USDA Coronavirus Food Assistance Program 2 (CFAP 2)
Summary Prepared By Alabama Farmers Federation

Disclaimer: We attempt to ensure that the information provided is complete and accurate; this information is based on our own understanding of information provided by USDA and supporting information from our affiliates

Highlights

$14 billion program announced on September 17, 2020

CFAP 2 follows an estimated $10 billion in support paid out in the initial CFAP program to offset COVID-19 related losses experienced through mid-April 2020.

Sign-up for CFAP2 runs Sept. 21 through Dec. 11 through USDA's Farm Service Agency county offices.

CFAP2 payments will be broken into three categories:

- price trigger commodities,
- flat-rate commodities and
- sales commodities

Of the $14 billion dollars in CFAP2 support, USDA's cost-benefit analysis estimates payments will break down as:

$3.5 billion	Corn
$2.8 billion	Beef
$2.0 billion	Dairy
$1.7 billion	Hogs
$1.4 billion	Soybeans
$2.5 billion	Wheat, flat-rate crops, eggs and other commodities

Documentation

CFAP 2 is a self-certification program and 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
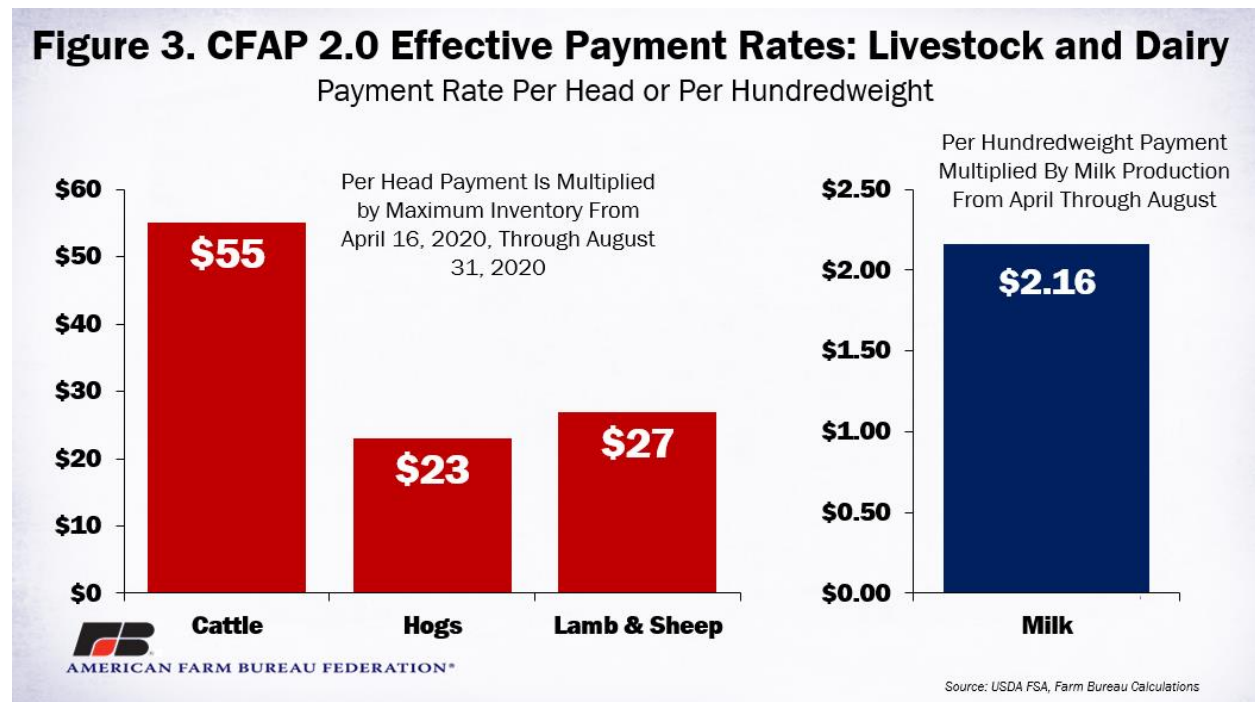
Livestock

Beef cattle, hogs and pigs, and lambs and sheep are eligible

Beef cattle, payments 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.

Lambs and sheep, payments will be equal to:

- The producer's highest owned inventory of eligible lambs and sheep, excluding breeding stock, on a date selected by the producer from April 16, 2020, through August 31, 2020,

- Multiplied by the payment rate of $27 per head.

Figure 3. CFAP 2.0 Effective Payment Rates: Livestock and Dairy

Hogs and poultry grown under contract are not eligible

There is also a specialty livestock category, but it excludes all equine, breeding stock, companion or comfort animals, pets, and animals raised for hunting or game purposes.

Row Crops

Eligible row crops are alfalfa, amaranth grain, **barley**, buckwheat, canola, **corn**, Extra Long Staple (ELS) cotton, **upland cotton**, crambe (colewort), einkorn, emmer, flax, guar, hemp, 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.**

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.
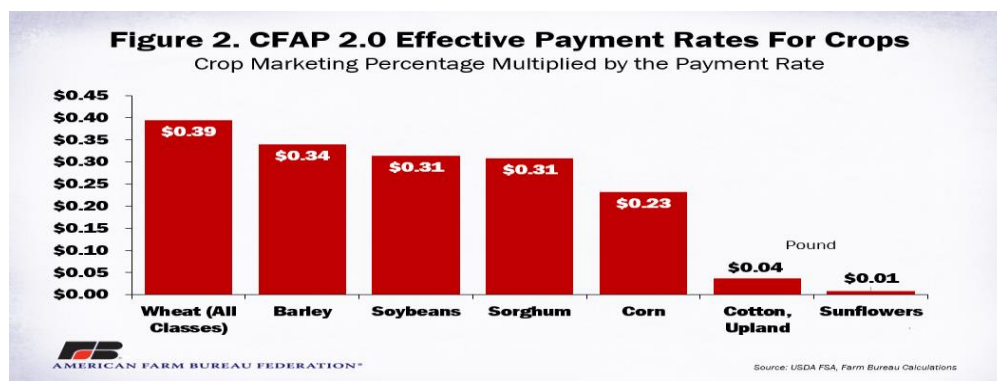
Price-Trigger Row Crops

Price trigger row crops are: **Barley, Corn, Upland cotton, Sorghum, Soybeans, Sunflowers, and all classes of wheat.**

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

1. Eligible acres of the crop multiplied by a rate of $15 per acre; OR

2. 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.

Effective payment rates for each crop are documented in the table below:

Figure 2. CFAP 2.0 Effective Payment Rates For Crops — Crop Marketing Percentage Multiplied by the Payment Rate

Wheat (All Classes) $0.39, Barley $0.34, Soybeans $0.31, Sorghum $0.31, Corn $0.23, Cotton, Upland $0.04 (Pound), Sunflowers $0.01

Source: USDA FSA, Farm Bureau Calculations

Flat-Rate Row Crops

Payments for all other 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.

Dairy

Cow milk and goat milk are both eligible for CFAP 2.

CFAP 2 payments are available for eligible producers of dairy commodities categorized as either price trigger or sales based. 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. Cow milk is eligible for CFAP 2 as a price trigger commodity.
- Sales-based commodities have payment calculations that use a sales-based approach, where producers of eligible commodities are paid based on five payment gradations associated with their 2019 sales. Goat milk is eligible for CFAP 2 as a sales-based commodity.

Cow Milk

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 dissolve before September 1, 2020, are ineligible for CFAP 2 payments.

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

1. The producer's total actual milk production from April 1, 2020, to August 31, 2020, multiplied by the payment $1.20 per hundredweight; and
2. 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.

Goat Milk

Payments for goat milk 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:

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

2019 Sales	Payment Factor for Commodities in that Range
$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%
Over $1,000,000	8.8%

Specialty Crops

Payments for fruits, vegetables, horticulture, tree nuts, honey, and maple sap 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:

1. The amount of the producer's eligible sales in calendar year 2019, multiplied by

2. The payment rate for that range.

2019 Sales	Payment Factor for Commodities in that Range
$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%
Over $1,000,000	8.8%

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.

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.

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.

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:

1. The amount of the producer's eligible sales in calendar year 2019, multiplied by

2. The payment rate for that range.

2019 Sales	Payment Factor for Commodities in that Range
$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%
Over $1,000,000	8.8%

Aquaculture

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:

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

2019 Sales	Payment Factor for Commodities in that Range
$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%
Over $1,000,000	8.8%

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.

Poultry and Eggs

Contract growers are ineligible for CFAP 2 and will not receive a CFAP 2 payment. If the grower retains price risk in the production of the commodity, they are eligible for CFAP 2.

Eggs

Payments for eggs will be equal to 75 percent of the producer's 2019 egg production multiplied by the CCC payment rate. Payments for egg producers who began farming in 2020 and had no production in 2019 will be based on the producer's actual 2020 egg production as of the producer's application date.

The following table lists commodity-specific payment rates for eligible egg commodities.

Commodity	Unit of Measure	Payment Rate ($/Unit)
Shell Eggs	Dozen	$0.05
Liquid Eggs	Pound	$0.04
Dried Eggs	Pound	$0.14
Frozen Eggs	Pound	$0.05