



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

June 4, 2020

Dear Members of the Senate Committee on Agriculture,

Thank you for your important work to include much needed relief to non-dairy farmers, along with dairy farmers and processors, in your COVID-19 agriculture economic recovery bill. 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 complete this section of the bill.

First, it is critical that the committee keep in mind that 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, purchase safety equipment for employees, 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 committee 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 committee 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 committee below.

Eligibility and Payments

- 1) We are particularly concerned with the language on page 11 of the most recent draft we have seen, starting on line 9, which reads:

“(5) An eligible applicant shall not receive an award under this section if ~~if~~ the applicant had a net business profit between March 1, 2020 and July 1, 2020.”

Setting a threshold for eligibility based on a producer having any net profit in the given period is an extremely problematic approach. Instead, we recommend setting the eligibility threshold 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. Showing any amount of profit during that period is not an appropriate indication of a producer’s overall financial stability, especially given the fluctuations in income and expenses over the course of a year, and should not preclude a business from accessing relief. As you know, the annual economic cycle for diversified farms is quite different from the 24/7 365 routine of dairy operations.

- 2) We suggest the eligibility be determined based on a minimum annual gross sales of at least \$5,000.¹
- 3) We recommend establishing multiple tiers based on gross sales and setting payment caps within each of those tiers, similarly to the scale-sensitive approach being taken for dairy farms.

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 committee 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 similar to the dairy part of the bill. An administrative penalty for purposefully providing inaccurate reporting of losses, as the committee has discussed, is an appropriate insurance policy against fraudulent claims.

¹ According to 2017 USDA NASS [Ag Census data](#), 66% of Vermont’s farms had at least \$5,000 in sales at the time that data was collected.

Finally, we would like to share some specific examples gleaned just today 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.

Farm 2 (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.

Farm 3 (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 explain 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.” As of the submitting of this letter, we had not received permission to attribute this information directly to the farm.

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. If you would like to hear directly from the farmers mentioned above or other producers, we are more than happy to make contact and/or provide suggestions to the committee.

Sincerely,

Maddie Kempner
Policy Director, NOFA-VT

Caroline Gordon
Legislative Director, Rural Vermont

Andrea Stander
Policy Consultant, Rural Vermont