

Financial Resources for Managing COVID-19 Market Destruction on Dairy Farms (4/24/2020)

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Ohio's dairy farms entered 2019 expecting a year of above-average milk prices and the opportunity to rebuild cash reserves following years of low milk prices. Instead, Class III futures declined about 30% since January. Cash flow and profitability are major concerns on dairy farms. The **CARES Act** (Coronavirus Aid, Relief and Economic Assistance) was passed in March which included funds to assist agriculture. Programs are under development with details released periodically. This DIB gives an overview of programs and details available as of 4/24/2020 and will be updated as firm information is available. Be aware of program deadlines.

CFAP – The Coronavirus Food Assistance Program is a part of the CARES Act. On April 17th, USDA Secretary Perdue announced that 2.9 billion dollars was allocated for direct relief to dairy farms. Farmers may sign up at their local Farm Service Agency office once program details are released.

What we know now per Senator John Hoevens:

- Farms will receive one payment for price losses based on 85% of price loss from Jan 1 to April 15 and 30% of expected market loss from April 15 to October 15.
- Payment limitations are set at \$150,000 per commodity and \$250,000 per individual or entity.

The **Paycheck Protection Program (PPP)** is a program administered through the Small Business Administration (SBA) to assist small businesses, including farms, cover up to 2.5 months of payroll expenses as well as your income if you operated as a sole proprietorship, with a low interest loan. If certain criteria are met, some or all of the loan may be forgiven. Farms must apply through an SBA approved lender. The first allocation of dollars for this program was quickly committed. A second allocation was approved by Congress on April 23, 2020. Farms should apply quickly as

many applications are already waiting to be considered if additional funding becomes available and the extra \$320 billion allocated is expected to be quickly exhausted. Find approved lenders and application materials here: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Find a helpful summary here:

<https://u.osu.edu/ohioagmanager/2020/04/03/the-cares-acts-paycheck-protection-program-for-small-businesses/>

Wind and Hurricane Indemnity Program, Plus (WHIP+)

This is not a program specifically related to COVID-19, rather the “plus” in this USDA program refers to the non-wind and hurricane weather conditions experienced in 2018 and 2019. Many counties in Ohio had conditions that might qualify them for one or both years’ qualifying losses. Find a good article with more detailed information here: <https://u.osu.edu/ohioagmanager/2020/04/22/whip-not-only-applies-to-baseball-enrollment-at-fsa-now-open/>

Other Possibilities:

Ohio Bureau of Workers’ Compensation Rebates

The Ohio Bureau of Workers’ Compensation (BWC) is currently issuing dividends approximately equal to the 2018 premiums paid by the business less any outstanding balances and premiums due for March, April, and May 2020 (BWC had deferred these premiums to June). Farms do not have to apply for this dividend but do need to cash the check as soon as possible as they will expire 90 days after issuance.

Interest Rates

With interest rates continuing to drop, review your loans and look for opportunities to work with your lender to refinance loans at lower interest rates.





Bottom Line:

Milk and livestock markets deteriorated rapidly following the emergence of COVID-19 in the United States. Cash flow and profitability will be challenged on dairy farms. Opportunities to assist cash flow on farms are emerging. Review and take advantage of opportunities that fit your dairy farm business.

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