The OSU Extension
FARM OFFICE
IS OPEN

Monday’s session will include weekly updates on the CARES Act, WHIP+, commodity prices, unemployment compensation, Dairy Margin Coverage, and other emerging legal and economic issues.

Come to us with your questions, concerns, and topics of interest. Each office hour will include a short update and lead into a question and answer time on additional topics of interest.

OSU Extension’s Farm Office Team
Ben Brown
Peggy Hall
David Marrison
Dianne Shoemaker
Julie Strawser
Barry Ward

April 20, 2020
8:00 to 9:30 p.m.
Pre-register or join at: go.osu.edu/farmofficelive
Farm Office Team
CARES Funding for USDA
CARES Act Funding for Food and Agriculture

Reminder

❖ There was $9.5 billion dollars allocated to the Office of Secretary Perdue to be dispersed for industries impacted by COVID-19. *(specific mention was given to livestock including dairy, local produce producers and specialty crops).*

❖ $14 billion dollars was allocated to replenish the Commodity Credit Corporation- this fund acts like a line of credit and has a limit of $30 billion. *(the fund that pays on commodity programs like ARC, PLC, DMC and conservation programs like CRP among others.) In 2018 and 2019 it was used for trade mitigation assistance through MFP.*
Federal Support: Coronavirus Food Assistance Program (CFAP)

Timeline:
❖ University of Missouri FAPRI reduced their 2020 Net Income Estimate by $20 Billion- April 9th
❖ Commodity Groups submitted proposals to USDA: $9 bil for beef, $5 bil for local food, $5 bil for dairy
❖ President Trump and Secretary Perdue announced CFAP during a press conference- April 17th

Total Package:
❖ $19 Billion for Food and Agriculture
  ❖ $3 billion-USDA Purchase and Distribution
    ▪ ($300 million/month of fresh produce, dairy and meat)
  ❖ $16 billion- in direct support based (chart to right)

Formula (one payment; two parts):
1. 85% of the loss between January 1 and April 15 per commodity
2. 30% of the expected losses between April 15 and new two quarters

Timing
❖ “I’m hoping we can get checks out by the end of May,”
❖ “he anticipated additional funds would be required to meet producers’ needs”
❖ “He said the Commodity Credit Corporation, a Depression-era program designed to stabilize farm incomes, would need to be replenished this summer.” Mr. Perdue said – Wall Street Journal 4-17-20
Federal Support: **Commodity Price Update**

Change in Futures Prices Since First US COVID-19 Case on January 2, 2020 thru April 15, 2020 for most Active Contract

- Wheat, -4%
- Hogs, -38%
- Cattle, -33%
- Class III Milk, -28%
- Ethanol, -29%
- Corn, -18%
- Soybeans, -12%
- Class IV Milk, -32%

❖ For a Commodity to Qualify- it must have had declined in price 5%

❖ USDA has not specified how they will determine price declines. “most reflective”

❖ Encourage producers to document **everything**.

Source: author calculation using ProphetX futures data
The Paycheck Protection Program was exhausted by 4/16/2020. Now what?

What about new guidance on Sole Proprietorships?
The CARES Act: Paycheck Protection Program, §1109

• SBA issued Interim Final Rule on Tuesday April 14th for the self-employed

• You are eligible for a PPP loan if: (i) you were in operation on February 15, 2020; (ii) you are an individual with self-employment income (such as an independent contractor or a sole proprietor); (iii) your principal place of residence is in the United States; and (iv) you filed or will file a Form 1040 Schedule C for 2019.

• Owner Compensation Replacement: Self Employment Income
The pool of money has been depleted. Will it be replenished?
Should we still prepare and submit an application to our bank?
Can we refile our 2019 U.S. Income Tax Return to show self
employment income to qualify for PPP?
Will IRC §1245 income (machinery and equipment gain on sales or
trade-ins) be made eligible to be included as business income for PPP

LLCs
Partnerships
Employee Retention Credit for Employers Subject to Closure Due to COVID-19 (§ 2301)

- Allows “eligible employers” a fully refundable payroll tax credit equal to 50 percent of qualified wages paid to each employee for each calendar quarter during the COVID-19 crisis.

- An employer becomes an “eligible employer” under the “significant decline in gross receipts” test during the first calendar quarter for which gross receipts for that quarter are less than 50 percent of gross receipts for the same calendar quarter in the prior year.
Dairy Margin Coverage?
Farmers Eligible for Wildfires and Hurricane Indemnity Program Pulse (WHIP+) from Farm Service Agency
Federal Support: WHIP+ Details and Eligibility

Eligibility: crop producers who experienced yield losses due to excess moisture or eligible causes in 2018 and 2019.

Enrollment: USDA signup began March 23, 2020- deadline ???
Unable to process applications as of now. Farmers can call local FSA office to apply.

Application: Eligible individuals or entities, conservation compliance provisions are met, and a crop insurance or NAP coverage agreement and production records by crop, type, practice, and intended use (insurance records count)**.

**must purchase insurance or NAP for two years at least 60%

Payments:

WHIP+ Payment = (Expected value of Crop x WHIP Factor) minus (Actual Value of Crop Harvested x Payment Factor) and NAP or Insurance Indemnity Payment.

Only the WHIP Factor is known at this time and is based on insurance coverage level. Payment Factors and Crop Values are unknown.

Producers not in an eligible county but can prove losses occurred because of qualifying disaster can qualify.
Questions?
Update on Unemployment Compensation
Stay at Home Orders

Garden Centers, pop-up garden sales, sales, home bakery
Questions?
For More Information

- Farm Office Website
  - [https://farmoffice.osu.edu/](https://farmoffice.osu.edu/)

- AG Madness
  - [http://go.osu.edu/agmadness](http://go.osu.edu/agmadness)

- KX COVID-19 Hub (Knowledge Exchange)
  - [http://kx.osu.edu/covid-19](http://kx.osu.edu/covid-19)

- OSU AG Crisis Website
  - [http://go.osu.edu/agcrisis](http://go.osu.edu/agcrisis)

- Ohio Dairy Industry Resources Center
  - [https://dairy.osu.edu/](https://dairy.osu.edu/)
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The OSU Extension FARM OFFICE WILL BE OPEN AGAIN

April 27, 2020
8:00 to 9:30 p.m.

Register at:
https://go.osu.edu/farmofficelive