



Since 1894

Coronavirus Food Assistance Program (CFAP)

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5/20/2020

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How to Sign Up

- Contact your local Farm Service Agency (FSA) office.
 - Preexisting FSA Relationship:
 - Call your FSA office and request a phone appointment to start a CFAP application.
 - No preexisting FSA Relationship
 - Call the FSA office where you operate, let them know you are not a current customer, but want to submit a CFAP application.
 - Be prepared to fill out the following forms in addition to the CFAP application:
 - CCC 902 – Farm Operating Plan (you will want to include your spouse as this will double the payment limit);
 - https://www.fsa.usda.gov/programs-and-services/payment-eligibility/actively_engaged/index
 - CCC 901 – Member Information – legal entity name and tax ID number;
 - CCC 941 – Adjusted Gross Income (AGI) certification;
 - CCC 942 – Certifies income from farming versus other sources;
 - AD 1026 – Highly erodible land conservation and wetland conservation compliance;
 - AD 2047 – Basic customer information form; and
 - SF 3881 – Form to authorize direct deposit.
 - CFAP Website contains all forms except CCC 902: <https://www.farmers.gov/cfap>
 - Browse USDA forms:
<https://forms.sc.egov.usda.gov/eForms/searchAction.do?pageAction=BrowseForms& MenuAction=Yes>

Application Timelines

- Applications open May 26, 2020.
- Applications close August 28, 2020.
- CFAP inventory and sales information will be self-certified.
- Random audits will be conducted:
 - Producers need to keep legible inventory sheets, and
 - Retain sales receipts and other related records for **3 years** after approval of CFAP application.

CFAP - Cattle

- *Eligibility*
 - CFAP assistance is available to cattle producers who have an ownership interest in eligible livestock that have suffered a 5% or greater price decline as a result of the coronavirus pandemic and face additional significant costs in marketing their inventories due to unexpected surplus and disrupted markets. Cattle eligible for CFAP include:
 - **All cattle:** commercially raised or maintained bovine animals, excluding animals used for dairy production or intended for dairy production.
 - Slaughter cattle – fed cattle: cattle with an **average weight in excess of 1,400 pounds** which yield average carcass weights in excess of 800 pounds and are intended for slaughter;
 - Slaughter cattle – mature cattle: culled cattle raised or maintained for breeding purposes, but which were removed from inventory and are intended for slaughter;
 - Feeder cattle 600 pounds or more: cattle weighing more than 600 pounds but less than the weight of slaughter cattle-fed cattle as defined in this section;
 - Feeder cattle less than 600 pounds: cattle weighing less than 600 pounds; and
 - All other cattle: commercially raised or maintained bovine animals not meeting the definition of another category of cattle (i.e. breeding bulls, bred cows, open cows intended for breeding, cull cows and bulls).

CFAP - Cattle

- *Payments*

- A single payment for cattle will be calculated using the sum of:
 - The producer's number of cattle sold between January 15 and April 15, 2020, multiplied by the CARES Act payment rates per head; and
 - The highest inventory number of **unpriced** cattle between April 16 and May 14, 2020, multiplied by the CCC payment rate per head.
- Producers must provide the following information:
 - Total sales of eligible livestock, by species and class, between January 15, 2020, and April 15, 2020, of owned inventory as of January 15, 2020.
 - Highest inventory of eligible livestock, by species, between April 16, 2020, and May 14, 2020.
- 1st round payment equal to 80% of total, with 2nd round pending available funding.

CFAP - Cattle Payment Rates

Commodity	Unit	CARES Act Payment Rate/Unit	CCC Payment Rate/Unit
Slaughter cattle – fed cattle	Head	\$214	\$33
Slaughter cattle – mature cattle	Head	\$92	\$33
Feeder cattle 600 pounds or more	Head	\$139	\$33
Feeder cattle less than 600 pounds	Head	\$102	\$33
All other cattle	Head	\$102	\$33

CFAP – Cattle Example

- Rancher A has the following inventory and sales history:
 - Sales:
 - 50 head of 1,425 pound steers on January 31;
 - 50 head of 700 lb. feeders sold February 1;
 - 50 head of 800 lb. feeders sold April 16; and
 - 5 cull cows sold January 20.
 - Inventory:
 - 100 head of bred cows;
 - 95 head of open cows for rebreeding;
 - 5 breeding bulls;
 - 45 calves born March 15 – April 16;
 - 45 calves born April 17 – May 14; and
 - 5 calves born May 15 – May 30.
- Total Payment: 50 fats(\$214) + 50 feeders(\$139) + 50 feeders(\$33) + 5 culls(\$92) + 100 bred cows(\$33) + 95 spring-calving cows(\$33) + 5 bulls(\$33) + 45 calves(\$33) = \$27,845
- 1st Round Payment = \$29,330(80%) = **\$22,276**
- 2nd Round Payment (if funds available) = **\$5,569**
 - ❖ *Feeders sold on April 16 qualify for the inventory rate of \$33, not the CARES sale rate of \$139.*
 - ❖ *Only the calves born before April 17 are counted because April 16 is the “highest inventory” date by species.*
 - ❖ *5 late-born calves cannot be counted, regardless of high inventory date.*

Pending Issues

- “Unpriced cattle inventory”
 - “Unpriced inventory means any production that is not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document.”
 - Does this refer to only forward contracted cattle with a known dollar figure?
 - i.e. how are formula prices treated based on a future week’s MPR cash negotiated price?
 - If I priced fed cattle on April 10, but delivered on April 20 and payment received on April 21, how should I categorize this trade?
 - It’s clear they are **not** “unpriced inventory”, but do the cattle qualify as “cattle sold” prior to April 15?
 - If I entered a formula agreement for cattle on January 10, based on MPR average cash in the delivery week; delivered on January 20; and payment received on January 25, does this qualify as a sale within the CARES payment timeframe?
- “average weight in excess of 1,400 pounds”
 - Does the average refer to all cattle an entity marketed between January 15 and April 15, or the average weight of individual negotiated lots?
 - Some indication that USDA intends to interpret this as the average of the national range of 1,200 pounds to 1,600 pounds, and will not be applied to individual sales (i.e. if your cattle sold were 1,200 lbs. or more, but not more than 1,600 lbs. the cattle all qualify regardless of the actual average weight).
- KLA staff is working to get clarification from USDA prior to the application period.

CFAP – Slaughter Cattle – Fed Cattle Example

- Feedyard A has the following:
 - Sales:
 - 500 heifers sold to packer @ 1325 lbs. on February 1
 - 500 steers sold to packer @ 1425 lbs. on February 2
 - Total Payment:
 - Average weight = $(500 \text{ hd.}(1325 \text{ lb.}) + 500\text{hd.}(1425 \text{ lb.}))/1,000 \text{ hd.} = 1,375 \text{ lb.} < 1,400 \text{ lb.}$
 - 1,000 hd.(\$139 CARES rate for feeder calves over 600 lb.) = \$139,000
 - 1st Round Payment = \$139,000(80%) = \$111,200
- Feedyard B has the following:
 - Sales:
 - 500 heifers sold to packer @ 1351 lbs. on February 1
 - 500 steers sold to packer @ 1450 lbs. on February 2
 - Total Payment:
 - Average weight = $(500 \text{ hd.}(1351 \text{ lb.}) + 500\text{hd.}(1450 \text{ lb.}))/1,000 \text{ hd.} = 1,400.5 \text{ lb.} > 1,400 \text{ lb.}$
 - 1,000 hd.(\$214 CARES rate for fed cattle) = \$214,000
 - 1st Round Payment = \$214,000(80%) = \$171,200

CFAP – Swine

- *Eligibility*
 - CFAP assistance is available to swine producers who have an ownership interest in eligible livestock that have suffered a 5% or greater price decline as a result of the coronavirus pandemic and face additional significant costs in marketing their inventories due to unexpected surplus and disrupted markets.
 - Swine eligible for CFAP include:
 - Hogs: swine 120 pounds or more; and
 - Pigs: swine weighing less than 120 pounds.
- *Payments*
 - A single payment for swine will be calculated using the sum of:
 - The producer's number of hogs and pigs sold between January 15 and April 15, 2020, multiplied by the CARES Act payment rates per head; and
 - The highest inventory number of **unpriced** hogs and pigs between April 16 and May 14, 2020, multiplied by the CCC payment rate per head.
 - 1st Round Payment equal to 80% of total, with 2nd round pending available funding.

CFAP – Swine Payment Rates

Commodity	Unit	CARES Act Payment Rate/Unit	CCC Payment Rate/Unit
Hogs	Head	\$18	\$17
Pigs	Head	\$28	\$17

CFAP - Dairy

- *Eligibility*
 - CFAP payments are eligible to all dairy operations with milk production in January, February and/or March 2020.
 - Any dumped milk production during these months is eligible for assistance.
- *Payments*
 - A single payment will be made equal to **the sum of** the following two calculations:
 - Producer's certification of milk production for the first quarter of calendar year 2020, multiplied by \$4.71/cwt; and
 - Producer's certification of milk production for the first quarter of calendar year 2020, multiplied by 1.014, then multiplied by \$1.47/cwt.
 - NOTE: The 1.014 adjuster is to account for increased milk production in the second quarter.
 - 1st Round Payment equal to 80% of total, with 2nd round pending available funding.

CFAP – Dairy Example

- Herd of 700 cows producing 64 lbs. of milk/hd./day (national average):
 - $(91 \text{ days}(700 \text{ cows} * 64 \text{ lbs.})/100 \text{ lbs.})(\$4.71) + (91 \text{ days}(700 \text{ cows} * 64 \text{ lbs.})/100 \text{ lbs.})(1.014)(\$1.47) = \$252,785.25$
 - 1st Round payment = $\$252,785.25(80\%) = \$202,228.20$
 - 2nd Round payment (if available) = $\$47,771.80^*$
 - ❖ Reduction of $\$2,785.25$ due to payment limits.

CFAP – Grain and Oilseed Crops

- *Eligibility*
 - Eligibility for non-specialty crops, like corn, sorghum, and soybeans, is based on whether the crops experienced a decline in futures prices of 5 percent or greater between the average of prices for the week of January 13-17, 2020, and the average of prices for the week of April 6-9, 2020
 - NOTE: Hard red winter wheat did not qualify under the 5% loss threshold.
- *Payments*
 - Payments will be paid based on **the sum of:**
 - Any unpriced inventory that is **harvested** but held in inventory as of January 15, 2020, not to exceed 50 percent of 2019 total production, multiplied by 50 percent, multiplied by the CARES payment rate; and
 - Any unpriced inventory as of January 15, 2020, not to exceed 50 percent of 2019 total production, multiplied by 50 percent, multiplied by the CCC payment rate.
 - NOTE: The inventory does not actually have to be from the 2019 crop year.
 - 1st Round Payment equal to 80% of total, with 2nd round pending available funding.

CFAP – Grain and Oilseed Payment Rates

Commodity	Unit	CARES Act Payment Rate (\$/unit)	CCC Payment Rate (\$/unit)
Corn	bushel	\$0.32	\$0.35
Sorghum	bushel	\$0.30	\$0.32
Soybeans	bushel	\$0.45	\$0.50

CFAP – Payment Limits

- CFAP payments are subject to a limitation of \$250,000 per person or entity.
 - This limitation applies to the total amount of CFAP payments made with respect to all eligible commodities.
 - Special payment limitation rules will be applied to participants that are corporations, limited liability companies, and limited partnerships.
 - These corporate entities may receive a payment limit increase of \$250,000 for each additional shareholder/member, beyond an initial shareholder/member.
 - The total limit, however, cannot exceed \$750,000, and
 - Each additional shareholder/member must contribute 400 hours of active personal labor or active personal management toward production of the commodities for which a payment is claimed.

CFAP – Payment Limit Examples

- Feedyards claiming sales of slaughter cattle – fed cattle under the CARES payment reach the cap at **1,168 head**.
- Backgrounders claiming sales for feeder cattle of more than 600 pounds under the CARES payment reach the cap at **1,798 head**.
- Backgrounders claiming sales for feeder cattle of less than 600 pounds under the CARES payment reach the cap at **2,450 head**.
- Dairy herd of **691 head** hits the cap using 64 lb./hd./day avg production
- Multi-enterprise, sole proprietor operation:
 - 50,000 bu. corn in storage (less than half of 2019 production) = \$16,750
 - 1,000 fed cattle sold on March 1 = 214,000
 - 500 cow/calf pairs in inventory May 1 = \$33,000
 - Total amount of potential payment = \$263,750
 - Actual payment (round 1 + round 2) = \$250,000

CFAP – Eligibility Requirements

- Persons or legal entities with an average AGI of greater than \$900,000 for tax year 2016, 2017, and 2018, will not be eligible for CFAP payments, unless:
 - At least 75% of the person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities.



Questions?

- Please type questions in the Q&A box.
- Staff will read the questions and answer them as the questions come in.