



## **CORONAVIRUS FOOD ASSISTANCE PROGRAM 2 CATTLE ASSISTANCE Q&A**

The U.S. Department of Agriculture (USDA) recently announced additional assistance will soon be made available to agricultural producers impacted by the COVID-19 pandemic through the Coronavirus Food Assistance Program 2, commonly referred to as CFAP 2. NCBA has compiled the following Q&A based on questions frequently asked by producers, USDA's CFAP 2 cost-benefit analysis, and information available on the [farmers.gov/cfap](https://farmers.gov/cfap) website, including the [livestock](#) and [FAQ](#) pages.

### **Livestock Payments**

**Q: How will CFAP 2 cattle assistance payments be calculated?**

A: CFAP 2 cattle assistance payments are structured similarly to the CFAP 1, Part 2 Inventory payments, but at an increased rate of \$55 per head. Payments can be calculated by multiplying the highest owned inventory of eligible livestock – on a date selected by the eligible producer from April 16, 2020, through August 31, 2020 – by the \$55/head payment rate.

**Q: Should CFAP 1 payments be factored into CFAP 2's payment calculation?**

A: No. USDA has determined that CFAP 1 and CFAP 2 are separate programs. CFAP 1 was designed to address disruptions that occurred by April 15, 2020, whereas CFAP 2 is intended to address disruptions from April 16, 2020 and on. As such, CFAP 1 payments have no bearing on how CFAP 2 payments will be calculated, and two separate payment limits will be in effect.

**Q: If a producer received a CFAP 1 inventory payment on an animal retained during the April 16 – August 31 window, can that animal be included as part of the CFAP 2 calculation?**

A: Yes.

**Q: What animals are eligible for CFAP 2 cattle assistance payments?**

A: All marketable animals are eligible for inclusion in inventory, including 2020 born calves and replacement stock intended for breeding, such as females that have not produced offspring and males who have not started breeding females.

**Q: Are breeding stock eligible?**

A: No. Breeding stock such as cows and bulls are not eligible for CFAP 2. Cull cows are also not eligible.

**Q: Why aren't breeding stock eligible for CFAP 2?**

A: The payments to livestock are focused on market inventory because there are limited funds available for CFAP 2 and the Commodity Credit Corporation (CCC) authority that fully funds the program is meant to assist with costs associated with market disruptions. Breeding stock are typically kept for many years and therefore their value is less likely to be impacted by temporary price impacts. Non-breeding animals are more likely to be sold and therefore more likely impacted by market value changes.

### **Payment Limits**

**Q: The USDA website states CFAP 2 payments for livestock are equal to the highest inventory number "Multiplied by the number of payment limitations for the producer, multiplied by the payment rate of \$23 per head." What does this mean?**

A: The cattle assistance calculation is simple: # of eligible head x \$55 = CFAP 2 payment. This is another way of saying CFAP 2 maintained CFAP 1's payment limits, meaning if a producer's eligible inventory number results in a calculation that exceeds the established limits, their payment will be capped.

**Q: What are the payment limits for CFAP 2?**

A: The total CFAP 2 payment that a person or legal entity may receive, directly through their application or indirectly through attribution of entity payments, is \$250,000. Again, this payment limitation is separate from the CFAP 1 payment limit. This limitation applies to the total amount of CFAP 2 payments made with respect to all eligible commodities.

The total amount of CFAP 2 payments made to a legal entity – such as to a corporation, limited liability corporation, limited partnership, trust, or estate – is \$250,000 except if:

- two different members of the legal entity each provide at least 400 hours of active personal labor, active personal management, or combination thereof with respect to the production of 2020 commodities, then an entity may receive up to \$500,000.
- three different members of the legal entity each provide at least 400 hours of active personal labor, active personal management, or combination thereof with respect to the production of 2020 commodities, then an entity may receive up to \$750,000.

Although the payment limitation is increased for the corporation, LLC, LP, trust, or estate, each members' payment limitation (received directly or indirectly) remains subject to the \$250,000 individual person payment limit. It is also worth noting that these payment limit provisions are different from and separate from the payment limitations established by the 2018 Farm Bill.

### General Eligibility

**Q: Who is eligible to participate in the Coronavirus Food Assistance Program 2?**

A: Any individual or legal entity who shares in the risk of producing a commodity may apply for CFAP 2. Producers must be in the business of farming at the time of submitting their application to be eligible. Contract growers who do not share in the risk of production are ineligible. Producers can apply for assistance for only commercially produced commodities.

**Q: Is there an Adjusted Gross Income (AGI) limit to participate in CFAP 2?**

A: Yes. To be eligible to receive payment, a person's or legal entity's AGI cannot exceed \$900,000 (using the average for the 2016, 2017, and 2018 tax years). However, producers with AGI exceeding the limit may be eligible to receive payment if 75 percent or more of their total AGI comes from farming, ranching, or forestry-related activities.

**Q: Do the Farm Bill's conservation compliance requirements apply to CFAP 2?**

A: Producers participating in CFAP 2 must be in compliance with the highly erodible land conservation and wetland conservation provisions at 7 CFR Part 12. Producers must agree, by certifying Form AD-1026, that they will not produce an agricultural commodity on highly erodible land without a conservation plan, plant an agricultural commodity on a converted wetland, or convert a wetland to make possible the production of an agricultural commodity.

**Q: Does participation in Small Business Administration programs impact CFAP 2 eligibility?**

A: Participation in SBA's Paycheck Protection Program or Economic Injury Disaster Loan program does not impact producer eligibility for CFAP 2. The PPP duplicate benefit provision does not have an impact on FSA farm programs or farm loan programs.

### Application Process

**Q: When does CFAP 2 signup start and end?**

A: Producers may apply for CFAP 2 from September 21, 2020 to December 11, 2020 through their local Farm Service Agency (FSA) at their USDA Service Center or online at [farmers.gov/cfap/apply](https://farmers.gov/cfap/apply).

**Q: How can producers apply for CFAP 2?**

A: USDA's Farm Service Agency will offer multiple ways to apply, including online or manually completing the application form, or by filling out the application form with a payment calculator. More information can be found on [farmers.gov/cfap/apply](https://farmers.gov/cfap/apply).

**Q: If a producer applied for CFAP 1, do they still need to apply for CFAP 2? What about producers who did not apply for or receive CFAP 1 payments?**

A: CFAP 2 is a separate program. Producers will not automatically be signed up because they applied or received a payment under CFAP 1 and will therefore still need to apply. There is no requirement to participate in CFAP 1 in order to participate in CFAP 2.

**Q: What documents do cattle producers need to submit with their application?**

A: To complete the CFAP 2 application, producers will need to reference their sales, inventory, and other records. Keep in mind, CFAP 2 is a self-certification program like CFAP 1, and producers may be subject to review and spot check.

**Q: When are CFAP 2 payments expected to begin?**

A: FSA county offices will process applications as they receive them once the application period opens on September 21, 2020. Program approval is handled at the local level and the timeline for this approval process, including required internal controls and data validation, varies from county to county. Payments are made shortly after applications are approved.

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