



CORONAVIRUS FOOD ASSISTANCE PROGRAM (CFAP) FOR ROW CROPS, LIVESTOCK, AND DAIRY

Overview

On May 19, 2020, the U.S. Department of Agriculture announced details of a new program providing direct assistance to farmers through the Coronavirus Food Assistance Program (CFAP). The CFAP will provide up to \$16 billion in direct payments to eligible farmers and ranchers impacted by the coronavirus pandemic. The direct payments come from \$9.5 billion in appropriated funding provided in the Coronavirus Aid, Relief, and Economic Stability (CARES) Act and \$6.5 billion from the Commodity Credit Corporation (CCC).

To be eligible, an agricultural commodity must have suffered at least a 5 percent price decline due to COVID-19 between mid-January and mid-April 2020 or faced marketing costs for inventories due to decreased demand, surplus production, and disruptions to shipping patterns.

This publication outlines the CFAP direct payment details for non-specialty row crop, livestock, and dairy commodities. Specialty crops including various fruits, vegetables, and nuts are also eligible for CFAP, but these are not covered here.

Eligible Row Crops and Payment Rates

Row crops (non-specialty) in Mississippi eligible for payment include corn, cotton, and soybeans, as well as the additional crops listed in **Table 1** below. Producers will be paid based on inventory as of January 15, 2020. Eligible inventory is the lower total of **either** self-certified unpriced inventory in which an eligible producer has vested ownership as of January 15, 2020, **or** 50 percent of the eligible producer's 2019 production of that commodity.

A single payment for eligible inventory will be based on the rates given in Table 1. While a single payment will be made, funds will come from two sources; thus, two different rates are given. Fifty percent of eligible inventory will be assessed at the CARES Act payment rate, and the additional 50 percent of eligible inventory will be paid at the CCC payment rate.

Currently **rice and peanuts** are considered ineligible for CFAP payments. USDA may reconsider excluded commodities if credible evidence is provided that supports the 5 percent price decline. To be eligible, 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 must be 5 percent or greater.

Table 1. Row crop (non-specialty) commodities and payment rates for CFAP.

| Commodity | 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 |

Row Crop Payment Examples

Assume there are three cotton producers, A, B, and C, each with 500 acres of cotton in 2019. Each producer has a yield of 1,200 pounds an acre for a total 2019 production amount of 600,000 pounds.

As of January 15, 2020, Producer A still had 40 percent (240,000 pounds) of unpriced cotton in inventory. Producer A has 240,000 pounds of eligible inventory. Fifty percent of eligible inventory (120,000 pounds) will be assessed at the CARES Act payment rate of \$0.09, and the remaining 50 percent (120,000 pounds) will be assessed at the CCC payment rate of \$0.10. Producer A will receive a single payment of \$22,800, or \$45.60 per acre.

Producer B as of January 15, 2020, still had 60 percent (360,000 pounds) of unpriced cotton in inventory. Producer B has only 300,000 pounds of eligible inventory since eligible inventory is capped at 50 percent of total production. Fifty percent of eligible inventory (150,000) will be assessed at the CARES Act payment rate of \$0.09, and the remaining 50 percent (150,000 pounds) will be assessed at the CCC payment rate of \$0.10. Producer B will receive a single payment of \$28,500, or \$57 per acre.

Producer C sold all cotton at harvest, which was prior to January 15, 2020. Producer C will receive no payment from CFAP because Producer C had no inventory on hand as of January 15, 2020.

Eligible Livestock and Dairy and Payment Rates

Livestock and dairy commodities in Mississippi eligible for CFAP payment include cattle, milk, hogs, lambs, and the additional commodities listed in **Table 2**. The process for determining the appropriate payment rate is different among commodities and is detailed here.

- For livestock including cattle and swine **sold** between January 15, 2020, and April 15, 2020, the CARES Act per-head payment rate will be multiplied by volume of head sold.
- The CCC payment rate will be used for **inventory on hand** at a point between April 16 and May 14, 2020. The CCC payment rate will be multiplied by the highest inventory number from April 16 to May 14, 2020.
- For dairy, the CARES Act payment rate will be multiplied by milk production during the first quarter of 2020 (January 1 to March 31). The CCC payment rate will be used for expected milk production in the second quarter of 2020 (April 1 to June 30). To obtain expected second-quarter milk production, the first-quarter milk production total reported will be multiplied by 1.014 (the seasonal production increase for the second quarter). The CCC payment rate will then be multiplied by this forecast.
- For wool, eligible inventory will be the lower of either 50 percent of the producer's self-certified unpriced inventory as of January 15, 2020, or 50 percent of the producer's 2019 production. This level is multiplied by the CARES and CCC payment rates.

Poultry, Goats, and Catfish

Poultry and goats are not currently included in CFAP. Details for catfish are not included in this announcement but could become eligible later. The final rule states that aquaculture commodities are “included in CFAP to the extent USDA determines individual types of the products have incurred a decline in prices of 5 percent or more between January 15, 2020, and April 15, 2020.” If USDA deems catfish to be eligible, it will be announced in a subsequent Notice of Funding Availability (NOFA) issued by FSA on behalf of the Secretary. A specific date for such an announcement is not listed.

Table 2. Livestock commodities and payment rates for CFAP

| Commodity | Unit of Measure | CARES Act Payment Rate | CCC Payment Rate |
|--------------------------------------|-----------------|------------------------|------------------|
| Dairy | cwt | \$4.71 | \$1.47 |
| Slaughter cattle (mature) | head | \$92 | \$33 |
| Slaughter cattle (fed) | head | \$214 | \$33 |
| Feeder cattle (less than 600 pounds) | head | \$102 | \$33 |
| Feeder cattle (600 pounds or more) | head | \$139 | \$33 |
| All other cattle | head | \$102 | \$33 |
| Pigs | head | \$28 | \$17 |
| Hogs | 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 |

Livestock and Dairy Payment Examples

Example 1

Assume a cattle producer sold 10 head of 650-pound steers and 5 head of cull cows on March 15. This producer also has 50 head of cows and 40 head of 400-pound feeder cattle in inventory on May 1, and this day is the producer's highest inventory day between April 16 and May 14. This producer will receive the CARES payment for the cattle sold on March 15 (because the sales occurred between January 15 and April 15). The 10 head of 650-pound steers will be paid at \$139 per head and the 5 head of cull cows at \$92 per head. The total CARES portion of this producer's CFAP payment will be \$1,850. This producer will also receive \$33 per head in CCC payments for the 90 head of inventory on May 1, for a total of \$2,970 in CCC payments. Therefore, the producer's total CFAP payment is \$4,820.

Example 2

Assume a dairy farmer produced 100,000 pounds of milk during the first quarter of 2020 (January 1 to March 31). This is equal to 1,000 cwt (1 cwt equals 100 pounds). This producer will receive the CARES payment of \$4.71 per cwt for first-quarter production, for a total of \$4,710. Additionally, the producer will receive the CCC payment of \$1.47 per cwt for expected second-quarter production, which is calculated as 1,000 cwt (first-quarter production) multiplied by 1.014 (the seasonal production increase for the second quarter). The second-quarter production forecast is calculated to be 1,014 cwt, so the CCC payment will be \$1,490.58. Therefore, the producer's total CFAP payment will be \$6,200.58, which is the sum of the CARES portion and CCC portion.

Eligibility, Payment Limitations, and Structure

To be eligible for payments, a person or legal entity must have an average gross income of less than \$900,000 for tax years 2016, 2017, and 2018. The AGI limit does not apply if 75 percent of gross income comes from farming, ranching, or forestry. CFAP payments are subject to a per-person and -legal entity payment limitation of \$250,000. This limitation applies to total payments made with respect to all eligible commodities.

Eligible farmers will receive 80 percent of their CFAP direct payment in the initial distribution, with the remaining 20 percent being paid at a later date if funds remain available, not to exceed the \$16 billion funding limit.

Application Process

USDA's Farm Service Agency will begin accepting applications on May 26, 2020, for eligible producers at local FSA offices. Applications will be accepted until August 28, 2020. A list of Mississippi FSA offices is available *here*. USDA indicated that the application form and a payment calculator for producers will be available online once signup begins. Producers can submit applications in person or by mail, email, or fax.

More information on the CFAP program and the application process can be found at <https://www.farmers.gov/cfap>.

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