and American small businesses, the CARES Act includes little direction from Congress to the U.S. Department of Agriculture (USDA) regarding how funding will be distributed and so far, no guidance from USDA on eligibility requirements, process, or timing has been made public. Currently, the USDA is working directly with stakeholders to determine how and what kind of assistance program will be established and implemented. Several trade associations representing a variety commodity interests, and others, have already started to engage the White House and Capitol Hill with specific wish lists of what each group would like to see in a USDA program.

Disaster Relief Program

The legislation creates a new \$9.5 billion disaster relief program within USDA to provide “support for producers impacted by the coronavirus.” This program allocates funding to specialty crop producers, livestock producers, including dairy, and producers that supply local food systems – restaurants, grocery stores, farmers markets, schools, et al. USDA has broad discretion on how such funds are divvied up among agribusiness and farmers, and as noted above, USDA is currently taking informal input from

various stakeholders via trade groups and other outlets. Agriculture Secretary Sonny Perdue told reporters on April 6, 2020 that the agency will be distributing COVID-19 aid for farmers in a “fair and equitable manner,” but gave no indication on timing.

Commodity Credit Corporation

The legislation also includes \$14 billion to boost the \$30 billion in existing borrowing authority for the Farm Bill’s Commodity Credit Corporation (CCC), which is administered by USDA’s Farm Service Agency and is separate from the \$9.5 billion disaster relief program funding outlined above. The CCC is the funding mechanism for agricultural programs like Price Loss Coverage, Dairy Margin Coverage, and the Market Facilitation Program (MFP), among others. The CCC has previously been responsible for bailout payments to farmers affected by retaliatory tariffs in 2018 and 2019. Historically, specialty crop producers and farmers selling to local markets do not receive a large portion of this funding, but under the CARES Act, USDA could develop new aid opportunities for a wide range of agricultural producers and agribusiness entities that have seen commodity prices fall since the onset of COVID-19.

Currently, the CCC is expected to hit its funding cap prior to Oct. 1, due to low commodity prices and expanded farm bill programs. It is currently unclear if USDA will use these emergency funds to keep the CCC “whole” or if these funds will be used for direct COVID-19 response. The timing and details of the aid are not finalized and could take several weeks or months to unfold. The MFP, for example, which was the largest subsidy program under 2018 and 2019 trade aid packages and provides direct payments to producers of “trade damaged” commodities, took several phases to complete. Adjustments were made for USDA’s evaluation of market and trade conditions throughout the process. The original 2018 aid MFP program was announced in July, while the application period did not begin until September. In 2019, a **second round of trade aid was announced in May**, but applications were not accepted until July.

In April 2020, the **CCC announced decreased interest rates for the month**. It is possible that future recovery packages beyond the CARES Act will include increased borrowing authority, and possibly expanded aid to the agriculture community. Additionally, the **Farm Service Agency, also recently relaxed the terms and interest rates of its direct and guaranteed loans** to ease the burden on borrowers during the COVID-19 crisis.

Nutrition Provisions

The CARES Act includes provisions bolstering nutrition programs to ensure low-income families and children have consistent access to affordable food as well as cover an anticipated increase in participants due to COVID-19. Specific provisions include:

- \$15.8 billion set aside for supplemental nutrition programs, with \$300 million going to the Supplemental Nutrition Assistance Program (SNAP).
- \$8.8 billion in additional funding for child nutrition programs for food purchases and demonstration projects to increase flexibility for schools.
- \$450 million for the Emergency Food Assistance Program, supporting increased purchases and distribution via community partners such as food banks.
- \$100 million for Food Distribution on Indian Reservations (FDPIR), split evenly between facility/equipment upgrades and additional food purchases.

Further Potential Agriculture-Specific Support

Division B, Title I of the legislation includes several other provisions of note, including:

- \$450 million for the Commodity Assistance Program, with \$150 million earmarked for costs associated with the distribution of goods and commodities.
- \$100 million for USDA’s “ReConnect” pilot program, providing loans and grants to help rural areas that lack access to broadband internet.
- \$55 million for the Animal and Plant Health Inspection Service to cover salary expenses to offset the decrease in use fee revenue caused by business disruptions due to COVID-19.
- \$45 million for the Agricultural Marketing Service to “prevent, prepare for, and respond to coronavirus, domestically or internationally, including necessary expenses for salary costs associated with commodity grading, inspecting, and audit activities.”
- \$33 million to support staffing and overtime expenses for Food Safety Inspection Service inspectors at federally inspected slaughter facilities.
- \$25 million for USDA’s Rural Development programs for telemedicine and distance learning.
- \$20.5 million for USDA’s Rural Development program to support an additional \$1 billion in lending through the program.
- \$4 million for the Foreign Agricultural Service (FAS) to recall overseas employees and their families.

For more information and updates on the developing COVID-19 situation, visit [GT’s Health Emergency Preparedness Task Force: Coronavirus Disease 2019](#).

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