

## Relief to Kansas Agricultural Producers from the Coronavirus Food Assistance Program (CFAP) and the Paycheck Protection Program (PPP)

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### Relief to Kansas Agricultural Producers from the Coronavirus Food Assistance Program (CFAP) and the Paycheck Protection Program (PPP)

In response to the COVID-19 pandemic, the United States Government provided financial relief to households and businesses, including agricultural businesses. In this article, we examine the total amount received by Kansas producers from the two rounds of the Coronavirus Food Assistance Program, designed and administered by the U.S. Department of Agriculture (USDA), and payments received, including amounts forgiven, from the Paycheck Protection Program, administered by the Small Business Administration (SBA).

#### Coronavirus Food Assistance Program (CFAP)

The primary relief program for agricultural producers was the Coronavirus Food Assistance Program (CFAP). USDA administered two rounds of CFAP (CFAP 1 and CFAP 2). Producers who suffered price declines (generally 5 percent or more) and additional marketing costs due to the pandemic are eligible to receive CFAP payments. The payment limit was \$250,000 per person or legal entity, with allowances for up to \$750,000 for additional operators or shareholders.<sup>1</sup>

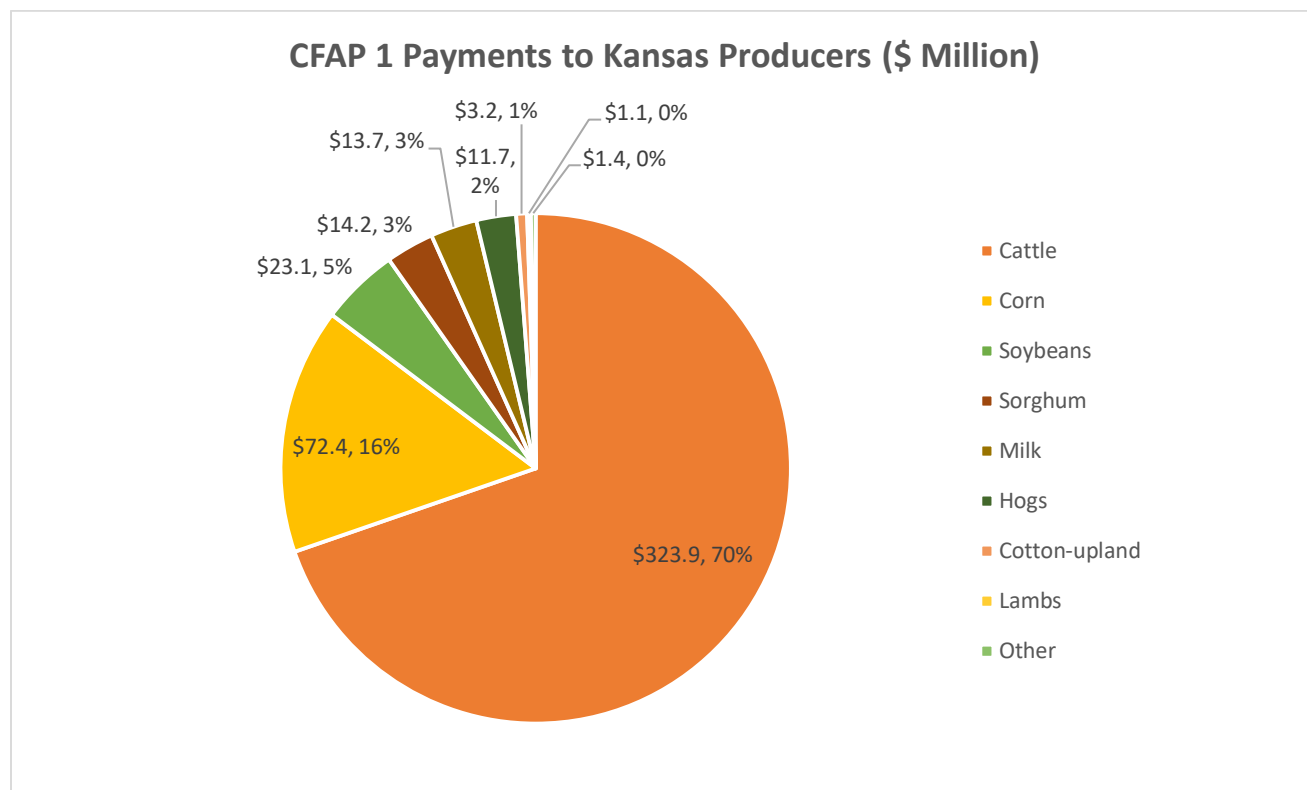
As of June 27, 2021, USDA approved 31,632 applications from Kansas producers for CFAP 1, totaling more than \$464.6 million in payments. The average approved application received \$14,689. Figure 1

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<sup>1</sup> In most cases, there would be one application per farm operation for each round of CFAP payments. The same farm operation could apply and receive payments from CFAP 1 and CFAP 2.

shows cattle producers received the largest share of CFAP 1 payments, totaling almost \$323.9 million (70 percent of the total). This reflects a higher per unit payment rate for cattle in CFAP 1 compared to other livestock and the large cattle sector in Kansas.<sup>2</sup> Corn producers received more than \$72.4 million (16 percent of total). Soybean, sorghum, milk, hog, upland cotton, and lamb producers received more than \$1 million each.

**Figure 1. CFAP 1 Payments by Commodity**



Data source: USDA, Farmers.gov and authors’ calculations. For additional details see Table 3.

*Note: Payments made as of June 27, 2021.*

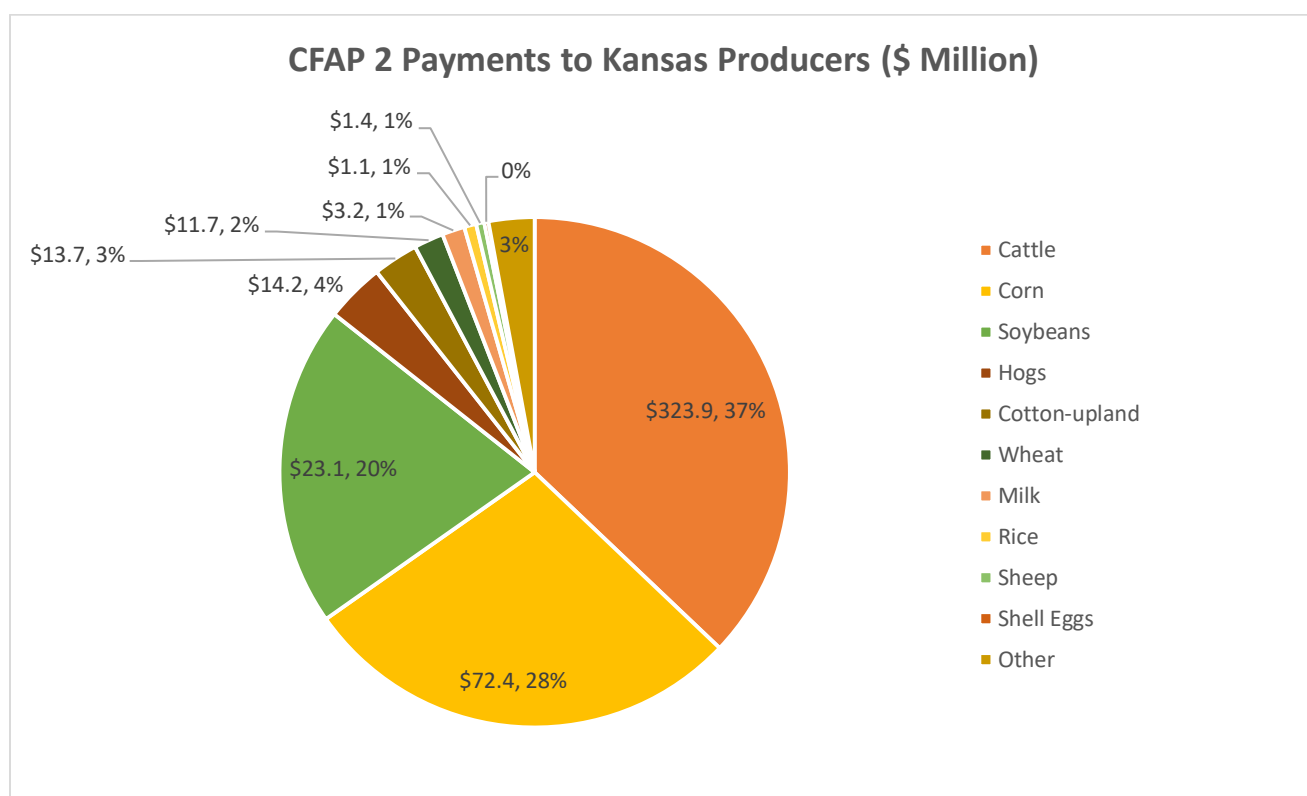
USDA stopped accepting applications from Kansas producers for CFAP 1 on September 11, 2020, however, USDA is still processing and making payments to applicants. USDA is still accepting applications for CFAP 2 and a deadline for application submission has not been announced. However, eligible

<sup>2</sup><https://www.kla.org/resources/industry-economics>

producers are encouraged to apply early. More details regarding eligible commodities and application process can be found here: <https://www.farmers.gov/pandemic-assistance/cfap>.

As of June 27, 2021, USDA has approved 56,329 applications from Kansas producers for CFAP 2, with nearly \$420 million (almost \$45 million less than CFAP 1) in payments. The average CFAP 2 payment was \$7,449, less than the average CFAP 1 payment by \$7,240. Figure 2 shows cattle producers received the largest share of CFAP 2 payments, totaling almost \$155 million (37 percent of the total). Corn producers received more than \$118 million, or 28 percent of total payments.

**Figure 2. CFAP 2 Payments by Commodity**



Data source: USDA, Farmers.gov and authors’ calculations. For additional details see Table 4.  
 Note: Payments made as of June 27, 2021.

**Paycheck Protection Program (PPP)**

Kansas producers also received forgivable loans from the Paycheck Protection Program. PPP was intended to allow producers to keep their employees on payroll and cover certain overhead costs.



Producers who applied for and received PPP loans would have their loans forgiven if they met the certain requirements. For PPP loans to be fully forgiven, a recipient would have to use at least 60 percent on payroll expenses, would need to maintain the (pre-PPP) number of employees and compensation, and use the loan within 24 weeks of disbursement. More details about the loan forgiveness terms can be found here: <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-loan-forgiveness#section-header-0>

Table 1 shows total loans received by animal and crop producers<sup>3</sup> and the amounts forgiven, as of July 1, 2021. SBA disbursed more than \$627 million in PPP loans, of which more than \$298 million (48 percent) has already been forgiven. PPP loans are almost evenly divided between crop and animal producers. Animal producers received approximately \$340 million, while the crop sector received approximately \$288 million. Animal producers have had more than \$160 million (47 percent) of loans forgiven, while crop sector has more than \$137 million (48 percent) of loans forgiven.

**Table 1. PPP loans and forgiven amount for Kansas producers as of July 1, 2021**

	<b>Approved Loan (in \$ million)</b>	<b>Forgiven Loan (in \$ million)</b>
Animal Producers	339.7	160.8
Crop Producers	287.7	137.6
<b>Total</b>	<b>627.4</b>	<b>298.3</b>

Data source: Small Business Administration

Due to government assistance for trade and COVID-19 related market disruptions, total government payments to Kansas producers increased substantially in 2019 and will likely be even larger in 2020. For 2019, the most recent year for which USDA provides state level data, total government payments to Kansas farmers from all the programs, including 2018 Farm Bill programs and the Market Facilitation Program (MFP), was \$1.4 billion (Table 2). Combined payments from CFAP 1 and CFAP 2 as of June 27, 2021, were more than \$884 million. The total payment of nearly \$1.2 billion from CFAP and (thus far) forgiven PPP loans is equivalent to 84 percent of 2019 government payments. Payments for 2020 will likely be higher than the reported \$1.2 billion due to continued payments from 2018 Farm Bill programs. However, payments from CFAP and PPP in this study were received across 2020 and 2021. Total

<sup>3</sup> SBA classifies loans using the North American Industry Classification System (NAICS). We use PPP loans made to NAICS subsector 111, crop production, and 112, animal production, in this study.

agricultural cash receipts received by Kansas producers in 2019 were \$16.3 billion<sup>4</sup>, thus total combined CFAP payments and PPP forgiven loans are equivalent to about 7.4 percent of 2019 farm receipts.

**Table 2. Direct government payments to Kansas (in \$ million)**

2015	2016	2017	2018	2019	2020/2021 PPP and CFAP only*
531.77	598.3	621.9	795.3	1,409.5	1,182.5

**\*2020/2021 payments only include payments from CFAP and PPP**

Data Source: USDA Farm Income and Wealth Statistics

## Conclusion

Kansas producers have received more than \$1.18 billion (\$884 million from CFAP and \$298 from PPP) in COVID-19-related payments as of the end of June. These payments provided assistance to producers who faced and are facing significant market disruptions due to the ongoing pandemic.

<sup>4</sup> <https://data.ers.usda.gov/reports.aspx?ID=17845>

## References

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

<https://www.farmers.gov/cfap1/data>

<https://www.farmers.gov/cfap2/data>

<https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-data>

**Table 3. CFAP 1 Payments to Kansas Producers.**

<b>Commodity</b>	<b>Payments (in \$ million)</b>	<b>Share of total payments</b>
Cattle	\$323.9	69.7%
Corn	\$72.4	15.6%
Soybeans	\$23.1	5.0%
Sorghum	\$14.2	3.1%
Milk	\$13.7	2.9%
Hogs	\$11.7	2.5%
Cotton-upland	\$3.2	0.7%
Lambs	\$1.1	0.2%
Other	\$1.4	0.3%
<b>Total</b>	<b>\$464.6</b>	<b>100.0%</b>

Data source: USDA, Farmers.gov and authors' calculations

*Note: Payments made as of June 27, 2021.*

**Table 4. CFAP 2 Payments to Kansas Producers.**

Commodity	Total payments (in \$ million)	Share of total payments
Cattle	\$155.65	37.1%
Corn	\$118.13	28.2%
Soybeans	\$85.55	20.4%
Hogs/pigs	\$15.70	3.7%
Cotton-upland	\$12.01	2.9%
Wheat	\$7.88	1.9%
Milk	\$6.01	1.4%
Rice	\$3.20	0.8%
Sheep	\$2.17	0.5%
Shell Eggs	\$1.11	0.3%
Other	\$12.20	2.9%
<b>Total</b>	<b>\$419.61</b>	<b>100%</b>

Data source: USDA, Farmers.gov and authors' calculations

*Note: Payments made as of June 27, 2021.*

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