

News from Washington: May 11-15

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### **USDA Gives Few New Clues on Farm Aid**

The department hosted a [webinar](#) on Thursday for ag producers to learn more about applying for its \$16 billion direct aid program. Given the massive interest among farmers and ranchers who are throwing out crops and euthanizing livestock, attendance on the Zoom call hit maximum capacity.

But the webinar lasted less than 15 minutes and offered little new information. USDA officials largely ticked through a list of [forms that applicants will need to fill out](#) and took just four questions submitted by farmers.

Asked which commodities and livestock are eligible for reimbursement, officials said only that the program is open to producers of all sizes who suffer an eligible loss, meaning a price decline of at least 5 percent since January. More details will be revealed once the aid package is approved by White House budget officials and published in the Federal Register.

The brief session left farmers [scratching their heads](#) and grousing about the [lack of new information](#). As one industry member put it, USDA is guarding details of the program [“like it’s the nuclear football.”](#)

What’s missing? It’s still unknown exactly which farmers are eligible for aid. The department has earmarked portions of the aid for specific hard-hit sectors, like cattle and hog farmers, while others will have to demonstrate market damage to qualify.

Also, USDA has already made some changes to the program since it was announced in mid-April — but hasn’t yet spelled out the new rules. For one, Secretary Sonny Perdue said the department is [loosening limits on the size of relief checks](#) following pushback from Congress.

### **Latest COVID Response Heads to The House Floor**

The chamber is expected to pass the sweeping \$3 trillion coronavirus aid package, H.R. 6800 (116), today that includes a major increase to Supplemental Nutrition Assistance Program benefits, more aid for farmers and new farmworker protections.

The package, likely to move on party lines, is considered House Democrats’ opening offer in negotiations over the next iteration of aid amid the ongoing pandemic, and there’s a whole lot of sunlight between Democrats’ and Republicans’ wish lists.

Ag groups have so far been fairly low-key about the legislation, though major dairy groups on Thursday publicly praised the bill’s inclusion of a significant dairy recourse loan program. Pork industry groups are also pleased that the package includes compensation for producers who are forced to euthanize their animals due to processing disruptions.

Farmworker advocates urged support for the latest package because it would include sick pay for companies of all sizes, hazard pay for all essential workers, including farm workers, as well as protection from deportation. The bill would also mandate that OSHA come up with emergency worker protections for farmworkers.

Concerns about Covid-19, meanwhile, are sparking unrest among farmworkers. Protests are flaring up in fruit-picking areas as laborers cite inadequate personal protective equipment and

seek hazard pay. In Washington, [farmworkers are increasingly organizing demonstrations](#). Workers have staged walk outs at four farms this week in Yakima County, a major fruit-growing region in the state. Organizers expect at least six more fruit warehouses will be on strike.

While the CDC has created recommended guidelines for essential workplaces, including farm operations, the Trump administration has not sought any mandatory requirements

### **USDA to Send Fatter Checks to Farmers**

The department is expected soon to roll out the final framework for its \$16 billion direct payment program for farmers, which was being reviewed by the White House budget shop last week. One of the primary changes since USDA announced the plan in mid-April will be the limit on the size of payments — but the specifics are still unknown.

The department initially planned to cap the relief checks at \$125,000 per commodity and \$250,000 per farmer, which matches the general farm payment caps that Congress approved in the 2018 farm bill. But after heavy pressure from farm-state lawmakers and industry groups, Secretary Sonny Perdue said last week that USDA will increase the aid limits before the program is finalized this month.

[“We agreed with them, and we’ve adjusted those payment limits.”](#) Perdue said in an interview with radio network Brownfield Ag News, suggesting that the details will be revealed “when the rules come out.”

Farmers in need of a lifeline will be able to receive more money to offset their losses. Higher payment limits could especially help certain sectors like livestock, dairy and fresh produce growers, who warned that the caps were overly restrictive for farms with higher production costs or single-commodity operations.

USDA might run out of relief funds more rapidly as farms qualify for bigger payments. There’s also the political risk of larger producers vacuuming up the money and leaving less for small farmers — a frequent criticism of the Trump administration’s trade bailout in the eyes of Democrats and farm watchdog groups.

There’s also growing scrutiny over restrictions on the Small Business Administration’s Paycheck Protection Program, which offers forgivable loans to small businesses (including farmers) to keep workers on their payroll for eight weeks. The agency’s Inspector General warned on Friday that the limits could stifle assistance for tens of thousands of borrowers.

### **More Meatpackers Reopen for Business**

Fourteen meat processing sites are back online or set to resume slaughter after Trump last month ordered the industry to keep operating amid the pandemic. [USDA listed the plants in an announcement on Friday](#), half of which were Tyson Foods facilities, along with several JBS and Smithfield Foods sites.

Vice President Mike Pence talked up the move on Friday during a visit to Iowa, home to two Tyson slaughterhouses on the list — [including the Waterloo pork plant where more than 1,000 workers were infected](#).

USDA said it’s working with meat companies to ensure that they’re following public health and worker safety guidelines as they reopen, but labor advocates aren’t satisfied. The United Food

and Commercial Workers International Union criticized the move, citing [“serious safety issues at these facilities that put workers and the food supply at risk.”](#)

UFCW International President Marc Perrone said at least 30 meatpacking workers have died and more than 10,000 have been infected or exposed to the coronavirus.

### **USDA Approves Program to Feed Kids in Ohio**

U.S. Secretary of Agriculture Sonny Perdue today announced Ohio has been approved to operate Pandemic Electronic Benefit Transfer (EBT), a new program authorized by the Families First Coronavirus Response Act (FFCRA), signed by President Trump, which provides assistance to families of children eligible for free or reduced-price meals dealing with school closures.

[Source: USDA](#)

### **Democrats Roll Out Farm Rescue Wish List**

The House on Friday is expected to vote on a \$3 trillion stimulus package, dubbed the HEROES Act, backed by Speaker Nancy Pelosi. That’s likely the end of the line for the legislation, considering Senate Republicans aren’t on board, but it gives Democrats fresh ammunition in negotiations over the next coronavirus response measure.

As expected, the plan includes a 15 percent increase in Supplemental Nutrition Assistance Program benefits, raising the minimum payment by \$30 per month. It would give the Agriculture Department an extra \$10 billion to cover the rise in SNAP spending, along with fresh funding for child nutrition programs (\$3 billion), the WIC program (\$1.1 billion) and food banks (\$150 million).

The bill also would allow SNAP recipients to use their benefits to buy hot foods from select retailers and block the Trump administration from implementing new rules (issued before the pandemic) that would boot millions of low-income Americans from the program.

As for agriculture, Democrats are proposing financial or regulatory assistance for wide swaths of the hard-hit industry. They’re calling for a new dairy donation program, meant to dissuade farmers from dumping milk by rerouting goods to feeding programs; \$100 million earmarked for specialty crop growers; \$50 million for beginning farmers and ranchers; direct aid for processing facilities that shut down because of coronavirus outbreaks; and assistance for producers forced to euthanize livestock because of slaughterhouse closures.

The plan also goes big on broadband access; directs the Labor Department to step up health protections and financial aid for essential workers; and aims to overhaul small business loans including the so-called Paycheck Protection Program.

### **Ideas for Ethanol Aid**

The legislation offers a long-sought lifeline for biofuel producers who were left out of USDA’s farm rescue package announced in mid-April. The industry has idled more than half of its production because of the steep drop in demand as gasoline consumption has plummeted. And while the overall package isn’t expected to go anywhere, the ethanol provisions could gain some bipartisan traction in stimulus talks.

The bill would pay 45 cents for each gallon that an affected biofuel plant produced this year through May 1. For facilities that didn’t produce any fuel in a given month, USDA could pay

them 45 cents per gallon for half the amount of fuel they produced in the corresponding month in 2019.

[A group of farm-state Democrats who spearheaded the effort](#) said the drop in demand for ethanol and biodiesel has crushed corn and soybean prices to the tune of 15 percent and 10 percent, respectively, and put more than 350,000 jobs at risk.

[Brian Jennings, CEO of the American Coalition for Ethanol](#), said the trade group was “extremely appreciative” of the proposal, which marks the first time Congress has specifically targeted the sector for stimulus dollars. [The Renewable Fuels Association](#), another top industry group, also backed the plan.

### **Rural Roads in Need of Repair**

Fixing outdated infrastructure isn't top of mind for most policymakers at the moment. But the issue remains a huge headache for U.S. agriculture, and it could be made worse by the coronavirus pandemic.

[Research published Tuesday by TRIP](#), a nonprofit transportation research group, found that a combined 34 percent of rural roads are in “poor” or “mediocre” condition. That's especially problematic for heavy vehicles, like farm machinery or trucks carrying ag products. Meanwhile, the rates of car crashes and fatalities on rural roads (not including interstates) are more than twice as high as all other roads.

The report touts the rural transportation network as “the first and last link in the supply chain from farm to market,” a system that's facing massive disruptions right now. At the same time, the current lack of traffic offers governments a rare opportunity to repair roads and other infrastructure, said Stephen E. Sandherr, CEO of the Associated General Contractors of America, [in a statement released with the report](#).

There's a huge backlog in funding for such repairs, and the pandemic isn't helping. The sharp dropoff in travel is projected to lower state transportation revenue by at least 30 percent, or \$50 billion, over the next 18 months, according to TRIP.

Congress has made several half-hearted attempts in recent years to negotiate a bipartisan infrastructure bill, but talks have always fizzled out. Now, House Democrats are proposing to infuse \$875 billion into the coffers of cash-strapped state and local governments, a central — but very controversial — piece of their stimulus plan.

### **USDA Continues Fight Over New SNAP Rule**

The department intends to fight a court ruling that halted a regulation from going into effect that would make it more difficult for states to waive work requirements for able-bodied adults without dependents who receive Supplemental Nutrition Assistance Program benefits. Under current SNAP requirements, this group must work at least 20 hours a week or participate in education and training programs to be eligible.

In March, a U.S. district judge for the District of Columbia [granted a preliminary injunction](#) sought by Democratic attorneys general. The judge said the coronavirus pandemic poses widespread health risks, so federal and state officials should have the flexibility to address food needs through aid like SNAP.

On Wednesday, the USDA filed a notice that it will appeal the ruling. “USDA has been extremely aggressive in expanding flexibilities to ensure Americans who have been impacted by the coronavirus continue to receive the food they need for themselves and their families,” a USDA spokesperson said in a statement. “While we’re currently in a very challenging environment, we do not expect this to last forever. America’s best days are ahead and we must prepare our workforce to rejoin the economy when our nation reopens.”

Marcia Fudge (D-Ohio), chairwoman of the House Agriculture Nutrition Subcommittee, said the appeal shows that USDA continues “its cruel pursuit of unrealistic policy. If they had any decency or compassion, they would abandon this appeal immediately.”

And Debbie Stabenow (D-Mich.), ranking member of the Senate Agriculture Committee, said in a statement that it’s “outrageous that the Trump Administration is trying to take food assistance away from families when millions of Americans are out of work and struggling to put food on the table.”

### **Trump Seems to Acknowledge China Deal Shortcomings**

Trump on Wednesday appeared to blame the coronavirus for how his China deal is panning out, saying the magnitude of the pandemic far outweighs any positive effect of the agreement. It’s expected Beijing won’t meet its target to purchase about \$77 billion more of U.S. goods and services this year, compared with 2017 levels.

“As I have said for a long time, dealing with China is a very expensive thing to do,” Trump wrote on Twitter. “We just made a great Trade Deal, the ink was barely dry, and the World was hit by the Plague from China. 100 Trade Deals wouldn’t make up the difference - and all those innocent lives lost!”

Still, there’s no indication Trump intends to pull out of the U.S.-China deal signed on Jan. 15 or take steps to punish Beijing for falling short on implementation, such as imposing more tariffs on Chinese goods.

### **Multimillion-Dollar Food Bank Contracts Go to Unknown Names**

The Agriculture Department’s plan to distribute boxes of surplus food to people in need has led to [multimillion-dollar contracts going to companies](#) that appear to have little experience working with food banks or farmers.

An event planning company in San Antonio, Texas, known for throwing lavish weddings and high-end conferences; a company that sells hand sanitizers, lotions and other wellness products in airports and online; and a California firm that offers “business finance solutions.”

Food industry companies have been quietly grouching about whether some of the recipients can pull off the task of buying up a variety of perishable food items; packing them in easy-to-distribute boxes; and then providing the boxes to food banks and other nonprofits where people in need can pick them up.

Some big-name food businesses like Sysco did not receive contracts. But other large companies earned winning bids: Borden Dairy, a major dairy company that filed for bankruptcy in January, was awarded a huge, \$147 million contract, for example.

The San Antonio firm, CRE8AD8 (pronounced “create a date”), intends to hire 125 new employees to help get the boxes out starting by Friday. “We didn’t know the potential or even to

what extent we could help, but we saw an opportunity to do some good during this challenging time and took a chance,” CEO Gregorio Palomino said [in a statement on Facebook](#). “We had no idea we’d be asked to help on this level. It’s truly awesome.”

The \$1.2 billion program has been praised as an innovative solution to the problem of excess food as millions of Americans receive food assistance and unemployment ticks up amid the pandemic. A USDA spokesperson said in a statement that winning proposals included “many small businesses and those that will support local and regional farmers, which was part of the evaluation criteria for contract award.”