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CFAP 2 Program Overview

Row Crops, Livestock, Dairy, Aquaculture, and Nursery Crops

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On September 18th the USDA announced the details of the Coronavirus Food Assistance Program 2 (CFAP 2), an additional coronavirus aid package for farmers and ranchers. Sign up for CFAP 2 will begin on September 21st. The USDA has provided several options for applying, including applying online or downloading forms to fill out and submit. Additional information is available at www.farmers.gov/cfap . The USDA has allotted $14 billion from the Commodity Credit Corporation (CCC) Charter Act and CARES Act for the program, with the aim of helping producers who continue to face market disruptions and associated costs due to the COVID-19 pandemic. The deadline to sign up for the program is December 11.

Eligible Row Crops

Row crop eligible for CFAP 2 include: alfalfa, amaranth grain, barley, buckwheat, canola, corn, Extra Long Staple (ELS) cotton, upland cotton, crambe (colewort), einkorn, emmer, flax, guar, hemp, indigo, industrial rice, kenaf, khorasan, millet, mustard, oats, peanuts, quinoa, rapeseed, rice, sweet rice, wild rice, rye, safflower, sesame, sorghum, soybeans, speltz, sugar beets, sugarcane, sunflowers, teff, triticale, and all classes of wheat. Forage soybeans and forage sorghum are not eligible for CFAP 2. Hay, except alfalfa, and crops intended for grazing are ineligible for CFAP 2 and will not receive a CFAP 2 payment. Crops with intended uses of green manure and those left standing are also ineligible.

CFAP 2 payments are available for eligible producers of row crop commodities categorized as either *price trigger commodities* or *flat-rate crops*. Specifically:

- *Price trigger commodities* suffered a five percent-or-greater national price decline in a comparison of the average prices for the week of January 13-17, 2020, and July 27-31, 2020.
- *Flat-rate crops* either do not meet the five-percent-or-greater national price decline trigger noted above or do not have data available to calculate a price change.

Price Trigger Commodities are major commodities that meet a minimum 5% price decline over a specified period of time. Those crops include barley, corn, sorghum, soybeans, sunflowers, upland cotton, and all classes of wheat. Payments will be based on 2020 planted acres of the crop, excluding prevented planting and experimental acres.

Crops that either do *not* meet the 5% price decline trigger or do not have data available to calculate a price change will have payments calculated based on a rate of $15 per acre for eligible 2020 acres.

CFAP Payments for Price Trigger Row Crops

Payments for eligible row crops included in the price trigger payment category will be equal to the *greater of:*

- Eligible acres of the crop multiplied by a rate of $15 per acre; **OR**
- Eligible acres of the crop multiplied by a nationwide crop marketing percentage, multiplied by a crop-specific payment rate, and then by the producer's weighted 2020 Actual Production History (APH) approved yield. If the APH is not available, 85 percent of the weighted 2019 Agriculture Risk Coverage-County Option (ARC-CO) benchmark yield for that crop will be used.

Marketing percentages and payment rates for each crop are documented in the table below.

Commodity	Unit of Measure	Crop Marketing Percentage (%)	Payment Rate ($/Unit)
Barley	Bushel	63	$0.54
Corn	Bushel	40	$0.58
Cotton, Upland	Pound	46	$0.08
Sorghum	Bushel	55	$0.56
Soybeans	Bushel	54	$0.58
Sunflowers	Pound	44	$0.02
Wheat (All Classes)	Bushel	73	$0.54

CFAP Payments for Flat-Rate Row Crops

Payments for eligible row crops included in the flat-rate payment category will be equal to eligible acres of the crop multiplied by a rate of $15 per acre. Eligible acres include the producer's share of the determined acres, or reported acres if determined acres are not present, excluding prevented planted and experimental acres.

Row crops eligible for CFAP 2 in the flat-rate payment category include: alfalfa, amaranth grain, buckwheat, canola, Extra Long Staple (ELS) cotton, crambe (colewort), einkorn, emmer, flax, guar, hemp, indigo, industrial rice, kenaf, khorasan, millet, mustard, oats, peanuts, quinoa, rapeseed, rice, sweet rice, wild rice, rye, safflower, sesame, speltz, sugar beets, sugarcane, teff, and triticale.

Please note, if you will be filing an application for flat-rate row crops identified as "acreage-based crops," the acreage and yield information must be provided by the FSA through the annual acreage reporting process, either through an application initiated by USDA Service Center staff or by applying online through the CFAP 2 Portal.

Eligible Livestock Commodities

Livestock eligible for CFAP 2 includes: beef cattle, hogs and pigs, and lambs and sheep. Additional specialty livestock commodities are also eligible, as described on www.farmers.gov/cfap/specialty-livestock . All equine, animals raised for breeding stock, companion or comfort animals, pets, and animals raised for hunting or game purposes are ineligible for CFAP 2.

CFAP 2 payments are available for eligible producers of livestock commodities categorized as price trigger commodities. Specifically, price trigger commodities suffered a five percent-or-greater national price decline in a comparison of the average prices for the week of January 13-17, 2020, and July 27-31, 2020.

For beef cattle, hogs, pigs, lambs, and sheep, payments will be equal to the highest owned inventory of eligible livestock, excluding breeding stock, on a date selected by the eligible producer from April 16, 2020, through August 31, 2020, multiplied by the CCC payment rate.

Payments for beef cattle will be equal to:

- The producer's maximum owned inventory of eligible beef cattle, excluding breeding stock, on a date selected by the producer from April 16, 2020, through August 31, 2020,
- Multiplied by the number of payment limitations for the producer, multiplied by the payment rate of $55 per head.

Eligible Dairy Commodities

Dairy operations applying for CFAP 2 must be in the business of producing and commercially marketing milk at the time of application. Dairy operations that dissolve or have dissolved on or after September 1, 2020, are eligible for a prorated payment for the number of days the dairy operation commercially markets milk from September 1, 2020, through December 31, 2020. Dairy operations that had dissolved before September 1, 2020 are ineligible for CFAP 2 payments.

Payments for cow milk will be equal to the sum of the following:

- The producer's total actual milk production from April 1, 2020, to August 31, 2020, multiplied by the payment rate of $1.20 per hundredweight; and
- The producer's estimated milk production from September 1, 2020, to December 31, 2020, based on the daily average production from April 1, 2020, through August 31, 2020, multiplied by 122, multiplied by a payment rate of $1.20 per hundredweight.

Aquaculture Eligibility

Aquaculture eligible for CFAP 2 includes: any species of aquatic organisms grown as food for human consumption, fish raised as feed for fish that are consumed by humans, and ornamental fish propagated and reared in an aquatic medium. Eligible aquaculture species must be raised by a commercial operator in a controlled environment. This includes molluscan shellfish and seaweed that was previously covered under the U.S. Department of Commerce program.

Eligible sales only include sales of raw commodities grown by the producer. The portion of sales derived from adding value to the commodity, such as processing and packaging, and from sales of products purchased for resale is not included in the payment calculation.

CFAP 2 payments are available for eligible producers of aquaculture commodities, which are categorized as sales commodities. Payment calculations will use a sales-based approach, where producers of eligible commodities are paid based on five payment gradations associated with their 2019 sales.

Payments for aquaculture eligible for CFAP 2 will be based on the producer's 2019 sales of eligible commodities in a declining block format using the following payment factors, and will be equal to:

- The amount of the producer's eligible sales in calendar year 2019, multiplied by
- The payment rate for that range.

2019 Sales Range	Percent Payment Factor of Producer’s 2019 Sales
$0 to $49,999	10.6%
$50,000 to $99,999	9.9%
$100,000 to $499,999	9.7%
$500,000 to $999,999	9.0%
>$1,000,000	8.8%

Payments for aquaculture producers who began farming in 2020 and had no sales in 2019 will be based on the producer’s actual 2020 sales as of the producer’s application date. Eligible sales only include sales of raw commodities grown by the producer. The portion of sales derived from adding value to the commodity, such as processing and packaging, and from sales of products purchased for resale, is not included in the payment calculation.

Example: A producer’s 2019 sales of eligible commodities totaled $75,000. The payment is calculated as ($49,999 times 10.6%) plus ($25,001 times 9.9%) equals a total payment of $7,775.

Several examples (table below) illustrate the calculation of an individual producer’s payment. Farmer 1 in Table 11 has $8,265 in 2019 sales (from column A), so only the 10.6 percent payment factor applies and the farmer’ gross payment is 10.6 percent multiplied by $8,265, or $876 (column B). In contrast, Farmer 2 has 2019 sales of $66,187 (from column A), so two payment factors apply: 10.6 percent (applied to the first $49,999 in sales) and 9.9 percent (applied to $66,187 minus $50,000, or $16,187 in sales). This farmer’s payment is the sum of the first gradation (10.6 percent times $49,999, or $5,300) and the second gradation (9.9 percent times $16,187, or $1,603), for a total payment of $6,903.

Note that a producer’s effective payment rate (shown in column H and calculated as the total gross payment divided by 2019 farm sales) declines as a producer’s 2019 specialty crop farm sales increase. For Farmer 1, who has low 2019 sales, the effective rate is 10.6 percent—the same as the payment percentage for the “less than $50,000” gradation. In contrast, the effective payment rate for a producer with over $1 million in 2019 sales—and whose payment calculation spans five gradations—the effective payment rate is 6.3 percent. The large drop in the effective payment rate for Farmer 5 relative to Farmer 4 is due to the $250,000 payment limit. Farmer 5 receives only $155,950 of the $262,101 in column F in order to keep his total payments from exceeding $250,000. Payments are not limited for Farmers 1 through 4.

		Portion of farmer's total payment falling into each sales range						
Example Farmer	2019 Farm Sales	<$50,000 in Sales (10.6%)	$50,000 to $99,999 in Sales (9.9%)	$100,000 to $499,999 in Sales (9.7%)	$500,000 to $999,999 in Sales (9.0%)	> $1 mil Sales (8.8%)	Total Gross Payment	Effective Rate (payment limited for Farmer 5)
Column designation=>	A	B	C	D	E	F	G	H
Farmer 1	$8,265	$876					$876	10.6%
Farmer 2	$66,187	$5,300	$1,603				$6,903	10.4%
Farmer 3	$220,737	$5,300	$4,950	$16,712			$21,962	9.9%
Farmer 4	$686,650	$5,300	$4,950	$38,800	$16,798		$65,848	9.6%
Farmer 5	$3,978,421	$5,300	$4,950	$38,800	$45,000	$262,101	$356,151	6.3%

Source: USDA. Coronavirus Food Assistance Program 2. Cost-Benefit Analysis. Payment Graduations and CFAP 2 Payment Calculations for Specialty Commodities Based on the Producer's 2019 Sales Ranges.

Eligible Floriculture and Nursery Crops

Floriculture eligible for CFAP 2 includes: cut flowers and cut greenery from annual and perennial flowering plants grown in a container or controlled environment for commercial sale.

Nursery crops eligible for CFAP 2 include: decorative or nondecorative plants grown in a container or controlled environment for commercial sale. Cactus and Christmas trees are also eligible for CFAP 2.

CFAP 2 payments are available for eligible producers of floriculture and nursery crops, including cactus and Christmas trees, which are categorized as sales commodities. Payment calculations will use a sales-based approach, where producers of eligible commodities are paid based on five payment gradations associated with their 2019 sales.

Payments for floriculture and nursery crops eligible for CFAP 2, including cactus and Christmas trees, will be based on the producer's 2019 sales of eligible commodities in a declining block format using the following payment factors, and will be equal to:

- The amount of the producer's eligible sales in calendar year 2019, multiplied by
- The payment rate for that range.

2019 Sales Range	Percent Payment Factor of Producer's 2019 Sales
$0 to $49,999	10.6%
$50,000 to $99,999	9.9%
$100,000 to $499,999	9.7%
$500,000 to $999,999	9.0%
>$1,000,000	8.8%

Payments for producers who began farming in 2020 and had no sales in 2019 will be based on the producer's actual 2020 sales as of the producer's application date.

Eligible sales only include sales of raw commodities grown by the producer. The portion of sales derived from adding value to the commodity, such as processing and packaging, and from sales of products purchased for resale, is not included in the payment calculation.

Example: A producer's 2019 sales of eligible commodities totaled $75,000. The payment is calculated as ($49,999 times 10.6%) plus ($25,001 times 9.9%) equals a total payment of $7,775. *This methodology for payment calculation is similar to the above-mentioned aquaculture sales example (previous USDA table).*

Additional Program Details

To complete the CFAP 2 application, producers will need to reference their sales, inventory, and other records. However, since CFAP 2 is a self-certification program, this documentation will not need to be submitted with the application. Because applications are subject to County Committee review and spot check, some producers will be required to provide documentation.

There is a payment limitation of $250,000 per person or entity for all commodities combined. Applicants who are corporations, limited liability companies, limited partnerships may qualify for additional payment limits when members actively provide personal labor or personal management for the farming operation. In addition, this special payment limitation provision has been expanded to include trusts and estates for both CFAP 1 and 2.

Producers will also have to certify they meet the Adjusted Gross Income limitation of $900,000 unless at least 75% 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.

Producers may be requested to provide documentation of their application and certification. Producers also have to fill out forms to prove their eligibility for the program. Producers who participated in CFAP 1 likely have all eligibility forms on file

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