



**STATE OF MISSISSIPPI
DEPARTMENT OF AGRICULTURE AND COMMERCE**

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COMMISSIONER

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MEMORANDUM

Mississippi Agriculture Stabilization Act Application Updates

On October 15, 2020, the Mississippi Department of Agriculture & Commerce (“MDAC”) launched an on-line application process to provide producers the opportunity to apply for and receive monetary assistance pursuant to Senate Bills 3058 and 3061. These Senate Bills provided \$13 million dollars for Poultry, Sweet Potato and CFAP Qualified Producers that have remaining cost deficits associated with the COVID-19 pandemic.

Since the launch of the website, and in view of the effort of MDAC to provide the best service possible, several updates have been made to the application which should assist the farmers and producers.

First, in the initial launch, applications were restricted to a single, overall “farm operation” application for assistance and restricted the application of any subsidiaries. This has now been changed to allow any legal entity that is either a Poultry Producer, Sweet Potato Producer or was a CFAP Qualified Producer to apply for relief. However, every application must be able to provide independent evidence of their losses, separate and apart from the other related business entities that comprise the Farm Operation.

Example: Joe Smith Farms, LLC is the Parent Corporation for a farming operation that has two poultry farm LLCs and one soybean farm LLC underneath. Both poultry farms LLCs as well as the soybean farm LLC can apply for relief under the MASA program, but each LLC must use independent evidence of loss to substantiate their claim and receive payment.

NOTE: There are some farming operations that have already submitted applications under the old guidance. These farms can and should submit new applications relative to their subsidiary LLCs or business entities as long as those applications present new evidence of loss particular to these subsidiary business entities that has not been previously submitted.

Second, if you are a producer that is both CFAP Qualified and also potentially eligible for poultry or sweet potato relief, you may now make application for those other funds as well. Just as in the situation above, you must be able to substantiate a claim with independent evidence of loss.

Example: Bob Johnson Farms, Inc., produces Poultry and Cattle. Mr. Johnson is potentially eligible for compensation for his poultry flock losses. He is also CFAP Qualified due to his cattle losses that were compensated relative to his market losses, but that operation still has costs associated with further business disruption and expenses that would not have been present if the pandemic did not occur. Mr. Johnson can, as a result, apply for both poultry relief in the poultry section of the website as well as CFAP Qualified relief in that section of the website.

Third, we have been asked if the money provided through MASA can be used to pay back PPP and EIDL loans. It is our understanding that you cannot use repayment of these loans as documented evidence of a loss associated with COVID-19.

Fourth, in trying to substantiate flock loss in the poultry industry, we understand that it is difficult, if not impossible, to know if you have a flock loss until after the application period is closed. Moreover, a “flock” has a different definition dependent on the particular operation. We are looking to use comparisons between 2019 and 2020 to illustrate flock differences, or loss, within the affected period starting in March. We encourage poultry producers to work with their integrators to ascertain the differences in head counts, or other relevant factors, between March 2019 through the end of the year, and March 2020 until the time of application.

We are operating under the assumption that most, if not all, producers will sustain flock loss. We understand the full appreciation of that loss may not be realized until 2021. As such, we are working to substantiate, to the best of anyone’s ability, the present indicators of what will be the basis for a fully appreciated flock loss in the future directly attributable to COVID-19.

Finally, there have been questions about supplementing CFAP I and/or II payments received by farmers. As you may know, when CFAP I was rolled out, the US Department of Agriculture was initially providing an 80% payment for price costs associated with the pandemic if your deficit was at least 5%. When it was determined that there would be enough funding to pay for 100% of the applicant loss, the remaining 20% was paid to the producers by the US Department of Agriculture. CFAP II was then created to compensate producers for their marketing losses. It is our understanding that this payment is considered to be compensatory for 100% of those claimed marketing losses as well. The federal government’s position is that this constitutes farmers being wholly compensated for their market losses. However, in the present situation, even if you have received CFAP I and II, but still have unreimbursed costs, you will be eligible under the MASA payments as long you can substantiate the costs.

The US Department of Treasury has issued guidance regarding all funds associated with the COVID-19 pandemic. They do not allow for compensation to be provided to individuals or businesses that are deemed to have been “wholly compensated.” The Mississippi Legislature provided three separate funding opportunities for producers in the aforementioned Senate Bills (Poultry, Sweet Potatoes and CFAP Qualified). Since CFAP Qualified farms that have received CFAP

funds are deemed to be wholly compensated for their commodity price and marketing costs, MDAC is looking for other ways to compensate producers for costs that have yet to be covered.

In an effort to be good stewards of tax payer money, prevent negative audit findings and also compensate producers to the greatest extent possible, MDAC asks producers to help us substantiate your losses with explanations of your losses and any evidence you have at your disposal to prove the loss. We have provided a list of potential areas of loss in the CFAP Qualified Application Section of the website. Understand that this is not an exhaustive list and that there are likely other areas of loss. We will evaluate anything you feel is a loss attributable to COVID-19 that has not been otherwise compensated if you give us the evidence to support the claim. We understand this can be burdensome, but it is necessary to protect you, the State of Mississippi and the American taxpayer.

It should also be noted that the promulgating legislation for the MASA Program only requires that a producer be CFAP Qualified. It does not require that a producer did apply for CFAP funds. In other words, if a producer reviews the CFAP guidelines and knows themselves to be qualified under those guidelines, then they can apply under this program. If you are a producer in this situation, please also explain the basis for your CFAP qualification in the area of the application that allows for explanation.

We are attempting to run the cleanest, most efficient program to compensate producers for their losses. We are looking to issue payment for losses that would not have been incurred by you “but for” the COVID-19 pandemic that have not been previously paid for through another grant program or by other means, such as insurance or integrator offsets.

We thank you for your patience, your attention to the matter, and welcome your questions and comments. We exist to serve you.