



Coronavirus Food Assistance Program

May 2020



Coronavirus Food Assistance Program

- Passed as part of the CARES act in Mid-April 2020, also draws funding from the Families First Coronavirus Response Act and existing USDA programs, primarily CCC.
- Total money provided is \$19 Billion:
 - \$16 Billion is budgeted for direct payments to producers
 - \$3 Billion is set aside for a Farmers to Families Food Box program
- Its intent is to buffer price loss on 2019 production. There is no compensation for 2020 at this time

Qualifier for Direct Payment

- Commodities that experienced a 5% or greater drop in futures value (cash value if there's no futures market) between January 15th and April 15th.

OR

- Commodities that saw market supply chain disruptions and face significant market costs.

Eligible Commodities

Five Groups:

- Non-Specialty
- Specialty
- Livestock
- Dairy
- Wool

Non-Specialty

Includes most primary crops:

Malt Barley	Canola
Corn	Upland Cotton
Millet	Oats
Soybeans	Sorghum
Sunflowers	Durum
HRS Wheat	

*Note what's NOT included: Feed Barley, Winter Wheat, Rye, Triticale, Dry Beans, Chickpeas, Sugar beets, Sweet Corn, etc.

Non-Specialty

Payments are made on the LESSER of:

Unpriced 2019 Bushels that were in inventory on Jan 15, 2020

OR

50% of 2019 Production

Non-Specialty

So a producer grew 100,000 bushels of corn in 2019, and sold 75,000 of it prior to Jan 15, 2020:

1. Unpriced 2019 bushels in inventory on Jan 15: 25,000

OR

2. 50% of 2019 production: 50,000

This producer would be eligible for a payment on 25,000 bushels

Non-Specialty

So a producer grew 100,000 bushels of corn in 2019, and sold none of it prior to Jan 15, 2020:

1. Unpriced 2019 bushels in inventory on Jan 15: 100,000

OR

2. 50% of 2019 Production: 50,000

This producer is eligible on 50,000 bushels

Non-Specialty

- Bushels grown for feed but not sold under contract would be eligible
- Bushels held over from previous years (2017, 2018, etc) are **NOT** eligible

To Clarify:

- What if the bushels were on DP? That's fine
- What if the bushels were under basis contract? This is fine
- What if the bushels were on an HTA contract? Also OK

Non-Specialty

- On corn that a producer grew, but is intended for feed:

As long as the corn was categorized on their acreage report as intended for grain, the bushels are eligible. **HOWEVER**, the eligible bushels are still subject to the Lesser of rule, so if they'd already been fed as of Jan 15th, they don't count.

Example: Producer has 25,000 bushels of 2019 corn that was reported as intended for grain on his acreage report. On January 15th, he'd already fed 5,000 of it. Only 20,000 bushels would be eligible since they are the only bushels that would technically have "price risk"

Non-Specialty

- What if corn isn't harvested by Jan 15th:

This is fine. However, producers need to wait to fill out the CFAP application until the corn IS harvested so they have the correct bushels. A producer can go in and file their soybean or wheat, etc now and then go back later and submit their corn bushels, as long as it's done by August 28th

Non-Specialty

Commodity	Unit	CARES Act Payment	CCC Payment		Commodity	Unit	CARES Act Payment	CCC Payment
Malt Barley	Bushel	\$0.34	\$0.37		Sorghum	Bushel	\$0.30	\$0.32
Canola	Cwt	\$1.00	\$1.00		Soybeans	Bushel	\$0.45	\$0.50
Corn	Bushel	\$0.32	\$0.35		Sunflowers	Cwt	\$2.00	\$2.00
Millet	Bushel	\$0.31	\$0.34		Durum	Bushel	\$0.19	\$0.20
Oats	Bushel	\$0.15	\$0.17		HRS Wheat	Bushel	\$0.18	\$0.20

Note: this is how the payments are laid out on Farmers.gov. The quick way to calculate payment is to find your eligible bushels (lesser of 50% of 2019 production or what was in inventory on Jan 15th, 2020) and multiply those bushels by the average of the two rates listed next to the crop.

Non-Specialty

Payments are determined like this:

1. Take eligible bushels and divide by 2:

$$50,000 \text{ bushels} / 2 = 25,000 \text{ bushels}$$

2. Each half receives a different payment rate. One half gets CARES Act payment, one half gets CCC payment

$$25,000 \times \$0.32 = \$8,000$$

$$25,000 \times \$0.35 = \$8,750$$

Non-Specialty

3. Total payment on the 50,000 bushels is \$16,750, or effective rate of 33.5 cents/bushel on the eligible production.

Of that \$16,750 payment, 80% will be disbursed immediately. Check would be for \$13,400. The remaining 20% will be disbursed after the application window is closed, subject to availability.

Livestock

Eligible groups for payment:

Beef Cattle

Hogs

Lambs and Yearling Sheep

Dairy Cattle themselves are not eligible under these categories. Dairy Steers are an exception.

Livestock

Payments will be made in two different areas:

- Sales of livestock between January 15, 2020 and April 15th, 2020, as long as it was owned as of Jan 15th. Offspring of animals owned on Jan 15th are also eligible
- High inventory of livestock, by species and class, between April 16th, 2020 and May 14th, 2020

Livestock

- Livestock payments charts also have two columns, but they work differently than the non specialty payments.
- Payment rates under the CARES act column are made on animals that were SOLD between Jan 15 and April 15
- Payment rates under the CCC column are made on animals in INVENTORY.

Livestock – Beef

Category	CFAP Payment (Sales)	CCC Payment (Inventory)
Feeder Cattle < 600 lbs	\$102.00	\$33.00
Feeder Cattle > 600 lbs	\$139.00	\$33.00
Fed Cattle (1400 lb+)	\$214.00	\$33.00
Mature Cattle (Cull)	\$92.00	\$33.00
All Other Cattle	\$102.00	\$33.00

Livestock – Beef

- Example – Producer sells 30 fed steers in February, and had 200 on feed May 1st.

$$30 \text{ head} \times \$214.00 = \$6420.00$$

$$200 \text{ head inventory} \times \$33.00 = \$6,600.00$$

Total payment is \$13,020.00, of which 80% is guaranteed. FSA will disburse \$10,416.00 with the remainder possible at a later date

Livestock – Beef

- Example – Cow/Calf Producer sells 200 700 lb calves Feb 1. He has 300 pairs that have all calved on May 1st

-200 calves (600 lb+) x \$139.00 = \$27,800.00

-300 calves (<600 lbs) x \$33.00 = \$9,900.00

-300 Cows x \$33.00 = \$9,900.00

Total payment is \$47,600 with 80% paid up front. Check is \$38,080.

Livestock – Hogs and Pigs

Category	CFAP Payment (Sales)	CCC Payment (Inventory)
Pigs: Less than 120 lbs	\$28.00	\$17.00
Hogs: More than 120 lbs	\$18.00	\$17.00

Livestock – Hogs and Pigs

- Example – Farrow to Finish has 1200 Sows; 1650 piglets and 3100 nursery pigs in inventory. They shipped 8500 pigs from Jan 15 to April 15, and have another 11,250 as high inventory.

-12,450 head of 120 lb + (sows and finish) x \$17.00 = \$211,650

-4,750 pigs < 120 lbs x \$17.00 = 80,750

-8500 x \$18.00 = \$153,000

Total payment is \$445,500, which exceeds the \$250k cap. They will be paid 80% of the cap up front, so \$200,000

Livestock – Sheep/Lambs

Category	CFAP Payment (Sales)	CCC Payment (Inventory)
All animals less than 2 yrs	\$33.00	\$7.00

Producer sells 200 feeder lambs on April 10th, plus retains 250 ewes and 150 lambs.

Feeder lamb sales: $200 \times \$33.00/\text{hd} = \$6,600$ from CFAP

250 Ewes and 150 lambs with retained ownership past April 15th = $400 \times \$7 = \$2,800$

Total Payment would be \$9,400, with 80% guaranteed – check is \$7,520

Dairy

Dairy has a per CWT payment. Payments are as follows:

- Portion from CARES Act is to compensate for price loss
- Portion from CCC is to compensate for marketing channel and demand disruptions in the second quarter

Dairy

Formula for payment is as follows:

$$(Q1 \text{ production} \times \$4.71/\text{cwt}) + (Q1 \text{ production} \times 1.014 \times \$1.47/\text{cwt})$$

or basically \$6.20/cwt on Q1 production

Dairy

Example – Dairy produces 15,000 cwt (or 1,500,000 lbs) in the first quarter.

$$(15,000 \times \$4.71) + (15,000 \times 1.014 \times 1.47) = \$70,650 + \$22,358.70$$

\$93,008.70 total payment

Dairy gets 80% up front, so \$74,406.96

Specialty Crops

Specialty crops have three categories of loss that they can be paid on:

1. Crops with a $> 5\%$ decline in price Jan 15 to April 15
2. Farms with produce shipped but then spoiled due to loss of marketing channel
3. Had shipments that didn't leave the farm or mature crops that remained unharvested

Specialty Crops

Each crop can qualify for payments in 1, 2 or all 3 of those categories

List of eligible crops is on www.farmers.gov/cfap, under the specialty crop tab. Potatoes are on this list, although they only qualify in categories 2 or 3. Other possibilities are apples, sweet corn, beans, carrots, onions as well as others

Eligibility

- Have to be conservation compliant
- Not have a controlled substance violation
- If they're a foreign person, they have to have contributed substantial land, labor or capital
- AGI of less than \$900,000 for tax years 2016, 2017, 2018; Unless 75% or more of your income is from farming, then this does not apply

General forms that are always required at FSA are still required

Payment Caps

- \$250,000 per person, per legal entity. This is cumulative between all the categories you collect on.

HOWEVER,

There are special rules for Corporations, LLC's, and Limited Partnerships.

Payment Caps

If the farm falls under one of those categories, then the entity may receive up to \$750,000 (3 limits) based on the number of shareholders.

These shareholders must contribute 400 hours+ of active management or labor.

1 shareholder = \$250,000

2 shareholders = \$500,000

3 shareholders = \$750,000

Application Process

Sign up begins on May 26th, 2020 and will continue through August 28th, 2020.

At this time, USDA is saying there will be a calculator available at www.farmers.gov/cfap on that day. Producers who have all their other paperwork (they do if they've done any business at FSA before) can apply through the website.

They fill out the calculator and the application autofills. Still waiting to see if they can email it in if they print and sign it at home.

Ineligible Commodities

Specifically, USDA says sheep over 2 years, eggs/layers, SRW wheat, HRW wheat, white wheat, rice, flax, rye, peanuts, feed barley, alfalfa, forage crops, hemp and tobacco are ineligible.

USDA MAY reconsider excluded commodities if credible evidence is provided that supports a 5%+ price decline

Ineligible Commodities

USDA will consider other crops as well. Producers who are not included on the original list of commodities but believe they've suffered a 5%+ price loss between January and April can submit comments to provide information

Specifically, USDA is looking for information on nursery products, aquaculture, and cut flowers.

Questions???