

Coronavirus Food Assistance Program Signup Begins Tuesday; AFPC Publishes Overview

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By Shawn Wade

This week's release of the final rule implementing the Coronavirus Food Assistance Program (CFAP) is good news for a broad portion of the U.S. agriculture industry. Sign-up for the program is set to begin Tuesday, May 26 and USDA expects payments to begin 7-10 days after submission of a complete and fully documented application.

Each of the commodities included in the CFAP program were significantly impacted by the market and demand disruptions that occurred as a result of the COVID-19 pandemic. One of the hardest hit was upland cotton which, according to USDA's calculations, saw a 25 percent drop in market prices between mid-January 2020 and mid-April 2020. For cotton producers who had unsold production as of January 15, 2020 the CFAP program is poised to offset at least a portion of that price decline.

"The rapid development and implementation of the CFAP program following the passage of the CARES Act in late April is good news for producers that have been harmed by the rapid drop in price and reduced demand as a result of the economic shutdown created by the coronavirus," PCG Chief Executive Officer Steve Verett said. "We know that the CFAP program will not be able to completely offset the impact of this situation, but we are grateful for the timely economic infusion it will provide to growers."

An excellent summary of the CFAP program has been put together by the Ag and Food Policy Center at Texas A&M University that details the program and includes information about payment calculations and rates for all eligible commodities. Download the AFPC's CFAP Overview at: <https://www.afpc.tamu.edu/research/publications/files/699/RR-20-02.pdf>

The CFAP application form and a Microsoft Excel-based payment calculator that can assist producers in documenting production amounts and also help complete the CFAP application will be available online, presumably at <https://www.farmers.gov/cfap>, once signup begins on May 26.

Payment Rates and Calculations

Due to the unique combination of funding that is being tapped to deliver CFAP assistance, the payment calculation and rates for non-specialty crops, including cotton, actually is split into two calculations, each performed using half of a producers eligible production, to attribute a portion of the assistance to money provided through the CARES Act and a portion to money provided through the Commodity Credit Corporation. The sum of these two calculations will form the final upland cotton payment.

In broad strokes this process yields a payment that equals the amount of a producers unsold production as of January 15, 2020, not to exceed 50 percent of their total 2019 production amount, multiplied by an average payment rate of \$0.095 per pound—a little more than 50 percent of the overall \$0.18 price decline calculated by USDA from mid-January through mid-April.

In order to ensure availability of funding throughout the application period CFAP benefits will be delivered in two separate payments. The initial CFAP payment, delivered as soon as an application is deemed complete and approved, will equal 80 percent of the total calculated CFAP benefit. All, or a portion, of the remaining 20 percent will be paid at a later date as funds remain available to ensure the overall program does not exceed its \$16 billion spending cap.

Eligibility and Limitations

Producers participating in the CFAP are subject to 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 up to a \$750,000 payment limit where members actively provide personal labor or personal management for the farming operation. Participating producers will also have to certify they meet the Adjusted Gross Income limitation of \$900,000 unless at least 75 percent or more of their income is derived from farming, ranching or forestry-related activities. In addition to meeting the payment limitation and AGI standards producers must also be in compliance with Highly Erodible Land and Wetland Conservation provisions to receive CFAP benefits.

Application Process

Due to the altered work environments that USDA Farm Service Agency office staff are dealing with to help slow the spread of the COVID-19 virus, the CFAP application process will include the ability for eligible farmers and ranchers to download the application form, complete and sign the document, and then submit the application by mail, email or facsimile to their local USDA FSA county office.

Documentation required for the initial application submission is kept to a minimum by USDA allowing applicants to self-certify both their 2019 production for each eligible commodity as well as reporting the amount of each commodity they had in inventory that was not marketed and unpriced on January 15, 2020. Producers are advised that some applications may require additional documentation and they should have appropriate documentation supporting the amount of each eligible commodity they report should additional information be requested by USDA. Spot-checks will also be conducted to monitor the program's implementation.

FSA will advise producers if additional documentation is needed to verify production amounts. If additional certifications or paperwork is needed to confirm eligibility such as certifications of compliance with adjusted gross income provisions and conservation compliance activities, those additional documents and forms must be submitted no later than 60 days from the date a producer signs the application. As noted earlier, CFAP payments will not be made until all required paperwork has been submitted.

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