

Coronavirus Food Assistance Program *for* Dairy and Non-specialty Crop Producers

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Agency**

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Introduction

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- Don't hear audio through your device? Audience phone bridge is available
- Questions should be submitted through the chat box
- Questions as applicable, will be answered and added to the CFAP FAQ page: <https://www.farmers.gov/cfap/faq>



Today's Discussion

- **What is CFAP?**
- Program basics

- **Notice of Funding Availability**
- Understanding the NOFA
- How producers can submit data about additional commodities

- **CFAP for dairy and non-specialty crop producers**

Coronavirus Food Assistance Program

Goal: Relief for producers impacted by COVID-19

Provides direct payments to producers of eligible commodities

- Addresses price declines and supply chain disruptions, and additional marketing costs
- 80% of eligible payment now

Coronavirus Food Assistance Program

- CFAP sign up runs from **May 26, 2020 - August 28, 2020**
- Producers must submit all eligibility forms within 60 days of signed application
- Producers apply individually to their local office through phone, electronic methods, mail or hand delivery to an office drop box.
- Producers self-certify to their losses; documentation needed for spot checks

Eligibility

Eligible producers:

- Must have ownership risk of identified commodities that suffered a 5% or greater national price decline as a result of the COVID-19 Pandemic or had substantial marketing costs of inventories*
- Produce or own one of the following commodities:
 - Milk
 - Livestock
 - Non-Specialty Crops
 - Wool
 - Specialty Crops
- Visit <https://www.farmers.gov/cfap> to see the full list of eligible commodities

*not applicable for specialty crops categories 2 and 3

Eligibility

- Producer does NOT need to be an existing USDA customer
- Producers must own or share in the risk of the commodity and have a share of the commodity available for marketing
- Producer can participate in PPP or EIDL or USDA programs (including loans or risk management programs), if eligible, without conflict.

Entity eligibility info

- \$250,000 per person and legal entity payment limitation
- Unlike other FSA programs, special payment limitation rules are applied to participants that are corporations, limited liability companies, and limited partnerships (corporate entities).
 - Can receive up to \$750,000 based upon the number of shareholders (not to exceed three shareholders) who are contributing at least 400 hours of active person management or personal active labor.

Commodities NOT Eligible

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 except for 2 categories of specialty crops

Commodities not eligible:

- Sheep more than 2 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.

Note: USDA may reconsider the excluded commodities if credible evidence is provided.

CFAP Payments

- Will be processed and paid immediately after the application is approved.
- Will not be withheld to satisfy prior USDA debts nor offset by Treasury.

Note: This is not a loan program and payments do not have to be repaid (unless there has been an error or fraud). There is no fee to apply for this program.

Additional Commodities to be Considered for CFAP

Notice of Funding Availability (NOFA) requests info and data from stakeholders and producers on other commodities by **June 22, 2020**

- Seeks data on any commodity not currently eligible for CFAP
- Specific emphasis on data for nursery and aquaculture, and cut flower products



Dairy

Eligibility

Eligible Dairy Operations in the United States who commercially market milk are eligible for CFAP.

- Eligible milk production
 - Milk commercially marketed for one or more months January 2020-March 2020
 - Dumped milk for one or more months January 2020-March 2020
- Dissolved dairies that meet eligibility requirements can apply

More on eligibility

Operations that participate in other dairy revenue insurance programs can apply for CFAP

- Dairy Margin Coverage
- Dairy Revenue Protection
- Livestock Gross Margin



General Info

- **Joint dairy ventures:**
 - Without a Tax Identification Number – Members apply as individuals, and each can only apply for payment for their pounds of milk production
 - With a Tax Identification Number – Apply as one dairy operation
 - Your local FSA office can help!

More general info

- Dairy cattle no longer used for dairy production and that enter the beef market are eligible for CFAP payment under the CFAP Livestock category
- Operations that also grow hay/silage for on-farm use can apply for CFAP payment under the CFAP Non-specialty crop category

Payment

CFAP provides financial assistance to dairy operations due to market decline of the all milk price in the 1st quarter of calendar year 2020 and compensation for marketing channel disruption due to the coronavirus pandemic.

- Payment is calculated from two parts:
 - Part 1: Funded by Cares Act and pays for price decline for a dairy producer's eligible milk production in Jan, Feb, Mar 2020
 - Part 2: Funded by CCC and pays for price decline for a dairy producer's estimated increased milk production in Apr, May, June. This is calculated through a USDA adjustment to a producer's Jan, Feb, Mar 2020 production.
- Approved application results in ONE total payment
- Producer's receive 80% of eligible payment, subject to payment limitations

Dissolved Dairy Operations

Dairy operations that dissolve after January 1, 2020 are eligible for pounds of milk produced.

- Dairy operations that dissolve January through March are eligible for Part 1 funding only, not Part 2
- Dairy operations that dissolve after March 30th and before July 1 are eligible for Part 1 payment and a prorated payment for Part 2 according to their days of producing milk.

Documentation

Producers self-certify that their application is accurate

- Keep your documentation! Be prepared for spot checks.
- A producer's reported quantities may be adjusted upon review by USDA if the quantity is determined to be unreasonable or inaccurate, or reflect the actual milk production based upon submitted evidence.



More on documentation

Dairy operations will self-certify the eligible milk production for the months of January, February, and March 2020.

- The following documents are recommended to assist producers in providing accurate information:
 - milk marketing statements for the months of January, February, and March 2020
 - records of dumped milk not listed on milk marketing statements for the months of January, February, and March 2020.
 - Note: These documents are not required at signup because the application is a self-certification.

Example 1

Easy Dairy LLC is a 100-cow family dairy farm.

- Easy Dairy LLC did not dump any milk in the first 3 months of 2020.

Milk production is as follows:

- January - 160,000 pounds
- February - 170,000 pounds
- March - 180,000 pounds,
- Total - 510,000 eligible pounds

All of this milk is eligible for CFAP, and Easy Dairy will certify to this total milk production on the AD-3114 form on Items 7, 8, and 9. Milk production reporting on the CFAP form will be broken out by January, February, and March months

Example 2: Joint venture

McDonald Family Dairy Farm Joint Venture is a 250-cow dairy operation, that operates without a TIN. Old McDonald owns 90 percent and Sam McDonald owns 10 percent of the dairy operation.

- For McDonald Family Dairy Farm Joint Venture to sign up for CFAP, Old McDonald and Sam McDonald must determine their eligible pounds of milk production for January, February, and March 2020, based on their ownership share and individually apply on separate AD-3114's.
- McDonald Family Dairy Farm Joint Venture did not dump any milk in the first 3 months of 2020.

Milk production is as follows:

- January – 425,000 pounds
- February - 430,000 pounds
- March - 450,000 pounds
- Total - 1,305,000 eligible pounds

Example 2: continued

Old McDonald and Sam McDonald will each certify to the following on their **individual** CFAP forms:

- Old McDonald - $1,305,000 \times 90 \text{ percent} = 1,174,500 \text{ lbs.}$
- Sam McDonald - $1,305,000 \times 10 \text{ percent} = 130,500 \text{ lbs.}$
- Note: Milk production reporting on the CFAP form will be broken out by January, February, and March months

Example 3: Large dairy and payment limitation

Sky's the Limit Dairy is a large dairy operation with an annual milk production of approximately 100 million pounds.

Milk production is as follows:

- January - 8,150,000 pounds
- February - 8,250,000 pounds
- March - 8,300,000 pounds.
- Total - 24,700,000 pounds

Example 3: continued

- Sky's the Limit total calculated payment is \$1,531,543.26, but the \$250,000 payment limit applies.
- Sky's the Limit Dairy may earn up to \$750,000 of limit if 3 persons holding an ownership interest in the organizational structure provides at least 400 hours of active personal labor, active personal management, or a combination thereof.

Example 4: Dumped Milk

- Joe Dairyman dumped 2 days of milk in March 2020 that was not included on his milk marketing statement
- Pounds on marketing statement: 70,000
- Pounds of dumped milk from producer records: 5,000
- CFAP form entry for March 2020 milk production (AD-3114 Item 9): 75,000 pounds

A green combine harvester is shown from a high-angle perspective, moving through a vast field of mature, brown corn. The harvester's black metal frame and rollers are visible, processing the crop. The text "Non-specialty crops" is overlaid in white, sans-serif font across the center of the image. In the background, a red combine harvester is visible in the distance under a clear sky.

Non-specialty crops

Eligible commodities

- Malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat.
- Unharvested 2019 crops are not eligible for CFAP until they are harvested
- Commodities used on the farm, such as silage, are eligible for CFAP
- Crops intended for grazing are not eligible
- Visit <https://www.farmers.gov/cfap/non-specialty> for the latest list of eligible non-specialty crop commodities

Payment

CFAP provides payment to offset price decline and marketing costs for inventories

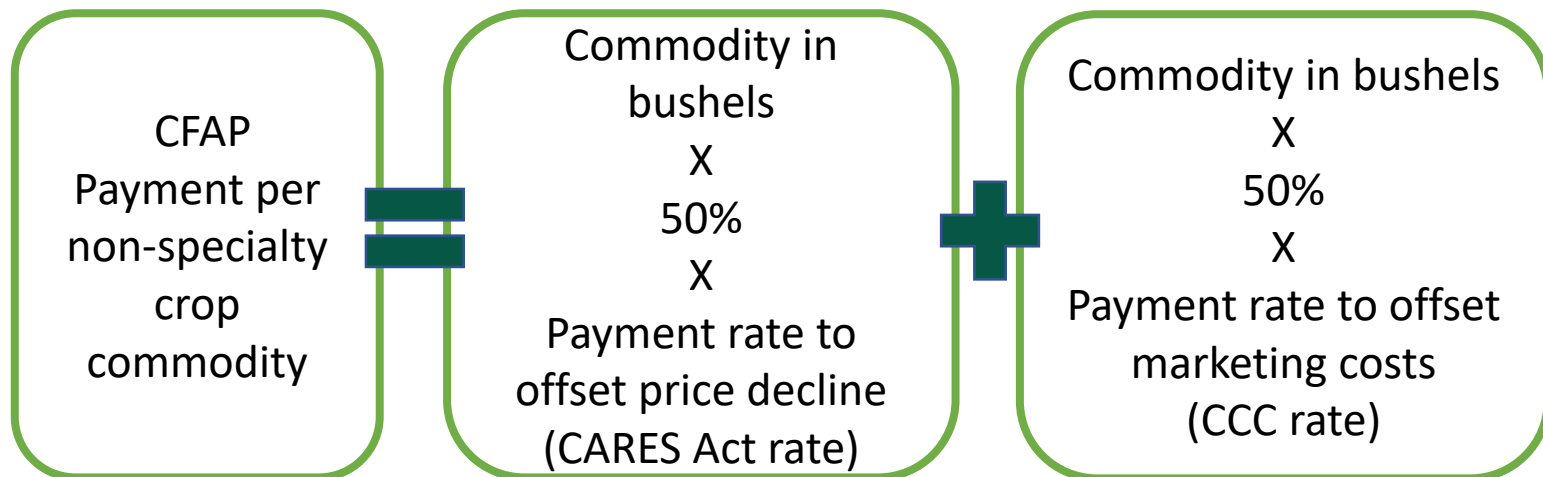
- There is a separate payment rate for price decline (shown as CARES Act payment rate) and a separate payment rate for marketing costs (shown as CCC payment rate)
- Payment rates for each non-specialty crop commodity are at <https://www.farmers.gov/cfap/non-specialty>

Approved application results in ONE total payment

More on payment

Production used to calculate the payment is, for each producer:

- **An eligible commodity's 2019 unpriced inventory as of Jan. 15, 2020**
- **Not to exceed 50% of the total 2019 production for that commodity**



Certification

Non-specialty crop producers provide the following information on the CFAP form (AD-3114, items 15 and 16):

- total 2019 production in bushels for the commodity that suffered a five percent- or-greater loss
- total 2019 production in bushels that was not sold as of January 15, 2020



General info

- Members apply as individuals, and each should apply for payment for their portion of ownership in the commodity
- Non-specialty crop commodities must be unpriced (subject to price risk) on January 15, 2020 to be eligible for CFAP
 - There are many different types of contracts available to producers to market their crop with a “future” price component.
 - Any contract that has a potential for a futures loss is considered to have price risk and that commodity is subject to price risk
 - Visit <https://www.farmers.gov/cfap/non-specialty> for examples of types of purchase contracts in which the commodity is subject to price risk

Hay/Silage

Commodities used on the farm, such as silage, are eligible for CFAP

- Regardless of use, corn must be reported in bushels
- Silage or hay production (tonnage) that is a matter of record should be converted to bushels.
- Note: If RMA has converted silage to bushels, producers may certify using RMA production numbers (bushels).
 - Producer's local FSA office can provide conversion factors to bushels
- In order for hay/silage to be eligible for CFAP, the hay/silage must have been harvested from an eligible commodity.

Example 1

Corn to commodity

Jordan Farmer has 2 farms, 1 farm located in Kosciusko County, Iowa, and 1 farm located in Grenada County, Mississippi.

Jordan Farmer has 100 percent ownership interest in 4,000 bushels of corn grown in Iowa and 50 percent ownership interest in 5,000 bushels of corn grown in Mississippi.

Example 1 (continued)

Corn to commodity

Jordan Farmer will report 6,500 bushels (100 percent of 4,000 + 50 percent of 5,000) as the “2019 Total Production” on the CFAP form (AD-3114).

Example 1 (continued)

Corn to commodity

Jordan Farmer has 6,500 bushels in bins on January 15, 2020. Jordan Farmer executed a forward price contract on 5,000 bushels on January 10, 2020, which locked in a specific price for the delivered quantity. Jordan Farmer will report 1,500 bushels of “2019 Production Not Sold (as of January 15, 2020)”.

Example 2

Corn for silage

Dani Farmer cuts 100 acres of corn for silage. Dani Farmer reports that 1,625 T of silage was harvested on those 100 acres.

Being that it was a mild winter, Dani Farmer reports there was 1,000 T of silage remaining on the farm on January 15, 2020.

Example 2 (continued)

Corn for silage

1,625 T of corn silage multiplied by the conversion factor of 7.94 equals 12,903 bushels for 2019 Total Production.

1,000 T of corn silage multiplied by the conversion factor of 7.94 equals 7,940 bushels 2019 Production not Sold (as of January 15, 2020).

General info

- Producers using the CFAP Application Generator and Payment Calculator spreadsheet should report all their eligible commodities in the same file in order to populate one CFAP application.
- If you have eligible commodities, apply now. You can amend later if more commodities are made eligible through NOFA
- Producers self-certify that their application is accurate
 - Keep your documentation! Be prepared for spot checks.
 - A producer's reported quantities may be adjusted upon review by USDA if the quantity is determined to be unreasonable or inaccurate, or reflect the actual inventory or production for non-specialty crops based upon submitted evidence.
 - For non-specialty crops, documentation that may be requested includes evidence of production or sale and number of acres planted

Forms & Documentation

When applying, farmers will need to complete the following forms:

- **CFAP Application – AD-3114** (automatically generated from the CFAP Application Generator and Payment Calculator)
- Member Information – CCC-901*
- Adjusted Gross Income – CCC-941*
- Income from Farming – CCC-942*
- Highly Erodible Land / Wetlands – AD-1026*
- Customer Information – AD-2047*
- Direct Deposit – SF-3881*

*Existing customers:
Many of these
documents may
already be on file
with FSA.*

A CFAP Application Generator and Payment Calculator is available to assist with the CFAP application process.

Applying for CFAP: Helpful tools

- **Questions?** FAQs at <https://www.farmers.gov/cfap/faq> are updated often!
- CFAP Application Generator and Payment Calculator helps you fill out your application and determine estimated payments
- FSA posts our program policy handbooks and notices online for transparency
 - Handbook: 1-CFAP
 - Notice: CFAP-1

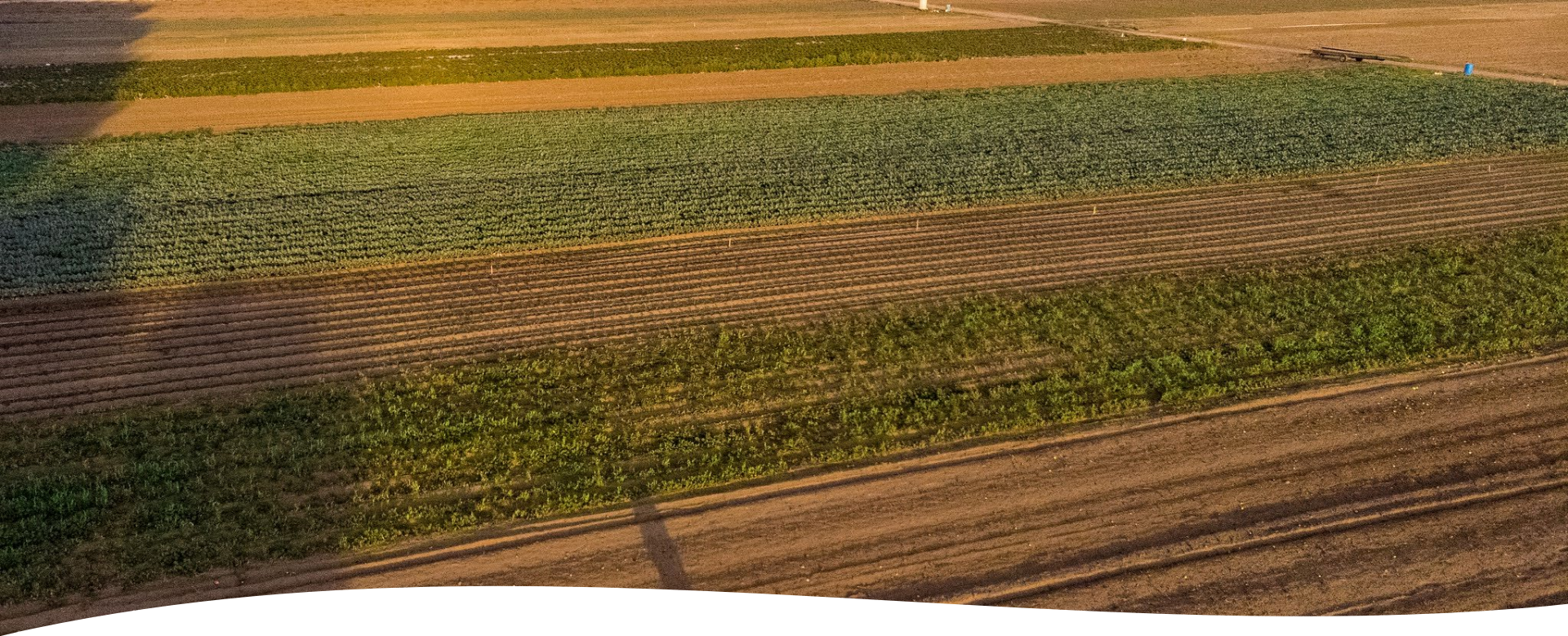
Applying for CFAP: Get help!

You can ask for and receive help in filling out your application

- Call the CFAP Call Center staffed by FSA employees
- Most offices are open for PHONE appointments only
- Language interpretation available for non-English speakers
 - USDA videos posted to You Tube offer closed-captioning in different languages
 - Call-center users should press 1 and identify the language they need. Spanish speakers press 2
 - Fact sheets available in Spanish

USDA partner organizations have experience working with FSA

- Organizations receiving funding from USDA often offer free technical assistance to producers



Utilizing the Customer Call Center

- New FSA customers can call: **877-508-8364**
- Work one-on-one with an employee and get a direct transfer to the applicable service center

New to USDA?

- No farm number needed to apply and receive payment
 - FSA may follow up with certain producers after CFAP to establish a farm record in order to fulfill Highly Erodible Conservation and Wetland Conservation requirements
- Ask for help with your application
 - Phone appointment
 - CFAP Call Center
- Demographic and operation information forms needed. Producers will need to provide:
 - Name and address
 - Personal information, including your Tax Identification Number
 - Farm operating structure
 - Adjusted Gross Income compliance certification to ensure eligibility
 - Direct deposit information to enable payment

Order of events for farmers



What happens after I sign my application?

- Producers have 60 days from signing their CFAP application to resolve any eligibility issues with their local office
- Local office begins reviewing a producer's application after the producer signs it, and will follow up with questions or missing information
- Approved applications are sent to processing for payment
- Producers will be notified and provided opportunity to respond to adjustments by USDA that affect a producer's payment

Tips for success

- Visit: www.farmers.gov/cfap
 - Video of CFAP Application Generator and Payment Calculator available
- Utilize call center for initial application questions
- Take advantage of virtual applications
 - If needed, can be mailed
- Submit information through NOFA process for unlisted crops to be considered

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