

USDA Coronavirus Food Assistance Program (CFAP)

In response to the COVID-19 national emergency and its impact on agriculture, USDA is providing \$19 billion in immediate relief to provide critical support to America's farmers and ranchers, and maintain the integrity of our food supply.

CFAP will use the funding and authorities provided in the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Families First Coronavirus Response Act (FFCRA), and other USDA existing authorities. The program includes two major elements to achieve these goals.

Direct Support to Farmers and Ranchers:

The program will provide \$16 billion in direct support based on actual losses for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term oversupply for the 2020 marketing year caused by COVID-19. USDA will provide \$16 billion in direct payments to farmers and ranchers including:

- \$9.6 billion for the livestock industry
 - o \$5.1 billion for cattle
 - o \$2.9 billion for dairy
 - o \$1.6 billion for hogs
- \$3.9 billion for row crop producers
- \$2.1 billion for specialty crops producers
- \$500 million for *others crops*

Producers will receive a single payment determined using two calculations:

Price losses that occurred January 1-April 15, 2020. Producers will be compensated for 85% of price loss during that period.

Second part of the payment will be expected losses from April 15 through the next two quarters and will cover 30% of expected losses.

The payment limit is \$125,000 per commodity with an overall limit of \$250,000 per individual or entity. Qualified commodities must have experienced a 5% price decrease between January and April.

USDA is expediting the rulemaking process for the direct payment program and expects to begin sign-up for the new program in early May and to get payments out to producers by the end of May or early June.

USDA Purchase and Distribution:

USDA's Agricultural Marketing Service (AMS) plans to work with vendors to provide pre-approved boxes of fresh produce, dairy, and meat products to food banks and other non-profits serving Americans in need.

USDA will partner with regional and local distributors, whose workforce has been significantly impacted by the closure of many restaurants, hotels, and other food service entities, to purchase \$3 billion in fresh produce, dairy, and meat. They will begin with the procurement of an estimated \$100 million per month in fresh fruits and vegetables, \$100 million per month in a variety of dairy products, and \$100 million per month in meat products. The distributors and wholesalers will then provide a pre-approved box of fresh produce, dairy, and meat products to food banks, community and faith based organizations, and other non-profits.

USDA will issue a solicitation in the next two weeks to invite proposals from offerors to supply commodity boxes to non-profit organizations, identified by the offeror, on a mutually agreeable, recurring schedule. USDA will award contracts for the purchase of the agricultural products, the assembly of commodity boxes and delivery to identified non-profit organizations that can receive, store and distribute food items.

As we understand it, the food purchase process may not change too much or provide much flexibility from its current model. Here is a breakdown on how the process will be facilitated:

1. The contract will go to the *approved distributor*. Distributors are broken up by regions.
2. USDA will provide a list of approved commodities based on the food banks requests. The list will be specific to domestic commodities and **prioritize commodities that are in season**.
3. Distributor procures product from their growers / vendors (they have a client list they currently work with) but Under Secretary Ibach confirmed that list will expand to new producers who have not partaken in the process before.

Email questions to USDAFoodBoxDistributionProgram@usda.gov.

In addition to the two programs above, USDA will utilize other available funding sources to purchase and distribute food.

- USDA has up to an additional **\$873.3 million available in Section 32 funding** to purchase a variety of agricultural products for distribution to food banks. The use of these funds will be determined by industry requests, USDA agricultural market analysis, and food bank needs.
- The FFCRA and CARES Act provided an at least **\$850 million for food bank administrative costs and USDA food purchases, of which a minimum of \$600 million will be designated for food purchases**. The use of these funds will be determined by food bank need and product availability.

Additional Details:

During a stakeholder call this morning with Under Secretary Ibach, and a call with Secretary Perdue on Friday, we received a few answers to some of our questions.

What price series will be used to determine losses, since this is expected to be coupled, will sales receipts or payroll reported be required?

- Most reflective price series for each commodity
- No price series for all commodities
- Opportunity for specialty categories to demonstrate losses to AMS or FSA – specified in rulemaking
- Need to save records and paperwork to demonstrate losses, some self-certification due to self-distancing

Is there compensation for products that are dumped or destroyed?

- CFAP rates will pay producers...to partially offset losses. Farmers should document milk dumped or livestock depopulated, specialty crops plowed under

Any thoughts on poultry, aquaculture, horticulture or other specialty livestock such as mink or fur producers?

- Opportunity for specialty categories to demonstrate losses to AMS or FSA – specified in rulemaking

What specialty crops will be included in the direct payment program? What does the \$500m for “other commodities” include?

- Many commodities not listed are asking where they are included. This funding is intended to apply as broadly to agriculture as it can, and will look at the damage estimates individual growers bring into USDA.

How will the food purchase “box” model work? Will the commodities purchased be placed in one box?

- Anticipating that distributors will be given funding and they will go out and make purchases in the market place. A fresh produce box may look different in different parts of US based on what is available. Some guidance will come from USDA but seasonality will be taken into consideration. The boxes will be separate packages. There will be a produce box, meat and dairy goods available for pickup. A family can access all three different categories when they go to distribution center.

How about Packing Houses? Are they included in any of the CFAP relief?

- The direct payment program will work to mainly provide relief to individual farmers, but the boxed food purchase program provides opportunity to incorporate the full distribution chain, packing houses as well.

Outstanding questions and concerns:

With the CFAP package only being announced Friday evening, we still have a number of questions and items we need further clarification on. Below are a few concerns we are actively working to resolve:

- AGI limitations for direct payments.
- We ask that USDA modify the qualified vendor application process so that USDA can purchase directly from growers who identify themselves for this new assistance, even if they are not previously approved suppliers or vendors.
- Lifting the payment limit of \$125,000 per commodity with an overall limit of \$250,000 per individual or entity.

At this time, the rulemaking is with OMB. We should receive more details in the coming days, so please be on the look out.