



Steve Troxler
Commissioner

North Carolina Department of Agriculture and Consumer Services

NCDA&CS COVID-19 Dairy Aid Program Report

November 1, 2020

Background:

The COVID-19 pandemic resulted in serious and substantial impacts on the food supply chain, including the state's dairy industry. Dairy producers and processors across the nation lost portions of their market due to COVID-19 mandated shutdowns of K-12 school systems, institutions of higher learning and food service industries. This resulted in lost marketing opportunity for milk, leading it to being dumped on farms before it was sold, creating a devastating decrease in milk pay prices, which were already at a historical low prior to the pandemic. The additional bottlenecks caused by shutdowns in the meat processing plants and lack of facilities to process dairy animals for beef left producers with no additional income options from the sale of cows culled from their herds.

The NC General Assembly, through S.L. 2020-97, appropriated \$2 million for this assistance program from the State's portion of the Coronavirus Relief Fund authorized under the federal CARES Act. North Carolina Grade A Cow Milk Producers were eligible based on pounds of fluid milk produced beginning in April 2020.

Dairy Aid Timeline:

NCDA&CS sent a letter to dairy producers on September 23, 2020 outlining the program details and application information (**Appendix A**).

The application period opened on September 28 and closed on October 12, 2020. Producers were allowed time after the application period to correct their applications, send in corrected W-9's and allow for questions.

Aid for each eligible dairy producer went out on October 28, 2020 along with an award letter (**Appendix B**).

Award Summary:

As of October 31, 2020, the total amount sent to the 115 eligible dairy producers in North Carolina was \$1,949,997.84. This concludes the expenditures for this aid program as per S.L. 2020-97.

Appendix A



Steve Troxler
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North Carolina Department of Agriculture and Consumer Services

September 23, 2020

ADDRESS BLOCK

Dear NAME,

The NC Carolina Department of Agriculture and Consumer Services (NCDA&CS) is pleased to announce the availability of funding for the **NCDA&CS COVID-19 Dairy Aid Program 2020**.

The COVID-19 pandemic resulted in serious and substantial impacts on the food supply chain, including the state's dairy industry. Dairy producers and processors across the nation lost portions of their market due to COVID-19 mandated shutdowns of K-12 school systems, institutions of higher learning and food service industries. This resulted in lost marketing opportunity for milk, leading it to being dumped on farms before it was sold. This also created a devastating decrease in milk pay prices, which were already at a historical low prior to the pandemic. The additional bottlenecks caused by shutdowns in the meat processing plants and lack of facilities to process dairy animals for beef left producers with no additional income options from the sale of cows culled from their herds.

The NC General Assembly, through S.L. 2020-97, appropriated \$2 million for this assistance program from the State's portion of the Coronavirus Relief Fund authorized under the federal CARES Act. If you apply for additional federal assistance, please be sure to verify with FSA your eligibility to participate in both programs. North Carolina Grade A cow milk producers are eligible based on pounds of fluid milk produced beginning in April 2020.

Additional Items to Note:

- Aid will be based on all fluid cow's milk production from Grade A dairies in North Carolina, regardless of the end use of the fluid milk or where producers sell their milk.
- Eligible dairies are those that are inspected by NCDA&CS Food and Drug Protection Division and qualify for the Grade A Dairy Program.
- Other eligible producers include North Carolina licensed Grade A Farmstead and on-farm producers of fluid cow's milk and N.C. Grade A dairy producers that have gone out of business during the program time frame based on their licensed Grade A fluid milk production.
- Per legislation, this calculation is based on any month in which the baseline price exceeds the announced price. The amount of the payment is the difference between the baseline price (\$20.38) and the Federal Milk Marketing Order (FMMO) 5 announced price, for example, April 2020 - \$20.04 and May 2020 - \$16.35 times the hundredweight of milk produced by the producer for each month beginning with April 2020.

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- There is a limited amount of funding available. If available funds are insufficient to make a full payment to a producer in each month, producer will receive partial aid based on the availability of the funds.
- Per state legislation, the maximum amount provided to any producer in any month is \$25,000.
- Per federal guidelines, all funds must be spent by the NCDA&CS by December 30, 2020.
- All applications for aid must be made online through the NCDA&CS COVID-19 Dairy Aid Portal from September 28-October 12, 2020.
- The application and further information can be found by going to www.ncagr.gov and clicking on the "COVID-19 resources" link.

If you should have any additional questions or concerns, please contact:

Steven Lathrop, Dairy Marketing Specialist

Steven.lathrop@ncagr.gov

Or

2020DairyRelief@ncagr.gov

Sincerely,

A handwritten signature in blue ink that reads "Steven W. Troxler". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Steven W. Troxler
Commissioner

Appendix B



Steve Troxler
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North Carolina Department of Agriculture
and Consumer Services

October 28, 2020

Dear Dairy Producer:

The North Carolina Department of Agriculture and Consumer Services (NCDA&CS) has received and reviewed your application for assistance under the NCDA&CS COVID-19 Dairy Aid Program 2020. I am pleased to inform you that your application has been approved. Enclosed you will find a check made payable to the full legal business name provided on your application for the period of April to June based on the amount of funding available.

This program was developed and administered in accordance to S.L. 2020-97. The North Carolina General Assembly appropriated \$2 million for this assistance program from the State's portion of the Coronavirus Relief Fund authorized under the federal CARES Act. The legislation states *"The amount of the payment shall be the difference between the baseline price and the announced price, times the hundredweight of milk produced by the producer for each month beginning with April 2020. If the funds appropriated by this act are insufficient to make a full payment to each producer in any month, the Department may either award a partial grant to each eligible producer calculated based on the ratio of available funds to needed funds. The maximum amount provided to any producer in any month is \$25,000."* The funds available provided full payments to be issued for April and May, and partial payments for June. The difference between the baseline price (\$20.38) and the Class I prices for April through August follow:

| Month (2020) | Class I Price (\$/cwt) | Baseline (\$20.38) – Class I Price (\$/cwt) |
|--------------|------------------------|---|
| April | \$20.04 | \$0.34 |
| May | \$16.35 | \$4.03 |
| June | \$14.82 | \$5.56 |
| July | \$19.96 | \$0.42 |
| August | \$23.18 | \$-2.80 |

The amount of your award is based on the information and documentation you supplied with your application. An IRS Form 1099 for miscellaneous income will be issued to your business entity for the tax year 2020. It is undetermined at this time, however there may be state reporting requirements of this funding as per S.L. 2020-4 for auditing purposes that will require us to solicit additional information from you.

Thank you for your tireless work and service to North Carolina's number one industry, agriculture.

Sincerely,

Steven W. Troxler
Commissioner