

# Coronavirus Food Assistance Program 2 (CFAP 2)

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## Recap of 2020 farm payments

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CFAP 1: payments made May 26<sup>th</sup>, 2020 – Sept 11<sup>th</sup>, 2020 (\$16 B projected, \$10 B paid)

CFAP 2: payments made Sept. 21<sup>st</sup> – Dec. 11<sup>th</sup>, 2020 (\$13.2 B projected)

2018 Farm Bill Program ARC/PLC: payments made in early Oct. for 2019/2020 crop marketing year



# PLC payments for 2019/2020

Crop	Marketing Year	2019/2020 MYA	PLC Payment Rate
Wheat	June 1, 2019- May 31, 2020	\$4.58	\$0.92
Corn	Sept. 1, 2019 – Aug. 31, 2020	\$3.56	\$0.14
Grain Sorghum	Sept. 1, 2019 – Aug. 31, 2020	\$3.34	\$0.61
Soybeans	Sept. 1, 2019 – Aug. 31, 2020	\$8.57	\$0.00

PLC payment = PLC Payment Rate

- \* Established Farm Level Yield with FSA
- \* 85% of base acres for that crop
- \* 5.9% budget sequestration



# ARC payments for 2019/2020

Crop	Marketing Year	2019/2020 MYA
Wheat	June 1, 2019- May 31, 2020	\$4.58
Corn	Sept. 1, 2019 – Aug. 31, 2020	\$3.56
Grain Sorghum	Sept. 1, 2019 – Aug. 31, 2020	\$3.34
Soybeans	Sept. 1, 2019 – Aug. 31, 2020	\$8.57

ARC payment = Guaranteed Revenue – Actual Revenue

= (86% of 5-year Olympic Avg. MYA Price and **County-level Yield**) – (2019/2020 MYA \* 2019 **County Yield**)



# CFAP 2- Row Crops



## Row Crops

- Eligible crops: **Alfalfa**, amaranth grain, barley, buckwheat, **canola**, **corn**, Extra Long Staple (ELS) cotton, **upland cotton**, crambe (colewort), einkorn, emmer, flax, guar, hemp, indigo, 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**.
- Not eligible: Forage soybeans, forage sorghum, hay (except alfalfa), crops intended for grazing, crops with intended uses of green manure and those left standing
- **Based on 2020 planted acres**
  - Already reported to FSA through annual acreage reporting process (FSA-578)



# Flat Rate Crops

- Did not meet the 5% or greater decline in price (Jan. 13-17<sup>th</sup> compared to July 27-31<sup>st</sup>) or do not have data available to calculate a price change
- \$15 per acre
- **Alfalfa**, amaranth grain, buckwheat, **canola**, Extra Long Staple (ELS) cotton, crambe (colewort), einkorn, emmer, flax, guar, hemp, indigo, industrial rice, kenaf, khorasan, millet, mustard, **oats**, peanuts, quinoa, rapeseed, rice, sweet rice, wild rice, rye, safflower, sesame, speltz, sugar beets, sugarcane, teff, and triticale



# Price-Trigger Commodities

- Suffered a 5% of greater price decline between the week of Jan. 13-17<sup>th</sup>, 202 and July 27-31<sup>st</sup>, 2020

	Avg. Price Jan 13-17, 2020	Avg. Price July 27-31, 2020	Percent Change	Price Decline (\$/unit)	Payment Rate (80% of Price Decline)	Share of New 2020 Crop Marketings Expected through Dec.
Corn	\$4.02	\$3.29	-18%	\$0.73	\$0.58	40%
Soybeans	\$9.63	\$8.91	-7%	\$0.72	\$0.58	54%
Wheat	\$5.57	\$4.89	-12%	\$0.68	\$0.54	73%
Upland Cotton (lb)	\$0.72	\$0.62	-14%	\$0.10	\$0.08	46%
Barley	\$4.27	\$3.60	-16%	\$0.67	\$0.54	63%
Sorghum	\$3.82	\$3.12	-18%	\$0.70	\$0.56	55%
Sunflowers (lb)	\$0.18	\$0.16	-11%	\$0.02	\$0.02	44%



# Price-Trigger Commodities

- Minimum of \$15 per acre
- or calculation of: National crop marketing percentage
  - \* Crop Payment Rate
  - \* Producers weighted 2020 APH (Actual Production History)

**Corn Example:  $40\% * \$0.58 * 150 \text{ APH} = \$34.80 \text{ per acre}$**

- *The APH is weighted between dryland/irrigated, insurance units, and producer shares (all internally calculated by FSA software)*
- *If APH is unavailable, then 85% of the weighted 2019 ARC-CO benchmark yield for that crop is used*



	Payment Rate	Crop Marketing Percentage	Effective Payment Rate
Corn	\$0.58	40%	\$0.232
Soybeans	\$0.58	54%	\$0.313
Wheat	\$0.54	73%	\$0.394
Upland Cotton (lb)	\$0.08	46%	\$0.037
Barley	\$0.54	63%	\$0.340
Sorghum	\$0.56	55%	\$0.308
Sunflowers (lb)	\$0.02	44%	\$0.009

**Soybean Example:  $\$0.58 * 54\% * 45 \text{ APH} = \$14.09 \text{ per acre}$  BUT minimum is \$15.00/acre**



Corn Examples		
APH	Effective Rate	Payment per acre
100	\$0.232	\$23.20
120	\$0.232	\$27.84
140	\$0.232	\$32.48
160	\$0.232	\$37.12
180	\$0.232	\$41.76
200	\$0.232	\$46.40

Soybean Examples		
APH	Effective Rate	Payment per acre
30	\$0.313	\$9.39
40	\$0.313	\$12.52
50	\$0.313	\$15.66
60	\$0.313	\$18.79
70	\$0.313	\$21.92
80	\$0.313	\$25.06

Sorghum Examples		
APH	Effective Rate	Payment per acre
40	\$0.308	\$12.32
60	\$0.308	\$18.48
80	\$0.308	\$24.64
100	\$0.308	\$30.80
120	\$0.308	\$36.96
140	\$0.308	\$43.12

Wheat Examples		
APH	Effective Rate	Payment per acre
30	\$0.394	\$11.82
40	\$0.394	\$15.77
50	\$0.394	\$19.71
60	\$0.394	\$23.65
70	\$0.394	\$27.59
80	\$0.394	\$31.54

*\*Any payment per acre less than \$15.00 per acre will receive \$15.00 per acre*



# CFAP 2- Livestock



# Livestock

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- Beef cattle, hogs and pigs, and lambs and sheep
- Eligible producers who share risk in production (does not include contract growers)
  
- All considered “price trigger commodities”
  - Suffered a 5% or greater national price decline Jan. 13-17<sup>th</sup> – July 27-31<sup>st</sup>
  
- Paid based on highest owned inventory on date selected between Apr. 16<sup>th</sup> and Aug. 31<sup>st</sup>, 2020
  - **Excludes breeding stock**
  - Must pick the same inventory day for all species



# Livestock

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- Payment Rates:

Beef Cattle	\$55 per head
Hogs/Pigs	\$23 per head
Sheep/Lambs	\$27 per head



# Beef Cattle

	Jan. 13 - 17: Price (\$/head)	Jul. 27 - 31: Price (\$/head)	Price Delta (A-B)	Marketings Estimate for Q2-Q4 (mil head)	Contribution to Gross Outlays, Unadjusted for CFAP 1 CCC (80%*C*D) (mil \$)	Total Marketable Inventory (mil head)*	Unadjusted Payment Rate (E/F) (\$/head)	Gross Outlays, Adjusted for CFAP 1 CCC (F*I) (mil \$)	Adjusted Payment Rate (G-\$33) (\$/head) <sup>b</sup>
Column Designation	A	B	C	D	E	F	G	H	I
Fed Cattle <sup>c</sup>	\$1,706	\$1,537	\$169	20.0	\$2,704				
Feeder Cattle (under 600 lbs) <sup>d</sup>	\$861	\$791	\$70	9.1	\$510				
Feeder Cattle (over 600 lbs) <sup>e</sup>	\$1,174	\$1,078	\$96	16.8	\$1,290				
Total				45.9	\$4,504	51.3	\$88	\$2,822	\$55



# CFAP 2- Dairy (Cows)





# Dairy (Cows)

- Actual Milk Production from Apr. 1<sup>st</sup> – Aug. 31<sup>st</sup>, 2020 will be multiplied by \$1.20 per cwt
- Estimated Milk Production for Sept. 1<sup>st</sup> – Dec. 31<sup>st</sup>, 2020 will be multiplied by \$1.20 per cwt
  - Estimate determined by daily average production Apr. 1<sup>st</sup> – Aug. 31<sup>st</sup>, 2020 multiplied by 122

	Jan. 13-17 <sup>th</sup> , 2020	July 27-31 <sup>st</sup> , 2020	Price Decline	Unadjusted payment rate (80% of price decline)	Payment Rate adjusted for CFAP 1 CCC payments
Weighted Class III (60%) & Class IV (40%) futures	\$17.73	\$15.50	\$2.13	\$1.70	\$1.20



# CFAP 2- Specialty Crops/Livestock and Everything else!



# “Sales Commodities”

- Fruits, Vegetables, Horticulture, Tree Nuts, Honey, etc.
  - <https://www.farmers.gov/cfap/specialty>
- Floriculture, Nursery, Cactus, Christmas trees
- Goat milk, Wool, Aquaculture, Tobacco
- Specialty Livestock consists of animals commercially raised for food, fur, fiber, or feathers, and includes: alpacas, bison, buffalo, beefalo, deer, ducks, elk, emus, geese, goats, guinea pigs, llamas, mink (including pelts), mohair, ostrich, pheasants, quail, rabbits, reindeer, and turkey
  - Excludes all equine, breeding stock, companion or comfort animals, pets, and animals raised for hunting or game purposes.



## Specialty crops/livestock/etc.

2019 Sales Range	Percent Payment Factor for the Producer's 2019 Sales of Eligible Commodities Falling in the 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%
Sales over \$1 million	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.



## Specialty crops/livestock/etc.

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- Producers will self certify to their 2019 eligible sales
- Payments for producers who began farming in 2020 and had no sales in 2019 will be based on the producer's actual 2020 sales as of producer's application date.
- *Eligible sales* include only sales of raw commodities grown by the producer. Any portion of sales derived from adding value to the commodity, such as processing and packaging, and from sales of products purchased for resale must not be included in the amount of sales.



## Broiler and Egg

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- Considered “price trigger commodities”, suffered a 5% or greater national price decline Jan. 13-17, 2020 - July 27-31, 2020
- Commercially marketed egg products where producer has price & production risk
- Broilers: Independent growers (not contract growers)
- For broilers, payments will be equal to:
  - 75 percent of the producer's 2019 broiler production
  - Multiplied by the payment rate of \$1.01 per bird (head).



# Broiler and Egg

- Payments for eggs will be equal to 75 percent of the producer's 2019 egg production multiplied by the CCC payment rate

Commodity	Units 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



# CFAP Eligibility

- “Producer” refers to a person or legal entity who shares in the risk of producing a crop or livestock and who is entitled to a share in the crop or livestock available for marketing.
  - Does *NOT* include contract growers.
  - Does *NOT* include producers who are no longer in the business of farming at the time of application.
- Ineligible for payment if average of the adjusted gross incomes for the 2016, 2017 and 2018 tax years, is more than \$900,000 unless at least 75 percent of that person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities
- Must comply with Highly Erodible Land and Wetland Conservation regulations



# Payment Limitations

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- **Total CFAP payment may not exceed \$250,000 for ALL commodities combined (separate from CFAP 1 and any other program payments)**
- The total amount of CFAP payments a direct payment corporation, limited liability corporation, limited partnership, **trust or estate** may receive is \$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 2020 commodities
  - \$750,000 if three different individual owners of the legal entity each provided at least 400 hours



# Payment Limitations

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- Optional Increase in Payment Limitation is expanded to include **Trusts and Estates** for BOTH CFAP 1.0 and CFAP 2.0.
- FSA will afford Trusts and Estates the opportunity to revise a timely filed or *approved* late-filed CFAP 1.0 application to identify individual persons who are heirs or beneficiaries who contributed 400+ hours of active personal labor or active personal management.



# How to apply

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- One application nationwide per producer
- Producer Certification
  - Documentation is **only** required upon spot check or when requested by COC.
- Completed AD-3117 may be submitted to any USDA Service Center
- Recording County responsible for acting on AD-3117.



Questions?

