



## USDA Coronavirus Food Assistance Program (CFAP)

### CFAP Direct Assistance for Farmers and Ranchers

On May 22<sup>nd</sup>, USDA announced the availability of \$16 billion for direct payments. Additional funding is likely to be made available in July 2020, with the CFAP [rule](#) mentioning the \$14 billion in additional Commodity Credit Corporation (CCC) funding provided by the CARES Act. The CCC is one of the funding streams that USDA is using for CFAP direct assistance to producers. Producers will file applications with their local Farm Service Agency (FSA) and may call 877-508-8364 for additional assistance. The agency is accepting CFAP applications through August 28, 2020.

For eligible crops that have experienced at least a 5% decline in price between January 15 and April 15, 2020, producers will receive a payment using two national calculations:

- Losses that occurred January 1-April 15, 2020 - Producers will be compensated for 80% of price loss during this period.
- Expected losses from April 15 through the next two quarters - Producers will be compensated for 25% of expected losses.

Initial payments to farmers and ranchers will be prorated to 80% of a producer's overall eligible payment, with delivery of the remaining 20% being contingent on the availability of funds.

### **Eligibility**

Payments are subject to a per person payment limit of \$250,000. This limitation applies to the total CFAP payments made for all eligible commodities, crops and livestock. Special payment limitation rules are applied to participants that are corporations, limited liability companies, and limited partnerships. These entities may receive up to \$750,000 based upon the number of shareholders (up to three) who contribute at least 400 hours of active personal management or personal active labor.

Any applicant who does not generate at least 75% of their income through [agriculture](#) will not be eligible for payments if their [Adjusted Gross Income](#) is above \$900,000.

### **Specialty Crops**

Specialty crop producers can receive a CFAP payment if their crop is eligible under one or more of these scenarios:

- Crop price declined by at least 5% between January 15 and April 15, 2020;
- crop was shipped but eventually spoiled due to closure of market; or

- crop was unable to be harvested or shipped off farm due to lack of market.

Eligible specialty crops in CFAP include:

- **Fruits:** apples, avocados, blueberries, cantaloupe, grapefruit, kiwifruit, lemons, oranges, papaya, peaches, pears, raspberries, strawberries, tangerines, tomatoes, watermelons
- **Vegetables:** artichokes, asparagus, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, garlic, iceberg lettuce, romaine lettuce, dry onions, green onions, peppers, potatoes, rhubarb, spinach, squash, sweet potatoes, taro
- **Nuts:** almonds, pecans, walnuts
- **Other:** beans, mushrooms

Nursery products and cut flowers were not included as eligible specialty crops by USDA. The Department is requesting more information from producers of these and other excluded crops to prove that these products suffered a 5% or greater decline in prices between January 15 and April 15, 2020. Comments concerning these products can be submitted to the [Federal Register](#) until June 22, 2020.

More information on specialty crops in CFAP, including payment rates, can be found [here](#).

### **Livestock**

Cattle, hog, and lamb producers are eligible to receive a CFAP payment based on the following:

- CARES Act Payment: Animals sold between January 15 and April 15, 2020 multiplied by the applicable CARES Act payment rate per head.
- CCC Payment: The highest unpriced inventory between April 16, 2020 and May 14, 2020, multiplied by the CCC payment rate per head.
- Contract growers who do not own their livestock are eligible for CFAP payments if the contract allows the grower to have price risk in the livestock.

Producers of livestock and poultry who were not included in the initial program, and who can prove that these products suffered a 5% or greater decline in prices between January 15 and April 15, 2020, can petition the Department for inclusion. Comments concerning these products can be submitted to the [Federal Register](#) until June 22, 2020.

More information on livestock in CFAP, including specific payment rates, can be found [here](#).

### **Dairy**

Dairy producers are eligible to receive a CFAP payment based on the following:

- Any milk commercially marketed or dumped in January, February, and March 2020, multiplied by the CARES Act rate of \$4.71 per hundredweight, plus;

- any milk commercially marketed or dumped in January, February, and March 2020, multiplied by the production adjustment factor 1.014 times the CCC payment rate of \$1.47 per hundredweight.
- No restriction on forward contracted milk applies.
- Dairy producers may also be eligible for cattle payments for animals that are not used to produce milk.

More information on dairy in CFAP can be found [here](#).

### **Non-Specialty Crops**

Producers of the following non-specialty crops are eligible for CFAP payments: canola, corn, upland cotton, malting barley, millet, oats, sorghum, soybeans, sunflowers, durum wheat, and hard red spring wheat. Crops intended for grazing are not eligible for CFAP payments.

Producers will be paid based on their inventory as of January 15, 2020, which was subject to price risk. A single CFAP payment will be made based on:

- The smaller of: 50% of the producer's total 2019 production OR their 2019 inventory, as of January 15, 2020;
- multiplied by 50%; and
- multiplied by the commodity's applicable CFAP payment rate.

More information on non-specialty crops in CFAP, including payment rates, can be found [here](#).

### **Wool**

Wool producers are eligible to receive a CFAP payment:

- 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(lesser?), multiplied by 50 percent and then multiplied by the commodity's applicable payment rates.

More information on wool in CFAP can be found [here](#).

### **CFAP Direct Assistance for Aquaculture Products**

In consultation with the Department of Commerce, some aquaculture producers are eligible for participation in CFAP.

An eligible aquaculture producer is one who has a privately-owned aquaculture business that propagates freshwater and saltwater products in controlled environments (e.g. raceways, ponds, tanks, and recirculating systems). Farmed shrimp and salmonids (trout and salmon) are included in CFAP, to the extent USDA determines individual types of these products have incurred a requisite decline in price. Producers of aquaculture who can prove that these products suffered a 5% or greater decline in prices between January 15 and April 15, 2020, can petition the Department for

additional funding. Comments concerning these products can be submitted to the [Federal Register](#) until June 22, 2020.

The Department of Commerce is also establishing a [program](#) to assist aquaculture producers.

### **CFAP Purchase Program**

In addition to direct payments, USDA is utilizing authority from the Families First Coronavirus Response Act (FFCRA) to establish the Farmers to Families Food Box Program. This program is to work through local and regional distributors to purchase and package excess agricultural products on the market and deliver it to families in need via food banks and nonprofits. USDA announced it plans to purchase up to \$3 billion in fresh fruits and vegetables, dairy, and meat and poultry products over 10 months for the program.

On May 8, 2020, USDA announced \$1.2 billion in contracts to distributors to purchase \$461 million in fresh produce, \$317 million in dairy products, \$258 million in meat, and \$175 million for combination boxes of all eligible product types. Boxes under these contracts are to be delivered between by June 30, 2020, and USDA has the authority to extend the performance periods of these contracts depending on their success and funding availability.

### **Additional Purchases**

USDA has up to an additional \$873.3 million available in Section 32 funding to purchase a variety of agricultural products for distribution to food banks. Of that total, USDA [announced](#) \$470 million in intended purchases of specialty crops, seafood, dairy meat, and poultry in early May. The use of additional Sec. 32 funds will be determined by industry requests, USDA agricultural market analysis, and food bank needs.

The FFCRA and CARES Act provided \$850 million for food bank administrative costs and USDA food purchases, of which a minimum of \$600 million will be designated for food purchases. The use of these funds will be determined by food bank need and product availability.