**Coronavirus programs and what they mean for livestock producers**

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***Overview***

The *Coronavirus Aid, Relief, and Economic Security Act (CARES ACT)* replenished borrowing authority for the Commodity Credit Corporation (CCC) to the tune of $14 billion relative to the June 2020 audit report. Additionally, on April 17, 2020, President Trump announced the Coronavirus Food Assistance Program (CFAP). CFAP includes $19 billion for two purposes. The first purpose is for the USDA to purchase $3 billion in fresh produce, dairy and meat products. The second purpose is to provide $16 billion in direct support to agricultural producers where prices and market supply chains have been impacted and to assist producers with additional adjustment and marketing costs resulting from lost demand and short-term oversupply for the 2020 marketing year caused by COVID-19.

On May 8, 2020, the Agricultural Marketing Service (AMS) announced that the program will purchase $1.2 billion in eligible products, for delivery from May 15 to June 30, 2020, including $461 million in fresh fruits and vegetables, $317 million in a variety of dairy products, $258 million in meat products, and $175 million in a combination box of fresh produce, dairy or meat products. Suppliers will package these products into family- sized boxes, then transport them to non-profits serving Americans in need. AMS had also noted that it may elect to extend the period of performance of the contracts up to $3 billion.

On May 19, 2020, USDA released CFAP details and announced that signup will run from May 26 to August 28, 2020. In providing direct support to farmers and ranchers, USDA is drawing on two separate authorities: $9.5 billion from the CARES Act and $6.5 billion from the Commodity Credit Corporation (CCC). Importantly, even though the CARES Act provided a $14 billion replenishment for the CCC, USDA noted that the funding is not available until after June 2020. As a result, they are drawing on existing CCC funding to operate CFAP.

The dual authority leads to separate payment rates for each commodity based on the underlying authority. The payment rates are derived by estimating the price drop from the week of January 13 – 17, 2020, to the week of April 6 – 9, 2020. Only commodities that experienced a price drop of more than five percent between January and April are eligible for support under CFAP. Livestock commodities that are eligible are cattle, hogs and sheep (lambs and yearlings only). Sheep more than two years old were specifically excluded.

CFAP payments are limited to $250,000 per person or legal entity. The rule is silent on spousal doubling, but sources indicate that USDA intends to include it. CFAP provides eligibility of up to $750,000 for certain participants that are corporations, limited liability companies, and limited partnerships. At least three shareholders must meet certain labor or management contribution requirements to be eligible.

Other than a general partnership and joint venture, a person or legal entity is ineligible for CFAP if their AGI is greater than $900,000 unless 75 percent or more of the AGI is derived from farming, ranching, or forestry-related activities. For general partnerships and joint ventures, the provision is applied to each member of the entity.

To ensure adequate funding, USDA is initially paying only 80 percent of the CFAP payment for eligible producers. Once the initial payment is made, if the $16 billion in available funding has not yet been exhausted, the remaining 20 percent (or a prorated amount, if needed) will automatically be provided later.

***Livestock Payments***

CFAP provides assistance to producers for losses incurred on production that was at risk and marketed or held in inventory. In many cases, payments are based on “unpriced” inventory which is “any production that is not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document.” Production and inventory amounts are generally self-certified, and producers must be able to provide supporting documentation if requested by the Farm Service Agency (FSA). According to the final rule, “examples of supporting documentation include evidence provided by the producer that is used to substantiate the amount of production or inventory reported, including copies of receipts, ledgers of income, income statements or deposit slips, veterinarian records, register tapes, invoices for custom harvesting, and records to verify production costs, contemporaneous measurements, truck scale tickets, or contemporaneous diaries that are determined acceptable by USDA.”

A single CFAP payment will be made to livestock producers, but it is based on the sum of two distinct components.

1. A payment for livestock marketed between January 15, 2020 and April 15, 2020 and
2. A payment for the highest inventory of unpriced livestock between April 16, 2020 and May 14, 2020.

In both cases, the number of head are multiplied by the relevant payment rate show in Table 1.

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| **Table 1: Livestock Payment Rates** | | | |
| **Commodity** | **Unit** | **CARES Act Payment**  **Rate**  **($/unit)** | **CCC Payment Rate**  **($/unit)** |
| Feeder cattle: less than 600 pounds | Head | $102.00 | $33.00 |
| Feeder cattle: 600 pounds or more | Head | $139.00 | $33.00 |
| Slaughter cattle: fed cattle | Head | $214.00 | $33.00 |
| Slaughter cattle: mature cattle | Head | $92.00 | $33.00 |
| All other cattle | Head | $102.00 | $33.00 |
| Pigs: less than 120 pounds | Head | $28.00 | $17.00 |
| Hogs: 120 pounds or more | Head | $18.00 | $17.00 |
| All sheep less than 2 years old | Head | $33.00 | $7.00 |

Source: Coronavirus Food Assistance Program Final Rule

<https://www.farmers.gov/sites/default/files/documents/CFAP%20FRM.pdf>

Cattle are categorized into five groups, roughly corresponding to different cattle types. The payment rates for animals sold between January 15 and April 15, 2020, are based on the type of cattle sold. For example, producers of feeders weighing less than 600 pounds that were sold are eligible for a payment of $102/head sold. Producers of feeder cattle weighing more than 600 pounds but less than 1,400 pounds are eligible for a payment of $139/head sold. Producers of slaughter cattle-fed cattle (e.g. cattle weighing in excess of 1,400 pounds intended for slaughter) are eligible for a payment of $214/head sold. Producers of slaughter cattle-mature cattle (e.g. cull bulls and cows) are eligible for a payment of $92/head sold. Producers of all other types of cattle (e.g. commercially raised or maintained bovine animals not meeting the definition of another category and excluding beefalo, bison, and animals owned for dairy production) that were sold between January 15 and April 15, 2020, are eligible for a payment of $102/head sold. Producers will receive a $33/head payment for unpriced cattle inventory (again, excluding beefalo, bison, and animals owned for dairy production) between April 16 and May 14, 2020.

***Calculating Payments***

Consider an operation with 50 cow/calf pairs (including 49 unweaned, 250-pound calves). Assume that 25 of the previous year’s weaned calves were retained. Further assume that the 25 weaned calves were sold on April 13, 2020, weighing over 600 pounds.

The total CFAP payment for the operation would be:

* Weaned Calves: 25 head x $139/head = $3,475
* Cows: 50 head x $33/head = $1,650
* Unweaned Calves: 49 head x $33/head = $1,617
* Total: $6,742 *(NOTE: as flagged above, a producer will initially be limited to 80 percent of this amount, or $5,393.)*

In a second scenario, assume that the 25 weaned calves were sold a week later on April 20, 2020. In that case, total CFAP payments for this operation would be as follows:

* Weaned Calves: 25 head x $33/head = $825
* Cows: 50 head x $33/head = $1,650
* Unweaned Calves: 49 head x $33/head = $1,617
* Total: $4,092

Once major concern for cattle payments is the definition of slaughter cattle weighing in excess of 1,400 pounds which yield an average carcass weight in excess of 800 pounds. Although finished cattle tend to finish heavier in the northern feeding regions than the southern feeding regions, there are circumstances where this is not the cases. Additionally, heifers tend to weigh less than steers. If the animal does not meet the weight criteria, the producer will not be eligible for the $214 CARES Act Payment rate.

Payments for hogs and pigs vary depending on the weight of the animal, as noted in Table 1. Producers of all hogs and pigs are eligible for a payment of $17/head on unpriced hog and pig inventory between April 16 and May 14, 2020.

Producers of all sheep less than two years old that were sold between January 15 and April 15, 2020 are eligible for $33/head payments. Producers of all sheep less than two years old are eligible for a payment of $7/head on unpriced lamb and yearling inventory between April 16 and May 14, 2020.

***Signup Details***

USDA will begin taking applications for the Coronavirus Food Assistance Program on May 26, 2020 and continue through August 2020. To apply for the program, contact the Farm Service Agency county office at your local USDA Service Center to schedule an appointment. Find your office at <https://www.farmers.gov/cfap>.

FSA will need to collect the following information, by several forms:

* Contact information
* Personal information, including the TAX ID number
* Farm operating structure
* Adjusted Gross Income, to ensure eligibility
* Direct deposit information

Forms that will need to be completed are below:

* CCC-902 - Farm Operating Plan
  + - This form documents that the producer is actively engaged in farming.
* CCC-901 - Identifies members of the farm or ranch operation that is a legal entity
  + - This form requires the name, address, tax ID, and citizenship status of each member of the operation.
* CCC-941 - Income report
  + - This form reports the Average Adjusted Gross Income for programs where income restrictions apply.
* CCC-942 - Income report
  + - This form reports the farming, ranching and/or forestry income for operations that exceed the program income limitations.
* AD-1026 - Conservation and Wetland Compliance
  + - The form documents participation in Federal Conservation and/or Wetland programs where needed.
* AD-2047 – The form collects basic contact info for the operation.
* SF-3881 – The form collects banking information to allow for direct deposit.

All these forms can be found at <https://www.farmers.gov/cfap>. Producers can begin by gathering and understanding their farm’s recent sales and inventory. Producers can start filling out forms at any time; however, FSA has requested no personal information be sent with out first initiating contact through a phone call. If producers have worked with FSA in the past, much of the information may already be in the system and will not have to be redone.

USDA Service Centers are open for business by phone appointment only. Producers will need to contact their FSA county office to schedule an appointment. To find your office and more information on CFAP, visit <https://www.farmers.gov/cfap>.

***References***

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<https://www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box>

<https://www.farmers.gov/cfap>

<https://www.farmers.gov/sites/default/files/documents/CFAP%20FRM.pdf>