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Coronavirus Food Assistance Program (CFAP) Update



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USDA has announced details of the [Coronavirus Food Assistance Program \(CFAP\)](#) designed to compensate farmers who have suffered losses due to COVID-19.

Background: On April 17, 2020, U.S. Secretary of Agriculture Sonny Perdue announced the CFAP which evolved from funding provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Families First Coronavirus Response Act (FFCRA), and other existing USDA funds. CFAP will provide \$19 billion, with \$16 billion in direct payments to eligible farmers (\$9.5 billion from the CARES Act and the remaining \$6.5 billion from the Commodity Credit Corporation (CCC)) and

\$3billion to purchase fresh produce, dairy and meat to support the ag economy and provide food for needy families as part of USDA's [Families Food Box Program](#). The remaining portion of this article outlines the direct payment provisions of CFAP.

Eligible Commodities

CFAP will provide financial assistance to producers of agricultural commodities who have suffered a 5% or greater price decline (from mid-January to mid-April) or who had losses due to market supply chain disruptions due to COVID-19 and face additional significant market costs. Presently, USDA states that the following commodities meet that criteria:

- Non-specialty crops including malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat
- Wool
- Livestock: cattle, hogs, and sheep
- Dairy
- Specialty Crops including various fruits, vegetables, and nuts

USDA declares that soft red winter wheat, hemp and tobacco do not meet eligibility criteria. Additional eligible commodities, including aquaculture and nursery crops, will be announced at a later date. Plus, USDA indicated that the agency will consider additional commodities not identified in the final rule if they meet eligibility requirements. For more information on submission requirements for other commodities not listed in the final rule, check out the Notice of Funding Availability (NOFA) on the [CFAP website](#). USDA declares contract growers will not be eligible for CFAP payments unless the grower is subject to price risk as part of the contract.

Payment Limitations: CFAP payments will be capped at \$250,000 per individual and not limited per commodity as was originally reported. Payments will be excluded for any one individual or legal entity with an adjusted gross income (using averages of 2016, 2017, and 2018 tax years) exceeding \$900,000 unless at least 75% of the income is derived from farming. The final rule outlines specifics for various legal entities, including corporations, where up to three individuals who meet USDA's requirements for being actively engaged in farming will be eligible for up to three separate payment limits.

Livestock Payment Details

- For livestock including cattle, swine, and ovine, the CARES act payment rate will be multiplied by the per head volume of sales between January 15, 2020 and April 15, 2020 in each of the livestock categories listed. Livestock must have been owned on January 15 to be eligible for the CARES payment. Offspring born from that inventory would be eligible if they were sold during the 90 day period. The CCC payment rate will be multiplied by the highest inventory number in each of those categories from April 16, 2020 through May 14, 2020.
- For dairy, the CARES Act payment rate will be multiplied by 1st quarter milk production. The CCC payment rate will be multiplied by 1st quarter milk production times 1.014 (seasonal production increase for the second quarter).

- For wool, eligible inventory will be the lower of either (1) 50% of the producer's self-certified unpriced inventory as of January 15, 2020 or (2) 50% of the producer's 2019 production. This level is multiplied by the CARES and CCC payment rates.

Livestock Categories	Unit of Measure	CARES Act Payment Rate	CCC Payment Rate
Dairy	Cwt	\$4.71	\$1.47
Slaughter cattle (mature cattle)	Head	\$92	\$33
Slaughter cattle (fed cattle)	Head	\$214	\$33
Feeder cattle less than 600 lbs	Head	\$102	\$33
Feeder cattle 600 lbs or more	Head	\$139	\$33
All other cattle	Head	\$102	\$33
Pigs (any swine under 120 lbs)	Head	\$28	\$17
Hogs (any swine 120 lbs or more)	Head	\$18	\$17
Lambs and yearlings	Head	\$33	\$7
Wool (graded, clean basis)	Lb	\$0.71	\$0.78
Wool (non-graded, greasy basis)	Lb	\$0.36	\$0.39

Non-Specialty Crop Payment Details

- An average payment rate per unit will be determined for each eligible non-specialty crop based on the decline in the weekly average of the futures prices (or weekly average of the cash prices, if futures prices are unavailable) between the average for the week of January 13-17, 2020, and the average for the week of April 6-9, 2020.
- Producers of non-specialty crops will be paid based on inventory held as of January 15, 2020.
- A single payment will be made based on 50% of a producer's 2019 total production or the producer's 2019 inventory which is subject to market price risk as of January 15, 2020, whichever is smaller, and multiplied by the commodity's applicable payment rates below split between funding provided by the CARES Act and funds from the Commodity Credit Corporation (CCC).

Non-specialty Crops	Unit of Measure	CARES Act Payment Rate	CCC Payment Rate
Barley (malting barley only)	bushel	\$0.34	\$0.37
Canola	pound	\$0.01	\$0.01
Corn	bushel	\$0.32	\$0.35
Upland Cotton	pound	\$0.09	\$0.10
Millet	bushel	\$0.31	\$0.34
Oats	bushel	\$0.15	\$0.17
Sorghum	bushel	\$0.30	\$0.32
Soybeans	bushel	\$0.45	\$0.50
Sunflowers	pound	\$0.02	\$0.02
Wheat, Durum	bushel	\$0.19	\$0.20
Wheat, Hard Red Spring	bushel	\$0.18	\$0.20

For more information on CFAP eligibility and payment details related to non-specialty crops, click [here](#).

Kentucky will not receive many payments attributed to specialty crops (primarily fruits and vegetables) given our growing season. For more information on CFAP eligibility and payment details related to specialty crops, click [here](#).

Other Details

- Signup started on May 26, 2020 and will continue through August 28 at one's local Farm Service Agency (FSA) office. Click [here](#) for a list of local offices in Kentucky. Producers must submit a completed CFAP application either in person, by mail, e-mail, or fax to their local FSA office.
- USDA indicates that payments will generally be made 7 to 10 days after the application is approved.
- Application forms and a payment calculator are available online on the [CFAP website](#). In addition, USDA has made available a preview video for the payment calculator that one can find by clicking [here](#).
- USDA will require several forms/information (e.g., tax identification number, farm operating structure, conservation compliance, adjusted gross income to ensure eligibility, and direct deposit information) must be on file at the local FSA office as part of the application process.
- Eligible farmers will receive 80% of their CFAP payment in the initial distribution with the remaining 20% being paid at a later date if funds remain available, not to exceed the \$16 billion funding limit. USDA ensures that all producers will receive their eligible payments under the initial distribution no matter

when they submit an approved application during the May 26 to August 28th time frame. The remaining 20% will be made or prorated later depending on the remaining funds.

- USDA will not require an individual to have crop insurance coverage or participate in other USDA programs to be eligible for payment under CFAP.
- Payment limitations for CFAP exclude payments from other USDA programs

Estimated Payments to Kentucky

USDA estimates that cattle will receive the largest percentage of the \$16 billion CFAP pot with \$5.06 billion (32%), followed by row crops with \$3.5 billion (22%) and dairy with \$2.77 billion (17%). Estimating Kentucky's portion of the \$16 billion fund will depend on assumptions related to sale levels, inventory, signup rates, and individual payment limitations. Based on our assumptions, we are estimating that Kentucky farmers will receive approximately \$175 million from CFAP, led by cattle with \$91 million, dairy, \$36 million, corn, \$32 million and soybeans, \$12 million. This compares to our estimate of more than \$300 million Kentucky farmers received from government payments in 2019 which includes Market Facilitation Program (MFP) and other farm bill payments. Officially, Kentucky farmers received an average of \$147 million from government payments during the 2015-2018 time frame.

For more Details: Click [here](#) for the USDA Coronavirus Food Assistance Program website and [here](#) for a copy of the Final Rule published in the Federal Register.

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