



## CORONAVIRUS FOOD ASSISTANCE PROGRAM (CFAP)

### NCBA Background & Frequently Asked Questions

Updated 5/21/20

The Coronavirus Food Assistance Program (CFAP), authorized and funded by Congress under the CARES Act, provides vital financial assistance to producers of agricultural commodities who have suffered a five-percent-or-greater price decline due to COVID-19 and face additional significant marketing costs as a result of lower demand, surplus production, and disruptions to shipping patterns and the orderly marketing of commodities. CFAP is available for livestock producers (both individuals and legal business entities) who share in the risk of livestock production and are either a) entitled to a share in the crop or livestock available for marketing, or b) would have shared had the crop or livestock been marketed. According to USDA, processing entities are ineligible for CFAP assistance.<sup>i</sup>

### Payment Calculations

CFAP payments for cattle producers will be made on the sum total of two different calculations (referred to below as Part 1 & Part 2).

- Part 1: Using the \$9.5 billion provided in the CARES Act, part 1 of a cattle producer's total CFAP payment will be made on actual losses incurred between January 15 and April 15, 2020. This calculation is determined by multiplying one of the below payment rates by the volume of sales (on a per-head basis) that occurred between January 15 and April 15, 2020.<sup>ii</sup>

Commodity	Definition	Part 1 Payment Rate
<b>Slaughter Cattle: Fed Cattle</b>	<i>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*</i>	\$214.00
<b>Slaughter Cattle: Mature Cattle</b>	<i>Culled cattle raised or maintained for breeding purposes, but which were removed from inventory and are intended for slaughter</i>	\$92.00
<b>Feeder Cattle (&lt; 600 lbs.)</b>	<i>Cattle weighing less than 600 pounds</i>	\$102.00
<b>Feeder Cattle (≥ 600 lbs.)</b>	<i>Cattle weighing more than 600 pounds but less than the weight of slaughter cattle-fed cattle</i>	\$139.00
<b>All other cattle</b>	<i>Commercially raised bovine animals, excluding beefalo, bison, and animals used for dairy production or intended for dairy production</i>	\$102.00

*\*NCBA is aware of concerns with this definition and working with USDA to ensure this definition does not arbitrarily exclude fed cattle below the stipulated live weight. Additional details forthcoming.*

- Part 2 of cattle producer CFAP payments will be funded through the Commodity Credit Corporation (CCC). The CCC payment is a single rate of \$33 per-head for all beef inventory and is based on projected costs that are likely to be incurred by cattle producers for marketing their 2020 inventory due to unexpected surplus and disrupted markets. This payment is calculated by multiplying the \$33 payment rate per head by the highest inventory number between April 16 and May 14, 2020. This payment rate includes newborn calves.<sup>iii</sup>

**Example 1:** A cow/calf producer who also backgrounds calves entered 2020 with 300 mother cows and 250 calves. In March, 150 calves, **weighing over 600 lbs.** were sold. The remaining 100 calves, also **weighing over 600 lbs.**, were retained to be sold after May 14. The producer also sold 20 **cull cows** in late January. The estimated CFAP payments would be:

Calves sold in March	150 calves x \$139/head	\$20,850
Calves retained	100 calves x \$33/head	\$3,300
Cull cows sold	20 cows x \$92/head	\$1,840
Mother Cow inventory	280 cows x \$33/head	\$9,240
	<b>Total:</b>	<b><u>\$35,230</u></b>



**Example 2:** A cow/calf producer entered 2020 with 200 mother cows and 185 calves. In March, 150 calves, weighing **less than 600 lbs.** were sold. The remaining 35 calves, also weighing **less than 600 lbs.**, were retained to be sold after May 14. The producer also sold 15 **cull cows** in late January. The estimated CFAP payments would be:

Calves sold in March	150 calves x \$102/head	\$15,300
Calves retained	35 calves x \$33/head	\$1,155
Cull cows sold	15 cows x \$92/head	\$1,380
Mother Cow inventory	185 cows x \$33/head	\$6,105
	<b>Total:</b>	<b><u>\$23,940</u></b>

**Example 3:** A feedlot manager entered 2020 with 200 fed cattle. In March, 100 fed cattle, **weighing an average of 1400 lbs.** were sold. The remaining 100 fed cattle, were retained to be sold after May 14. The estimated CFAP payments would be:

Fed cattle sold in March	100 calves x \$214/head	\$21,400
Fed cattle retained	100 calves x \$33/head	\$3,300
	<b>Total:</b>	<b><u>\$24,700</u></b>

**Application Process**

**Q: When should cattle producers apply?**

**A:** USDA will begin accepting CFAP applications on May 26, 2020 and will accept applications through August 28, 2020.<sup>iv</sup>

**Q: How can eligible livestock producers apply for CFAP?**

**A:** Once signup begins on May 26, applicants will be able to download the application tool and forms at [farmers.gov/CFAP](https://farmers.gov/CFAP). Applications may be submitted via mail, fax, hand delivery, or via electronic means. Producers should contact their local service center for more information.<sup>v</sup>

**Q: What documents do producers need to submit with the CFAP application?**

**A:** To complete the CFAP application, producers will need sales, inventory and other records. However, since CFAP is a self-certification program, this documentation will not need to be submitted with the application. Because applicants are subject to spot check and will be required to provide documentation, producers should retain the documentation used to complete the application. If a producer willfully makes and represents as true any verbal or written declaration, certification, statement, or verification that the producer knows or believes not to be true, in the course of either applying for or participating in CFAP, or both, the producer will be subject to prosecution under Federal criminal and civil fraud statutes. Additional information on supporting documentation is available below.<sup>vi</sup>

**Payment Details**

**Q: When will producers receive CFAP payments and how will these payments be structured?**

**A:** Payments to eligible producers are expected to be made once applications are processed. USDA will make an initial payment of 80 percent of an eligible participant's calculated CFAP payment. A final payment (the remaining 20%) will be issued on a date determined by the Secretary, to the extent such funds are available.<sup>vii</sup>

- By issuing initial payments, FSA can quickly serve those that immediately apply for assistance while ensuring that CFAP payments do not exceed the \$16 billion funding limit. This ensures that funds are distributed equitably among all eligible producers. If funds remain available after the initial payment to eligible applicants, USDA will disburse the remainder of available funding not to exceed the \$16 billion funding limit and funds may be prorated if necessary.<sup>viii</sup>

**Q: Are CFAP funds a loan that must be repaid? Is there a fee to apply?**

**A:** No. CFAP is not a loan program and there is no cost to apply.<sup>ix</sup>



**Q: Are there payment limitations?**

**A:** Yes. The total CFAP payment that an individual may receive directly or through attribution of payments is \$250,000. Payments made to a joint venture or a general partnership are limited to the aggregated amount of payments that individual or legal entity members of the joint venture or general partnership may otherwise receive. The total amount of CFAP payments made to a corporation, limited liability corporation, or a limited partnership is \$250,000 except:

- The corporation, limited liability corporation, or limited partnership may receive \$500,000 if two different individual owners of the legal entity each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities.<sup>x</sup>
- The corporation, limited liability corporation, or a limited partnership may receive \$750,000 if three different individual owners of the legal entity each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities.<sup>xi</sup>

**Q: Do CFAP cattle payments include culled dairy cattle?**

**A:** No.<sup>xii</sup>

**Eligibility**

**Q: Are producers who don't participate in other USDA programs eligible to apply for CFAP?**

**A:** Yes. Participation in other USDA programs is not a prerequisite.<sup>xiii</sup>

**Q: Is there an Adjusted Gross Income (AGI) limit to participate in CFAP?**

**A:** Yes. A person or legal entity is ineligible for CFAP payments if the person's or legal entity's Adjusted Gross Income (AGI), using the average AGI for the 2016, 2017, and 2018 tax years, is more than \$900,000 unless at least 75 percent of the person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities. If at least 75 percent of the person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities, the person or legal entity is subject to the payment limits discussed above.<sup>xiv</sup>

**Q: Do the Farm Bill's conservation compliance requirements apply to CFAP?**

**A:** While the USDA website and CFAP rule states that producers participating in CFAP must be in compliance with the highly erodible land conservation and wetland conservation provisions under 7 CFR Part 12 and certify compliance on Form AD-1026, it's NCBA's understanding the CFAP application clarifies submission of the AD-1026 form will only be required for crop commodity applicants, not livestock producers.<sup>xv</sup>

**Additional Information**

**Q: What supporting documentation should producers utilize to determine livestock inventory?**

**A:** CFAP payments on livestock inventory will be based on inventory records. Examples of supporting documentation that can be provided by the producer as evidence to substantiate the amount of production or inventory reported includes copies of receipts, ledgers of income, income statements of 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.<sup>xvi</sup>

**Q: Will a producer that fails to provide the necessary supporting documentation still receive a CFAP payment?**

**A:** No. If any supporting documentation or form is required in order to process the CFAP application and that documentation or form is not submitted to FSA within 60 days of the producer's signature date on the application, the CFAP application that had been submitted will not be processed and will not be acted on by USDA.<sup>xvii</sup>

**Q: Will payment limit/eligibility forms be required?**

**A:** Yes. Failure to submit the following payment limitation and payment eligibility forms from the date of submission may result in no payment or a reduced payment: 1) a farm operating plan for an individual or legal entity; 2) Form CCC-901 Member Information for Legal Entities (if applicable); 3) An average adjusted gross income statement for the 2020 program year for the person or legal entity, including the legal entity's members, partners, or shareholders, as provided in part 1400 of this title; form CCC-941 Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information; and 4) CCC-942 Certification of Income From Farming, Ranching and Forestry Operations (optional).<sup>xviii</sup>



**Q: Is eligibility subject to verification?**

**A:** Yes. Producers who are approved for participation in CFAP are required to retain documentation in support of their application for 3 years after the date of approval. CFAP participants will be required to permit authorized representatives of USDA or the Government Accountability Office, during regular business hours, to enter the agricultural operation and to inspect, examine, and to allow representatives to make copies of books, records or other items for the purpose of confirming the accuracy of the information provided by the participant.<sup>xix</sup>

**Q: Are producers liable for payment rate calculation errors?**

**A:** Yes. In the event that any application for a CFAP payment resulted from erroneous information reported by the producer, the payment will be recalculated, and the producer must refund any excess payment to USDA. If the error was the producer's error, the refund must include interest to be calculated from the date of the disbursement to the producer. Further, if USDA determines that the producer's application misrepresented either the total amount or producer's share of livestock inventory, or if the CFAP payment would exceed the payment as calculated based on the correct amount of production and share, the application will be disapproved and the participant must refund to USDA all CFAP payments made to the producer with interest from the date of disbursement.<sup>xx</sup>

**Q: Are animals that have been depopulated because of the impact of COVID-19 on processing facilities included in CFAP?**

**A:** Assistance to livestock producers has two components – animals sold between January 15, 2020 to April 15, 2020 and livestock inventory subject to price risk on a date of the producers choosing between April 16, 2020, to May 14, 2020. Animals that are a part of a producer's inventory on the date he/she chooses are eligible for a CFAP payment.<sup>xxi</sup>

**Q: How much is USDA spending to directly support producers negatively impacted by COVID-19?**

**A:** CFAP will provide \$16 billion in direct support for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term disruptions for the 2020 marketing year caused by COVID-19. Commodity specific rates and a payment calculator can be found at [farmers.gov/cfap](https://farmers.gov/cfap).<sup>xxii</sup>

**Q: The impacts of COVID-19 on agriculture producers are significant. What if USDA runs out of funding?**

**A:** To ensure the availability of funding throughout the application period, producers will receive 80 percent of their maximum total payment upon approval of the application. The remaining portion of the payment, not to exceed the payment limit, will be paid at a later date as funds remain available. NCBA will be working with allies on Capitol Hill to ensure additional funding is made available to ensure equitable disaster assistance is available for all producer segments of the cattle industry.<sup>xxiii</sup>

*DISCLAIMER: The information provided in this summary does not, and is not intended to, constitute legal advice; instead, all information, content, and materials available in this summary are for general informational purposes only. Information in this summary may not constitute the most up-to-date legal or other information. Please consult counsel and other certified professional advisors if you have questions regarding your eligibility or have other legal questions.*

<sup>i</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 4  
<sup>ii</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 31  
<sup>iii</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 31  
<sup>iv</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 12  
<sup>v</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 12  
<sup>vi</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 12  
<sup>vii</sup> <https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf> - Page 5  
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<sup>ix</sup> <https://www.farmers.gov/cfap/faq>  
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