

# Coronavirus Food Assistance Program for Alabama Farmers

► Learn about the second phase of the Coronavirus Food Assistance Program. The focus of this information is on the relevant areas of Alabama agriculture.

As the world continues to battle with COVID-19, agricultural producers have faced market disruptions and increased costs of production. In an effort to mitigate some of the losses associated with the pandemic, the United States Department of Agriculture (USDA) announced on September 18, 2020, a second phase of the Coronavirus Food Assistance Program (CFAP 2). Compared to CFAP 1, there are new commodities that are eligible, new payment rates, and new guidelines for producers. The official USDA CFAP 2 program details are available at <https://www.farmers.gov/cfap>.

**The application period is from September 21 to December 11, 2020.**

Producers may apply for this program online with an eAuthentication account or by visiting their local Farm Service Agency (FSA) office. Note that some FSA offices are open by appointment only due to the pandemic.

## Eligibility and Payment Limitations

The CFAP 2 program is available to producers that meet the following requirements: Any individual or legal entity who shares in the risk of producing a commodity and is in the business of farming may apply for the program. The program is focused on the price risk of production so contract growers who do not share in this risk are ineligible for benefits. Only commercially produced commodities are eligible.

There is a maximum average adjusted gross income of less than \$900,000 for tax years 2016, 2017, and 2018; however, that does not apply if at least 75 percent of that income comes from farming, ranching, or forestry-related activities.

Various other eligibility requirements focus on compliance with conservation practices; controlled substance violations; U.S. citizenship; resident alien status; significant contribution of capital, land, and active labor; and foreign ownership of the legal entity.



A payment limitation for CFAP 2 has been established that is separate from other programs. The limit is \$250,000 for a person or legal entity. However, if two different members of the legal entity each provide at least 400 hours of active personal labor, active personal management, or a combination thereof with respect to the production of 2020 commodities, then an entity may receive up to \$500,000. In the case of three different members providing that level of farming activity, then the entity may receive up to \$750,000. A \$250,000 payment limit for each individual person remains.

## Payment Calculations

Payments under the CFAP 2 program are calculated differently than CFAP 1 and are different depending on the commodity. In all cases, commodities must be grown for commercial marketing. Depending on the crop, payments may be based on a percentage of 2019 sales or a flat rate per acre/head produced during 2020. The different payment structures are referred to as the following:

- Price trigger commodities where a 5 percent or greater national price decline occurred over the period of January 13 to 17 and July 27 to 31, 2020
- Flat-rate crops where a 5 percent price decline was not substantiated

- Sales-based commodities where producers are paid based on five payment gradations associated with 2019 sales

Examples for price trigger commodities and flat-rate crops will be presented in each relevant eligible commodity section below. Here is an example of the more complicated computation for the sales-based commodities.

## Payment Examples for Sales-based Commodities

Payments for sales-based commodities are calculated based on 2019 sales for all eligible sales-based commodities multiplied by the factor as detailed in Table 1.

Only the sales of the raw commodity are eligible, which does not include the portion of sales from processing and packaging. To fully understand how to compute a sales-based commodity payment, two examples are illustrated.

**Example 1:** A producer had sales of \$24,000 in 2019 for all eligible sales-based commodities.

The CFAP 2 payment would be calculated as \$24,000 times 10.6% for a payment of \$2,544.

**Example 2:** A producer had sales of \$112,000 in 2019 for all eligible sales-based commodities.

The CFAP 2 payment would be calculated as \$49,999 times 10.6% + \$50,000 times 9.9% + \$12,001 times 9.7%. Notice in this example how the payment factor is used from multiple sales ranges to compute the total payment.

Table 2 is an example computation of payments for a producer with \$112,000 in 2019 sales.

In both of these examples, the sales figure used is the sum of all eligible sales-based commodities. In other words, do not compute the payment for each sales-based commodity separately but instead compute a single payment total for all sales-based commodities.

## Eligible Commodities

This section provides a summary of each commodity program eligible for payments for relevant commodities in Alabama. Examples are presented throughout; however, producers need to review the USDA official information to verify eligibility and consult with FSA to determine actual payment amounts.

**Table 1. Sales-Based Commodity Payment Structure**

2019 Sales Range (\$)	Payment Factor for Sales 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%

**Table 2. Example Computation of Payments for a Producer with \$112,000 in 2019 Sales**

Sales in Range (\$)	Payment Factor	Payment (\$)
49,999	10.6%	5,299.89
50,000	9.9%	4,950.00
12,001	9.7%	1,164.10
112,000	total payment	11,413.99

**Table 3. Row Crop Commodities Subject to a Price Trigger Category**

Commodity	Unit	Crop Marketing %	Rate (\$/unit)
Barley	bu	63	0.54
Corn	bu	40	0.58
Cotton, upland	lb	46	0.08
Sorghum	bu	55	0.56
Soybeans	bu	54	0.58
Sunflowers	lb	44	0.02
Wheat	bu	73	0.54

## Row Crops

Row crops eligible for CFAP 2 payments are divided into the two payment categories: price trigger commodities and flat-rate crops.

Payments under the price trigger crop category will be the greater of either of the following:

- acres of the specified crop multiplied by \$15 per acre.
- acres of the crop multiplied by a crop marketing percentage, payment rate, and by producer's weighted 2020 Actual Production History (APH). If APH is not available, 85% of 2019 ARC-CO benchmark yield will be used.

Qualifying crops relevant to Alabama include barley, corn, upland cotton, sorghum, soybeans, sunflowers, and all classes of wheat. Crop marketing percentages and payment rates are listed in Table 3.

For example, a producer with eligible acres of upland cotton and an APH of 650 lb/acre would receive a payment of \$23.92/acre. This is calculated as the greater of the following:

- eligible acres × \$15/acre =
- eligible acres × 46% × \$0.08 × 650 lb/acre = eligible acres × \$23.92/acre paid

Since option 2 has a higher rate per acre, that would be the payment rate for this producer of upland cotton. Thus \$15 is a minimum payment rate for the commodities listed in Table 3.

Crops eligible for flat rate payments that are most relevant to Alabama include hemp, oats, and peanuts. Flat rate payments will be calculated as the number of eligible acres of a crop multiplied by \$15/acre. These commodities do not have an alternative payment rate calculation available.

A payment calculator will be available on the USDA website as of September 21. The full list of row crops eligible for payments is available at <https://www.farmers.gov/cfap/row-crops>.

## Livestock and Dairy

CFAP 2 provides payments to producers of beef cattle, hogs and pigs, as well as lambs and sheep directly impacted by COVID-19. These livestock commodities are classified as price trigger commodities.

Breeding stock, all equine, companion or comfort animals, pets and animals raised for hunting or game purposes are not eligible for CFAP 2 assistance as either livestock or specialty livestock commodities.

Payments for beef cattle, hogs and pigs, and lambs and sheep will be made on the highest owned inventory (excluding breeding stock) on a date selected by the eligible producer from April 16, 2020 through August 31, 2020. Payment rates are \$55 per head of beef cattle, \$23 per head of hogs and pigs, and \$27 per head of sheep and lambs. Breeding stock is excluded. Breeding stock is defined as cows and bulls so replacement heifers are included.

## Cow-Calf Example

A producer has a cattle herd of 76 head on the date selected by the producer between April 16 and August 31, 2020. The herd was made up of 2 bulls, 35 cows, 3 replacement heifers (only cows and bulls are classified as breeding stock), and 31 calves. The CFAP 2 payment would be calculated as shown in Table 4.

## Stocker Calf Example

In the example in Table 5, a stocker producer had 99 head of stocker calves in inventory on the date selected by the producer from April 16 through August 10, 2020. Since none of these animals were breeding stock, all 99 head are eligible for a CFAP 2 payment.

## Specialty Livestock

CFAP 2 assistance also includes specialty livestock that are commercially raised for food, fiber, or feathers. This includes alpacas, bison, buffalo, beefalo, deer, ducks, elk, emus, geese, goats, guinea pigs, llamas, mink (including pelts), mohair, ostriches, pheasants, quail, rabbits, reindeer, and turkey.

**Table 4. Example Computation of Payments for a Cow-Calf Operation**

Livestock	Inventory on Selected Date	Breeding Stock	Payment Rate (\$/Head)	Total Payment (\$)
Bulls	2	yes	0	0
Cows	35	yes	0	0
Replacement heifers	3	no	55	165
Calves	31	no	55	1,705
Total herd	76	—	—	1,870

**Table 5. Example Computation of Payments for a Stocker Calf Operation**

Livestock	Inventory on Selected Date	Breeding Stock	Payment Rate (\$/Head)	Total Payment (\$)
Stocker calves	99	no	55	5,445
Total herd size	99	—	—	5,445

These specialty livestock commodities are categorized as sales-based commodities with payments based on their 2019 specialty livestock sales multiplied by the payment factors defined in Table 1. The example with Table 1 can be applied to the specialty livestock payment calculation.

## Dairy

CFAP 2 payments for dairy operations producing cow milk is based on the sum of two components:

1. the producer's total actual milk production from April 1, 2020 to August 31, 2020, multiplied by a payment rate of \$1.20 per hundredweight
2. the producer's estimated milk production from September 1, 2020 to December 31, 2020 based on the daily average production from April 1, 2020 through August 31, 2020, multiplied by 122, multiplied by the payment rate of \$1.20 per hundredweight.

Note when calculating the total milk production, any milk that is dumped is included and is eligible for payment.

## Cow Milk Example

A dairy farm has cow milk production from April 1, 2020 to August 31, 2020 as shown in Table 6.

The total production from April to August is 1,530,000 pounds. This is multiplied by a payment rate of \$1.20/cwt for a payment of \$18,360.

The estimated production of 1,530,000 pounds is divided by 153, which is the number of days in April through August. This results in a daily average production of 10,000 pounds. The daily average production is multiplied by 122 to obtain an estimated milk production of 1,220,000 pounds for September 1, 2020 to December 31, 2020. This is multiplied by the payment rate of \$1.20/cwt for a payment of \$14,640. The combined total payment for this dairy farm with cow milk is \$18,360 + \$14,640 = \$33,000.

Dairy operations producing goat milk will be eligible for payments as sales-based commodities with payments based on their 2019 goat milk sales multiplied by the factors defined in Table 1. The example with Table 1 can be applied to the goat milk payment calculation.

Details on the livestock and dairy components of CFAP 2 are available at <https://www.farmers.gov/cfap/livestock> and <https://www.farmers.gov/cfap/dairy>.

**Table 6. Example Computation of Payments for a Dairy Operation**

Month	Milk Production (lb)
April	300,000
May	320,000
June	315,000
July	300,000
August	295,000
Total production	1,530,000

## Specialty Crops, Floriculture, and Nursery Crops

There are over 230 different specialty crops eligible for CFAP 2 payments. These include fruits, vegetables, horticulture, tree nuts, and honey. The crops more commonly produced in Alabama that are eligible for this program include:

- tree nuts, including chestnuts and pecans
- fruits, including apples, blueberries, cantaloupes, figs, grapes, peaches, pears, pecans, persimmons, plums, plumcots, prunes, strawberries, tangerines, and watermelons
- vegetables, including beans, beets, cabbage, collard greens, cucumbers, eggplant, greens, herbs, kale, okra, peas, peppers, potatoes, pumpkins, squash, sweet corn, sweet potatoes, tomatoes, turnip tops (greens), and turnips
- floriculture and nursery, including cut flowers, cut greenery, and decorative or nondecorative plants

Other crops eligible for CFAP 2 that also may be produced in Alabama, and thus producers should refer to the specialty crop website indicated below for the complete list.

The specialty crops, floriculture, and nursery crops are categorized as sales-based commodities. Payments are based on their 2019 specialty crop, floriculture, and nursery crop sales multiplied by the payment factors defined in Table 1. The example with Table 1 can be applied to the specialty crops, floriculture, and nursery crops payment calculation.

Details on the specialty crops component of CFAP 2 are available at <https://www.farmers.gov/cfap/specialty>.

## Aquaculture

Any species of aquatic organisms grown as food for human consumption, fish raised as feed for fish that are consumed by humans, and ornamental fish propagated and reared in an aquatic medium are eligible for CFAP 2. In Alabama, catfish farms are the biggest producers who will benefit from this program, although there are some sport/game fish and crustacean farms that are eligible.

Aquaculture is categorized as a sales-based commodity. Payment calculations are based on a producer's 2019 aquaculture sales multiplied by the payment factor defined in Table 1. The example with Table 1 can be applied to the specialty livestock payment calculation.

Details on the aquaculture component of CFAP 2 are available at <https://www.farmers.gov/cfap/aquaculture>.

## Broilers and Eggs

CFAP 2 includes broilers and eggs where the poultry grower owns and/or is responsible for the marketing expense of the poultry product being produced. Growers holding grow out contracts for birds, eggs, or pullets where the birds or eggs are owned and marketed internally to the company or to the consumer by the contract issuing company/integrator, are not covered under CFAP 2.

For Alabama, CFAP 2 mainly applies to the commercial table egg producers in the state. Some smaller, niche market, independent farmer owned poultry operations may also qualify. Contract poultry growers in Alabama are reminded to apply for the Alabama Agricultural Stabilization Program at <https://crf.alabama.gov/agriculture.aspx> when the program begins in October.

Details on the broiler/egg component of CFAP 2 are available at <https://www.farmers.gov/cfap/broilers-eggs>.

## Common Questions

### ► I did/did not apply for CFAP 1. How will this impact my ability to apply for CFAP 2?

These two programs are independent. If you applied for CFAP 1, you still need to sign up for CFAP 2. If you didn't apply for CFAP 1, you are still eligible to apply for CFAP 2.

### ► Can marketing cooperatives apply?

Growers need to apply separately. In some cases, documentation to help in this process may be provided by your cooperative.

### ► Does participation in SBA's Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) program impact eligibility?

No, producer eligibility in CFAP 2 is not impacted by these programs.

### ► Do CFAP 1 or other Farm Bill payment limits apply to CFAP 2?

No. CFAP 2 payment limits are independent of any other program. The payment limit provisions are different and separate from the 2018 Farm Bill payment limitations.

### ► Is hay or other crops intended for grazing eligible for payments?

No. The CFAP 2 program is intended for crops grown for commercial marketing. Only alfalfa hay is eligible. All other hay or crops grown for grazing are not eligible for payments.

### ► Do I need documentation even though the CFAP 2 program is self-certification?

Yes. Producers are advised to keep all documentation related to their claims. Even though the FSA may not require this to be submitted, all claims are subject to random spot checks during and after the application process.

### ► I just started farming in 2020 and do not have any 2019 sales information.

Stipulations in the program allow for producers who began farming in 2020 to be eligible for payments based on 2020 sales instead of 2019 sales.

The USDA has a comprehensive list of Frequently Asked Questions available at <https://www.farmers.gov/cfap/faq>.



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New October 2020, ANR-2699

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