

CFAP DIRECT PAYMENT PROGRAM

On May 19th, USDA released the direct payment final rule for farmers and ranchers. Direct payments will total \$16 billion. Farmers and producers will receive payments drawn from two possible funding sources. The first source of funding is \$9.5 billion in appropriated funding provided in the Coronavirus Aid, Relief, and Economic Stability (CARES) Act (\$9.5 billion) and the Commodity Credit Corporation Charter Act (\$6.5 billion).

Quick overview:

1. Payments will go directly to farmers who have suffered a 5%-or-greater price loss and who are facing significant marketing costs due to the Coronavirus.
2. Commodities eligible for payment support specifically include; cattle, hog, dairy, specialty crops (fruit and vegetables), row-crops (corn, cotton and soybeans), as well as other commodities.
3. The program utilizing payment limitations of \$250,000 per individual as well as a \$900,000 Adjusted Gross Income limit for individuals who do not derive 75% or more of their income from farming.
4. Special payment limitation rules will be applied to participants that are corporations, limited liability companies, and limited partnerships (corporate entities). These corporate entities may receive up to \$750,000 based upon the number of shareholders (not to exceed three shareholders) who contribute at least 400 hours of active person management or personal active labor.
5. Eligible farmers will receive 80% of the total payment, up to the payment limit, upon approval of the application. The remaining 20% will be paid at a later date as funds remain available.
6. *Direct support sign-ups will begin on May 26, 2020, through local Farm Service Agency offices. Payments will be issued shortly after receiving the application.*

Commodities eligible and their payment calculations:

Non-Specialty Crops and Wool

Non-specialty crops eligible for CFAP payments include malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat. Wool is also eligible. Producers will be paid based on inventory subject to price risk held as of January 15, 2020. A payment will be made based 50 percent of a producer's 2019 total production or the 2019 inventory as of January 15, 2020, whichever is smaller, multiplied by the commodity's applicable payment rates.

Additional information on payment rates can be found here:

<https://www.farmers.gov/cfap/non-specialty>

Livestock

Livestock eligible for CFAP include cattle, lambs, yearlings and hogs. The total payment will be calculated using the sum of the producer's number of livestock sold between January 15 and April 15, 2020, multiplied by the payment rates per head, and the highest inventory number of livestock between April 16 and May 14, 2020, multiplied by the payment rate per head.

Additional information on payment rates can be found here:

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

Dairy

For dairy, the total payment will be calculated based on a producer's certification of milk production for the first quarter of calendar year 2020 multiplied by a national price decline during the same quarter. The second part of the payment is based a national adjustment to each producer's production in the first quarter.

For dairy, a single payment will be made based on a producer's certification of milk production for the first quarter of calendar year 2020 multiplied by \$4.71 per hundred weight. The second part of the payment is based a national adjustment to each producer's production in the first quarter multiplied by \$1.47 per hundred weight.

Additional information on payment rates can be found here: <https://www.farmers.gov/cfap>

Specialty Crops

For eligible specialty crops, the total payment will be based on the volume of production sold between January 15 and April 15, 2020; the volume of production shipped, but unpaid; and the number of acres for which harvested production did not leave the farm or mature product destroyed or not harvested during that same time period, and which have not and will not be sold.

Commodities include: almonds, apples, artichokes, asparagus, avocados, beans, blueberries, broccoli, cabbage, cantaloupe, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, garlic, grapefruit, kiwifruit; lemons, iceberg lettuce, romaine lettuce, mushrooms, dry onions, green onions, oranges, papayas, peaches, pears, pecans, bell type peppers, other peppers, potatoes, raspberries, rhubarb, spinach, squash, strawberries, sweet potatoes, tangerines, taro, tomatoes, walnuts, and watermelons.

Additional information on payment rates can be found here:

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

Additional Information on commodities not included:

For those crops not listed above, we are told additional crops may be deemed eligible at a later date.

Commodities that did not suffer a five percent-or-greater price decline from mid-January 2020 to mid-April 2020 are not eligible for CFAP at this time. Specifically, this includes sheep more than two years old, eggs/layers, soft red winter wheat, hard red winter wheat, white wheat, rice, flax, rye, peanuts, feed barley, Extra Long Staple (ELS) cotton, alfalfa, forage crops, hemp, and tobacco.

USDA is particularly interested in the obtaining information with respect to the following specific categories of agricultural commodities:

- Nursery Products
- Aquaculture Products

Next steps:

We encourage all producers listed under eligible commodities to reach out to their local FSA office and set up a phone appointment. Payments will not be made until all necessary eligibility documentation is received. Application forms can be found at: farmers.gov/cfap.

FAQ sheet: <https://www.farmers.gov/sites/default/files/img/CFAP-FAQ-05182020.pdf>

For additional questions, please contact your local FSA office:
<https://offices.sc.egov.usda.gov/locator/app?state=ca&agency=fsa>