

## Summary of USDA Coronavirus Food Assistance Program (CFAP)

### General

- The CFAP rule provides assistance to agricultural producers impacted by the effects of COVID-19.
- The rule combines the \$9.5 billion CARES Act funds for agriculture and \$6.5 billion of Commodity Credit Corporation (CCC) funds for a total available grants of \$16 billion.
- The rule establishes provisions for direct payments to producers of eligible commodities.
- The rule specifies eligibility requirements, payment calculations, and application procedures.

### Producer Eligibility Requirements

- To be eligible for a CFAP payment, a person or legal entity must:
  - Complete an application form and provide any required documentation by August 28, 2020.
  - Be a producer having a share in an eligible commodity between January 15, 2020, and April 15, 2020, or April 16, 2020, through May 14, 2020.
    - “Producer” means a person or legal entity who shares in the risk of producing a crop or livestock and who is entitled to a share in the crop or livestock available for marketing or would have shared had the crop or livestock been produced and marketed.
  - A producer must also be a:
    - Citizen of the United States;
    - Resident alien, which means “lawful alien” as defined in 7 C.F.R. part 1400;
    - Partnership of citizens of the United States;
    - Corporation, LLC, or other organizational structure organized under State law;
    - Indian Tribe or Tribal organization, as defined in 25 U.S.C. 5304); or
    - Foreign person or foreign entity who meets all requirements of 7 C.F.R. part 1400.
      - For a foreign person to receive a CFAP payment, the person must provide land, capital, and a substantial amount (400 hours) of active personal labor to the farming operation.
- If a producer must submit additional documentation for eligibility, additional documents must be submitted no later than 60 days from the date of application.
- Documentation may include: AGI certification, farm operating plans, and conservation certifications.

### Payment Provisions and Limitations

- Payments under the CARES Act and CCC Charter Act will be issued as one payment if the producer is eligible to receive both parts, and disbursed in an initial payment of 80% of an eligible producer’s payment. If funds remain after the initial payment, the remainder will be dispersed.
- CFAP payments are limited to a per person and legal entity payment of \$250,000. This limitation applies to the total amount of CFAP payments made with respect to all eligible commodities.
- Special payment limitations will be applied to corporate entities. Corporate entities may receive up to \$750,000 based on the number of shareholders (not to exceed 3 shareholders) who are contributing substantial labor or management with respect to the operation of the corporate entity.
- A person or legal entity, other than a joint venture or general partnership, is ineligible for payments if they have an average adjusted gross income (AGI) of more than \$900,000, unless at least 75% of the person’s or legal entity’s AGI is derived from farming, ranching, or forestry-related activities.

## Dairy Producer Payment

- The CFAP aid will be provided through the Farm Services Agency based on milk produced in January through March 2020 (quarter 1), for both Cares Act and CCC funds.
- No additional funding based on subsequent periods is anticipated under the \$16 billion CFAP rule.
- For dairy producers, payments using funding from the CARES Act will be determined by multiplying a producer’s milk production for the first quarter of calendar year 2020 by a pre-specified payment rate calculated as 80% of the decline in prices as determined by USDA during that quarter.
- Payments under the CCC Charter Act will be determined by multiplying a producer’s milk production for the first quarter of calendar year 2020 by a factor of 1.014—in order to account for increased production in the second quarter of calendar year 2020—by a pre-specified payment rate calculated as 25% of the decline in prices as determined by USDA during the first quarter of calendar year 2020.
- Payments for dairy will be equal to the sum of the results of the following two calculations:
  - Quarter 1 production, multiplied by the CARES Act payment rate in CFAP § 9.5(h)--\$4.71 cwt; and
  - Quarter 1 production, multiplied by 1.014, multiplied by the CCC payment rate in CFAP § 9.5(h)--\$1.47 cwt.
- Enrollment for assistance under the CFAP rule began May 26, 2020.

### CFAP Paragraph § 9.5(h) Payment Rates for Dairy, Corn, and Beef

Commodity	Unit	CARES Act Payment Rate (\$/unit)	CCC Payment Rate (\$/unit)
Corn	bu	\$0.32	\$0.35
Soybeans	bu	\$0.45	\$0.50
Dairy	cwt	\$4.71	\$1.47
Slaughter cattle—mature cattle	head	\$92	\$33
Slaughter cattle—fed cattle	head	\$214	\$33
Feeder cattle less than 600 lbs	head	\$102	\$33
Feeder cattle 600 lbs or more	head	\$139	\$33
All other cattle	head	\$102	\$33

### Additional Provisions

- Payments will not be made until all necessary eligibility documentation is received. Payments will be reduced or not issued when documentation is not submitted timely.
- If USDA determines that a producer’s application misrepresented either the total amount or share of production, or if the CFAP payment would exceed the payment as calculated based on the correct amount of production and share, the application will be disapproved and the participant must refund to USDA all CFAP payments made to the producer with interest from the date of disbursement.