The OSU Extension FARM OFFICE IS OPEN

Monday's session will include updates on the CARES Act, CFAP, EIDL, unemployment compensation, ethanol and biofuels, ARC and PLC update, 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 27, 2020

8:00 to 9:30 p.m.

Pre-register or join at:

go.osu.edu/farmofficelive

CFAES

Farm Office Team















Update of The CARES ACT

Round II of the Paycheck Protection Program
Sole Proprietors – What Qualifies as Self
Employment Income?
Managing your PPP Money: BMPs for Loan
Forgiveness

Paycheck Protection Program and Health Care Enhancement Act

- Additional \$310B allocated to Paycheck Protection Program (PPP)
- Small Business Administration (SBA) guidance clarifies farm eligibility
- Schedule F income (SE income) + employee wages
- Nothing to indicate PPP or EIDL loan receipt will disqualify farmer from CFAP
- Audit Concern?: Economic uncertainty AND Needed the funds in order to keep employees on the payroll and paid
- Partnerships & LLCs



PPP Loan Forgiveness

- Will require application and lender approval
- Forgives 8 week of total of: payroll, employee benefits, owner compensation replacement, mortgage interest, rent payments on leases and utility payments
 - But payroll must make up at least 75% of this total
 - Less salary and wage reductions during covered period that are not eliminated by June 30
 - Less EIDL advance, if any



Economic Injury Disaster Loan (EIDL) Update

Are Farms Now Eligible?

EIDL

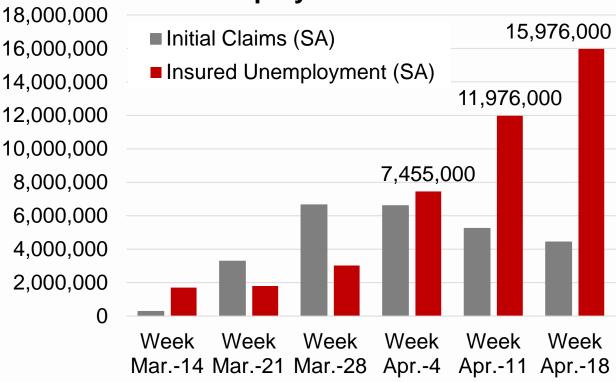
- Eligibility now extended to agricultural enterprises with fewer than 500 employees
 - 30 year maturation, 3.75% interest
 - Can use for fixed debt, payroll, accounts payable, sick leave, increased material costs, rental or mortgage payments, other obligations due to revenue losses
 - But can't duplicate PPP expenditures
- "Emergency advance" of \$10,000 is not subject to repayment
 - But does reduce amount of PPP forgiveness



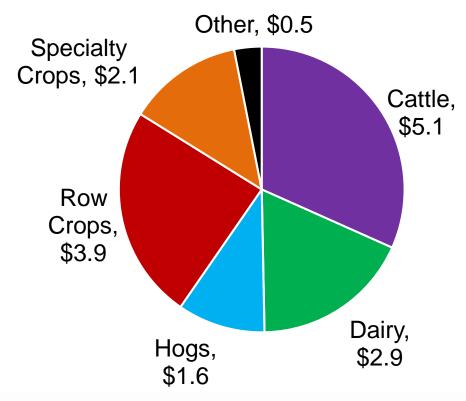
CFAP Update

CFAP Update

3 Billion in Purchase/ Distribution Initial Unemployment and Insured Unemployment Claims



16 Billion in Direct Payments (Billion \$)



Source: Senator Hoeven, ND

Source: US Department of Labor

What we know right now- April 27, 2020

\$3 Billion in Food Purchases and Distribution

April 21, 2020- USDA Webinar with AMS Staff

- 1. Regional and local food distributors will be the "focal point" for this federal contract.
- 2. Food will be delivered to food banks and other non-profits 501(c)(3) in *pre-approved individual boxes* with a set goal of starting May 15.
- 3. Distributors with approved contracts are in charge of managing their relationships with customers, local producers and compliance with USDA-AMS.

Food Items fall within box categories:

- Box 1: Fresh fruit and vegetable produce
- Box 2: Variety of dairy products
- Box 3: Pre-cooked chicken and pork products
- Box 4: Any combination of 1-3
- Box 5: Fresh fluid milk (can be in dairy products box)

\$16 Billion in Direct Payments

Little to no specifics are known at this time.

- It is expected that the FSA and AMS will administer this program.
- 2. It is unknown what records producers will need to supply
- 3. It is also unknown when the program will start taking sign-up.

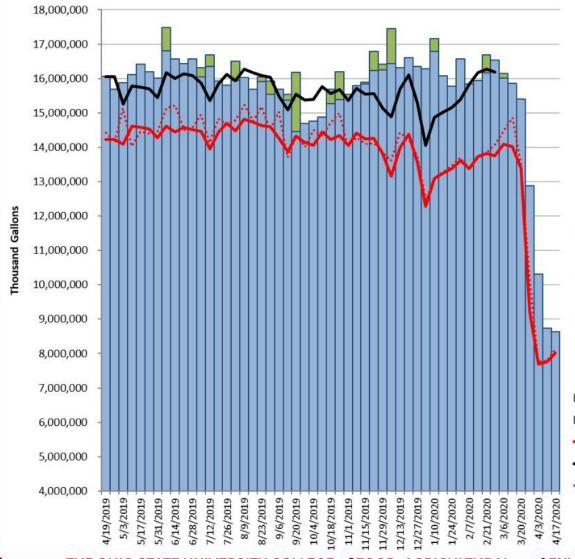
Key Target Dates:

- April 24: Solicitation for distributor offers
- May 1: Proposals from distributors due
- May 8: Contracts to distributors awarded
- May 15: Delivery of food boxes to begin

Ethanol & Biofuel Update

Update on US Ethanol and Impacts from COVID

U.S. WEEKLY ETHANOL SUPPLY-DEMAND (ANNUALIZED)



Governors Ask Trump to Waive Biofuel Quotas Amid Pandemic

Bloomberg- 4/15/20

Ethanol Blog

Petroleum Interests Ask EPA to Conduct New 2020 RFS Rulemaking

DTN Commodity Blog- 4/21/20

In Another Hit for Farmers, Coronavirus Crushes Ethanol Market

Producers and farmers ratchet back output of fuel made from corn

Wall Street Journal- 4/26/20

Ethanol Imports

U.S. Ethanol Production

Refiner/Blender Ethanol Input

Refiner/Blender Input + Ethanol Exports

····· 10% of U.S. Gasoline Demand

Source: US Energy Information

Administration, Renewable Fuels Association

THE OHIO STATE UNIVERSITY COLLEGE of FOOD, AGRICULTURAL, and ENVIRONMENTAL SCIENCES

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Update on Unemployment Compensation

Expanded unemployment eligibility https://unemploymenthelp.ohio.gov/expandedeligibility/



We have set up a dedicated PUA Call Center to answer your questions about this new expanded eligibility program. Please call 833-604-0774. Unemployment compensation benefits for eligible individuals under this program are available for no more than 39 weeks. The PUA benefit amount will be similar to what traditional Ohioans eligible for unemployment can receive, plus \$600 a week.

EXPANDED ELIGIBILITY LINKS

Ohio, just like every other state in the nation, recently received federal guidance and is working to build this program as quickly as possible. While you may experience delays as a result, please know that all benefits will be retroactive. Once the program is available, we will communicate details.

Expected Payments on ARC-PLC Programs

Estimated 2019 ARC-CO and PLC Corn Payments- April 27, 2020

Ohio Corn Impacts Pre COVID1 \$3.90/bu. Post \$3.58/bu. COVID² Change -\$0.32, 8.2% Reference \$3.70/bu. Price Ohio Yield 164 bu./acre Change in \$52.48/acre Revenue

Payment Rates

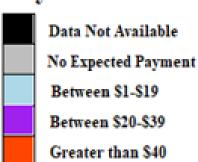


Figure 1. Estimated Ohio 2019 ARC-CO Corn Payments
per enrolled base acre

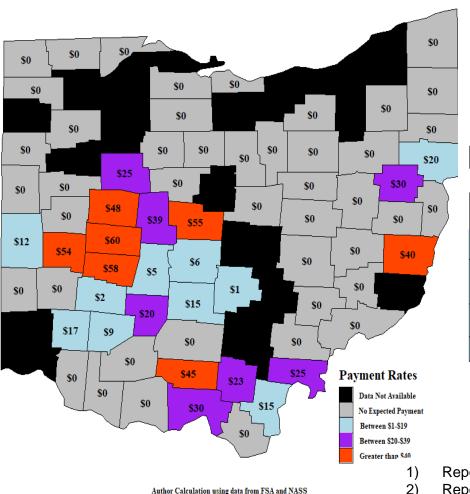
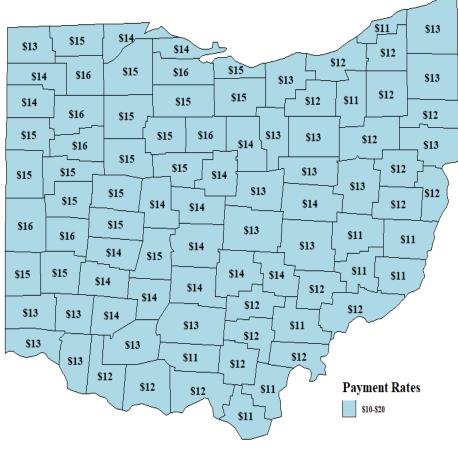


Figure 2. Estimated Ohio 2019 PLC Corn Payments per enrolled base acre



- Reported in FAPRI-MU 10-year baseline with Phase 1 Deal January 2020
- 2) Reported in FAPRI-MU COVID Impacts Report April 2020
 - Paid in October 2020, PLC payments based on individual FSA Farm Yield

Estimated 2019 ARC-CO and PLC Soybean Payments- April 27, 2020

Ohio Soybean Impacts Pre COVID¹ \$8.97 Post \$8.57/bu. COVID² Change -\$0.40, 4.4% Reference \$8.40/bu. Price Ohio Yield 49 bu./acre Change in \$19.60/acre Revenue

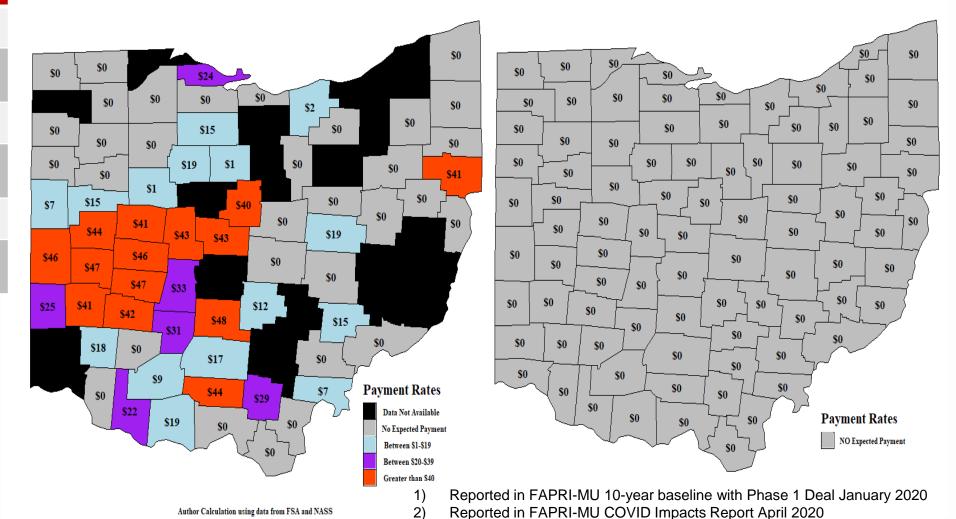
Payment Rates



Figure 3. Estimated Ohio 2019 ARC-CO Soybean Payments per enrolled base acre

Figure 4. Estimated Ohio 2019 PLC Soybean Payments per enrolled base acre

CFAES



Estimated 2019 ARC-CO and PLC Wheat Payments- April 27, 2020

Greater than \$40

1)

Ohio Wheat Impacts Pre COVID¹ \$4.54/bu. Post \$4.50/bu. COVID² Change -\$0.05, 0.9% Reference \$5.50/bu. Price Ohio Yield 56 bu./acre Change in \$2.80/acre Revenue

Payment Rates

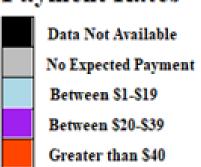
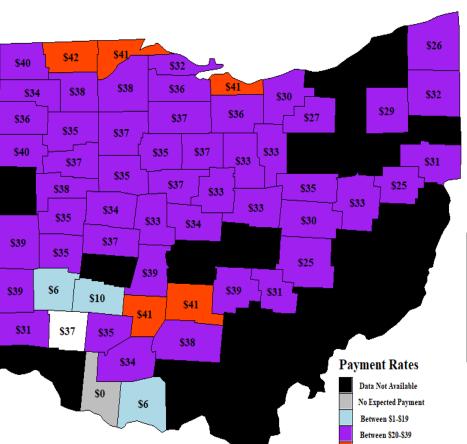
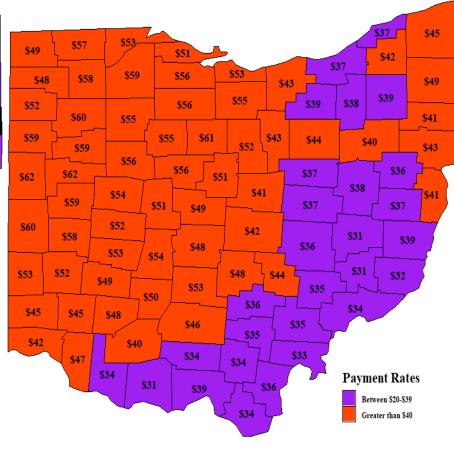


Figure 5. Estimated Ohio 2019 ARC-CO Wheat Payments per enrolled base acre



Author Calculation using data from FSA and NASS

Figure 6. Estimated Ohio 2019 PLC Wheat Payments per enrolled base acre



Reported in FAPRI-MU 10-year baseline with Phase 1 Deal January 2020

- 2) Reported in FAPRI-MU COVID Impacts Report April 2020
- Paid in October 2020, PLC payments based on individual FSA Farm Yield

Questions?

For More Information

- Farm Office Website
 - https://farmoffice.osu.edu/
- AG Madness
 - http://go.osu.edu/agmadness
- KX COVID-19 Hub (Knowledge Exchange)
 - http://kx.osu.edu/covid-19
- OSU AG Crisis Website
 - http://go.osu.edu/agcrisis
- Ohio Dairy Industry Resources Center
 - https://dairy.osu.edu/





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