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Coronavirus Food Assistance Program (CFAP) Update



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Today (May 19, 2020), the White House and USDA announced details of the [Coronavirus Food Assistance Program \(CFAP\)](#) as part of a [White House briefing on the U.S. Food Supply](#). The direct payment portion of this program is 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 \$3

billion 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 fact sheet outlines the direct payment provisions of CFAP.

Eligible Payments: 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.

Eligible Commodities

- 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

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.

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 below. 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

Crop Payment Details

- An average payment rate per unit (bushel, pound, or hundredweight) will be determined for each eligible non-specialty cropland 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.
- If the decline in price is 5 percent or greater between these two time periods, a payment for that commodity is triggered.
- 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 percent of a producer's 2019 total production or the 2019 inventory 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](#). For more information on CFAP eligibility and payment details related to specialty crops, click [here](#).

Application/Payment Process and Details

- Signup will begin on May 26, 2020 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 the application form and a payment calculator for producers will be available online once signup begins.
- 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 will not require an individual to have crop insurance coverage to be eligible for payment under CFAP.

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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