Congressional Research Service
Informing the legislative debate since 1914

USDA's Coronavirus Food Assistance Program (CFAP) Direct Payments

Updated June 16, 2020

Congressional Research Service
https://crsreports.congress.gov
R46395

CRS REPORT
Prepared for Members and
Committees of Congress

Congressional Research Service
Informing the legislative debate since 1914

SUMMARY

R46395

June 16, 2020

Randy Schnepf
Specialist in Agricultural Policy

USDA's Coronavirus Food Assistance Program (CFAP) Direct Payments

On April 17, 2020, Secretary of Agriculture Sonny Perdue announced that the U.S. Department of Agriculture (USDA) would initiate the Coronavirus Food Assistance Program (CFAP) to provide immediate financial relief to farmers, ranchers, and consumers in response to the COVID-19 national emergency. CFAP consists of two distinct initiatives: a $16 billion direct payment program for agricultural producers that have been impacted by the decline in commodity prices and the disruption in food supply chains related to COVID-19, and a $3 billion food purchase and distribution program. This report focuses on the larger of these two CFAP initiatives—the $16 billion direct payment program. The CFAP direct payment program derives its funding from two sources: $9.5 billion emergency program spending authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) and an existing $6.5 billion balance from the Commodity Credit Corporation (CCC) Charter Act of 1948 (P.L. 80-806; 15 U.S.C. 714 *et seq.*).

On May 19, 2020, USDA released the final rule that details CFAP's $16 billion direct payment program, including the list of eligible commodities, eligibility requirements for producers, payment calculations, and application procedures. In its announcement, USDA stated that it would begin accepting applications on May 26, through the Farm Service Agency (FSA), from agricultural producers who have suffered losses. To be eligible, an application must be submitted to any FSA county office by the close of business on August 28, 2020. Payments to eligible producers are expected to be made soon after each application is processed. USDA's FSA will be the principal agency charged with implementing CFAP's direct payment program. FSA is to be assisted by the Agricultural Marketing Service (AMS) with respect to matters dealing with producers of specialty crops.

To be eligible for a payment, a commodity must have suffered a price loss of at least 5% during the mid-January to mid-April period, or was subject to additional significant marketing costs for unexpected supply chain disruptions, including unsold inventories. Specialty crops may also qualify for a payment if product was shipped off the farm, but spoiled prior to receipt of payment due to COVID-19-caused disruption of the food supply chain. For an individual or legal entity to be eligible, they must complete an application to determine the quantities affected and to meet certain other criteria, including conservation compliance, share in the risk of profit and loss from the farm's operation, and an average Adjusted Gross Income (AGI) for 2016, 2017, and 2018 that is less than $900,000, unless at least 75% of AGI is from farming and ranching activities.

USDA is to track payments made from the CARES Act and the CCC Charter Act funds separately, to ensure that the payments are consistent with each respective authority. As a result, every eligible commodity may receive a payment based on two different types of losses or costs: (1) income losses due to mid-January-to-mid-April price declines, which is to be partially offset by payments from CARES Act funds; and (2) unexpected marketing costs due to food supply chain disruptions, which is to be partially offset by payments from CCC funds.

USDA is to pay an initial tranche equal to 80% of the aggregate payment to each qualifying producer. If funds remain available after the initial payment to all eligible applicants, and depending on whether USDA adds other commodities to the list, USDA is to disburse the remaining funds such that the initial and final payments do not exceed a total of $9.5 billion of CARES Act funds and $6.5 billion of CCC funds. Funds may be prorated if necessary to stay within these limits. There is a payment limitation of $250,000 per person or entity for all commodities combined. Applicants who are corporations, limited liability companies, or limited partnerships may qualify for payments of up to $750,000 if at least three members each actively provide at least 400 hours of personal labor or personal management to the farming operation.

Congress may be interested in evaluating whether CFAP payments mitigate the damage caused by the COVID-19 pandemic for individual farming operations. Will additional assistance be necessary later this year? Is additional assistance needed to support certain affected industries that are not eligible under USDA's initial rollout? Another immediate concern may be oversight of the large sums of taxpayer money that are to flow out through the USDA and the CCC. Producer self-certification of losses may create an incentive to over-report losses.

Contents

Introduction 4
CFAP Includes Two Programs 4
Report Overview 4
CFAP Direct Payment Program Overview 5
USDA Authorized to Design and Implement CFAP 5
Funding for CFAP Direct Payments 6
Eligibility Criteria for CFAP Direct Payments 7
Eligible Commodities 7
Request for Additional Commodities 8
Ineligible Commodities 9
Eligible Producers 9
CFAP Direct Payment Calculations 10
Projected CFAP Direct Payment Outlays 12
CFAP Application Process 13
Producer Data Subject to Verification 13
Initial Payment Tranche of 80% 14
Payment Limits 14
Issues for Congress 15

Figures

Figure 1. Projected CFAP Net Payments by Commodity After Payment Limitations 13

Tables

Table 1. Eligibility Criteria and Eligible Commodities by Category 7
Table 2. CFAP Payment Formula by Commodity Category 10

Table A-1. CFAP Payment Rates (PRs): Non-Specialty Crops, Dairy, & Livestock 16
Table A-2. CFAP Payment Rates (PRs): Specialty Crops 18
Table A-3. Additional USDA Forms for CFAP Eligibility 21

Appendixes

Appendix. Supplementary Tables 16

Contacts

Author Information 21

Introduction

On April 17, 2020, Secretary of Agriculture Sonny Perdue announced that the U.S. Department of Agriculture (USDA) would initiate the Coronavirus Food Assistance Program (CFAP), valued at $19 billion, to provide immediate financial relief to farmers, ranchers, and consumers in response to the COVID-19 national emergency.[1]

CFAP Includes Two Programs

According to Secretary Perdue, CFAP consists of two distinct initiatives: a $16 billion direct payment program for agricultural producers that have been impacted by the decline in commodity prices and the disruption in food supply chains related to COVID-19, and a $3 billion food purchase and distribution program for affected consumers referred to as the Farmers to Families Food Box Program.

These two programs derive their specific funding from different sources, and are being implemented by different agencies within USDA. The $16 billion designated for the direct payments program is funded from $9.5 billion of emergency spending authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) and an existing $6.5 billion balance from the Commodity Credit Corporation (CCC) Charter Act of 1948 (P.L. 80-806; 15 U.S.C. 714 *et seq.*).[2] The $3 billion for the commodity purchase portion of CFAP is funded from the Families First Coronavirus Response Act (FFCRA; P.L. 116-127, §1101(g)) that authorizes USDA to purchase commodities for emergency distribution in the United States.[3]

USDA, through its Agricultural Marketing Service (AMS), began food purchase and distribution activities within a week of announcing the CFAP. In contrast, the direct payment component of CFAP is being implemented by USDA's Farm Service Agency (FSA). FSA went through a longer (albeit expedited) rulemaking process to determine how payments would be made.

Report Overview

This report describes the details of the larger of these two CFAP initiatives—the direct payment program. It describes how this program is funded and administered, including specific details on the calculation and implementation of payments.

The report begins with a brief overview of the CFAP direct payment program, including its policy objectives, funding sources, and implementing agencies. The next section describes the details of the CFAP direct payment program, including eligibility requirements for both producers and commodities, application procedures, payment calculations, and the program's timeline. The report ends with a brief discussion on issues of potential interest to Congress. An **Appendix** at the end of the report includes supplementary tables that provide details on USDA's derivation of the payment rates for affected commodities under both CARES Act and CCC Charter Act criteria, as well as additional USDA forms that must be completed by producers for payment eligibility.

[1] USDA, "USDA Announces Coronavirus Food Assistance Program," Release No. 0222.20, April 17, 2020.

[2] USDA, FSA, "Coronavirus Food Assistance Program," 85 *Federal Register* 30825, May 21, 2020.

[3] Agricultural Marketing Service, "Notice of Funds Availability (NOFA); Purchase of Fruit, Vegetable, Dairy, and Meat Products Due to COVID-19 National Emergency-USDA Food Box Distribution Program," 85 *Federal Register* 23325, April 27, 2020.

An earlier report by CRS provides information on how the COVID-19 pandemic affected the U.S. food supply chain—including its deleterious impact on agricultural producers—and precipitated the congressional and USDA actions described here.[4] This earlier report also provides details on the CFAP food purchase and distribution initiative and its Farmers to Families Food Box program. Those events and programs are not reviewed here.

CFAP Direct Payment Program Overview

USDA Authorized to Design and Implement CFAP

Under the CARES Act, Congress delegated broad authority to USDA to develop and administer a support program in response to COVID-19.[5] In particular, the CARES Act provides $9.5 billion for USDA to "prevent, prepare for, and respond to coronavirus by providing support to agricultural producers impacted by coronavirus, including producers of specialty crops, producers that supply local food systems, including farmers' markets, restaurants, and schools, and livestock producers, including dairy producers."[6] This approach provides funding to the Secretary of Agriculture with general authority to respond to a crisis, and therefore is similar to emergency appropriations for wildfires and hurricanes in 2018 and 2019 in which USDA was tasked to develop a payment program from a general appropriation.[7]

Similarly, USDA interprets the CCC Charter Act as providing broad authority to use CCC funds in support of U.S. agriculture.[8] Based on these broad authorities, USDA developed the CFAP direct payment program.

On May 19, 2020, USDA released a final rule to implement CFAP's $16 billion direct payment program including eligibility requirements for commodities and producers, application procedures, and payment calculations.[9] In its announcement, USDA stated that it would begin accepting applications on May 26, through the Farm Service Agency (FSA), from agricultural producers who have suffered losses.[10] All applications must be received by August 28, 2020.

FSA is to be the principal agency charged with implementing CFAP's direct payment program. AMS is to assist FSA with respect to specialty crops issues, such as determinations of sales prices and marketing costs.

CFAP direct payments are to provide financial assistance to producers and ranchers of agricultural commodities that suffered from price declines of at least 5% between mid-January and mid-April, or who face additional significant marketing costs associated with unexpected carrying-costs of unsold commodities or spoilage due to market supply chain disruptions. The

[4] CRS Report R46347, *COVID-19, U.S. Agriculture, and USDA's Coronavirus Food Assistance Program (CFAP)*.

[5] The CARES Act (P.L. 116-136), Division B—Emergency Appropriations For Coronavirus Health Response And Agency Operations, Title I, Agricultural Programs, Office of the Secretary.

[6] USDA, "USDA Announces Coronavirus Food Assistance Program," Release No. 0222.20, April 17, 2020. Published in the Federal Register on May 21, 2020 (85 *Federal Register* 30825).

[7] For example, see CRS In Focus IF11245, *FY2019 Supplemental Appropriations for Agriculture*.

[8] For a discussion of USDA's authority under the CCC Charter Act, see CRS Report R44606, *The Commodity Credit Corporation: In Brief*.

[9] USDA, "USDA Announces Details of Direct Assistance to Farmers through the Coronavirus Food Assistance Program," News Release, May 19, 2020.

[10] For up-to-date program information, including application forms and payment processing information, visit the USDA FSA web portal for CFAP at https://www.farmers.gov/cfap.

CFAP direct payment program stands in contrast to congressionally authorized farm bill support programs, supplemental assistance, and other USDA-initiated payment programs for both its scale ($16 billion) and its complicated payment formulation.[11] The CFAP separates COVID-related injury into two components (income losses due to price declines, and unexpected marketing costs due to food supply chain disruptions), each with its own distinct funding source—the CARES Act and the CCC, respectively. The payments calculated for each of these two funding sources for each eligible commodity are combined into a single payment per producer, with an initial tranche equal to 80% of the combined payment for which each qualifying producer is potentially eligible. This unusual payment formulation is explained in this report.

USDA could provide additional financial assistance for the U.S. agricultural sector beyond CFAP later in the summer when a replenishment payment of $14 billion for the CCC becomes available. Congress is also considering providing additional support, including support for additional agricultural commodities and sectors that were not initially eligible under CFAP.[12] These potential additional efforts are not discussed in this report.

Funding for CFAP Direct Payments

Funding for CFAP's direct payment program is from two sources: $9.5 billion from the CARES Act, and $6.5 billion obtained with existing USDA authorities under the CCC Charter Act.[13] USDA states that each of these funding sources has its own specific authority and, as a result, USDA is to use the funds from each source in a manner that USDA interprets as being consistent with that authority.[14]

- USDA is to use the $9.5 billion of CARES Act funding to compensate producers for commodity and livestock losses due to price declines of at least 5% that occurred between mid-January 2020 and mid-April 2020. In the case of specialty crops, the funding is to compensate for losses associated with products that were shipped from the farm by April 15, but spoiled due to market disruptions, resulting in no payment.
- USDA is to use $6.5 billion of CCC funding to compensate producers for unexpected costs due to on-going market disruptions and to assist with the transition to a more orderly marketing system as the pandemic wanes.

Thus, each of these funding sources are to be used for different types of losses or costs—CARES Act payments for price declines, and CCC payments for unexpected marketing costs. Such

[11] The proposed CFAP direct payments program would exceed previous USDA ad hoc direct payment programs of large scale, including the market loss assistance payments of 1999 ($3 billion), 2000 ($11 billion), and 2001 ($5.5 billion), source: USDA, Economic Research Service (ERS), Farm Income and Wealth Statistics, https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/; and the market facilitation payment (MFP) programs of 2018 ($8.6 billion) and 2019 ($14.5 billion), source: USDA, FSA, Market Facilitation Program, https://www.farmers.gov/manage/mfp.

[12] On May 15, 2020, the House passed the HEROES Act (H.R. 6800), which would authorize $16.5 billion in additional direct payments by the Secretary of Agriculture. Among its provisions, the bill would compensate producers who have had to dispose of livestock and poultry that could not be sold due to processing disruptions, and would provide special assistance targeted to dairy producers. It further includes aid targeted to biofuels plants, fruit and vegetable growers, and local agriculture.

[13] For a discussion of USDA's authority under the CCC Charter Act, see CRS Report R44606, *The Commodity Credit Corporation: In Brief*.

[14] USDA, FSA, "Coronavirus Food Assistance Program," 85 *Federal Register* 30825, May 21, 2020.

marketing costs may include the removal or disposition of surplus agricultural commodities, the purchase of materials and facilities required to produce and market agricultural commodities, and aid in the development of new markets, marketing facilities, and uses for such commodities.

USDA has stated that it will track payments made from the CARES Act and the CCC Charter Act funds separately, to ensure that the payments are consistent with each respective authority. Nonetheless, USDA is to combine payments made under both CARES Act and CCC funds into a single payment for eligible producers. Thus, a producer will need to complete only one CFAP payment application.

Eligibility Criteria for CFAP Direct Payments

USDA has developed criteria to determine which commodities and which producers are eligible for CFAP support.[15] Eligibility criteria for producers builds off of general USDA program eligibility criteria, whereas criteria identifying eligible commodities is largely unique to the CFAP program and varies by commodity groups.

Eligible Commodities

According to USDA, only commodities produced in the United States are eligible for CFAP direct payments. In addition, USDA has specified certain eligibility criteria for each of the major agricultural commodity groups that includes a price decline of at least 5% from January 15, 2020, to April 15, 2020, and/or unexpected marketing costs (including spoilage) as listed in **Table 1**. Based on an analysis of these criteria, USDA has determined that the commodities listed in **Table 1** are eligible for either a price-decline or marketing-cost payment.

Table 1. Eligibility Criteria and Eligible Commodities by Category

Category	Eligibility Criteria and Eligible Commodities
Non-Specialty Crops[a]	**Eligibility Criteria:** Non-specialty crop producers who have suffered at least a 5% price decline between mid-January and mid-April (see **Table A-1**), and who face increased marketing costs for unpriced inventories as of January 15, 2020 (see **Table 2**).
	Eligible Non-Specialty Crops: Malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat.
Livestock Commodities	**Eligibility Criteria:** Livestock producers who have suffered at least a 5% price decline between mid-January and mid-April (see **Table A-1**), and who face increased marketing costs for unpriced inventories as of January 15, 2020 (see **Table 2**).
	Eligible Livestock Commodities:[b] Cattle, hogs and pigs, and sheep (lambs and yearlings).
Wool	**Eligibility Criteria:** Wool producers who have suffered at least a 5% price decline between mid-January and mid-April (see **Table A-1**), and who face increased marketing costs for unpriced inventories as of January 15, 2020 (see **Table 2**).
	Eligible Wool: Graded (clean basis) and ungraded (paid on a greasy basis).
Dairy	**Eligibility Criteria:** All dairy operations with milk production in January, February, and/or March 2020; as well as any dumped milk production during the months of January, February, and March 2020.
	Eligible Dairy: All milk produced during the first quarter of 2020.

[15] Ibid.

Category	Eligibility Criteria and Eligible Commodities
Specialty Crops[c]	**Eligibility Criteria:** Producers of specialty crops are eligible for CFAP payments in any of the following three categories: (1) Had crops that suffered at least a 5% price decline between January 15, 2020, and April 15, 2020;[d] (2) Had produce that shipped by April 15, 2020, but subsequently spoiled due to loss of marketing channel;[e] and (3) Had shipments that did not leave the farm by April 15, 2020 (for example, were harvested but are sitting in crates on the farm), or mature crops that remained unharvested by that date (for example, were plowed under) due to lack of buyers, and which have not been and will not be sold[f]. **Eligible Specialty Crops:** **Fruit:** apples, avocados, blueberries, cantaloupe, grapefruit, kiwifruit, lemons, oranges, papaya, peaches, pears, raspberries, strawberries, tangerines, tomatoes, watermelons. **Vegetables**: artichokes, asparagus, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, garlic, iceberg lettuce, romaine lettuce, dry onions, green onions, peppers, potatoes, rhubarb, spinach, squash, sweet potatoes, taro. **Nuts**: almonds, pecans, walnuts. **Other**: beans, mushrooms.
Other	Certain other commodities (including those with insufficient information) will be evaluated through a Notice of Funds Availability (NOFA) process.

Source: USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020.

Notes: Non-specialty crops, livestock, and wool that meet the 5% price decline criteria are assumed to have met the marketing cost criteria.

a. According to USDA's CFAP rule (85 *Federal Register* 30825, May 21, 2020), non-specialty crops are those crops listed in this table, and any crops announced in a NOFA. The term excludes crops intended for grazing.

b. See the notes to **Table A-1** for a details on eligible animal species.

c. According to USDA's CFAP rule (85 *Federal Register* 30825, May 21, 2020), specialty crop are those crops listed in this table, and any crops for which funds are made available and announced in a NOFA. The term excludes crops intended for grazing.

d. To verify a qualifying price decline for a specialty crop, producers must maintain records, such as a bill of sale, documenting the price received for the crop.

e. To verify market spoilage, producers must obtain documentation such as a letter from the buyer explaining non-payment or other record validating non-payment (this applies to producers who have met contractual obligations in delivering the crop to the buyer, but have not been paid).

f. To verify unsold inventories, if requested, producers must provide supporting documentation, which AMS will use to substantiate claims on a case-by-case basis.

Request for Additional Commodities

USDA is to consider additional crops for eligibility for CFAP payments by collecting information on potentially eligible crops.[16] Producers of commodities not included on the original CFAP list who assert they are eligible may submit information to USDA for consideration in decisions about including additional commodities. Approximately $637 million or about 4% of the CFAP's $16 billion in funding is available to provide assistance to producers of other commodities that are identified through the Notice of Funds Availability (NOFA) process.[17] USDA has stated that it

[16] For more details, see the information posted at USDA's CFAP web portal at https://www.farmers.gov/cfap, including a USDA Fact Sheet, "Consideration of Additional Commodities," available under "Resources."

[17] USDA, "Coronavirus Food Assistance Program: Cost Benefit Analysis," May 14, 2020.

is particularly interested in obtaining information about nursery products, aquaculture products, and cut flowers.

Ineligible Commodities

Non-specialty crops and livestock that did not suffer a price decline of at least 5% from mid-January 2020 to mid-April 2020 are not eligible for CFAP. Specifically, this includes sheep more than two years old, eggs/layers, soft red winter wheat, hard red winter wheat, white wheat, rice, flax, rye, peanuts, feed barley, Extra Long Staple (ELS) cotton, alfalfa, forage crops, hemp, and tobacco.[18] USDA may reconsider the excluded commodities if credible evidence supports a 5% price decline or COVID-related marketing costs. Any crop intended for grazing is excluded from eligibility for CFAP.

Eligible Producers

According to USDA rules, to qualify for a CFAP payment, an eligible individual or legal entity must meet the following criteria:

- Each producer or legal entity of qualifying commodities must complete a CFAP application form and provide any required documentation (as specified below).[19]
- A producer must share in the risk of producing a qualifying crop or livestock, and is entitled to share in the crop or livestock available for marketing between January 15, 2020, and April 15, 2020, or April 16, 2020, through May 14, 2020. A contract grower who does not own the livestock is to be considered a producer if the contract allows the grower to have risk in the livestock.
- The producer must be in compliance with conservation provisions—including highly erodible land conservation (Sodbuster) and wetland conservation (Swampbuster) provisions.[20]
- A producer must be either a U.S. citizen or a resident alien; however, a foreign person may qualify if they provide sufficient land, capital, and active personal labor to the farming operation. USDA has established that 400 hours of active personal labor or active personal management meets this standard.
- There is no requirement to have crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program.
- A person or legal entity, other than a joint venture or general partnership,[21] is ineligible for payments if the person's or legal entity's average adjusted gross income (AGI), using the average of the AGIs for the 2016, 2017, and 2018 tax years, is more than $900,000, unless at least 75% of that person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities.
- A producer must not have a controlled substance violation.

[18] For more information, see additional USDA CFAP program information at https://www.farmers.gov/cfap.

[19] USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020.

[20] See CRS Report R42459, *Conservation Compliance and U.S. Farm Policy*.

[21] With respect to joint ventures and general partnerships, this AGI provision will be applied to each member of the joint venture and general partnership.

CFAP Direct Payment Calculations

A producer's total CFAP payment is determined by first, multiplying the relevant quantity of each affected commodity by its respective payment rate. The payments from the two rates are then combined into a single payment per eligible commodity for each eligible producer (**Table 2**). Second, the total CFAP payment is obtained by summing payments across all of a producer's commodities. These calculations require both payment rates and applicable quantities as described in the box "Deriving the CFAP Payment Rates (PRs) and Payment Quantities."

Table 2. CFAP Payment Formula by Commodity Category

	Quantity Measure		Factor		Payment Rate (PR)[a]
Non-Specialty Crops—payment equals sum of:					
1	Unpriced inventory[b] as of 1/15/20	x	50%	x	Cares Act PR (**Table A-1**)
2	Unpriced inventory as of 1/15/20	x	50%	x	CCC PR (**Table A-1**)
Specialty Crops—payment equals sum of:					
1	Quantity sold during 1/15/20 to 4/15/20	x	100%	x	Cares Act PR-1 (**Table A-2**)
2	Quantity shipped, but spoiled:[c] 1/15/20 to 4/15/20	x	100%	x	Cares Act PR-2 (**Table A-2**)
3	Unpriced quantity on farm:[d] 1/15/20 to 4/15/20	x	100%	x	CCC PR-3 (**Table A-2**)
Cattle—payment equals sum of:					
1	Unpriced head sold during 1/15/20 to 4/15/20	x	100%	x	Cares Act PR (**Table A-1**)
2	Unpriced inventory, max during 4/16/20 to 5/14/20[e]	x	100%	x	CCC PR (**Table A-1**)
Hogs and Pigs—payment equals sum of:					
1	Unpriced head sold during 1/15/20 to 4/15/20	x	100%	x	Cares Act PR (**Table A-1**)
2	Unpriced inventory, max during 4/16/20 to 5/14/20	x	100%	x	CCC PR (**Table A-1**)
Dairy—payment equals sum of:					
1	1st quarter milk production during 1/15/20 to 4/15/20[f]	x	100.0%	x	Cares Act PR (**Table A-1**)
2	1st quarter milk production during 1/15/20 to 4/15/20[g]	x	101.4%	x	CCC PR (**Table A-1**)
Lambs and Yearlings—payment equals sum of:					
1	Unpriced head sold during 1/15/20 to 4/15/20	x	100%	x	Cares Act PR (**Table A-1**)
2	Unpriced inventory, max during 4/16/20 to 5/14/20	x	100%	x	CCC PR (**Table A-1**)
Wool—payment equals sum of:					
1	Unpriced inventory as of 1/15/20	x	50%	x	Cares Act PR (**Table A-1**)
2	Unpriced inventory as of 1/15/20	x	50%	x	CCC PR (**Table A-1**)

Source: USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020.

Notes: Farmers and ranchers will self-certify their claims regarding inventories, sales, and shipments. *Unpriced* means any production or inventory that is not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document.

a. Payment rates (PR) for each commodity are listed in **Table A-1** and **Table A-2** at the end of this report.

b. The quantity harvested, but as-yet-unpriced inventory, for which the producer has vested ownership. The inventory quantity may not exceed 50% of the producer's 2019 total production of the commodity.

c. Quantity of the harvested crop that was shipped but was unpaid or spoiled prior to receiving a payment due to a disruption of the marketing channel.

d. Quantity of the harvested crop that did not leave the farm (was unsold) or was donated and the quantity of mature crops that remained unharvested.

e. The highest inventory number between April 16 and May 14, 2020.

f. Dairy operations that dissolved on or before March 31, 2020, are eligible for the CARES Act payment rate.

g. Second quarter milk production is approximated by applying an adjustment factor of 1.014 to the 1st quarter production. Dairy operations that dissolved after March 31, 2020, are eligible for a prorated payment for the number of days that the operation commercially marketed milk in the second quarter.

Deriving the CFAP Payment Rates (PRs) and Payment Quantities

The CFAP payment for each commodity is based on separate payment rates for each of the two funding sources—CARES Act and CCC. The different payment rates for each commodity and their underlying derivation are described in **Table A-1** and **Table A-2**.

CARES Act PR: Based on the Price Decline Between Mid-January to Mid-April

The CARES Act PR reflects the income loss associated with the price decline for each commodity between mid-January and mid-April. USDA estimates the price-loss payment rate for each commodity as a portion of the price decline between the week of January 13-17, 2020, and the week of April 6-9, 2020, using futures contract prices or AMS-reported cash prices depending on availability.

CCC PR: Based on Unexpected Marketing Costs

The market-cost PR (CCC PR) for each commodity is based on USDA's projection of costs likely to be incurred for marketing the surplus inventory due to disrupted markets.

Payment Quantities Are Approximated by Inventories or 1st Quarter Sales

To approximate losses, the CARES Act and CCC PRs are multiplied by an applicable measure of the affected quantity of an eligible commodity (depending on the commodity as shown in **Table 2**).

For non-specialty crops and wool, the payment quantity for both CARES Act PR and CCC PR is approximated by using the lower of either: (1) the unsold quantity of unpriced inventory[22] as of January 15, 2020, for which the producer has vested ownership, or (2) 50% of the producer's 2019 total production of the commodity.

For livestock (including cattle, hogs and pigs, and lambs and yearlings),

- the payment quantity for the CARES Act PR is approximated by the number of animals sold during the period of January 15, 2020, to April 15, 2020; and
- the payment quantity for the CCC PR is approximated by the maximum unpriced inventory of animals during the period from April 16, 2020, to May 14, 2020.

Specialty crops may be eligible for any of three types of PRs (**Table A-2**):[23]

- CARES Act PR-1 reflects the mid-January to mid-April price decline, and is applied to the producer-certified sales (in pounds) during the period of January 15, 2020, to April 15, 2020; and
- CARES Act PR-2 is applied to producer-certified product that has been shipped from the farm by April 15, 2020, but that spoiled due to COVID-related market disruptions prior to receiving payment.[24]
- CCC PR-3 reflects COVID-related marketing costs and is applied to unsold inventory—estimated by the producer-certified maximum unpriced inventory from April 16, 2020, to May 14, 2020.

For dairy:

- the payment quantity for the CARES Act PR is approximated by using the quantity of milk sold during the 1st quarter of 2020; and

[22] *Unpriced* means any production or inventory that is not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document.

[23] If a specialty crop's price did not decline by at least 5% during this period, it is not eligible for CARES Act PR-1, but may be eligible for CARES Act PR-2 or CCC PR-3. See **Table A-2** for examples of commodities that did not experience a sufficiently large price decline, but were still eligible for spoilage loss or marketing loss payments.

[24] The two different types of CARES Act payments are labeled "CARES Act PR-1" for price losses, and "CARES Act PR-2" for spoilage losses in **Table A-2**.

- the payment quantity for the CCC PR is theoretically applied to the quantity of milk sold during the 2nd quarter—which is approximated by applying a growth rate of 1.014% to 1st quarter sales.

Examples of how this payment formula may be applied to certain commodities are available in the footnoted references.[25] Under this structure, CFAP payments are directly proportional, or "coupled," to actual production.[26]

Projected CFAP Direct Payment Outlays

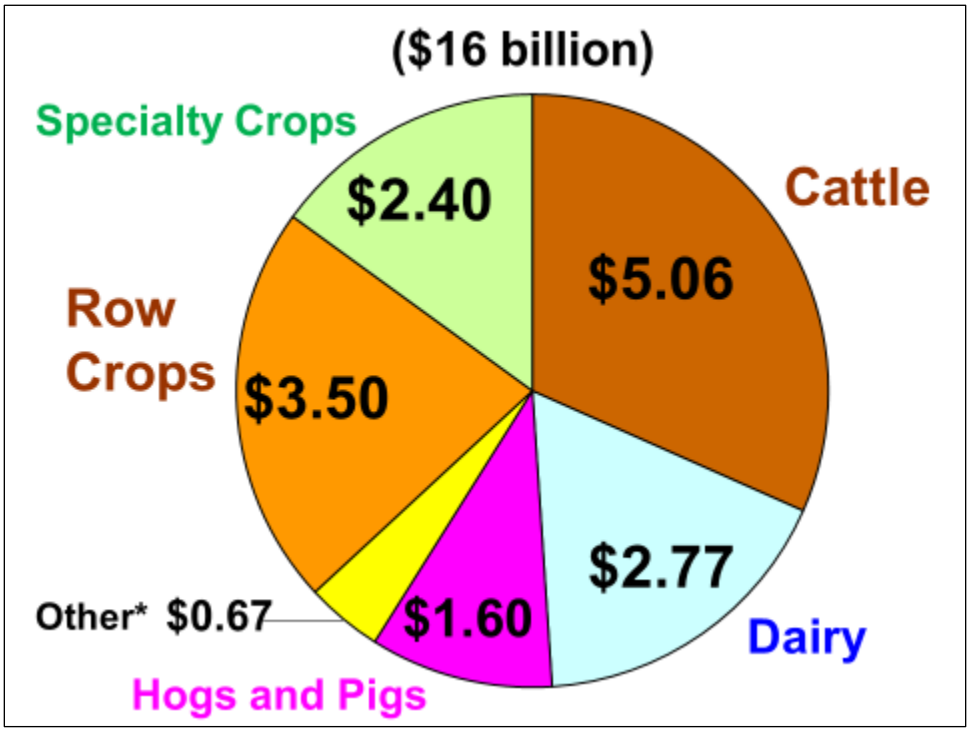
USDA estimates that, once adjustments have been made to account for payment limits, the $16 billion in CFAP funding is to be allocated across four different commodity groupings as follows: livestock ($9.4 billion or 58.9%); row crops ($3.5 billion, 21.9%); specialty crops ($2.4 billion, 15.0%); and "other" commodities ($670 million, 4.2%) (**Figure 1**).[27] Direct payment spending under the livestock category can be further delineated as $5.1 billion for cattle, $2.8 billion for dairy, and $1.6 billion for hogs.

[25] Paulson, N., G. Schnitkey, J. Coppess, C. Zulauf, and K. Swanson, "Coronavirus Food Assistance Program (CFAP) Rules Announced," farmdoc daily (10): 95, Dept. of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 22, 2020; see also Shelby Myers, "Reviewing the CFAP Payment Formula for Non-Specialty Crops," Market Intel, American Farm Bureau Federation, May 28, 2020.

[26] The nature of the linkage—coupled versus non-coupled—between program payments and producer production choices is relevant to how such payments may count against U.S. domestic support commitments at the World Trade Organization (WTO); for details, see CRS Report R45305, *Agriculture in the WTO: Rules and Limits on U.S. Domestic Support*.

[27] USDA, "Coronavirus Food Assistance Program: Cost Benefit Analysis," Table 11. Estimated Net CFAP Payments by Commodity Group, after payment limitations, May 14, 2020.

Figure 1. Projected CFAP Net Payments by Commodity After Payment Limitations



Source: USDA, "Coronavirus Food Assistance Program: Cost Benefit Analysis," Table 11. Estimated Net CFAP Payments by Commodity Group, after payment limitations, May 14, 2020, p. 20.

Note: *Other includes commodities that may be identified through the NOFA process.

CFAP Application Process

USDA accepted CFAP applications starting on May 26, 2020. Producers should apply through their local FSA Service Center; however, an application may be submitted to any FSA county office.[28] To be eligible, an application must be submitted by the close of business on August 28, 2020. Payments to an eligible producer are expected to be made soon after each application is processed, according to USDA.

In addition to the application form, several other standard USDA forms must be on file for all persons and entities requesting CFAP benefits (**Table A-3**). However, for producers that are existing FSA program participants, most of these supplementary forms are likely already on file at their local FSA Service Center. In addition to these forms, if requested by USDA, an applicant must provide documentation that verifies the quantities of production and/or inventory used in the application, and that establishes the applicant's ownership share and value at risk for the commodity.

Producer Data Subject to Verification

Producers are expected to self-certify their sales and inventories that are used to calculate CFAP payments.[29] Producers who are approved for participation in CFAP are required to retain

[28] CFAP application forms, as well as a "CFAP Payment Calculator" to assist producers with the application process, are available from USDA at https://www.farmers.gov/cfap.

[29] USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020.

documentation in support of their application for three years after the date of approval. This includes records and paperwork to demonstrate losses, especially producers who have destroyed their product (e.g., dumping of milk or plowing under specialty crops).

Participants receiving CFAP payments or any other person who furnishes such information to USDA must permit authorized representatives of USDA or the Government Accountability Office (GAO), during regular business hours, to enter the agricultural operation and to inspect, examine, and make copies of books, records, or other items for the purpose of confirming the accuracy of the information provided by the participant.

Initial Payment Tranche of 80%

USDA is to pay out an initial tranche of 80% of an eligible participant's total potential CFAP payments. By issuing initial payments, FSA's goal is to provide assistance to those eligible participants who immediately apply for assistance, while trying to ensure that CFAP payments do not exceed the $16 billion funding limit. If funds remain available after the initial payment to all eligible applicants, USDA is to disburse the remainder of available funding such that the initial and final payments do not exceed a total of $9.5 billion for CARES Act funds and $6.5 billion for CCC funds. Funds may be prorated if necessary to stay within these limits.

Payment Limits

CFAP payments are, in general, subject to a per-person and per-legal-entity payment limitation of $250,000,[30] which is expected to result in some eligible commodity producers not receiving the entire calculated CFAP payment. For example, USDA projects that, based on its CFAP payment formula without payment limits, over $19 billion in CFAP payments would be made.[31] However, after applying the CFAP payment limit criteria, USDA projects that a net of $16 billion in CFAP payments will be made.

The CFAP payment limitation applies to the total amount of CFAP payments made with respect to all eligible commodities of an individual or entity. However, unlike payment limits for other FSA programs where corporate entities are limited to a single payment limit,[32] USDA has elected to apply special payment limitation rules to CFAP participants that are corporations, limited liability companies, and limited partnerships. Under the special payment limitation rules, these corporate entities may receive CFAP payments up to $750,000 if three or more different individual owners or shareholders of the legal entity each contributed at least 400 hours of active personal labor or active personal management (or combination thereof) with respect to the production of 2019 commodities.[33]

Under normal USDA rules governing recordkeeping requirements in regards to meeting the "actively engaged in farming" criteria, all persons that provide any management to the farming operation and seek to qualify as a farm manager—eligible for payments up to the individual payment limit—are required to maintain contemporaneous records or activity logs of their management activities.[34]

---

[30] This compares with a payment limit of $125,000 per individual under traditional farm programs from Title I of the 2018 farm bill (P.L. 115-334). See CRS Report R46248, *U.S. Farm Programs: Eligibility and Payment Limits*.

[31] USDA, "Coronavirus Food Assistance Program: Cost Benefit Analysis," May 14, 2020, p. 8.

[32] CRS Report R46248, *U.S. Farm Programs: Eligibility and Payment Limits*.

[33] USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020.

[34] See CRS Report R44656, *USDA's Actively Engaged in Farming (AEF) Requirement*.

For a corporate entity,

- in general, the payment limit for the entity is $250,000;
- the payment limit for the entity is $500,000 if two different individual owners or shareholders of the legal entity each contributed at least 400 hours of active personal labor or active personal management (or combination thereof) with respect to the production of 2019 commodities; and
- the limit is $750,000 if three or more different individual owners or shareholders of the legal entity each contributed at least 400 hours of active personal labor or active personal management (or combination thereof) with respect to the production of 2019 commodities.

Neither the CARES Act nor the underlying CCC authority requires payment limits. Applying payment limits was done at USDA's discretion, as it also chose to do when establishing the Market Facilitation Payment and Wildfire and Hurricane Indemnity Program programs that were undertaken at the Secretary's discretion.[35] Benefits received under traditional farm support programs such as the Acreage Risk Coverage and Price Loss Coverage programs are not to be added to CFAP payments when evaluating payment limits.[36] In other words, payment limits for CFAP are independent of other farm program benefits received by a farm.

Issues for Congress

Four issues may be of potential interest to Congress:

1. An immediate congressional concern could involve monitoring the implementation of the CFAP to ensure that program funding is fairly allocated across all affected agricultural sectors and all injured producers within those sectors, to the maximum extent possible.
2. Congress may also be interested in evaluating whether CFAP payments help mitigate the damage caused by the COVID-19 pandemic. Will additional assistance be necessary later this year? Is additional assistance needed to support certain affected industries that are not eligible under USDA's initial CFAP rollout?
3. Another immediate concern may be monitoring and oversight of the large sums of taxpayer money that will be flowing out through the USDA and the CCC. Producer self-certification of the farm data needed to calculate losses may create an incentive to over-report losses.
4. Congress may evaluate whether CFAP will serve as a useful template for future disaster response programs.

[35] See CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*, CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*, and CRS In Focus IF11539, *Wildfires and Hurricanes Indemnity Program (WHIP)*.

[36] USDA, "Coronavirus Food Assistance Program: Cost Benefit Analysis," May 14, 2020, p. 8.

Appendix. Supplementary Tables

Table A-1. CFAP Payment Rates (PRs): Non-Specialty Crops, Dairy, & Livestock

		Price Change ($ per unit)				Payment Rates	
Commodity	**Unit**	**Average: Jan. 13-17**	**Average: Apr. 6-9**	**Decline (PD)[a]**	**% change**	**CARES Act**	**CCC**
Non-Specialty Crops[b]						**50% PD**	**55% PD**
Barley (malting)	Bu.	$4.27	$3.60	$0.67	15.7%	$0.34	$0.37
Canola	Lb.	$0.17	$0.15	$0.02	11.8%	$0.01	$0.01
Corn	Bu.	$3.93	$3.30	$0.63	16.0%	$0.32	$0.35
Durum wheat	Bu.	$5.83	$5.46	$0.37	6.3%	$0.19	$0.20
Hard red spring wheat	Bu.	$5.64	$5.28	$0.36	6.4%	$0.18	$0.20
Millet	Bu.	$6.19	$5.57	$0.62	10.0%	$0.31	$0.34
Oats	Bu.	$3.04	$2.74	$0.30	9.9%	$0.15	$0.17
Sorghum	Bu.	$3.73	$3.14	$0.59	15.8%	$0.30	$0.32
Soybeans	Bu.	$9.47	$8.57	$0.90	9.5%	$0.45	$0.50
Sunflowers	Lb.	$0.18	$0.15	$0.03	16.7%	$0.02	$0.02
Upland cotton	Lb.	$0.72	$0.54	$0.18	25.0%	$0.09	$0.10
Dairy[c]						**80% PD**	**25% PD**
Dairy	Cwt.	$17.61	$11.72	$5.89	33.4%	$4.71	$1.47
Livestock[d]						**80% PD**	**Costs[e]**
Slaughter cattle: fed[f]	Head	$1,736	$1,469	$267	15.4%	$214	$33
Slaughter cattle: mature[g]	Head	$744	$630	$114	15.3%	$92	$33
Feeder cattle: < 600 lbs.[h]	Head	$812	$685	$127	15.6%	$102	$33
Feeder cattle: >600 lbs.[i]	Head	$1,107	$934	$173	15.6%	$139	$33
All other cattle[j]	Head	$812	$685	$127	15.6%	$102	$33
Pigs[k]	Head	na[l]	na	$35	58%	$28	$17
Hogs[m]	Head	na	na	$23	21%	$18	$17
Lambs and yearlings[n]	Head	na	na	$41	26%	$33	$7
Wool[o]						**50% PD**	**55% PD**
(graded, clean)	Lb.	$5.04	$3.62	$1.42	28.2%	$0.71	$0.78
(non-graded, greasy)[p]	Lb.	—	—	—	—	$0.36	$0.39

Sources: USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020; and USDA, FSA, "Coronavirus Food Assistance Program Cost-Benefit Analysis, May 14, 2020. According to USDA, commodity prices are drawn from several sources.

For non-specialty crops with futures market data, quotes for May futures contracts from various exchanges are used: Chicago Mercantile Exchange (CME) for corn, soybeans, and oats; Minneapolis Grain Exchange for hard red spring (HRS) wheat; and the Intercontinental Exchange for cotton and canola. Sorghum is calculated as 95% of the corn futures price, durum wheat is 103.4% of the HRS wheat futures price, sunflowers is the soybean oil

CME futures price divided by two, plus one cent. AMS data is used for other non-specialty crops where futures contracts are not traded.

For specialty crops, price data was provided by AMS and represents an average of all units shipped of domestic production, whether conventional or organic. The raw data source for the prices is the AMS Market News Portal, https://www.ams.usda.gov/market-news/fruits-vegetables. The prices are for the shipping point if available, or terminal market if not. For any particular crop, shipping point and terminal market prices are not mixed.

For livestock prices, price data was provided by AMS for cattle, hogs, milk (Class III and Class IV), and lamb and yearlings. The weighting of milk class prices to represent all-milk prices is described in the notes below. Adjustments to per-pound prices to account for live weight for cattle, hogs, and pigs are described in the notes below. For wool, instead of a futures or cash price, the difference in the Eastern Market Indicator, as reported by AMS in the *National Wool Review*, for the same two week periods is used to calculate the price decline.

Notes: PD = price decline; na = not available.

a. The price decline (PD) is the difference between the weekly average of the futures contract prices (or weekly average of the cash prices if the futures prices are unavailable) for the weeks of January 13-17, 2020, and April 6-9, 2020. Non-specialty crops and livestock commodities whose price decline is at least 5% are listed in this table and are eligible for a CFAP payment as described in **Table 2**.

b. For all non-specialty crops, the CARES Act payment rate is 50% of the PD; the CCC payment rate is 55% of the PD.

c. Dairy prices use an average of Class III (60% weight) and Class IV (40% weight) prices; the CARES Act payment rate is 80% of the calculated price decline; the CCC payment rate is 25% of the decline.

d. For livestock, the CARES Act payment rate is 80% of the price decline.

e. The CCC payment rate for livestock is based on projected costs likely to be incurred for marketing the 2020 inventory after April 15, 2020, due to disrupted markets.

f. Fed cattle are cattle that are market-ready (with a weight of 1,200 lbs. or more) and intended for slaughter. The price loss per-head of fed cattle is approximated by first calculating the difference between the weekly average prices for January 13-17, 2020, and April 6-9, 2020. These values are multiplied by 14 (assuming an average weight of 1,400 lbs. or 14 cwt) to approximate the equivalent per-head values for fed cattle.

g. Mature cattle are either cull cattle from a dairy herd, or breeding livestock that have been removed from inventory and are intended for slaughter. Similar to the procedure used for fed cattle, per-head prices for mature cattle are approximated by multiplying the per-cwt calculated average prices and their difference by 50% and 12 because culled cattle typically weight about 1,200 lbs. and are worth approximately half of fed cattle.

h. Feeder cattle are young cattle that are taken off pasture and brought to a feedlot for finishing weight gain to achieve market-ready status prior to slaughter. For feeder cattle under 600 lbs., the calculated average prices and their difference are multiplied by 5.5 to represent the average weight of 550 lbs.

i. Similarly, for feeder cattle over 600 lbs., the calculated average prices and their difference are multiplied by 7.5 to represent 750 lbs., the average weight when feeder cattle are placed on feed.

j. Commercially raised or maintained bovine animals not meeting definitions of other cattle categories, excluding beefalo, bison, and animals used for dairy production.

k. Pigs are any swine that weighs less than 120 lbs.

l. USDA did not provide the price averages used to calculate the price decline for pigs, hogs, and lambs and yearlings.

m. Hogs are any swine that weights more than 120 lbs. For hogs, the negotiated purchase prices as reported by AMS (https://mpr.datamart.ams.usda.gov/) were used to calculate the price change between the two periods.

n. Lambs and yearlings are all sheep less than two years of age.

o. Wool means the fiber sheared from a live sheep and includes, unless noted otherwise, graded and nongraded wool. Graded wool is paid on a clean basis, and ungraded wool is paid on a greasy basis. For all wool, the CARES Act payment rate is 50% of the PD; the CCC payment rate is 55% of the PD.

p. USDA uses a 50% conversion rate from greasy wool to clean wool, thus the payment rates for greasy wool are set at half the value of clean wool.

Table A-2. CFAP Payment Rates (PRs): Specialty Crops

Commodity	Price Change[a] ($ per lb.)				Payment Rates (PR)		
	Average Price: Jan. 13-17	Average Price: Apr. 6-10	Price Decline (PD)[b]	% change	CARES Act PR-1: for Sales Losses[c] 80% of PD	CARES Act PR-2: for product spoilage due to market disruption[d]	CCC PR-3: for unsold inventory[e]
	($/lb)	($/lb)	($/lb)	%	**PR-1** ($/lb)	**PR-2** ($/lb)	**PR-3** ($/lb)
Almonds	$1.90	$1.58	$0.32	16.8%	$0.26	$0.57	$0.11
Apples	—	—	—	—	—	$0.18	$0.03
Artichokes	$1.64	$0.81	$0.83	50.6%	$0.66	$0.49	$0.10
Asparagus	—	—	—	—	—	$0.38	$0.07
Avocados	—	—	—	—	—	$0.14	$0.03
Beans	$0.55	$0.33	$0.22	40.0%	$0.17	$0.16	$0.03
Blueberries	—	—	—	—	—	$0.62	$0.12
Broccoli	$1.62	$0.84	$0.78	48.1%	$0.62	$0.49	$0.10
Cabbage	$0.22	$0.16	$0.05	27.3%	$0.04	$0.07	$0.01
Cantaloupe	—	—	—	—	—	$0.10	$0.02
Carrots	$0.38	$0.35	$0.03	7.9%	$0.02	$0.11	$0.02
Cauliflower	$1.02	$0.89	$0.14	12.7%	$0.11	$0.31	$0.06
Celery	—	—	—	—	—	$0.07	$0.01
Corn, sweet	$0.43	$0.31	$0.11	27.9%	$0.09	$0.13	$0.03
Cucumbers	$0.50	$0.34	$0.16	32.0%	$0.13	$0.15	$0.03
Eggplant	$0.50	$0.40	$0.09	20.0%	$0.07	$0.15	$0.03
Garlic	—	—	—	—	—	$0.85	$0.17
Grapefruit	—	—	—	—	—	$0.11	$0.02
Kiwifruit	—	—	—	—	—	$0.32	$0.06
Lemons	$0.70	$0.61	$0.09	12.9%	$0.08	$0.21	$0.04
Lettuce, iceberg	$0.50	$0.25	$0.25	50.0%	$0.20	$0.15	$0.03
Lettuce, romaine	$0.40	$0.31	$0.09	22.5%	$0.07	$0.12	$0.02

Commodity	Price Change[a] ($ per lb.)				Payment Rates (PR)		
	Average Price: Jan. 13-17	Average Price: Apr. 6-10	Price Decline (PD)[b]	% change	CARES Act PR-1: for Sales Losses[c] 80% of PD	CARES Act PR-2: for product spoilage due to market disruption[d]	CCC PR-3: for unsold inventory[e]
Mushrooms	—	—	—	—	—	$0.59	$0.11
Onions, dry	$0.18	$0.16	$0.02	11.1%	$0.01	$0.05	$0.01
Onions, green	—	—	—	—	—	$0.30	$0.06
Oranges	—	—	—	—	—	$0.14	$0.03
Papaya	—	—	—	—	—	$0.32	$0.06
Peaches	$1.05	$0.96	$0.09	8.6%	$0.08	$0.32	$0.06
Pears	$0.58	$0.49	$0.09	15.5%	$0.08	$0.18	$0.03
Pecans	$3.10	$2.76	$0.34	11.0%	$0.28	$0.93	$0.18
Peppers, bell type	$0.73	$0.56	$0.17	23.3%	$0.14	$0.22	$0.04
Peppers, other	$0.73	$0.55	$0.18	24.7%	$0.15	$0.22	$0.04
Potatoes	—	—	—	—	—	$0.04	$0.01
Raspberries	—	—	—	—	—	$1.45	$0.28
Rhubarb	$3.42	$3.23	$0.19	5.6%	$0.15	$1.03	$0.20
Spinach	$1.22	$0.77	$0.45	36.9%	$0.37	$0.37	$0.39
Squash	$1.30	$0.40	$0.90	69.2%	$0.72	$0.39	$0.08
Strawberries	$2.40	$1.35	$1.05	43.8%	$0.84	$0.72	$0.14
Sweet potatoes	—	—	—	—	—	$0.18	$0.04
Tangerines	—	—	—	—	—	$0.22	$0.04
Taro	—	—	—	—	—	$0.23	$0.05
Tomatoes	$1.26	$0.46	$0.80	63.5%	$0.64	$0.38	$0.07
Walnuts	—	—	—	—	—	$0.45	$0.09
Watermelons	—	—	—	—	—	$0.02	—

Sources: USDA, FSA, "Coronavirus Food Assistance Program," Final Rule, 85 *Federal Register* 30825, May 21, 2020; and USDA, FSA, "Coronavirus Food Assistance Program Cost-Benefit Analysis, May 14, 2020.

Notes: Specialty crops include, but are not limited to, those commodities listed in this table. An "—" signifies that either a price increase occurred between the two periods used to calculate the price change, or the price decrease was less than 5%, hence no payment will be made under CARES Act PR-1. However, the commodity may be eligible for payments under CARES Act PR-2 and CCC PR-3.

a. Weekly AMS cash prices are used to calculate the average prices for the two periods.

b. The price decline is the difference in the weekly average of cash prices between the weeks of January 13-17, 2020, and April 6-10, 2020. Commodities whose price decline is equal to or greater than 5% are eligible for a CFAP payment based on the CARES Act PR-1 payment rate as described in **Table 2**.

c. The CARES Act payment rate (PR-1) for price losses equals 80% of the calculated price decline.

d. The CARES Act payment rate (PR-2) for market spoilage equals 30% of the lost value of any shipment.

e. The CCC payment rate (PR-3) for unsold inventory equals 5.875% of the crop's value. The 5.875% is calculated as 25% of the average price decline (of 23.5%) across specialty crops for which data was available.

Table A-3. Additional USDA Forms for CFAP Eligibility

Form	Purpose
CCC-901	**Member Information**
	CCC-901 identifies members of a farm or ranch that is a legal entity. Member Information will be completed by legal entities and joint operations to collect the following: member names, addresses, and Tax Identification Numbers (TINs); and citizenship status. If any member of the legal entity is a foreign person, CCC-902 must be completed by the legal entity or joint operation.
CCC-902	**Farm Operating Plan**
	For CFAP purposes only the following fields on the CCC-902 form are required to be completed: names, addresses, and TINs; citizenship status; and contributions to the farming operation for foreign persons.
CCC-941	**Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information**
	CCC-941 information is used to evaluate whether a producer is in compliance with AGI criteria.
CCC-942	**Certification of Income from Farming, Ranching and Forestry Operations**
	CCC-942 must be completed if a producer exceeds the AGI criteria of $900,000, but derives at least 75% of income from farming activities.
AD-1026	**Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification**
	AD-1026 certifies compliance with required conservation provisions.
AD-2047	**Customer Data Worksheet Request for Business Partner Record Change**
	AD-2047 provides basic customer contact information.
SF-3881	**ACH Vendor/Miscellaneous Payment Enrollment Form (Direct Deposit)**
	SF-3881 collects a producer's banking information to allow USDA to make payments to via direct deposit.

Source: USDA, Coronavirus Food Assistance Program, web portal, https://www.farmers.gov/cfap.

Note: For producers that are existing FSA program participants, most of these forms are likely already on file at their local FSA Service Center. In addition to these forms, if requested by USDA, an applicant must provide documentation that verifies the quantities of production and/or inventory used in the application, and that establishes the applicant's ownership share and value at risk for the commodity.

Author Information

Randy Schnepf
Specialist in Agricultural Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.