

NCGA + COVID 19



NCGA is taking a series of actions to do our part to help contain the spread of the coronavirus (COVID-19) and the economic fallout it is creating for corn farmers and our customers. Short term, this means instituting policies to protect the health and safety of our stakeholders and the broader communities we serve. Long term, we are focused on creating solutions to help corn farmers and our customers recover from the financial impacts of this crisis.

NCGA Analysis Projects Drastic Drop in Corn Revenues

Analysis conducted for NCGA by Dr. Gary Schnitkey of the University of Illinois shows that corn farmers have faced immediate price loss from COVID-19 on the 2019 corn crop that is still being marketed.

- The analysis projects a **\$59 per acre average revenue decline** from March through early June.
- Demand destruction in the ethanol and livestock sectors is anticipated to have a dramatic impact on the 2020 corn crop as well.
 - Projections for the 2020 Market Year Average price is \$3.20 per bushel, resulting in a **\$89 per acre average revenue decline** when compared to pre-COVID-19 estimates.
 - If realized, these losses will represent the lowest income corn farmers have received since 2006.
- Residual damage from the coronavirus is expected to persist through 2021 and potentially beyond as corn stocks grow and the recovery timeline for the ethanol and livestock sectors remains uncertain.

Assistance for Corn Growers

- The Coronavirus Food Assistance Program (CFAP) won't fully cover the entire 2019 corn crop price loss but is a necessary first step to helping farmers and their customers recover from the COVID-19 pandemic.
 - CFAP will provide \$16 billion in direct relief to producers who faced price declines and additional marketing costs due to COVID-19, including approximately **\$2.3 billion for corn growers**.
- The Price Loss Coverage (PLC) Program provides assistance when price of a covered commodity, such as corn, falls below the set reference price. The 2018 Farm Bill reauthorized the PLC and Agriculture Risk Coverage (ARC) programs with modifications; earlier this year producers elected one of the two programs.
 - An average PLC payment of \$18 per base acre is projected for corn which would fall short of covering 2019 revenue losses, underscoring the need for USDA's Coronavirus Food Assistance Program.
- The Federal Crop Insurance Program is designed to provide protection for producers in the case of a yield or revenue losses. Crop insurance will be key to managing the uncertainty created by COVID-19.
 - If farmers experience a loss as a result of an economic downturn, then crop insurance support may help manage the damage.