



NOFA-VT & Rural Vermont Recommendations for COVID-19 Relief for Non-Dairy Farmers

June 16, 2020

Dear Vermont Legislators,

Thank you for your important work to provide much needed relief to Vermont businesses and families through Vermont's Coronavirus Relief Fund (CRF). As organizations working alongside and in support of Vermont's many diverse small and mid-sized farmers, we want to provide some insight and specific recommendations we hope you will find helpful as you contemplate the necessary relief for our agriculture sector.

First, we acknowledge the immediate and severe impacts the COVID-19 pandemic has had on Vermont's dairy farms. After years of depressed prices, the loss of critical markets and the ensuing downturn in milk prices due to the current crisis could not have come at a worse time. We count many of these farms among our organizations' memberships, and support providing them with a significant portion of the available relief funding. At the same time, it is critical for you as legislators to understand the full scope of the pandemic's impacts on agriculture, which has reached all types and scales of Vermont's farms.

For many non-dairy farmers, the early part of the year is financially lean, with high expenses incurred in preparation for the growing season and low (or no) income coming in until later in the year. This year, in light of the pandemic, these conditions were exacerbated for many farmers as they spent down their limited financial cushions to increase health and sanitation procedures for the safety of their employees and customers, pivot to new markets and/or sales platforms, and in some cases hire additional employees to help meet health protocols and/or expand production in response to increased consumer demand from Vermonters.

At the same time that farmers have incurred additional expenses in order to continue feeding their communities, there is no guarantee that these expenses and investments will be recouped later in the season due to the unpredictable impacts of the pandemic on various markets, and uncertainty around continued consumer demand. As Vermont's diverse, dedicated farmers put themselves out on a limb to keep people fed, we urge the legislature to provide a strong safety net to help them maintain stability through this growing/harvest season and to the other side of this crisis.

In terms of lost income, some of this has already occurred due to lost or drastically reduced markets (e.g. restaurants, institutions, or farmers markets). We provide some specific examples of those below. However, many farmers' losses will either not occur or won't be well

understood or well documented until later in the year. Given the seasonal nature of many of Vermont's non-dairy farms and agricultural businesses, it is critical that the legislature specify appropriate periods for eligible losses and expenses, and plan now for additional relief we expect will be needed in the late summer or fall.

With the above considerations in mind, we are providing several specific recommendations to the legislature below.

Eligibility and Payments

- 1) We recommend allocating relief funds across all agricultural sectors in a way that mirrors the percentages of economic output provided by each sector. We support the approach taken by the Senate Agriculture Committee in [S.351](#) and believe the bill represents an appropriately diverse allocation of funds across types and scales of farms.
- 2) We recommend setting the threshold for eligibility based on a producer's net profit during the given period as compared to the same period in a previous year, or an average of that period across the past 3 years.
- 3) We suggest the eligibility be determined based on a minimum annual gross sales of at least \$10,000, as proposed in the Senate Agriculture Committee's draft bill.^[1]
- 4) We recommend establishing multiple tiers for payments based on gross sales and setting payment caps within each of those tiers, similarly to the scale-sensitive approach being taken for dairy farms in the Senate Agriculture Committee's draft bill.

Additional Recommendations

- 4) We urge you to sequester an additional allocation for diversified producers for a second funding cycle in the late summer and fall. The harvest season for vegetable producers is at its peak into the fall and less consistent than the income streams in dairy farming. The bulk of meat and poultry harvest is also concentrated in the late summer and fall. Given that the legislative leadership decided to hold back some CARES money for the fall, it is critical that you reserve a share of those funds for the currently unknown future needs of farmers that are seasonally bound.
- 5) We recommend the legislature make clear that producers should not be subject to burdensome paperwork requirements in order to apply for funds. These funds should be administered using a straightforward process based on self-certification of losses/expenses due to COVID-19.

Finally, we would like to share some specific examples gleaned in recent weeks from farmers in our networks. We hope these examples are helpful in providing some clarity around the types and amounts of expenses and losses producers are experiencing right now.

Singing Cedars Farmstead (Addison County):

“For our farm, expenses include: additional labor to become COVID safe (estimated \$600), expenses related to hand sanitizers, gloves, masks, etc. (estimated \$500). Developing an online system, delivery route logistics (estimated \$1000 in labor expenses); Fuel costs of delivery route (\$40/ week x 12 weeks = \$480); Lost sales from restaurant accounts to date (estimated \$1800 as of June 4); anticipated lost sales to restaurants between June 4-August 31 \$5400. Our estimated costs total \$9780. This represents about 15% of our annual gross sales.” Singing Cedars Farmstead is a diversified farm in Orwell, VT.

Blue Heron Farm (Grand Isle County):

“We have had to do more during COVID, without more money. We did a lot of capacity building: online store creation, more hires, enlarged production plans, but lost 2 farmers markets, and sold out of certain products earlier (meat).” They estimate their additional COVID-19 related expenses at \$7,000. Blue Heron is a small diversified farm in Grand Isle, VT.

Intervale Community Farm (Chittenden County):

“We sell about 90% of our vegetables direct-to-consumer through a community-supported agriculture (CSA) arrangement. While our CSA shares continued to be popular, we were forced to pre-bag everything for our members instead of allowing people to gather produce on their own. Pre-bagging worked great to keep farm staff and the public distant and safe, but we have a lot of unplanned labor and materials associated with packaging. We are planning a similar level of packaging for our summer CSA, which opens up next week.

Aside from physically packing bags, we’ve also had to hire additional help and acquire new equipment in order to package a high volume efficiently. We also have a lot of time tied up explaining and communicating our revised distribution schemes, IT costs for developing on-line ordering and scheduling, etc.

At this point, we’ve tallied about \$13,000 in extra costs from mid-March to now, including some of the supplies we will need for our summer CSA. I estimate \$4,000-\$5,000 per month for packaging and distribution labor atop of what we have already spent. By the end of the summer, barring unforeseen changes, we will be close to \$30,000 in excess of budget.”

Other examples of expenses and losses we know farmers are incurring (in addition to the many we likely are not aware of) as a result of COVID-19 include:

- Labor and materials costs to set up processing facilities and other work spaces with safe social distancing, plexiglass shields, PPE, and sanitation supplies
- Additional marketing costs of pivoting to new markets or distribution methods
- Lost revenue due to requirements to space out customers in greenhouses, at farmers markets or pick-your-own operations (starting this month)

Thank you for your consideration of these recommendations, and of all that Vermont's farmers are doing to feed their communities during these extremely challenging times.

Sincerely,

Maddie Kempner
Policy Director, NOFA-VT

Caroline Gordon
Legislative Director, Rural Vermont

Andrea Stander
Policy Consultant, Rural Vermont

^[1] According to 2017 USDA NASS [Ag Census data](#), 45% of Vermont's farms had at least \$10,000 in sales at the time that data was collected.