

State of Tennessee

**Coronavirus Agricultural
and Forestry Business
Fund**



**Department of Agriculture
Grant Applicant Informational Packet**

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Program Overview

Coronavirus Relief Fund

Through the CARES Act, Congress established the Coronavirus Relief Fund (“CRF”). This fund was established to provide ready funding to State, territorial, local and Tribal governments to address unforeseen financial needs and risks created by the COVID-19 public health emergency. The State of Tennessee (“the State”) received a direct allocation of \$2.36 billion from this fund by the U.S. Department of the Treasury (“Treasury”). On August 14th, Governor Bill Lee announced the launch of the Coronavirus Agricultural and Forestry Business Fund (“CAFB Fund”), a \$50 million commitment from the State’s CRF allocation.

The CARES Act provides that payments from the CRF may only be used to cover costs that:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020

Expenses should fall within one of the following categories:

- Medical Expenses
- Public Health Expenses
- Payroll Expenses
- Public Health Compliance Expenses
- Economic Support Expenses
- Other Reasonably Necessary Expenses

Coronavirus Agricultural and Forestry Business Fund

The CAFB Fund is an incentive program that strengthens supply chains, empowers local agricultural and forestry businesses, and builds a resilient industry by ensuring that Tennessee agribusinesses are compensated for their COVID-19-related expenses. The fund is being overseen by the Tennessee Department of Agriculture.

The goal of the CAFB Fund is to provide funding to COVID-19-affected agricultural, food

and forestry businesses; value-added production, and other agriculture–related entities in Tennessee, as well as those who maintain a physical footprint in Tennessee. This grant is for entities who have yet to receive adequate COVID-19 funding from other sources. Successful grant recipients must demonstrate business disruption impact or costs associated with COVID-19 responses from March 1, 2020 to December 30, 2020.

The full program description is included as Appendix A.

Frequently Asked Questions can be found in Appendix B and will be updated at tncaresact.tn.gov.

Eligibility

Program Guidelines

The funds set aside for this program must comply with the CARES Act and Treasury guidance on the Coronavirus Relief Fund. The Terms and Conditions of the fund are written to ensure compliance with these rules. The two essential pieces of those rules for this program, are that all funds are used for expenses that occurred from March 1, 2020 through December 30, 2020 and that the expenses and losses funded are connected to the COVID-19 pandemic.

Priority will be given to organizations that have not received funding through other funding opportunities for business losses and COVID-19 related expenses. Expenses or business losses cannot be covered by this program if they have been, or will be paid, by other federal emergency relief funds. Those funds include, without limitation: the Paycheck Protection Program, USDA CARES Act funding assistance, TN Business Relief Program, and the TN Community CARES Program.

The system of record for the State of Tennessee is the Tennessee Cares Act Management System (“TN CAMS”). All documentation will be stored in this system.

Examples of Eligible Costs

Examples of activities prioritized and encouraged for funding under this program will include without limitation:

- Transportation and labor costs associated with donated food.
- PPE or necessary infrastructure to continue agricultural production safely.

- Extra refrigerators or assets to safely store produce for a longer time period.
- Technology associated with expanding markets and marketing for local agricultural producers to reduce waste and provide healthy food options for Tennesseans.
- Business losses, such as sales losses and export market losses, due to COVID-19.
- Expansion of capacity to meet extra demand created by COVID-19.

Application Process

Application Information

Applications will be submitted through TN CAMS and will be distributed to the Tennessee Department of Agriculture (“TDA”). Applications will be accepted from August 17, 2020 through August 31, 2020. The application can be found at tncaresact.tn.gov/tda.

The CAFB Fund Committee will evaluate applications and notify applicants of their decision no earlier than September 15, 2020. As approved applicants are notified, they will be provided access to TN CAMS. This portal will enable recipients to submit Requests for Funds to reimburse eligible expenses or losses incurred.

A full list of questions and required documents that should be included in the application is included in Appendix B.

Request for Funds

Logging into TN CAMS

After an application has been approved by the CAFB Fund Committee, access to TN CAMS will be provided to the recipient. Recipients will be provided log-in information for two contacts per organization. This will be based on the Primary and Secondary Contact submitted in the application.

Request for Funds (“RFF”) Form

To receive funding, recipients will submit a Request for Funds form in TN CAMS. Every submission will require a consent that all Terms and Conditions have been reviewed. Applicants should note that, while encouraged to submit all supporting documentation as part of the application process, those applicants who are allocated funding may be required to provide additional information and documentation to enable verification of

funding eligibility prior to receiving funds. All RFFs must be submitted by October 31, 2020 in order to receive funds. Following the October 31, 2020 deadline, any unused portion of a recipient's allocated funds will be subject to de-obligation so it can be re-allocated for other purposes.

Payment Information

All payments will be processed through TN CAMS as RFFs are approved. To receive a payment, you must have a supplier ID on file with the State of Tennessee. If you do not have a supplier ID, TDA will provide direction for you to obtain an ID for your payment to be processed.

Appendices

Appendix A- Program Description

Coronavirus Agricultural and Forestry Business Fund (CAFB Fund)

On Friday, March 27, 2020, the President signed into law the CARES Act, which established the \$150 billion Coronavirus Relief Fund. Amounts paid to States, the District of Columbia, U.S. Territories, and eligible units of local government are based on population as provided in the CARES Act. The State of Tennessee received \$2.36 billion from this fund. From this funding stream, Governor Lee has allocated \$50 million to a reimbursement grant program for agriculture and forestry-related businesses. This program will be a one-time fund and will be called the Coronavirus Agricultural and Forestry Business Fund (CAFB Fund).

A strong agricultural supply chain and system is critical to the function of society and the economy. However, the novel Coronavirus revealed weaknesses, gaps, and disruptions to the food and fiber system. CAFB Fund is an incentive program that strengthens supply chains, empowers local agricultural and forestry businesses, and builds a resilient industry by ensuring that Tennessee agribusinesses are compensated for their COVID-19-related expenses. The fund is being overseen by the Tennessee Department of Agriculture.

The CAFB Fund awards grants to COVID-19-affected agricultural, food and forestry businesses; value-added production, and other agriculture-related entities in Tennessee, as well as those who maintain a physical footprint in Tennessee. This grant is for entities who have yet to receive adequate COVID-19 funding from other sources. Successful grant recipients must demonstrate business disruption impact or costs associated with COVID-19 responses from March 1, 2020 to December 30, 2020.

The CAFB Fund Committee will accept and review applications beginning August 17, 2020 and ending August 31, 2020. Applicants will be evaluated and notified of the outcome of their request on September 15, 2020.

Relief Categories

The CAFB Fund will fund lost revenue and expenses incurred as a result of COVID-19. Requests for relief must match at least one of the following four categories. If a business qualifies under more than one category, applicants should indicate so on their application.

- **Business Disruption** - This includes requests for reimbursement-based funding for lost revenue, including export market losses, or business disruption caused by the COVID-19 pandemic.

- **Costs Associated with Pandemic Response** – This category includes reimbursement of specific costs related to response to the COVID-19 pandemic. For example, this would include the costs of cleaning or purchase of personal protective equipment (PPE) needed to increase safety and reduce the transmission of COVID-19.

- **Supply Chain Enhancement** - This category includes projects that strengthen and/or safely build Tennessee's food and fiber supply chains. This fund will be for existing agricultural and forestry businesses and include costs associated with increasing production or processing capacity, increasing the number of employees to combat supply chain issues, as well as throughputs, inventory and raw materials capacity issues created by the COVID-19 pandemic.

- **Increased Meat Processing Capacity** - This category includes projects that create or expand meat processing capacity to solve the problems (facility expansion, fixtures, on-site job training, or equipment that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed) created by the COVID-19 pandemic.

Applicant Requirements

- Applicants must be a Tennessee entity (i.e. agricultural, food, or forestry business, value-added farm operation, local government, or nonprofit in Tennessee) or have a project based in Tennessee.
- Applicants must address the unique problems created by COVID-19 and demonstrate that their application meets one of the four categories listed above.
- Applicants must agree to receive any payments granted through Electronic Funds Transfer (EFT).
- Once an application is approved, funding is on a reimbursement basis. Applicants must submit documentation of lost revenue and receipts of COVID-19 related expenses prior to reimbursement.

CAFB Fund Application Scoring

Applications will be reviewed by the CAFB Fund Committee. The committee will score these applications based on the applicant's category selection, the size of business, industry, percentage of Tennessee inputs, and solutions to COVID-19-damaged agricultural and forestry systems. Priority will be given to small businesses, industries adversely affected by COVID-19, and businesses with high levels of Tennessee inputs.

Types of Projects that will be considered for the CAFB Fund

There are a variety of costs that may qualify for reimbursement through the Coronavirus Agricultural and Forestry Business Fund. The following list provides examples but is not comprehensive.

- Transportation and labor costs associated with donated food.
- PPE or necessary infrastructure to continue agricultural production safely.

- Extra refrigerators or assets to safely store produce for a longer time period.
- Technology associated with expanding markets and marketing for local agricultural producers to reduce waste and provide healthy food options for Tennesseans.
- Business losses, such as sales losses and export market losses, due to COVID-19.
- Expansion of capacity to meet extra demand created by COVID-19.

Appendix B – Frequently Asked Questions

General

When will the application process take place?

Answer

The CAFB Fund Committee will accept and review applications beginning 8/17/2020 and ending 8/31/2020. Applicants should be notified regarding their application status by 9/15/2020.

What are the requirements to apply?

Answer

Applicants must be a Tennessee entity (*i.e.*, agricultural, food, or forestry business, or nonprofit agricultural entity in Tennessee) or have a project based in Tennessee. Applicants must address the unique problems created by COVID-19 and demonstrate that their application meets one of the four relief categories (Business Disruption, Pandemic Response, Supply Chain Enhancement, and Increased Meat Processing Capacity). Once an application is approved, funding will be disbursed on a reimbursement basis. Applicants must submit documentation proving business disruption and/or receipts of COVID-19 related expenses prior to reimbursement.

Will I need to pay this funding back?

Answer

No. This is financial assistance from the State of Tennessee's share of the Coronavirus Relief Fund ("CRF") and not a loan.

How will recipients be chosen to receive funding from the Coronavirus Agricultural and Forestry Business Fund?

Answer

Successful grant recipients must demonstrate business disruption impact or costs associated with COVID-19 responses, from March 1, 2020 to December 30, 2020. Priority will be given to entities located in and/or serving counties economically affected by COVID-19.¹ Priority will also be given to applicants who have yet to have the opportunity to receive adequate COVID-19 relief funding from other available relief programs, and have a substantial amount of inputs

¹ See TN COVID-19 data here: <https://experience.arcgis.com/experience/885e479b688b4750837ba1d291b85aed>

sourced in Tennessee.

Is an in-home business eligible?

Answer

All agricultural-related businesses are eligible to apply, but all recipients of funding must have a tax ID number and register with the State of Tennessee to receive funds.

How will recipients receive payment?

Answer

Payment will be on a reimbursement basis. Once applicants are notified that funds have been allocated, they will receive access to the TN CAMS system to submit a Request For Funding ("RFF") and associated documentation. Upon review and approval of each RFF, funds will be transferred to the recipient. Recipients of funding must be registered with the State in order to receive funds. Entities may register by using the following link: https://hub.edison.tn.gov/psp/paprd/SUPPLIER/SUPP/h/?tab=PAPP_GUEST .

Are recipients required to use other federal funds or seek reimbursement under other federal programs before using CAFB payments to satisfy eligible expenses?

Answer

No. Recipients may use CAFB Fund payments for any expenses eligible under the Terms & Conditions of the grant. Fund payments are not required to be used as the source of funding of last resort. However, recipients may not use payments from the CAFB Fund to cover expenditures for which they will receive reimbursement from other programs.

What rules apply to the proceeds of disposition or sale of assets acquired using payments from the Fund?

Answer

If such assets are disposed of prior to December 30, 2020, the proceeds would be subject to the restrictions on the eligible use of payments from the CAFB Fund provided in the Terms & Conditions.

Relief Categories

Business Disruption

Do businesses have to have been affected by a mandatory shut down in order to qualify for reimbursement for business disruption?

Answer

No, all agricultural entities that can prove a business loss are eligible to receive a grant under the CAFB Fund. This would include losses sustained due to mandatory shutdowns or losses sustained from decrease in demand caused by the COVID-19 pandemic. Applicants will be required to demonstrate business interruption through documentation and a narrative on their application.

How will applicants prove that business disruption has occurred within their entity?

Answer

The application will require business entities to input figures comparing net income from March-June 2019 to March-June 2020. Applicants should upload any documentation that they believe supports this claim. The application will also have space to include a narrative providing more detail surrounding the nature of business disruption suffered by the applicant and upload any additional document supporting this narrative.

Are there restrictions on the use of CAFB Fund payments received for business disruption?

Answer

CAFB payments received for business disruption may be spent at the discretion of the recipient. These funds will be disbursed provided that the recipient has demonstrated business disruption. Expenditure of funds will not be monitored following their disbursement.

Costs Associated with Pandemic Response

May any assets purchased from the CAFB Fund program be retained? Does the PPE have to be used by December 30, 2020?

Answer

You would not need to use all purchased PPE by December 30, 2020. However, the expenditures and amount of PPE items purchased (and reimbursed with funds received from this program) must be limited to those items that are necessary due to the public health emergency.

Supply Chain Enhancement

Will expenses for overtime and payroll for additional employees hired be eligible?

Answer

Yes, these expenses would be eligible if an increase in production is needed to combat issues created by the COVID-19 pandemic (such as a demonstrated need for additional workforce capacity), and expenses were incurred between March 1, 2020 – December 30, 2020.

Increased Meat Processing Capacity

Would improvements to facilities to allow farmers and processors to donate meat to food banks be allowable expenses?

Answer

Yes, these expenses would be allowable, if the expenses were incurred between March 1, 2020 – December 30, 2020.

Would overtime for USDA meat inspectors qualify as a reimbursable expense under the grant?

Answer

Yes, overtime expenses are eligible expenses, provided that the overtime was necessary due to increased demand because of the COVID-19 pandemic, and the expenses were incurred between March 1, 2020 – December 30, 2020.

May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?

Answer

Yes, to the extent these efforts are deemed necessary for public health and/or animal health reasons or as a form of economic support as a result of the COVID-19 health emergency. Note however, that funds under this category (Increased Meat Processing Capacity) are intended to increase the supply of meat due to the high demand caused by the COVID-19 pandemic. To the extent that depopulation of livestock results in business losses or disruptions rather than increased capacity, funding for those business losses likely should be claimed under that category instead.