

Coronavirus Food Assistance Program 2 (CFAP 2)



General Information



CFAP 2 Purpose

CFAP 2 provides direct assistance to producers of agricultural commodities marketed in 2020 impacted by the effects of the COVID-19 pandemic who face:

- **Market disruptions**
- **Low farm-level prices**
- **Significant marketing costs**


Two Funding Sources:


Source	Amount
CCC Charter Act	Estimated \$13.2 billion
CARES Act <i>(for Tobacco Only)</i>	Not to exceed \$100 million

Sign-up Period – CFAP 2

Began – September 21, 2020

Ends – December 11, 2020

September 2020							October 2020						
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun
	1	2	3	4	5	6				1	2	3	4
7	8	9	10	11	12	13	5	6	7	8	9	10	11
14	15	16	17	18	19	20	12	13	14	15	16	17	18
 21	22	23	24	25	26	27	19	20	21	22	23	24	25
28	29	30					26	27	28	29	30	31	

November 2020							December 2020						
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	 11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													

allmonthscalendar.com

Who is Eligible?

Producers who:

- **Are in the business of farming at the time of application**
- **Have risk in the production of eligible commodities that apply to any of the 3 categories:**
 - Price Trigger Commodities
 - Flat Rate Crops
 - Specialty (Sales-Based) Commodities

Producer Eligibility

Payment Limitation & Payment Eligibility



Producer means a person or legal entity who shares in the risk of producing a commodity.

- Does ***NOT*** include contract growers.
 - Note: this is different than simply having a contract on a crop.
- Does ***NOT*** include producers who are no longer in the business of farming at the time of application.

Payment Limitation

- **\$250,000 per person or legal entity.**
- **Separate pay limit from CFAP 1.0.**
- **2020 is considered the program year for determining eligibility despite some categories using 2019 sales/production.**

Optional Increase in Payment Limitation is available to:

- Corporations
- LLCs
- LPs
- **Trusts; and**
- **Estates**

Available when members, partners, stockholders, heirs or beneficiaries contributed 400+ hours of active personal labor or active personal management to the farming operation.

Payment Limitation

- **Optional Increase in Payment Limitation is expanded to include Trusts and Estates for BOTH CFAP 1.0 and CFAP 2.0.**
- **FSA will afford Trusts and Estates the opportunity to revise a timely filed or *approved* late-filed CFAP 1.0 application to identify individual persons who are heirs or beneficiaries who contributed 400+ hours of active personal labor or active personal management.**

Note: COC will review and approve/disapprove revised CFAP 1.0 applications.

Payment Limitation

- **\$250,000** – standard payment limitation

Optional Increase Pay Limit Amounts:

- **\$500,000** – when 2 entity members provided 400+ hours of active personal labor or active personal management.
- **\$750,000** – when 3 entity members provided 400+ hours of active personal labor or active personal management.

Payment Limitation

- **Software is being developed to apply the new rules for attribution for the legal entities qualifying for both CFAP 1.0 and CFAP 2.0 and will be available the latter part of calendar year 2020.**
- **Until the revised attribution software is available, payments will continue to be issued, limited and attributed as originally released. An additional disbursement will be issued when software is available.**

Payment Limitation Change

“Previous” Pay Limit /Attribution Example 1 (for increased limitation):

ABC Corporation pay limit is increased to \$500,000 based on 2 members contributing labor or management.

Member 1 (90% ownership share) Max Pay Limit = \$250k
\$250k ($\$500k \times 90\% = \$450k$ – Limited to \$250k).

Member 2 (10% ownership share) Max Pay Limit = \$250k
\$50k ($\$500k \times 10\%$)

Total payment to ABC Corporation was \$300k ($\$250k + \$50k$).

NOTE: *Payments were further reduced to ABC Corporation if any member received prior payments through another farming operation or is otherwise ineligible for CFAP benefits (i.e. AGI non-compliant)*

Payment Limitation

“New” Pay Limit /Attribution Example 1 (for increased limitation):

ABC Corporation pay limit is increased to \$500,000 based on 2 members contributing labor or management.

Member 1 (90% ownership share) Max Pay Limit = \$250k

Member 2 (10% ownership share) Max Pay Limit = \$250k

In this case, each eligible member may receive (directly or indirectly) up to \$250k. The sum of payments each eligible member may receive is \$500k (\$250k + \$250k), regardless of ownership share.

Total payment to ABC Corporation would be \$500k.

NOTE: Payments will be reduced to ABC Corporation if any member receives prior payments through another farming operation or is otherwise ineligible for CFAP benefits (i.e. AGI non-compliant)

Adjusted Gross income

- **A person or a legal entity's AGI cannot exceed \$900,000 using the 2016, 2017, and 2018 tax years.**
- **All CFAP-2 applicants and members of entities must complete a CCC-941.**
- **Applicants who are not AGI compliant can certify on form CCC-942 Certification of Income From Farming, Ranching and Forestry Operations if 75% of income is derived from farming, ranching, forestry, or related activities.**
 - Requires certification by CPA or attorney

Website: www.farmers.gov/CFAP contains-

- Application and eligibility forms
- Payment calculator
- Information on each commodity category
- Lists of eligible commodities within each category
- Fact Sheets
- Training slides and videos
- Final rule and cost-benefit analysis
- FAQs

If you are unfamiliar with where your nearest service center is located, you can find out here: www.farmers.gov/service-center-locator

Applicable forms include:

- **AD-3117, “CFAP 2 Application”**
- **CCC-902 (Parts A & B), “Farm Operating Plan for Payment Eligibility”**
- **CCC-901, “Member Information for Legal Entities”, *if applicable***

Applicable forms also include:

- **CCC-941, Average Adjusted Gross Income (AGI) Certification**
- **CCC-942, Certification of Income Farming, Ranching, and Forestry Operations”, *optional***
- **AD-1026, HELC & WC Certification**

- **One application nationwide per producer**
- **Producer Certification**
 - Documentation is **only** required upon spot check or when requested by COC to support a producer's certification of eligible commodities.
- **Completed AD-3117 may be submitted to any USDA Service Center**
- **Recording County responsible for acting on AD-3117.**

AD-3117 CFAP 2 Application Page 1

AD-3117

U.S. DEPARTMENT OF AGRICULTURE

CORONAVIRUS FOOD ASSISTANCE PROGRAM 2 (CFAP 2) APPLICATION

1. Recording State

2. Program Year

2020

3. Recording County

4. Application Number

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 9, the CARES Act (Pub. L. 116-136), and 15 U.S.C. 714b and 714c. The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, and Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits. Payments may be made under the program to which the form applies only to the extent permitted by applicable authorities.

Public Burden Statement (Paperwork Reduction Act): Public reporting burden for this collection is estimated to average 60 minutes per response, including reviewing instructions, gathering and maintaining the data needed, completing (providing the information), and reviewing the collection of information. You are not required to respond to the collection, or USDA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

PART A – PRODUCER AGREEMENT

The Department of Agriculture (USDA) will make payments under the CFAP 2 to producers who meet the requirements of the program. The following information is needed in order for USDA to make a determination that the applicant is eligible to receive a CFAP 2 payment. By submitting this application, and upon approval by USDA, the applicant agrees:

1. To comply with regulations set forth in 7 CFR Part 9 and any Notice of Funds Availability published by USDA. Copies of these documents may be found at www.regulations.gov/docket?D=FSA-2020-0004.
2. That the applicant is in the business of farming at the time of application.
3. That payments for producers who began farming in 2020 for which 2019 production or sales is required must provide actual 2020 production or sales, as applicable.
4. That a CFAP 2 payment will only be made with respect to a commodity produced in the United States and intended to be marketed for commercial production;
5. To provide to USDA all information that is necessary to verify that the information provided on this form is accurate and to allow USDA representative access to all documents and records of the producer, including those in the possession of a third-party such as a warehouse operator, processor or packer;
6. To comply with maximum payment limitation and adjusted gross income provisions applicable to the CFAP 2 by completing forms:
 - CCC-902, Farm Operating Plan for Payment Eligibility (**NOTE: Only Parts A and B of the form are required**).
 - CCC-901, Member Information for Legal Entities, if applicable
 - CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information
 - CCC-942, Certification of Income From Farming, Ranching and Forestry Operations, optional
7. To provide to USDA all information required for program participation within 60 days from the date the applicant signs this application. Failure of an individual, entity, or member of an entity to timely submit all information required may result in no payment or a reduced payment.
8. To comply with the provisions of the Food Security Act of 1985 that protect highly erodible land and wetlands. All applicants must complete and submit all portions of form AD-1026, Highly Erodible Land Conservation (HELCO) and Wetland Conservation (WC) Certification unless:
 - 8A.
 - i. The applicant does not participate in USDA benefits subject to HELCO and WC compliance except Federal Crop Insurance or CFAP, and
 - ii. The applicant only has an interest in land devoted to the production of agricultural commodities that are perennial crops, excluding sugarcane, such as tree fruits, tree nuts, grapes, olives, native pasture and perennial forage. If the applicant produces alfalfa, the applicant must contact the Natural Resources Conservation Service to determine if such production qualifies as the production of a perennial crop; and
 - iii. The applicant has not converted a wetland after December 23, 1985; or
 - 8B.
 - i. The applicant does not own or rent land devoted to an agricultural activity including cropland, rangeland, pastureland or forestland;
 - ii. The applicant is a producer of livestock, nursery crops, honey or similar commodity that is not produced from tillage of land
9. If the applicant meets either the conditions in section 8A (certification with box 5 B on AD-1026) or 8B (certification with box 5 A on AD-1026), the applicant is only required to complete Parts A and D of form AD-1026.

PART B – PRODUCER INFORMATION

5. Producer's Name, Address (City, State and Zip Code) and Phone Number (Include Area Code)

PART C – DAIRY PRODUCTION

PART C – DAIRY PRODUCTION			COC USE ONLY	
6. Unit of Measure	7. Total Production (April 1, 2020 – August 31, 2020)	8. COC Adjusted Total Production (April 1, 2020 – August 31, 2020)	9. Estimated Total Production (Sept. 1, 2020 – Dec. 31, 2020)	
LBS				
10A. If you are no longer producing milk, what is the last date milk was produced? (MM/DD/YYYY):			COC USE ONLY	
NOTE: If you cease producing milk before Dec.31, 2020, or if you are a seasonal dairy, you are required to notify the FSA County office of the date you stopped producing milk.			10B. COC Adjusted Last Date Milk was Produced	

PART D – EGGS/BROILERS PRODUCTION

PART D – EGGS/BROILERS PRODUCTION			COC USE ONLY	
11. Commodity	12. Unit of Measure	13. 2019 Total Production	14. COC Adjusted 2019 Total Production	
BROILERS	HEAD			
DRIED EGGS	LBS			
FROZEN EGGS	LBS			
LIQUID EGGS	LBS			
SHELL EGGS	DOZEN			

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PART E – LIVESTOCK INVENTORY (Excluding Breeding Stock)		COC USE ONLY
15. Livestock	16. Inventory (Excluding Breeding Stock) (Highest on a Date Between April 16, 2020 – August 31, 2020)	17. COC Adjusted Inventory (Excluding Breeding Stock) (Highest on a Date Between April 16, 2020 – August 31, 2020)
CATTLE	<input type="text"/>	<input type="text"/>
HOGS/PIGS	<input type="text"/>	<input type="text"/>
SHEEP	<input type="text"/>	<input type="text"/>

PART F – SALES COMMODITIES		COC USE ONLY
18. Commodity	19. 2019 Total Commodity Sales	20. COC Adjusted 2019 Total Commodity Sales
AQUACULTURE	<input type="text"/>	<input type="text"/>
CROPS (Excluding Part G Crops)	<input type="text"/>	<input type="text"/>
NURSERY/FLORICULTURE CROPS	<input type="text"/>	<input type="text"/>
MISCELLANEOUS	<input type="text"/>	<input type="text"/>
OTHER LIVESTOCK (Excluding Breeding Stock)	<input type="text"/>	<input type="text"/>
TOBACCO	<input type="text"/>	<input type="text"/>

PART G – ACREAGE-BASED CROPS		COC USE ONLY			
21. Crop	22. Total 2020 Reported Acres	23. COC Adjusted Total 2020 Reported Acres	24. Weighted Insurance Approved Yield	25. COC Adjusted Weighted Insurance Approved Yield	26. 85% of Weighted County Yield

PART H – INCREASED PAYMENT LIMITATION FOR CORPORATIONS, LIMITED LIABILITY COMPANIES (LLCs), LIMITED PARTNERSHIPS, TRUSTS & ESTATES

27. Applicants who are Corporations, LLCs, and Limited Partnerships, trusts or estates may seek an increase in the per-person payment limitation from \$250,000 to either \$500,000, if such entity has two members, partners, stockholders beneficiaries or heirs who each provided at least 400 hours or more of personal labor or active personal management, or combination thereof, to the farming operation as defined in 7 CFR Part 1400, or a maximum of \$750,000 if such entity has three members, partners, stockholders, beneficiaries or heirs who each provided at least 400 hours or more of personal labor or active personal management, or combination thereof, to the farming operation as defined in 7 CFR Part 1400. Identify the names of members, partners, stockholders, beneficiaries or heirs who provided at least 400 hours of active personal labor or active personal management, or combination thereof, to the farming operation identified in Part B Item 5:

A. B. C.

PART I – PRODUCER CERTIFICATION

I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that the foregoing is true and correct.

28A. Signature (By)	28B. Title/Relationship of the Individual Signing in the Representative Capacity	28C. Date (MM/DD/YYYY)
<input type="text"/>	<input type="text"/>	<input type="text"/>

PART J – COC DETERMINATION

29. Payment Part	30. COC or Designee Signature	31. Date (MM/DD/YYYY)	32. Determination
CARE3 (TOBACCO ONLY)	<input type="text"/>	<input type="text"/>	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
CCC	<input type="text"/>	<input type="text"/>	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED

General Payment Provisions

- **Administrative offset does not apply.**
- **Assignments of payments are available.**
- **NOT a first come, first served program.
WDC anticipates no funding deficiency.**
- **Payments are NOT:**
 - Factored
 - Subject to sequestration

Sales Commodities

(3-CFAP Part 7)



Eligible Sales Commodities

- **Aquaculture, including mollusks**
- **Specialty crops**
 - Listed here: <https://www.farmers.gov/cfap/commodities>
 - Consists largely of fruit and vegetable crops, herbs, honey, maple sap, etc.
- **Nursery crops and floriculture**
- **Other Livestock grown for food, fiber, fur or feathers including:**
 - Alpacas, Emus, Llamas
 - Bison, Buffalo, Beefalo, Water Buffalo
 - Deer, Elk, Reindeer
 - Ducks, Geese, Pheasants, Quail, Turkeys
 - Goats
 - Guinea Pigs, Rabbits
 - Ostriches

- **Miscellaneous commodities including:**
 - Christmas Trees
 - Goat Milk
 - Mohair
 - Mink (including pelts)
 - Wool
- **Tobacco**

- **Producers will provide a self certification to their 2019 eligible sales.**
 - Note: this is sales in 2019 regardless of year crop/commodity was produced.
- **Eligible sales include only sales of raw commodities grown by the producer. Any portion of sales derived from adding value to the commodity, such as processing and packaging, and from sales of products purchased for resale must not be included in the amount of sales.**

Examples of supporting documentation if selected for a spot check or if requested by COC

- Sales Commodities
 - schedule F
 - sales receipts
 - other sales documents indicating when a commodity was forward priced
 - ledgers of income
 - income statements of deposit slips
 - register tapes
 - invoices for custom harvesting
 - records to verify production costs
 - contemporaneous measurements
 - truck scale tickets
 - contemporaneous diaries – determined acceptable by COC
 - other records determined acceptable by COC.

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.
- Eligible aquaculture species must be raised by a commercial operator and in water in a controlled environment.
- Includes sales of all stages of mollusk
 - e.g. seed oyster sales are eligible

- Roughly 230 crops identified on farmers.gov site, including:
 - Tomatoes, peppers, cucumbers, squash, pumpkins, melons, apples, peaches, blueberries, cranberries, grapes, most greens, most herbs, cabbage, broccoli, eggplant, sweet corn, potatoes, sweet potatoes, honey, etc.
 - Does not include the 32 crops in Acreage-based category or any commodity in another category.
- Certification **CANNOT** include:
 - Resale of products
 - Value added to raw product through processing, branding, special packaging, etc.
 - Agritourism

Nursery/Floriculture

- Floriculture - Cut flowers and cut greenery from annual and perennial flowering plants grown in a container or controlled environment for commercial sale.
- Nursery - decorative or nondecorative plants grown in a container or controlled environment for commercial sale.
 - Cannot include dollar amount of sales considered value-added

Includes sales of eligible live animals and their by-products:

- This includes fleece/wool, eggs, milk, etc.
- **Not eligible:**
 - Products from dead animals such as meat and hide.
 - Products that are processed or have value added.

The following ‘Other Livestock’ are **NOT** eligible for CFAP 2:

- breeding stock
- equine
- companion or comfort animals/pets
- livestock produced by contract growers
- livestock raised for hunting, game or guide purposes

Examples

- **Ineligible: Apple Cider sales**
- **Eligible: value of apples grown and sold/used for cider**

- **Ineligible: Wine sales**
- **Eligible: value of grapes grown and sold/used for wine**

- **Ineligible: full value of flavor-infused honey with branded bottling/labeling**
- **Eligible: value of raw honey and basic bottling for sale as raw product as long as the bottling does not add value**

- **Ineligible: Alpaca sold as breeding stock and full value of yarn derived from alpaca fleece**
- **Eligible: Sales of non-breeding Alpaca and value of wool harvested for creation and sale of yarn**

New Producer

- **Producers who began farming sales commodities in 2020 and had no 2019 sales commodities will self-certify their actual 2020 sales, at the time of application, in lieu of 2019 sales.**
- **The producer's actual 2020 sales must be determined reasonable by the FSA county committee.**

Certification in Dollars of *total sales in calendar year 2019* is made.

- Year of production does not matter

Producers are paid based on five payment gradations associated with their 2019 sales.

The sales range and payment factor in the following table will be used to calculate payments:

2019 Sales Range	Payment Factor
Up to \$49,999	10.6%
\$50,000-\$99,999	9.9%
\$100,000-\$499,999	9.7%
\$500,000-\$999,999	9.0%
All sales over \$1 million	8.8%

Payment Calculation Example

**Farmer A has 2019 sales of \$75,000;
therefore, two payment factors apply:**

- 10.6% (applied to \$49,999)**
- 9.9% (applied to \$25,001; \$75,000 minus \$49,999).**

Farmer A's gross payment is the sum of:

$$\text{\$49,999} \times 10.6\% = \text{\$5,299.89}$$

$$\text{\$25,001} \times 9.9\% = \underline{\text{\$2,475.10}}$$

$$\text{\$7,774.99}$$

