TO: NCC Board of Directors
Phase Three Coronavirus Aid Package Memorandum

Good Evening –

As you know, Congressional leaders have been at work on the third phase of an aid package in response to the COVID-19 outbreak.

Two phases have already been passed to date: the first provided $8.3 billion in aid for vaccine and treatment development and the second provided broad paid sick and family leave benefits for businesses with less than 500 employees. Both of those bills are attached for your reference.

The third phase, known as the "Coronavirus Aid, Relief and Economic Security Act" or the "CARES Act," passed the Senate today in a 96-0 vote. It will now be sent to House for consideration and then, if passed, to President Trump for his signature. The package will be far broader than the previous two phases. In total, it is estimated to cost up to $2 trillion. The final Senate-passed bill is attached for your reference.

Importantly, a few notable provisions will impact our industry.

First, funding for the Commodity Credit Corporation (CCC) – an account that the U.S. Department of Agriculture (USDA) uses to purchase commodities including chicken – has been increased by $14 billion. Additionally, $9.5 billion has been set aside at the discretion of the Secretary of Agriculture to assist farmers markets, restaurants, schools, livestock producers and dairy producers in preventing, preparing for and responding to the COVID-19 outbreak.

Second, a provision was included that permanently rescinds the Small Business Administration (SBA) 7(a) Loan Program Interim Final Rule (IFR) entitled "Express Loan Programs: Affiliation Standards," which would have barred growers from utilizing the 7(a) loan program. As the provision is written, the IFR's affiliation provisions impacting poultry will be permanently rescinded and have no force or effect once the CARES Act is signed by President Trump. NCC has been advocating for this on Capitol Hill, through the hearings process, and in comments filed on the original Proposed Rule SBA released in 2018. SBA currently has an open comment period on the IFR closing on April 10, but the rule will no longer have effect so the comments will be unnecessary. NCC is pleased that this provision was included in the final bill.

Additionally, the SBA will increase the guarantee for 7(a) loans to 100 percent for loans issued between February 15 and June 30, 2020. Loans made during this period would be forgiven if the employer follows a set of requirements, notably if the employer continued to pay employees throughout the COVID-19 outbreak. Additionally, language was included in the bill to allow for current SBA 7(a) borrowers to apply for a deferral on their principal and interest, which SBA will cover for six months from the date of deferral acceptance. Additional appropriations are made to accommodate each of these changes. SBA is required to disseminate guidance to the public and to lenders on both of these processes within 30 days of the bill's passage.

Finally, the Phase 3 aid package also includes the following components:

- Includes $34.9 billion for the USDA and the Food and Drug Administration (FDA) to respond to the COVID-19 outbreak.
    - The Animal and Plant Health Inspection Service (APHIS) will receive an additional $55 million for use through FY2021 to cover salary costs associated with the Agriculture Quarantine and Inspection Program;
    - The Agricultural Marketing Service (AMS) will receive an additional $45 million for use through FY2021 to cover salary costs associated with commodity grading, inspection and audit activities;
    - The Food Safety and Inspection Service (FSIS) will receive an additional $33 million for use through FY2021 to support temporary and intermittent workers, relocation of inspectors, and costs of overtime inspectors under the Poultry Products Inspection Act (PPIA) and Federal Meat Inspection Act (FMIA).

- Establishes reimbursement limits on requirements only for employers with under 500 employees to provide paid sick and family leave. The Phase Two bill sets out criteria (listed below) an employee must meet to qualify for family and sick leave. The CARES Act builds on the Phase Two bill by establishing individual-level payment limits on these leave benefits. These benefits must be extended to qualifying employees and are paid for through employer tax credits paid out in quarterly installments.
    - Employees that either test positive for COVID-19, are subject to federal, state or local quarantine order for non-essential industries, are experiencing symptoms of COVID-19 and seeking a medical diagnosis, or are caring for an individual experiencing symptoms or has tested positive for COVID-19, are entitled to sick leave benefits. These benefits are extended for as many as two weeks for full-time workers and a similar equivalent for part-time workers. Sick leave benefits for these employees are capped at $5,110 for a worker's quarantine or diagnosis, while caregiving benefits are two-thirds of normal wage, capped at $2,000.
    - Employees that are caregiving for a child younger than 18 whose day care or school is closed but has not experienced any of the medical qualifications listed above are entitled to family leave benefits. These benefits are extended for as many as 12 weeks. Family leave benefits are set at two-thirds of a worker's normal pay rate or capped at $200 per day or $10,000 total, whichever is lower. The first 10 days are unpaid.
    - Employees may draw on both benefits should they meet all minimum qualifications. Payment limits would be capped at the greater of either benefit extended.

- Roughly $250 billion for individual tax rebates, which would equal $1,200 for individuals with incomes up to $75,000 ($112,500 if head of household) in the individual's most recently-filed tax return (and $2,400 per couples that reported less than $150,000). These amounts increase by $500 for every qualifying child. These payments would be phased down for individuals with incomes between $75,000 - $99,000 ($112,500 - $136,500 for head of household, $198,000 for joint filers), at which point payments cut off.

- Roughly $500 billion for authorization of emergency loans to distressed businesses, including $50 billion divided between loans and grants specifically for passenger airlines. This funding would be used at the discretion of the Treasury Secretary. Any business receiving a government loan through the program would be subject to a ban on stock buybacks through the term of the loan plus one additional year. The issuance of a dividend on common stock is banned for the term of the loan. The bill also authorizes the Department of the Treasury to temporarily guarantee money-market funds.

- Roughly $350 billion for establishing and appropriating for bridge loans, grants, and technical assistance to small businesses through the Small Business Administration.

- Roughly $150 billion to assist hospitals and other health-care providers for the provision of personal protective equipment, testing supplies, increased workforce and training and new construction to house health-care workers for the prevention, diagnosis, and treatment of COVID-19; revises other provisions, including those regarding the medical supply chain, the national stockpile, the Healthy Start program, telehealth services, nutrition services, Medicare, and Medicaid.

- Establishes special rules for certain tax-favored withdrawals from retirement plans; due date delays for employer payroll taxes and estimated tax payments for corporations; and revisions to losses, charitable deductions and business interest provisions.

- Expands unemployment insurance to cover the full income equivalent to four months for those furloughed or otherwise lose their job due to the impact of COVID-19. Maximum unemployment insurance benefits will be raised by $600 a week, applying to small and large businesses as well as those that are self-employed.

- Suspends payments for federal student loans; and otherwise revises provisions related to campus-based aid, supplemental educational-opportunity grants, federal work-study, subsidized loans, Pell grants, and foreign institutions.

The House will now take up the Senate bill. Amendments could be made to the Senate package, however the House is considering passing the bill as-is by unanimous consent, which would not require all Members to return to Washington to vote. We'll keep you apprised as this evolves and next steps are taken by the House. President Trump has indicated he will sign the Senate bill.

Please let me know if you have any questions.

Thank you,