



## Coronavirus Food Assistance Program

### *Info sheet*

- Beginning May 26, the U.S. Department of Agriculture (USDA), through the Farm Service Agency (FSA) and Agricultural Marketing Service (AMS), will be accepting applications from agricultural producers for the Coronavirus Food Assistance Program (CFAP).
- CFAP will provide up to \$16 billion in direct payments to provide relief to America's farmers and ranchers impacted by the coronavirus pandemic.
- In addition to this direct support to farmers and ranchers, USDA is partnering with regional and local distributors, whose workforces have been significantly impacted by the closure of many restaurants, hotels, and other food service entities, to purchase \$3 billion in fresh produce, dairy, and meat.
- We know our farmers and ranchers are facing a tough time now, and we are making every effort to provide much needed support as quickly as possible.
- The disruption to markets and demand is significant and these payments will only cover a portion of the impacts on farmers and ranchers.
- CFAP provides vital financial assistance to producers of agricultural commodities who have suffered a five percent-or-greater price decline or had losses due to market supply chain disruptions due to COVID-19 and who face additional significant marketing costs as a result of lower demand, surplus production, and disruptions to shipping patterns and the orderly marketing of commodities.
- This financial assistance gives American farmers and ranchers the ability to absorb some of their lost sales and increased marketing costs associated with the economic havoc caused by the global pandemic.

### CFAP Payments

- Farmers and ranchers will receive one payment, drawn from two possible funding sources. The first source of funding is \$9.5 billion in appropriated funding provided in the Coronavirus Aid, Relief, and Economic Stability (CARES) Act and compensates farmers for losses due to price declines that occurred between mid-January 2020, and mid-April 2020 and for specialty crops for product that was shipped and spoiled or



unpaid product.

- The second funding source uses the Commodity Credit Corporation Charter Act to compensate producers for \$6.5 billion in losses due to on-going market disruptions.
- Payment rates for eligible commodities can be found on [farmers.gov/cfap](https://farmers.gov/cfap).

### Non-Specialty Crops and Wool

- Non-specialty crops eligible for CFAP payments include malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat.
- Wool is also eligible.
- Producers will be paid based on inventory held which was subject to price risk as of Jan. 15, 2020.
- A single payment will be made based on the smaller of 50 percent of a producer's 2019 total production or the 2019 inventory as of Jan. 15, 2020, multiplied by the commodity's applicable payment rates.

### Livestock

- Livestock eligible for CFAP include cattle, hogs and lambs and yearlings.
- A single payment will be calculated using the sum of the producer's number of livestock sold between Jan. 15 and April 15, 2020, multiplied by the payment rate per head, and the highest inventory number of livestock between April 16 and May 14, 2020, multiplied by the payment rate per head.

### Dairy

- For dairy, a single payment will be made based on a producer's certification of milk production for the first quarter of calendar year 2020 multiplied by \$4.71 per hundred weight. The second part of the payment is based a national adjustment to each producer's production in the first quarter multiplied by \$1.47 per hundred weight.

### Specialty Crops

- Producers of specialty crops are eligible for CFAP payments for the following three categories:
  - Had crops that realized a five-percent-or-greater reduction in sales price between mid-January and mid-April as a result of the COVID-19 pandemic,



- Had produce shipped but subsequently spoiled due to loss of marketing channel, and
- Had shipments that did not leave the farm or mature crops that remained unharvested.

### Additional Commodities

- USDA is also establishing a process for the public to identify additional commodities for potential inclusion in CFAP.
- Specifically, USDA is looking for data on agricultural commodities that the public believes to have suffered a five-percent-or-greater price decline between the weeks of January 13-17, 2020, and April 6-10, 2020, for specialty crops, and April 6-10, 2020, for all other agricultural commodities.
- Commodities that did not suffer a five percent-or-greater price decline due to COVID-19 are not eligible for CFAP. Specifically, this includes sheep more than 2 years old, eggs/layers, soft red winter wheat, hard red winter wheat, white wheat, rice, flax, rye, peanuts, feed barley, Extra Long Staple (ELS) cotton, alfalfa, forage crops, hemp, and tobacco. However, for all commodities except for hemp and tobacco, USDA may reconsider the excluded commodities if credible evidence is provided that supports a five percent price decline.
- However, specialty crops shipments that did not receive payment or were unable to be sold due to disrupted markets are eligible for CFAP payments.
- More information about this process is available on [farmers.gov/CFAP](https://farmers.gov/CFAP).

### CFAP Eligibility

- There is a payment limitation of \$250,000 per person for all commodities combined.
- Unlike other FSA programs, special payment limitation rules apply to participants that are corporations, limited liability companies, and limited partnerships (corporate entities). These corporate entities may receive up to \$750,000 based upon the number of shareholders (not to exceed three shareholders) who each contribute at least 400 hours of active personal labor or active personal management.
  - For a corporate entity:
    - With one such shareholder the payment limit for the entity is \$250,000;
    - With two such shareholders, the payment limit for the entity is \$500,000 if at least two members contribute substantial labor or management with respect to the operation of the corporate entity; and



- With three such shareholders, the limit is \$750,000 for the entity if at least three members contribute substantial labor or management with respect to the operation of the corporate entity.
- Individual producers will also have to certify they meet the Adjusted Gross Income limitation of \$900,000 unless at least 75 percent or more of their income is derived from farming, ranching or forestry-related activities.
- Producers must also be in compliance with Highly Erodible Land and Wetland Conservation provisions.

#### Payment Structure

- To ensure the availability of funding throughout the application period, producers will receive 80 percent of their maximum total payment upon approval of the application. The remaining portion of the payment, not to exceed the payment limit, will be paid at a later date as funds remain available.

#### Applying for Assistance

- Producers can apply for assistance beginning on May 26, 2020, through their local FSA office. Applications will be accepted through Aug. 28, 2020.
- To find the latest information on CFAP, including forms and the contact information for your local service center, visit [farmers.gov/CFAP](https://farmers.gov/CFAP).
- An online tool will be available on [farmers.gov/CFAP](https://farmers.gov/CFAP) to help producers understand the sales and inventory records needed to apply and to calculate potential payments.
- This tool allows producers to enter information specific to their operation and will generate a completed application form that can be signed and submitted to their local FSA office for review and processing.
- Documentation to support the producer's application and certification may be requested.
- FSA has streamlined the signup process to not require an acreage report at the time of application and a USDA farm number may not be immediately needed.



**Coronavirus Food Assistance Program (CFAP)  
Frequently Asked Questions  
May 19, 2020**

## **Eligibility**

**Q: Who is eligible to participate in the Coronavirus Food Assistance Program?**

A: The Coronavirus Food Assistance Program, or CFAP, is available to an individual or legal entity who shares in the risk of producing a crop or livestock and who either: a) is entitled to a share in the crop or livestock available for marketing, or b) would have shared had the crop or livestock been marketed. Processing entities are ineligible.

**Q: Are contract growers eligible to participate in the Coronavirus Food Assistance Program?**

A: A contract grower who does not own the livestock is eligible if the contract allows the grower to have price risk in the livestock.

**Q: Are urban farmers and farmers who run community supported agriculture (CSA) operations eligible?**

A: All farmers, including urban farmers and farmers who run CSAs are eligible for CFAP if they meet the eligibility requirements of an eligible producer.

**Q: I don't participate in any USDA programs. Can I apply for CFAP?**

A: Yes. Participation in other USDA programs is not a prerequisite.

**Q: Should a marketing cooperative apply, or should each grower apply separately?**

A: Each grower should apply separately.

**Q: Is there an Adjusted Gross Income (AGI) limit to participate in CFAP?**

A: Yes. To participate, a person or legal entity's AGI cannot exceed \$900,000 (using the average for the 2016, 2017, and 2018 tax years). However, the AGI limit does not apply if 75 percent or more of an eligible person's or legal entity's AGI comes from farming, ranching or forestry-related activities.

**Q: Do the Farm Bill's conservation compliance requirements apply to CFAP?**

A: Producers participating in CFAP must be in compliance with the highly erodible land conservation and wetland conservation provisions at 7 CFR Part 12. Producers must agree, by certifying on Form AD-1026, that they will not produce an agricultural commodity on highly erodible land without a conservation system, plant an agricultural commodity on a converted wetland or convert a wetland to make possible the production of an agricultural commodity.

## **Eligible Commodities**

**Q. What commodities and livestock are eligible?**

A. Eligible commodities must have either a) suffered a five percent-or-greater price decline or b) experienced market supply chain disruptions due to COVID-19 and face additional significant marketing costs. These include:

- **Non-specialty crops:** malting barley, canola, corn, upland cotton, millet, oats, sorghum, soybeans, sunflowers, durum wheat and hard red spring wheat and wool.

- **Livestock:** cattle, dairy, hogs, lambs and yearlings.
- **Specialty crops:** almonds, apples, artichokes, asparagus, avocados, beans, blueberries, broccoli, cabbage, cantaloupe, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, garlic, grapefruit, kiwifruit; lemons, iceberg lettuce, romaine lettuce, mushrooms, dry onions, green onions, oranges, papayas, peaches, pears, pecans, bell type peppers, other peppers, potatoes, raspberries, rhubarb, spinach, squash, strawberries, sweet potatoes, tangerines, taro, tomatoes, walnuts, and watermelons.

**Q: COVID-19 has had a significant negative impact on my farm business. Why isn't the commodity I produced included in the program?**

A: The commodities currently included in the program are those for which USDA data was available to determine that a five percent-or-greater price decline occurred from mid-January 2020 to mid-April 2020. USDA is requesting data from the public on agricultural commodities not already included in CFAP which may have been negatively impacted by the COVID-19 pandemic and for which sufficient information is not currently available to USDA. The Department is particularly interested in the obtaining information with respect to aquaculture and nursery products. More information on the submission requirements can be found in the Notice of Funding Availability (NOFA) on [farmers.gov/cfap](https://farmers.gov/cfap).

**Q: What commodities are not eligible for CFAP?**

A: Commodities that did not suffer a five percent-or-greater price decline from mid-January 2020 to mid-April 2020 are not eligible for CFAP. Ineligible commodities include: sheep more than 2 years old, eggs/layers, soft red winter wheat, hard red winter wheat, white wheat, rice, flax, rye, peanuts, feed barley, Extra Long Staple (ELS) cotton, alfalfa, forage crops, hemp, and tobacco. However, for all commodities except for hemp and tobacco, USDA may reconsider the excluded commodities if credible evidence is provided that supports a five percent price decline.

## Application

**Q: When does CFAP sign up start and end?**

A: Program sign up begins May 26, 2020 and ends August 28, 2020.

**Q. Do all producers need to apply through the Farm Service Agency?**

A. Yes. Producers of all eligible commodities must apply for assistance through their local USDA Farm Service Agency (FSA) Service Center. Producers can locate their service center, download the application forms, and find addition information at [farmers.gov/cfap](https://farmers.gov/cfap).

**Q. What can I do now to prepare to apply for CFAP?**

A. If you are a [new customer to USDA](#), your local FSA staff will work with you to apply for the program, and will ask for this type of information:

- Name and address
- Personal information, including your Tax Identification Number
- Farm operating structure
- Adjusted Gross Income compliance certification to ensure eligibility
- Direct deposit information to enable payment

**Q: My local USDA Service Center is not open for walk-in service. How do I apply for CFAP?**

USDA Service Centers are open for business by phone appointment only. While program delivery staff will continue to come into the office, they will be working with producers by phone and using online tools. You can find the phone number and the location of your local USDA Service Center at [farmers.gov/cfap](https://farmers.gov/cfap).

**Q: Where can I get a CFAP application?**

A: Once signup begins on May 26, applicants will be able to download the application tool and forms at [farmers.gov/CFAP](http://farmers.gov/CFAP). Applications may be submitted via mail, fax, hand delivery, or via electronic means. Contact your local service center for more information.

**Q: Are CFAP funds a loan that must be repaid? Is there a fee to apply?**

A: No. CFAP is not a loan program and there is no cost to apply.

**Q: What documents do I need to submit with my application?**

A: To complete the CFAP application, producers will need sales, inventory and other records. However, since CFAP is a self-certification program, this documentation will not need to be submitted with the application. Because applicants are subject to spot check and will be required to provide documentation, producers should retain the documentation used to complete the application. If a producer willfully makes and represents as true any verbal or written declaration, certification, statement, or verification that the producer knows or believes not to be true, in the course of either applying for or participating in CFAP, or both, the producer will be subject to prosecution under Federal criminal and civil fraud statutes.

## Producer Payments

**Q: How much is USDA spending to directly support producers negatively impacted by COVID-19?**

A: CFAP will provide \$16 billion in direct support for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term disruptions for the 2020 marketing year caused by COVID-19. Commodity specific rates and a payment calculator can be found at [farmers.gov/cfap](http://farmers.gov/cfap).

**Q: The impacts of COVID-19 on agriculture producers are significant. What if you run out of funding?**

A: To ensure the availability of funding throughout the application period, producers will receive 80 percent of their maximum total payment upon approval of the application. The remaining portion of the payment, not to exceed the payment limit, will be paid at a later date as funds remain available.

**Q: The commodity I grow is not on the current list of eligible commodities. Will there be any money left for payments after the NOFA process ends in late June?**

A: CFAP spending estimates include funds for agricultural commodities that might be added through the NOFA process. In addition, to ensure the availability of funding throughout the application period, producers will receive 80 percent of the total payment, up to the payment limit, upon approval of the application. The remaining portion will be paid at a later date as funds remain available.

**Q. When are payments expected to begin?**

A. Signup begins May 26, and payments will be made shortly after the application is approved by FSA.

**Q: What are the payment limits for CFAP?**

A: There is a payment limitation of \$250,000 per person or entity for all commodities combined. Applicants who are corporations, limited liability companies or limited partnerships may qualify for up to three payment limits if at least three members of the entity each provide at least 400 hours of active personal labor or active personal management for the farming operation.

**Q: Can a producer get assistance if he/she didn't sell calves between January and April?**

A: Assistance to cattle producers has two components – cattle sold between January 15, 2020 to April 15, 2020 and cattle inventory subject to price risk on a date of the producers choosing between April 16, 2020, to May 14, 2020. Cattle producers can participate in either or both components of the program.

**Q: If a dairy producer had to dump milk, will his/her dumped milk be covered?**

A: CFAP dairy payments are based on production in the first quarter of calendar year 2020 which includes milk that farmers were forced to dump. Milk produced during this period will be used to calculate producer payments for both the first quarter and second quarter of 2020.

**Q: Are animals that have been depopulated because of the impact of COVID-19 on processing facilities included in CFAP?**

A: Assistance to livestock producers has two components – animals sold between January 15, 2020 to April 15, 2020 and livestock inventory subject to price risk on a date of the producers choosing between April 16, 2020, to May 14, 2020. Animals that are a part of a producer’s inventory on the date he/she chooses are eligible for a CFAP payment.

## **Funding and Payment Calculations**

**Q: Many sources indicate the impact of COVID-19 on American agriculture will surpass \$40 billion. Why didn’t USDA provide more money to assist producers?**

A: The CARES Act provided USDA \$9.5 billion to establish a direct producer payment program to prevent, prepare for, and respond to coronavirus. Because Secretary Perdue determined that this was insufficient to compensate producers for costs related to on-going market disruptions and costs related to the transition to a more orderly marketing system as the COVID-19 pandemic wanes, he decided to use funds from the Commodity Credit Corporation (CCC) to assist producers, bringing the total to \$16 billion. At this time, the amount of CCC funds available for these purposes is limited to \$6.5 billion. While section 11002 of the CARES Act provides for a \$14 billion replenishment of CCC’s borrowing authority, this amount does not fully restore the \$30 billion borrowing authority of CCC, and these funds will not be available to CCC until July 2020.

**Q: How will CFAP help agricultural producers impacted by the COVID-19 pandemic?**

A: CFAP will provide producers of agricultural commodities with financial assistance that gives them the ability to absorb sales declines and increased marketing costs associated with the COVID-19 pandemic. Producers will receive payments under the Coronavirus Aid, Relief, and Economic Stability (CARES) Act, in the amount of \$9.5 billion, to compensate for losses due to price declines that occurred between mid-January 2020 and mid-April 2020. CCC Charter Act (Section 5 (b), (d) and (e)) funding will compensate producers for \$6.5 billion due to on-going market disruptions and will assist with the transition to a more orderly marketing system as the pandemic wanes.

**Q. How were payment rates determined?**

A. USDA analyzed available information on futures and cash prices for commodities. Prices in mid-January were compared to prices in mid-April to determine the impact of COVID-19 on commodity markets.

- For non-specialty crops, CARES Act funds will be used to make a payment for a producer by multiplying 50 percent of the producer’s eligible inventory on January 15, 2020, by 50 percent of the calculated futures (or cash, if futures are unavailable) price decline. In addition, CCC funds will be used to make a payment to the non-specialty producer by multiplying 50 percent of the eligible inventory by 55 percent of the price decline. These two separate payments will be issued as one payment to the eligible non-specialty producer.
- For livestock sales occurring prior to April 15, 2020, producers are eligible for 80 percent of the calculated change in price multiplied by sales. Rates for adjustment costs and assistance with surplus for the expected second and third quarters of 2020 were calculated by multiplying 25 percent of the change in price for the marketable animals, and then were divided by total inventory to develop a per head rate.
- For milk, the summation of the change in 60 percent of Class III and 40 percent of the Class IV futures prices were multiplied by 80 percent to develop the payment rate for all production in the first quarter of 2020. The payment rate for second quarter milk production uses the same change in futures prices but multiplies that change by 25 percent.

- The payment rate for specialty crops used prices from AMS Market News to develop a price change for sales occurring between mid-January and early-April that represented an average of all units shipped of domestic production, whether conventional or organic.
  - For producers of specialty crops that realized a 5-percent-or-greater reduction in sales price between mid-January and mid-April, the payment rates per pound shipped were determined as 80 percent of the given crop's price change over this time interval.
  - The payment rate per pound of specialty crops that had been shipped from the farm between January 15, 2020 and April 15, 2020 but subsequently spoiled due to loss of marketing channels is up to 30 percent of the lost value of that shipment. The 30 percent assumes the field value of the crop is 60 percent of the sales value; the field value was then multiplied by a 50 percent coverage level.
  - The payment rate for specialty crop shipments that did not leave the farm or mature crops that remained unharvested between January 15, 2020 and April 15, 2020 and which have not been and will not be sold is determined as being up to 5.875 percent of the crop's value, where the 5.875 percent was calculated as 25 percent coverage of the average price decline across specialty crops for which data are available. (That average price decline is 23.5 percent).

**Q: How are payments determined?**

A: Payments are determined by the agricultural commodity.

- **Eligible non-specialty crop** payments are based on the inventory subject to price risk that is harvested and held as of January 15, 2020, not to exceed 50 percent of 2019 total production multiplied by the payment rates.
- **Eligible specialty crop** payments include the sum of three different loss categories. For specialty crops that were sold between January 15, 2020, and April 15, 2020, the quantity sold is multiplied by the payment rate. For specialty crops harvested and shipped but subsequently spoiled or unpaid due to loss of marketing channels between January 15, 2020, and April 15, 2020, the harvested and shipped quantity that spoiled or were unpaid is multiplied by a different payment rate. For unpriced specialty crops that did not leave the farm or were mature crops that remained unharvested between January 15, 2020 and April 15, 2020 due to loss of marketing channel, the sum of the quantity of crops that did not leave the farm and the quantity of mature crops that remained unharvested is multiplied by different payment rate.
- **Cattle** payments are based on cattle sold between January 15, 2020, and April 15, 2020, multiplied by the payment rates by cattle type plus a producer's cattle inventory subject to price risk on a date of his/her choosing between April 16, 2020, to May 14, 2020, multiplied by the payment rate.
- **Dairy** payments equal the first quarter production of calendar year 2020 multiplied by the payment rate. Dairy production for the second quarter is calculated from the first quarter production; second quarter calculated production is then multiplied by the payment rate.
- **Hog and pig** payments are based on hogs and pigs sold between January 15, 2020, and April 15, 2020, multiplied by the payment rates plus a producer's inventory subject to price risk on a date of his/her choosing between April 16, 2020, to May 14, 2020, multiplied by the payment rate.
- **Lamb and yearling** payments are based on lambs and yearlings sold between January 15, 2020, and April 15, 2020, multiplied by the payment rate plus a producer's inventory subject to price risk on a date of his/her choosing between April 16, 2020, to May 14, 2020, multiplied by the payment rate. .
- **Wool** payments are the sum of unpriced inventory (must be subject to price risk) on January 15, 2020, not to exceed 50 percent of 2019 total production, multiplied by the payment rate.