

Coronavirus Food Assistance Program

Cost-Benefit Analysis

May 14, 2020

Executive Summary

The U.S. Department of Agriculture (USDA) is implementing the Coronavirus Food Assistance Program (CFAP) for producers of agricultural commodities who have suffered a 5-percent-or-greater price loss due to COVID-19 and face additional significant marketing costs that are eligible for compensation under Section 5 (b), (d) and (e) of the Commodity Credit Corporation (CCC) Charter Act for currently held inventories. These additional significant marketing costs are associated with lower prices given significant declines in demand, surplus production, or disruptions to shipping patterns and the orderly marketing of commodities. Producers of non-specialty crops eligible for CFAP payments include barley (malting), canola, corn, upland cotton, millet, oats, sorghum, soybeans, sunflowers, and durum and hard red spring wheat. Payments also will be available to producers of specialty crops (including, but not limited to, almonds, beans, broccoli, sweet corn, lemons, iceberg lettuce, spinach, squash, strawberries, and tomatoes) and livestock commodities (including dairy, cattle, hogs and pigs, lambs and yearlings, and wool). CFAP eligibility for certain other commodities (including agricultural commodities for which sufficient information is not currently available to USDA) is being evaluated through a Notice of Funds Availability process. Approximately 4 percent of the CFAP budget--\$637 million -- is available to provide assistance to producers of other commodities that are identified through the NOFA process.

CFAP will provide producers of agricultural commodities with financial assistance that gives them the ability to absorb sales losses and increased marketing costs associated with the COVID-19 pandemic. Producers will receive payments under the Coronavirus Aid, Relief, and Economic Stability (CARES) Act, in the amount of \$9.5 billion, to compensate for losses due to price declines that occurred between mid-January, 2020 and mid-April, 2020.¹ CCC Charter Act (Section 5 (b), (d) and (e)) funding will compensate producers for \$6.5 billion due to on-going market disruptions and will assist with the transition to a more orderly marketing system as the pandemic wanes. CCC funds will assist producers with the purchase of materials and facilities required in connection with the production and marketing of agricultural commodities, aid in the removal or disposition of surplus agricultural commodities, and aid in the development of new and additional markets, marketing facilities, and uses for such commodities.

For producers of non-specialty crops, a single average payment rate per unit (bushel, pound, or hundredweight) will be determined for each eligible commodity based on the decline in futures price (or cash price, if futures price is unavailable) using the average for the week of January 13-17, 2020 in a comparison with the average for the week of April 6-9, 2020. If the decline is 5

¹ To provide perspective on the mid-January to mid-April dates used as the basis for the price change calculations, China reported its first novel coronavirus death on January 11, 2020. The first case in the U.S. was confirmed on January 21, 2020. See Schumaker, Erin. *ABC News*. "Timeline: How Coronavirus Got Started." April 9, 2020.

percent or greater, a payment for that commodity is triggered and producers are paid based on inventory held on January 15th. For non-specialty crops, inventory held is defined as the *lower of* self-certified unpriced inventory that an eligible producer has vested ownership in on January 15th or 50 percent of the eligible producer's 2019 production of that commodity. Payments under the CARES Act will be made by multiplying 50 percent of the producer's unpriced inventory held on January 15, 2020 by 50 percent of the calculated price decline. Payments made using CCC funds will be determined by multiplying 50 percent of the unpriced inventory held on January 15, 2020 by 55 percent of the same price decline used in the CARES Act calculation. The producer will receive one payment consisting of funds made available under the CARES Act and the CCC Charter Act.

For producers of specialty crops (including, but not limited to, almonds, beans, broccoli, sweet corn, lemons, iceberg lettuce, spinach, squash, strawberries, and tomatoes) that realized a 5-percent-or-greater reduction in sales price between the average for the week of January 13-17, 2020 in a comparison for the average for the week of April 6-10, 2020, payments will be based on the grower's sales volume multiplied by 80 percent of the given crop's price change between mid-January and mid-April 2020. Producers with specialty crops that have been shipped from the farm by April 15th but subsequently spoiled due to loss of marketing channels are eligible to apply for up to 30 percent of the lost value of that shipment. The 30 percent was determined assuming the field value of the crop is 60 percent of the sales value; the field value is then multiplied by a 50 percent coverage level. Producers with specialty crop shipments that did not leave the farm or mature crops that remained unharvested by April 15th and which have not been and will not be sold are eligible to submit a loss claim for compensation of up to 5.875 percent of the crop's value. The 5.875 percent is calculated as 25 percent coverage of the average price loss across specialty crops for which data are available.² (That average price loss is 23.5 percent).

For dairy, cattle, hogs and pigs, lambs and yearlings, and wool payments will be made in an analogous manner to crops—inventory (or sales) of the commodity (hundredweight or number of animals) times the payment rate per unit for the commodity (again, in a comparison of mid-January to mid-April price data). For dairy, CARES Act funds will be used to compensate for price losses from the first quarter of calendar year 2020; CCC funds will be used to compensate for increased marketing and adjustment costs for additional milk production in the second quarter of 2020 associated with COVID-19 disruptions to marketing channels and demand destruction. For hogs and pigs, cattle, and lambs and yearlings, payments using CARES Act funds are based on actual sales between January 15 to April 15; payments using CCC funds are based on spring inventories. For wool, inventory held is defined as the *lower of* self-certified unpriced inventory that an eligible producer has vested ownership in on January 15th or 50 percent of the eligible producer's 2019 wool production.

Two USDA agencies will implement CFAP—the Farm Service Agency (FSA) and the Agricultural Marketing Service (AMS). FSA is the principal agency charged with implementing CFAP. AMS will assist FSA with respect to matters dealing with producers of specialty crops.

² The price data for specialty crops was provided by AMS and represents an average of all units shipped of domestic production, whether conventional or organic. The raw data source for the prices is the AMS Market News Portal, <https://www.ams.usda.gov/market-news/fruits-vegetables>. The prices are for the shipping point if available, or terminal market if not. For any particular crop, shipping point and terminal market prices are not mixed. The list of crops for which AMS has data for domestic production for the time periods of interest is covered by Table 5.

USDA will accept CFAP applications starting on May 26, 2020 and payments to eligible producers are expected to be made once applications are processed. Total payments to eligible producers, after accounting for payment limit reductions, are estimated at \$16.0 billion. USDA estimates that payments using CARES Act funding will total \$9.5 billion and CCC funding will total \$6.5 billion. These payments represent benefits to producers, which is the government cost of the program. Outlays were estimated conservatively (at expected maximum levels) overall.

USDA will make an initial payment of 80 percent of an eligible participant's calculated CFAP payment. By issuing initial payments, FSA can quickly serve those that immediately apply for assistance while ensuring that CFAP payments do not exceed the \$16 billion funding limit. This ensures that funds are distributed equitably among all eligible producers. If funds remain available after the initial payment to eligible applicants, USDA will disburse the remainder of available funding not to exceed the \$16 billion funding limit and funds may be prorated if necessary.

Background and Need for Action

Many state and local governments have issued “stay-at-home” orders and shut down non-essential businesses in response to the COVID-19 pandemic, resulting in significant price declines for some commodities and major market disruptions. Prices for many non-specialty crops have been hit hard given the decline in demand for away-from home food, transportation and distribution issues, and general market uncertainty (Table 1).

Table 1. Price Changes from mid-January to mid-April 2020 for Selected Non-Specialty Crops¹

| | Units | Average price, Jan 13-17 | Average price, Apr 6-9 ² | Change in price | Percent change |
|-----------------------|-------|-----------------------------|--|-----------------|----------------|
| | | \$/unit | \$/unit | \$/unit | Percent |
| Corn | Bu | \$3.93 | \$3.30 | -\$0.63 | -16 |
| Soybeans | Bu | \$9.47 | \$8.57 | -\$0.90 | -10 |
| Hard Red Spring Wheat | Bu | \$5.64 | \$5.28 | -\$0.36 | -6 |
| Durum Wheat | Bu | \$5.83 | \$5.46 | -\$0.37 | -6 |
| Upland Cotton | Lb | \$0.72 | \$0.54 | -\$0.18 | -25 |
| Canola | Lb | \$0.17 | \$0.15 | -\$0.02 | -12 |
| Oats | Bu | \$3.04 | \$2.74 | -\$0.30 | -10 |
| Barley (malting) | Bu | \$4.27 | \$3.60 | -\$0.67 | -16 |
| Millet | Bu | \$6.19 | \$5.57 | -\$0.62 | -10 |
| Sorghum | Bu | \$3.73 | \$3.14 | -\$0.59 | -16 |
| Sunflowers | Lb | \$0.18 | \$0.15 | -\$0.03 | -17 |

¹ Average prices are rounded to two decimal places.

² Futures exchanges were closed on April 10; trading the week of April 6 occurred on the four days from April 6-9.

Sources: For crops with futures market data: May contracts quoted on the Chicago Mercantile Exchange for all crops other than wheat, canola, and cotton. Wheat uses the May contract quoted on the Minneapolis Grain Exchange and upland cotton uses the May contract quoted on the Intercontinental Exchange. Canola uses the May contract on the Intercontinental Exchange in Canadian dollars, which are converted into U.S. dollars.). For crops without futures market data: The price for sorghum is calculated as 95 percent of the corn futures price, which is consistent with the multiplicative factor used by the Risk Management Agency (RMA) under the Commodity Exchange Price Provisions (CEPP). The price of durum wheat is calculated as 103.4 percent of the Hard Red Spring Wheat futures price, which is the multiplicative factor used under CEPP for Montana, North Dakota, and South Dakota. The price of sunflowers is the soybean oil price divided by two, plus one cent, which is consistent with the CEPP for oil-type sunflowers. AMS data is used for other crops where futures contracts are not traded.

Specialty crops have also been severely impacted. Industry sources estimate that thousands of fruit and vegetable acres are being plowed under or left to rot because farmers cannot sell to restaurants, theme parks, or schools that are closed because of COVID-19. While some crops are meant for grocery stores, many farmers cater solely to food service outlets. One large Florida

tomato grower estimates that 80 percent of the tomatoes grown in Florida were intended for delivery to now-shuttered restaurants and theme parks.³ Other states are having the same issues—in California, leafy greens are being especially hit hard with the evaporation of demand from food service outlets.⁴ The *Packer* published a survey-based article on March 13, 2020—early in the pandemic crisis—indicating that COVID-19 was having an impact on 62 percent of specialty crop growers nation-wide, with 24 percent of survey respondents stating that the impact was significant.⁵ As shown in Table 2, prices have dropped dramatically, particularly for broccoli, iceberg lettuce, squash, and tomatoes.

Table 2. Price Changes from mid-January to mid-April 2020 for Select Specialty Crops Meeting the 5-percent Price Loss Trigger on Sales¹

| Commodity | Average price, Jan 13-17 | Average price, Apr 6-Apr10 ² | Change in price | Percent Change |
|--------------------|-----------------------------|--|-----------------|-------------------|
| | (\$/lb) | (\$/lb) | (\$/lb) | percent |
| Almonds | \$1.90 | \$1.58 | -\$0.32 | -17 |
| Artichokes | \$1.64 | \$0.81 | -\$0.83 | -51 |
| Beans | \$0.55 | \$0.33 | -\$0.22 | -40 |
| Broccoli | \$1.62 | \$0.84 | -\$0.78 | -48 |
| Cabbage | \$0.22 | \$0.16 | -\$0.05 | -25 |
| Carrots | \$0.38 | \$0.35 | -\$0.03 | -8 |
| Cauliflower | \$1.02 | \$0.89 | -\$0.14 | -13 |
| Corn-sweet | \$0.43 | \$0.31 | -\$0.11 | -26 |
| Cucumbers | \$0.50 | \$0.34 | -\$0.16 | -32 |
| Eggplant | \$0.50 | \$0.40 | -\$0.09 | -18 |
| Lemons | \$0.70 | \$0.61 | -\$0.09 | -14 |
| Lettuce, iceberg | \$0.50 | \$0.25 | -\$0.25 | -50 |
| Lettuce, romaine | \$0.40 | \$0.31 | -\$0.08 | -21 |
| Onions, dry | \$0.18 | \$0.16 | -\$0.02 | -9 |
| Peaches | \$1.05 | \$0.96 | -\$0.09 | -9 |
| Pears | \$0.58 | \$0.49 | -\$0.10 | -17 |
| Pecans | \$3.10 | \$2.76 | -\$0.35 | -11 |
| Peppers, bell type | \$0.73 | \$0.56 | -\$0.18 | -24 |
| Peppers, other | \$0.73 | \$0.55 | -\$0.19 | -26 |
| Rhubarb | \$3.42 | \$3.23 | -\$0.18 | -5 |
| Spinach | \$1.22 | \$0.77 | -\$0.46 | -37 |
| Squash | \$1.30 | \$0.40 | -\$0.90 | -69 |
| Strawberries | \$2.40 | \$1.35 | -\$1.05 | -44 |
| Tomatoes | \$1.26 | \$0.46 | -\$0.80 | -64 |

¹ Average prices are rounded to two decimal places; the absolute and percent change columns are calculated using all decimal places.

² Weekly AMS cash prices are used and some transactions (or reports) may have occurred on April 10—Good Friday.

Source: USDA AMS data.

³ Lush, Tamara. Associated Press. *Coronavirus Claims an Unexpected Victim: Florida Vegetables*. April 8, 2020.

⁴ Ohnesman, Alan. *Forbes*. “Lettuce Left to Die in California Fields as Produce Demand Withers Under COVID-19.” April 6, 2020.

⁵ Nickle, Ashley. *The Packer*. “How the Coronavirus is Affecting the Produce Industry.” March 13, 2020.

Similarly, dairies are suffering from severe price declines and many are dumping milk to adjust to the lost marketing channels disrupted by COVID-19. Schools and restaurants—which are among the main purchasers of milk and milk products—are suddenly closed, leaving dairy farmers with surplus milk beyond current demand.⁶ Steep declines in restaurant traffic have severely affected the demand for processed cheese, butter, cream, sour cream, ice cream, and other dairy products. United Dairymen of Arizona indicate that their producers are dumping about 1 million pounds of milk per day, for comparison, milk production in Arizona equaled 438 million pounds in March 2020 or roughly 14 million pounds a day.⁷ To better control the excess, processors and cooperatives throughout the country are implementing supply management programs and two-tier pricing. Overall prices of dairy products have fallen by about one-third between mid-January and mid-April 2020.⁸

Other livestock sectors have also been affected. For example, cash prices for market hogs were down 21 percent between mid-January and mid-April; feeder and weaned pig prices have declined 58 percent over that period.⁹ U.S. prices for sheep and lamb meat declined by 26 percent between mid-January and mid-April and wool prices (clean basis) declined by 28 percent. Disruptions to beef supply chains and the short-run timing of beef marketings have also resulted in sharply lower prices, as shown in Table 3. While grocery store sales have benefited from increased beef purchases for home consumption, closures of restaurant and food service outlets have been disruptive according to industry sources.¹⁰ In addition, some packing plants are closed and others are operating at reduced capacity as production timetables adjust to reduced workforce availability.

⁶ Fatka, Jacqui. *Feedstuffs*. “COVID-19 Has Widespread Impact on Agriculture.” April 3, 2020.

⁷ Stoney, Alyssa. *MSN.com*. “Arizona Dairy Farms Dumping a Million Pounds of Milk a Day.” April 7, 2020.

⁸ To provide perspective on the mid-January to mid-April dates used as the basis for the price change calculations, China reported its first novel coronavirus death on January 11, 2020. The first case in the U.S. was confirmed on January 21, 2020. See Schumaker, Erin. *ABC News*. “Timeline: How Coronavirus Got Started.” April 9, 2020.

⁹ Price change data for dairy and hogs appear later in Tables 6 and 8 and are presented as part of the CARES Act and CCC calculations. Hog price change takes the difference of the average prices between January 13-17 and April 6-10 using the negotiated purchase prices reported by AMS (<https://mpr.datamart.ams.usda.gov/>).

¹⁰ Nalivka, John. *Drovers*. “COVID-19’s Impact on Cattle Markets.” March 22, 2020.

Table 3. Price Changes from mid-January to mid-April 2020 for Cattle

| | Units ¹ | Average Price, Jan. 13-17 | Average Price, Apr 6-10 | Change in price | Percent change |
|---------------------------------|--------------------|------------------------------|----------------------------|--------------------|-------------------|
| | | \$/head | \$/head | \$/head | Percent |
| Slaughter Cattle: Fed Cattle | \$/head | \$1,736 | \$1,469 | -\$267 | -15 |
| Slaughter Cattle: Mature Cattle | \$/head | \$744 | \$630 | -\$114 | -15 |
| Feeder Cattle (< 600 lbs.) | \$/head | \$812 | \$685 | -\$127 | -16 |
| Feeder Cattle (> 600 lbs.) | \$/head | \$1,107 | \$934 | -\$173 | -16 |

¹ Prices are converted from cwt to head. The conversion factors are—Fed cattle: 1,400 pounds; Mature cattle: 1,200 pounds, at 50% value of Fed cattle; Feeder cattle (< 600 pounds): 550 pounds; and Feeder cattle (> 600 pounds): 750 pounds.

Source: USDA AMS data.

The Federal government response to assist farmers and ranchers uses funding from two sources:

- ***Appropriated funding from the CARES Act***—Title I of Division B of the CARES Act includes \$9.5 billion in appropriated funding for “agricultural producers impacted by coronavirus, including producers of specialty crops, producers that supply local food systems, including farmers markets, restaurants, and schools, and livestock producers, including dairy producers.”
- ***CCC funding is paid at the same time as CARES Act payments in one combined payment to farmers and ranchers***—The Secretary of Agriculture has determined that producers will be provided financial assistance under the CCC Charter Act¹¹ (15 USC 714c), totaling \$6.5 billion, to help farmers and ranchers address market disruptions and oversupply which have affected transportation, storage, and other distribution costs. These disruptions are out of the ordinary range of predictable events for which producers are normally prepared and will continue for an unexpected duration until the COVID-19 situation abates. Producers of affected commodities have been—and will continue to—experience great uncertainty as they market commodities in this environment.

CFAP provides farmers and ranchers with financial assistance in the midst of the COVID-19 crisis. This assistance helps reduce the impacts of prolonged financial hardships in an environment of significant market uncertainty—uncertainty both in terms of the persistence of the virus and the ability of markets to quickly recover and return to increased demand levels with smoothly-functioning distribution systems.

¹¹ The CCC Charter Act, Section 5 gives the Secretary authority to, among other things: support the prices of agricultural commodities; make available materials and facilities required to produce and market agricultural commodities; assist in the disposition of surplus commodities; increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities; and export or cause to be exported, or aid the development of foreign markets for, agricultural commodities.

Implementation

The Farm Service Agency (FSA) will take applications and deliver CFAP payments to farmers and ranchers for specialty crops, non-specialty crops, dairy, cattle, hogs and pigs, lambs and yearlings, and wool. Farmers and ranchers will self-certify their claims.

The total CFAP payment that an individual may receive directly or through attribution of payments is \$250,000. Payments made to a joint venture or a general partnership are limited to the aggregated amount of payments that individual or legal entity members of the joint venture or general partnership may otherwise receive. The total amount of CFAP payments made to a corporation, limited liability corporation, or a limited partnership is \$250,000 except:

- The corporation, limited liability corporation, or limited partnership may receive \$500,000 if two different individual owners of the legal entity each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities.
- The corporation, limited liability corporation, or a limited partnership may receive \$750,000 if three different individual owners of the legal entity each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities.

These provisions are separate from other payment limitations established by the 2018 Farm Bill.

A person or legal entity is ineligible for CFAP payments if the person's or legal entity's Adjusted Gross Income (AGI), using the average AGI for the 2016, 2017, and 2018 tax years, is more than \$900,000 unless at least 75 percent of the person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities. If at least 75 percent of the person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities, the person or legal entity is subject to the payment limits discussed above.

The regulations in 7 CFR part 1400 Subpart E apply to the eligibility of foreign persons applying for CFAP. The regulations state that a lawful alien¹² may receive a payment, loan, and benefit if that person is in lawful possession, through a lease or otherwise, of a farm.

USDA will make an initial payment of 80 percent of an eligible participant's calculated CFAP payment. By issuing initial payments, FSA can quickly serve those that immediately apply for assistance while ensuring that CFAP payments do not exceed the \$16 billion funding limit. This ensures that funds are distributed equitably among all eligible producers. If funds remain available after the initial payment to eligible applicants, USDA will disburse the remainder of available funding not to exceed the \$16 billion funding limit and funds may be prorated if necessary.

¹² *Lawful alien* means any person who is not a citizen or national of the United States but who is admitted into the United States for permanent residence under the Immigration and Nationality Act and possesses a valid Alien Registration Receipt Card issued by the United States Citizenship and Immigration Services, Department of Homeland Security.

Economic Impacts

CFAP payments to individual farmers and ranchers depend on price changes that occurred between mid-January and mid-April, 2020; the early-2020 inventory of the specific commodity produced in 2019 (for non-specialty crops) or 2020; and payment factors that vary based on the commodity type (non-specialty crops, specialty crops, dairy, and livestock). The following sections are organized by commodity type and use mid-January to mid-April price changes as the basis for the calculations.

Non-specialty crops

Non-specialty crops are eligible for CFAP payments if a 5 percent or greater price decline was realized in a comparison of the average price for the week of January 13-17 and the average price for the week of April 6-9 (refer back to Table 1). If this price-decline trigger is met, the estimated cost of CARES Act payments (column E in Table 4) is calculated by multiplying 50 percent of the price decline (column B) by 25 percent of 2019 production (column D).¹³ The estimated cost of CCC payments (column F in Table 4) is calculated by multiplying 55 percent of the price decline (column C) by 25 percent of 2019 production (column D). (See the appendix for payment rates, such as those shown in columns B and C in Table 4, and payment formulas.)

Column G indicates that gross payments for both CARES Act and CCC funding combined are projected at \$3.76 billion. USDA will make an initial payment of 80 percent of an eligible participant's calculated CFAP payment. By issuing initial payments, FSA can quickly serve those that immediately apply for assistance while ensuring that CFAP payments do not exceed the \$16 billion funding limit. This ensures that funds are distributed equitably among all eligible producers. Eighty percent of \$3.76 billion equals \$3.01 billion in potential CFAP payments in the initial tranche. It is likely that this would be lower due to payment limits.

An additional amount of up to 20 percent of \$3.76 billion, or an estimated \$0.752 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits. The total amount after payment limits are applied are estimated to be no more than \$3.50 billion for non-specialty crops.

¹³ Twenty-five percent of 2019 production is USDA's estimate of unpriced 2019-crop inventory as of January 15, 2020. It provides an upper bound for payments. Production data is obtained from USDA's National Agricultural Statistics Service (NASS).

Table 4. Estimated Total CFAP Payments for Non-Specialty Crops (not including payment limitations)

| Commodity | | January to April Price Decline (from Table 1) | CARES Payment Rate (50% of price change) | CCC Payment Rate (55% of price change) | 25% of 2019 Production | Total Estimated Payments for CARES | Total Estimated Payments for CCC | Gross Estimated CARES and CCC Payments |
|----------------------|-------|---|--|--|------------------------|------------------------------------|----------------------------------|--|
| Column designation=> | | A | B | C | D | E | F | G |
| | Units | \$/unit | \$/unit | \$/unit | 1,000 units | \$1,000 | \$1,000 | \$1,000 |
| Corn | Bu | \$0.63 | \$0.32 | \$0.35 | 3,423,000 | \$1,095,360 | \$1,198,050 | \$2,293,410 |
| Soybeans | Bu | \$0.90 | \$0.45 | \$0.50 | 889,500 | \$400,275 | \$444,750 | \$845,025 |
| HRS wheat | Bu | \$0.36 | \$0.18 | \$0.20 | 130,500 | \$23,490 | \$26,100 | \$49,590 |
| Durum wheat | Bu | \$0.37 | \$0.19 | \$0.20 | 13,439 | \$2,553 | \$2,688 | \$5,241 |
| Upland Cotton | Lb | \$0.18 | \$0.09 | \$0.10 | 2,325,600 | \$209,304 | \$232,560 | \$441,864 |
| Canola | Lb | \$0.02 | \$0.01 | \$0.01 | 850,500 | \$8,505 | \$8,505 | \$17,010 |
| Oats | Bu | \$0.30 | \$0.15 | \$0.17 | 13,250 | \$1,988 | \$2,253 | \$4,240 |
| Malting barley | Bu | \$0.67 | \$0.34 | \$0.37 | 38,250 | \$13,005 | \$14,153 | \$27,158 |
| Millet | Bu | \$0.62 | \$0.31 | \$0.34 | 4,152 | \$1,287 | \$1,412 | \$2,699 |
| Sorghum | Bu | \$0.59 | \$0.30 | \$0.32 | 85,250 | \$25,575 | \$27,280 | \$52,855 |
| Sunflowers | Lb | \$0.03 | \$0.02 | \$0.02 | 485,859 | \$9,717 | \$9,717 | \$19,434 |
| Total | | | | | | \$1,791,059 | \$1,967,467 | \$3,758,526 |

CFAP payments are not expected to influence 2020 plantings. Payments for non-specialty crops are based on the lower of self-certified unpriced inventory that an eligible producer has vested ownership in as of January 15, 2020, or 50 percent of the eligible producer's 2019 production of that commodity. Similarly, specialty crop payments (covered in the next section) are based on crops that are already under production or that have already been produced (or destroyed due to lack of demand).

Specialty Crops

To qualify for a specialty crop CFAP payment, the period of loss must have occurred between January 15, 2020 and April 15, 2020. There are three payment categories:

- *Producers who realized a 5 percent or greater reduction in sales price for a commodity sold between January 15, 2020 and April 15, 2020.*
- *Shipments that left the farm by April 15, 2020 and spoiled due to no market.*
- *Producers who have shipments that have not left the farm by April 15, 2020 (for example, were harvested but sitting in crates on the farm) or mature crops that were*

unharvested by the same date (for example, were plowed under) due to lack of buyers, and which have not been and will not be sold).

CARES Act funding covers the first and second bullets above (with each assuming to represent one-third of sales). CARES Act payments associated with the price decrease (column F in Table 5) are calculated as the product of the payment rate (column B in Table 5, which is 80 percent of the given crop's price change for crops having at least a 5 percent price decrease), the estimated Quarter 1 sales (column E), and one-third (the allocation noted above for this category). CARES Act payments associated with shipments that left the farm but spoiled and no payment was received (column G) are the product of the payment rate (column C), estimated Quarter 1 sales (column E in Table 5), and one-third (the allocation noted above). The payment rate (column C) for this category is the product of the mid-January price (from Table 2), a 50 percent coverage rate, and 60 percent (as the field value is 60 percent of the sales value).

CCC funding covers the third bullet (assumed to represent the remaining one-third of sales) and will cover additional costs to producers in dealing with unexpected surpluses and costs to reorient marketing to adjust to disruptions caused by COVID-19 (column H in Table 5). Its payment rate (column D) is calculated as the product of the average mid-January to mid-April price loss across all specialty crops (23.5 percent), a 25 percent coverage rate, and the mid-January price (from Table 2), multiplied by estimated Quarter 1 sales (column E in Table 5), and one-third (the allocation noted above).

Gross specialty crop CFAP payments (column I in Table 5) are estimated at \$2.88 billion—which is the sum of columns F, G, and H in Table 5. When payment limitations are taken into account, net payments are estimated to decrease to \$2.40 billion. The initial payment total, equal to 80 percent of the producers' total calculated payments for specialty crops, is estimated at \$2.30 billion, not accounting for reduction due to payment limitations.

An additional amount of up to 20 percent of \$2.88 billion, or an estimated \$0.576 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits. Accounting for payment limitations, net payments across both tranches are estimated at \$2.40 billion.

Table 5. Total Estimated CFAP Payments for Specialty Crops, not including payment limitations (includes, but is not limited to, the listed commodities)¹⁴

| Commodity | Mid-January to mid-April Price Decline (from Table 2) ¹ | CARES Payment Rate on sales losses (80% of price change) ¹ | CARES Payment Rate on shipped but spoiled (30% of lost value) | CCC Payment Rate on crops not leaving the farm (5.875% of crop value) | Estimated Sales in Quarter 1, 2020 ² | Total Estimated CARES Payments (sales losses due to price decrease) ¹ | Total Estimated CARES Payments (shipped but spoiled and no payment received) | Total Estimated CCC Payments (crops not leaving the farm for which no sales payment is made) | Gross Estimated CARES and CCC Payments |
|----------------------|--|---|---|---|---|--|--|--|--|
| Column designation=> | A | B | C | D | E | F | G | H | I |
| | \$/lb | \$/lb | \$/lb | \$/lb | 1,000 lbs | (\$1,000) | (\$1,000) | (\$1,000) | (\$1,000) |
| Almonds | \$0.32 | \$0.26 | \$0.57 | \$0.11 | 570,000 | \$48,458 | \$107,365 | \$21,663 | \$177,486 |
| Artichokes | \$0.83 | \$0.66 | \$0.49 | \$0.10 | 30,946 | \$6,769 | \$5,014 | \$1,012 | \$12,794 |
| Beans | \$0.22 | \$0.17 | \$0.16 | \$0.03 | 2,022,587 | \$115,692 | \$109,129 | \$22,019 | \$246,839 |
| Broccoli | \$0.78 | \$0.62 | \$0.49 | \$0.10 | 514,465 | \$105,664 | \$82,434 | \$16,633 | \$204,730 |
| Cabbage | \$0.05 | \$0.04 | \$0.07 | \$0.01 | 888,524 | \$12,753 | \$19,080 | \$3,850 | \$35,683 |
| Carrots | \$0.03 | \$0.02 | \$0.11 | \$0.02 | 1,484,115 | \$12,218 | \$55,284 | \$11,154 | \$78,656 |
| Cauliflower | \$0.14 | \$0.11 | \$0.31 | \$0.06 | 294,198 | \$10,603 | \$29,793 | \$6,011 | \$46,407 |
| Corn-sweet | \$0.11 | \$0.09 | \$0.13 | \$0.03 | 1,280,189 | \$38,223 | \$54,166 | \$10,929 | \$103,317 |
| Cucumbers | \$0.16 | \$0.13 | \$0.15 | \$0.03 | 144,797 | \$6,078 | \$7,136 | \$1,440 | \$14,654 |
| Eggplant | \$0.09 | \$0.07 | \$0.15 | \$0.03 | 44,735 | \$1,074 | \$2,194 | \$443 | \$3,711 |
| Lemons | \$0.09 | \$0.08 | \$0.21 | \$0.04 | 1,098,666 | \$27,531 | \$76,393 | \$15,414 | \$119,337 |
| Lettuce, iceberg | \$0.25 | \$0.20 | \$0.15 | \$0.03 | 1,191,707 | \$78,814 | \$58,875 | \$11,879 | \$149,568 |
| Lettuce, romaine | \$0.08 | \$0.07 | \$0.12 | \$0.02 | 845,519 | \$18,623 | \$33,228 | \$6,704 | \$58,554 |
| Onions, dry | \$0.02 | \$0.01 | \$0.05 | \$0.01 | 1,957,589 | \$8,126 | \$34,198 | \$6,900 | \$49,224 |
| Peaches | \$0.09 | \$0.08 | \$0.32 | \$0.06 | 0 | \$0 | \$0 | \$0 | \$0 |
| Pears | \$0.10 | \$0.08 | \$0.18 | \$0.03 | 522,542 | \$13,667 | \$30,215 | \$6,096 | \$49,979 |
| Pecans | \$0.35 | \$0.28 | \$0.93 | \$0.18 | 65,250 | \$5,954 | \$20,042 | \$4,044 | \$30,040 |
| Peppers, bell type | \$0.18 | \$0.14 | \$0.22 | \$0.04 | 192,968 | \$9,036 | \$14,021 | \$2,829 | \$25,886 |
| Peppers, other | \$0.19 | \$0.15 | \$0.22 | \$0.04 | 68,143 | \$3,373 | \$4,942 | \$997 | \$9,312 |
| Rhubarb | \$0.18 | \$0.15 | \$1.03 | \$0.20 | n.a. | -- | -- | -- | -- |

¹⁴ USDA does not have data on shipments that are spoiled or on crops not leaving the farm. Hence, payments in columns F, G, and H are determined by allocating 1/3 of quarter 1 sales – which is also an estimate of Q1 production – to each payment bin.

| Commodity | Mid-January to mid-April Price Decline (from Table 2) ¹ | CARES Payment Rate on sales losses (80% of price change) ¹ | CARES Payment Rate on shipped but spoiled (30% of lost value) | CCC Payment Rate on crops not leaving the farm (5.875% of crop value) | Estimated Sales in Quarter 1, 2020 ² | Total Estimated CARES Payments (sales losses due to price decrease) ¹ | Total Estimated CARES Payments (shipped but spoiled and no payment received) | Total Estimated CCC Payments (crops not leaving the farm for which no sales payment is made) | Gross Estimated CARES and CCC Payments |
|----------------------|--|---|---|---|---|--|--|--|--|
| Column designation=> | A | B | C | D | E | F | G | H | I |
| | \$/lb | \$/lb | \$/lb | \$/lb | 1,000 lbs | (\$1,000) | (\$1,000) | (\$1,000) | (\$1,000) |
| Spinach | \$0.46 | \$0.37 | \$0.37 | \$0.07 | 512,320 | \$61,963 | \$62,100 | \$12,530 | \$136,592 |
| Squash | \$0.90 | \$0.72 | \$0.39 | \$0.08 | 212,707 | \$50,807 | \$27,426 | \$5,534 | \$83,766 |
| Strawberries | \$1.05 | \$0.84 | \$0.72 | \$0.14 | 518,985 | \$143,292 | \$123,311 | \$24,880 | \$291,482 |
| Tomatoes | \$0.80 | \$0.64 | \$0.38 | \$0.07 | 361,358 | \$76,319 | \$45,004 | \$9,080 | \$130,404 |
| Apples | -- | -- | \$0.18 | \$0.03 | 2,472,700 | -- | \$144,549 | \$29,165 | \$173,714 |
| Asparagus | -- | -- | \$0.38 | \$0.07 | 18,393 | -- | \$2,280 | \$460 | \$2,741 |
| Avocados | -- | -- | \$0.14 | \$0.03 | 92,885 | -- | \$4,414 | \$891 | \$5,304 |
| Blueberries | -- | -- | \$0.62 | \$0.12 | 140,575 | -- | \$28,590 | \$5,769 | \$34,359 |
| Cantaloupe | -- | -- | \$0.10 | \$0.02 | 317,645 | -- | \$10,519 | \$2,122 | \$12,641 |
| Celery | -- | -- | \$0.07 | \$0.01 | 393,400 | -- | \$9,106 | \$1,837 | \$10,943 |
| Garlic | -- | -- | \$0.85 | \$0.17 | 104,625 | -- | \$29,360 | \$5,924 | \$35,284 |
| Grapefruit | -- | -- | \$0.11 | \$0.02 | 282,000 | -- | \$10,100 | \$2,038 | \$12,138 |
| Kiwifruit | -- | -- | \$0.32 | \$0.06 | 18,900 | -- | \$2,022 | \$408 | \$2,430 |
| Mushrooms | -- | -- | \$0.59 | \$0.11 | 6,022 | -- | \$1,166 | \$235 | \$1,401 |
| Onions green | -- | -- | \$0.30 | \$0.06 | n.a. | -- | -- | -- | -- |
| Oranges | -- | -- | \$0.14 | \$0.03 | 2,663,500 | -- | \$118,770 | \$23,964 | \$142,735 |
| Papaya | -- | -- | \$0.32 | \$0.06 | 2,573 | -- | \$269 | \$54 | \$323 |
| Potatoes | -- | -- | \$0.04 | \$0.01 | 10,572,250 | -- | \$155,385 | \$31,352 | \$186,737 |
| Raspberries | -- | -- | \$1.45 | \$0.28 | 54,330 | -- | \$26,058 | \$5,258 | \$31,315 |
| Sweet potatoes | -- | -- | \$0.18 | \$0.04 | 796,133 | -- | \$48,575 | \$9,801 | \$58,376 |
| Tangerines | -- | -- | \$0.22 | \$0.04 | 543,500 | -- | \$39,882 | \$8,047 | \$47,929 |
| Taro | -- | -- | \$0.23 | \$0.05 | 746 | -- | \$57 | \$12 | \$69 |
| Walnuts | -- | -- | \$0.45 | \$0.09 | 338,000 | -- | \$50,564 | \$10,202 | \$60,766 |
| Watermelons | -- | -- | \$0.02 | \$0.00 ³ | 918,065 | -- | \$4,668 | \$942 | \$5,609 |
| Total | | | | | | \$855,034 | \$1,687,683 | \$340,520 | \$2,883,236 |

¹ An empty cell in this column signifies either a price increase or a price decrease under 5 percent, and hence, no payment is made.

² Sales in Q1 2020 are approximated by 2019 annual production weighted by the share of volume shipped in Q1 2019. Sales data comes from AMS' Shipments by Commodities, Origins and Months data table, which for 2019 is available internally in USDA but not yet published – earlier editions are available publicly from <https://www.ams.usda.gov/market-news/fruit-and-vegetable-movement-reports>. Annual production data was downloaded from NASS' Quickstats database, https://www.nass.usda.gov/Data_and_Statistics/index.php.

³ Payment rate is zero after rounding to two decimal places.

“n.a.” indicates that the data are unavailable.

Dairy

The average price decline from mid-January to mid-April for dairy is \$5.88 per cwt (Column A minus Column B in Table 6)—a drop of about one-third. CARES Act payments for the first quarter of 2020 are calculated based on 80 percent of the price decline, which results in a \$4.71-per-cwt. payment rate. Milk production for the first quarter of 2020 is projected at 559 million cwt (Column E), resulting in estimated CARES Act payments of \$2.63 billion (multiplying the payment rate in Column D by projected production in Column E). USDA will make an initial payment of 80 percent of an eligible participant's calculated CFAP payment. Eighty percent of \$2.63 billion equals an estimated \$2.10 billion in potential CARES payments in the initial tranche, not accounting for payment limitations. An additional amount of up to 20 percent of \$2.63 billion, or an estimated \$0.536 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits.

The CCC payment will help offset additional costs incurred by dairy producers as they manage unexpected surpluses and additional marketing costs caused by the disruption to normal marketing channels due to COVID-19. Those payments will provide assistance for second quarter milk production in 2020.¹⁵ The rate is determined by applying a payment percentage of 25 percent (Column C) to the reduction in Class III and Class IV milk futures, producing a payment rate of \$1.47 per cwt. (Column D). Second quarter milk production is estimated at 567 million cwt. (Column E), resulting in estimated CCC payments of \$0.83 billion (Column F). Eighty percent of \$0.83 billion equals \$0.664 billion in potential CCC payments in the initial tranche, not accounting for payment limitations. An additional amount of up to 20 percent of \$0.83 billion, or an estimated \$0.166 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits.

Total estimated gross payments for dairy are \$3.47 billion. Payment limitations are expected to reduce gross payments by about \$0.7 billion, for projected net payments to the dairy industry of an estimated \$2.77 billion for Quarters 1 and 2 losses.

¹⁵ When comparing Quarter 2 to Quarter 1, the production increase is only 1.014 percent. Note, however, that Quarter 1 is the second highest quarter of the year. USDA's Quarter 2 projection is 3 percent higher than its Quarter 3 projection.

Table 6. Estimated CFAP Payments for Dairy (not including payment limitations)

| | Average Price, Jan 13-Jan 17 ¹ | Average Price, Apr 6-Apr 10 ¹ | Payment Percentage applied to Price Decline | Payment Rate (\$/cwt) | Production (cwt) (NASS data) | Gross Estimated Payments (\$1,000) |
|----------------------------------|--|---|--|--------------------------|---------------------------------------|---|
| Column designation=> | A | B | C | D | E | F |
| Price Loss Q. 1, 2020 (CARES) | \$17.61 | \$11.72 | 80% | \$4.71 | 559,000,000 | 2,632,890 |
| Price Loss Q. 2, 2020 (CCC) | \$17.61 | \$11.72 | 25% | \$1.47 | 567,000,000 | 833,490 |
| Total | | | | | | 3,466,380 |

¹ Calculated as the average of Class III (60% weight) and Class IV (40% weight) futures prices. While the all-milk price by construction will always be above the Class III and Class IV prices, the all-milk price generally follows the trend of the weighted average of 60% of the Class III price and 40% of the Class IV price.

Cattle

Cattle are eligible for CFAP payments as the mid-January to mid-April price decline was greater than 5 percent (refer back to Table 3). CARES Act payments (column D in Table 7) are estimated by multiplying 80 percent of the price decline (column B) by cattle sales occurring between January 15, 2020 to April 15, 2020 (column C, which uses Quarter 1 sales as a proxy).

Table 7. Estimated CFAP Payments for Cattle, CARES Act (not including payment limitations)

| Commodity | Mid-January to mid-April Price Decline (from Table 3) | Payment Rate (80% of price decline) | Estimated Cattle Sales in Q1 (NASS, AMS data) | Gross Estimated Payments for CARES |
|--|---|---|---|---|
| Column designation=> | A | B | C | D |
| | \$/head | \$/head | Head | \$1,000 |
| Slaughter Cattle: Fed Cattle | \$267 | \$214 | 6,464,900 | \$1,383,489 |
| Slaughter Cattle: Mature Cattle | \$114 | \$92 | 1,784,100 | \$164,137 |
| Feeder Cattle (< 600 lbs.) and All Other Cattle | \$127 | \$102 | 2,843,143 | \$290,001 |
| Feeder Cattle (> 600 lbs.) | \$173 | \$139 | 5,640,244 | \$783,994 |
| Total for CARES Act | | | | \$2,616,620 |

The CCC payment is a single rate of \$33 per head for all beef inventory and is based on projected costs that are likely to be incurred by cattle producers for marketing their 2020 inventory due to unexpected surplus and disrupted markets.

The futures prices are on a per hundredweight basis. Fed cattle usually weigh 14 hundredweight, so the price decline per head for fed cattle is 14 times the live cattle futures price decline. For mature cattle, the price decline is multiplied by 50% and 12 because culled cattle typically weigh 12 hundredweight and are worth approximately half of fed cattle. A similar method is used for determining the feeder cattle price decline. The under 600 pound category is multiplied by 5.5 hundredweight, the typical weight of a weaned calf. The over 600 pound category is multiplied by 7.5 hundredweight, the typical weight of feeder cattle when placed on feed.

The price declines for live cattle and feeder cattle are then applied to the expected number of sales, which is based on sales estimates from the second and third quarters of last year. The total expected losses equal \$11.3 billion. The total losses are reduced by a factor of 25 percent, then divided by the estimated beef cattle inventory.

The estimated beef cattle inventory is the NASS July 2019 cattle inventory, minus milk cows, heifers, milk replacements heifers, and an estimate for calves that will be milk replacements (which is equal to the number of milk replacement heifers). The July 2019 inventory is used to reflect spring calving. Using 85.4 million head in inventory, CCC payments are estimated to be \$2.82 billion. Combined gross CARES Act and CCC payments for cattle are estimated at \$5.44 billion (\$2.62 billion + \$2.82 billion). USDA will make an initial payment of 80 percent of an eligible participant's calculated 2020 CFAP payment. Eighty percent of \$5.44 billion equals \$4.35 billion in potential CFAP payments in the initial tranche. It is likely that this would be lower due to payment limits.

An additional amount of up to 20 percent of the estimated \$5.44 billion, or \$1.088 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits. Payment limits are estimated at \$143 million for the CARES Act and \$240 million for CCC, for estimated net payments of \$5.06 billion.

Hogs and Pigs

Hogs and pigs are eligible for CFAP payments as the mid-January to mid-April price decline is greater than 5 percent (Table 8). CARES Act payments (column E in Table 8) are estimated by multiplying 80 percent of the price decline (column C) by estimated hog and pig (weaned and feeder) sales occurring between mid-January and mid-April, using Quarter 1 data as a proxy (column D).

Table 8. Estimated CFAP Payments for Hogs and Pigs, CARES Act (not including payment limitations)

| Commodity | Mid-January to mid-April Price Change ¹ | | Payment Rate (80% of price decline) | Estimated Hog/pig Sales in Q1 (AMS data) | Gross Estimated Payments for CARES |
|-----------------------------------|--|---------|--|--|------------------------------------|
| Column designation=> | A | B | C | D | E |
| | \$/head | Percent | \$/head | Head | \$1,000 |
| Hogs | -\$23 | -21 | \$18 | 31,700,000 | \$570,600 |
| Pigs (includes weaned and feeder) | -\$35 | -58 | \$28 | 26,600,000 | \$744,800 |
| Total for CARES Act | | | | | \$1,315,400 |

Source: USDA-AMS

The CCC payment is a single rate of \$17 per head for all hog and pig inventory and is based on projected costs that are likely to be incurred by hog producers for marketing their 2020 market inventory due to unexpected surplus and disrupted markets. Those costs are estimated to be reflected by 25 percent of the losses based on futures price decline for lean hog futures from mid-January to mid-April, which are then distributed over the hog and pig inventory. Using 77.6 million head in inventory, CCC payments are estimated at \$1.35 billion.

Combined gross CARES Act and CCC payments for hogs and pigs are estimated at \$2.67 billion (\$1.32 billion + \$1.35 billion). USDA will make an initial payment of 80 percent of an eligible participant's calculated 2020 CFAP payment. Eighty percent of \$2.67 billion equals \$2.14 billion in potential CFAP payments in the initial tranche. It is likely that this would be lower due to payment limits. An additional amount of up to 20 percent of \$2.67 billion, or an estimated \$0.534 billion, is expected to be paid out in a second tranche. However, that also will be subject to payment limits. Payment limits are estimated to save \$1.07 billion, for net payments estimated at \$1.60 billion.

Lambs and Yearlings

U.S. prices for lambs and yearlings declined by \$41 per head between mid-January and mid-April of 2020, a 26 percent drop. CARES Act payments for lambs and yearlings are estimated by multiplying 80 percent by the price decline (column A in Table 9), resulting in a \$33 payment rate. Multiplying the payment rate by estimated sales occurring between mid-January and mid-April, using Quarter 1 data as a proxy, results in gross estimated CARES Act payment of \$14.5 million.

Table 9. Estimated CFAP Payments for Lambs and Yearlings, CARES Act (not including payment limitations)

| | | Mid-January to mid-April Price Decline | Payment Percentage applied to Price Decline | Payment Rate | Estimated Q1 Lamb and Yearling Sales | Estimated Payments |
|--------------------------|-------|--|---|--------------|--------------------------------------|--------------------|
| Column designation => | | A | B | C | D | E |
| | Units | \$/head | Percent | \$/head | Head | \$1,000 |
| CARES | Head | \$41 | 80% | \$33 | 440,600 | \$14,540 |

The CCC payment is a single rate of \$7 per head for all lamb and yearling inventory and is based on the price decline from mid-January to mid-April from AMS auction prices which is projected on the losses likely to be incurred by lamb producers for marketing their 2020 inventory due to unexpected surplus and disrupted markets. This projection employs the market lamb inventory of the NASS Jan 2020 report and is reduced by a factor of 25%. These losses are then distributed over the total lamb inventory. Using 1.97 million head in inventory, CCC payments are \$13.8 million. Combined gross CARES Act and CCC payments for lamb are \$28.3 million (\$14.5 million + \$13.8 million). This means the initial total payment is projected to not exceed \$22.6 million, or 80 percent of the total gross payments.

Wool

U.S. prices for wool (clean basis), as estimated by the Eastern Market Indicator reported by AMS, declined from \$5.04 per pound in mid-January to \$3.62 per pound in mid-April—a drop of \$1.42 per pound (column A in Table 10). CARES Act payments for wool are estimated by multiplying 50 percent (column B) by the price decline, resulting in a \$0.71 payment rate (column C). Multiplying the payment rate by 25 percent of estimated 2019 wool production (column D) results in gross estimated CARES Act payments of \$2.14 million (column E). CCC payments use a 55 percent payment factor for a payment rate of \$0.78 per pound which, when multiplied by 25 percent of estimated 2019 wool production, yields a payment of \$2.35 million. Total CARES Act and CCC payments are estimated at \$4.49 million (Column E). This means the initial total payment is projected to not exceed \$3.59 million, or 80 percent of the total gross payments.

Note the payment rates in Table 10 are for clean wool. The payment rates for greasy wool will be offered at \$0.36 per pound for the CARES Act and at \$0.39 per pound for CCC funding. The calculations in Table 10 estimate the entire U.S. production on a clean basis, assuming the

conversion rate from greasy wool to clean wool is 50 percent. Since the rates for greasy wool are 50 percent of the clean wool payment rates, also offering the wool payment rates on a greasy basis does not increase outlays.

Table 10. Estimated CFAP Payments for Wool (not including payment limitations)

| | | Mid-January to mid-April Price Decline | Payment Percentage applied to Price Decline | Payment Rate | Estimated Wool Production (25% of 2019 production; clean basis) | Estimated Payments |
|----------------------|------------|--|---|--------------|---|--------------------|
| Column designation=> | | A | B | C | D | E |
| | Units | \$/lb | Percent | \$/lb | lbs | \$1,000 |
| CARES | lb (clean) | \$1.42 | 50% | \$0.71 | 3,001,250 | \$2,138 |
| CCC | lb (clean) | \$1.42 | 55% | \$0.78 | 3,001,250 | \$2,352 |
| Total | | | | | | \$4,490 |

Aggregate Payments

The total gross value of CFAP payments is estimated at \$19.22 billion before payment limitations are imposed and the net value is \$16.0 billion. The initial tranche of payments is projected to not exceed 80 percent of gross payments, or \$15.38 billion (Table 11).

Table 11. Estimated CFAP Payments by Commodity Group

| Commodity Group | Estimated Gross Payments (in billion \$) | Estimated Ceiling for Initial Tranche, 80% of Estimated Gross Payments (in billion \$) | Estimated Net Payments after Payment Limitations (in billion \$) |
|----------------------------|--|--|--|
| Non-specialty Crops | \$3.76 | \$3.01 | \$3.50 |
| Specialty Crops | \$2.88 | \$2.30 | \$2.40 |
| Dairy | \$3.47 | \$2.78 | \$2.77 |
| Cattle | \$5.44 | \$4.35 | \$5.06 |
| Hogs and Pigs | \$2.67 | \$2.14 | \$1.60 |
| Other Sectors ¹ | \$1.00 | \$0.80 | \$0.67 |
| Total | \$19.22 | \$15.38 | \$16.00 |

¹ For example, lamb and yearling payments are estimated at \$28.3 million; wool payments are estimated at \$4.49 million.

Costs and Benefits from the Producer Perspective

The estimated costs to the Federal government, at a net of \$16.0 billion, are also the benefits to producers. The specifics below summarize the calculations above:

The payment (benefit) to an individual producer of non-specialty crops is calculated using:

- a farm's unpriced inventory as of January 15, 2020, not to exceed 50 percent of 2019 production. ("Unpriced" means that the majority of the value of the crop is at risk to the producer.)
- the announced payment rate per unit for the crop.

For dairy, using:

- actual Quarter 1 sales and expected Quarter 2 sales.
- the announced payment rate for milk per hundredweight.

For cattle, using:

- actual Quarter 1 sales and expected Quarter 2 and 3 sales.
- the announced payment rate by type of animal per head.

For hogs and pigs, using:

- actual Quarter 1 sales and expected Quarter 2 and 3 sales.
- the announced payment rate by type of animal per head.

For lambs and yearlings, using:

- actual Quarter 1 sales and expected Quarter 2 and 3 sales.
- the announced payment rate by type of animal per head.

For wool, using:

- a farm's unpriced inventory as of January 15, 2020, not to exceed 50 percent of 2019 production. ("Unpriced" means that the majority of the value of the wool is at risk to the producer.)
- the announced payment rate per pound by type for wool.

For specialty crops, using:

- the grower's sales (with additional provisions for specialty crops that could not be marketed and those that were plowed under).
- the announced payment rate per pound for the commodity (applied to sold crops), and for grower-provided price evidence (applied to crops that could not be marketed and those that were plowed under).

Respondent Reporting Burden

The value of the total annual burden on respondents is based on the estimated number of total annual responses, the estimated average time per response, and the respondent cost per hour.

Based on data from the Census of Agriculture, the estimated number of respondents is 1,630,000. The public reporting burden for this information collection is estimated to average approximately 0.79 hour per response, including the burden associated with the potential for producer spot check.

Type of Respondents: Producers or farmers.

Estimated Number of Respondents: 1,630,000.

Estimated Number of Responses Per Respondent: 2.6822 (includes multiple forms).

Estimated Total Responses: 4,372,000.

Estimated Average Time Per Response: 0.79309 hours.

Estimated Total Burden on Respondents: 3,467,400 hours.

Respondent cost per hour was estimated using U.S. Bureau of Labor Statistics Occupational Employment and Wages¹⁶ data—specifically, NAICs code 11-9013 for Farmers, Ranchers, and Other Agricultural Managers. The U.S. mean hourly wage for this category, as measured by the

¹⁶ U.S. Bureau of Labor Statistics. "Occupational Employment Statistics. Sector 11: Agriculture, Forestry, Fishing, and Hunting." See https://www.bls.gov/oes/current/naics2_11.htm.

Bureau of Labor Statistics, is \$41.35. Fringe benefits for all private industry workers are an additional 29.9 percent,¹⁷ or \$12.36, resulting in a total of \$53.71 per hour.

The estimated cost is \$186.2 million (\$53.71 per hour x 3,467,400 hours).

Alternatives Considered

- ***Use a percentage of the cost of production to reimburse growers rather than price loss***—Using a cost of production approach with this many crops and livestock types would present serious data challenges as data are not necessarily available or up-to-date, particularly for specialty crops. This approach is not practical at the scale of CFAP.
- ***Make an additional payment for dairy producers who have had to dump excess quantities of milk and institute a supply management program***—These dairy program alternatives may have market distortion effects leading to output changes, which are not consistent with recent U.S. agricultural policy approaches. USDA aims to create programs that allow markets to operate efficiently.

Summary of Expected Costs

CFAP is designed to help U.S. producers recoup losses from the price declines associated with COVID-19 and to adjust to new marketing patterns as the pandemic situation evolves. The net cost to the government of this rule, taking into account payment limitations, is \$16.0 billion for crops, dairy, cattle, hogs, and other commodities. If this program is not implemented, producers will continue to suffer financial hardship resulting from unexpected loss of market demand and extended disruption of marketing arrangements. The longer these market disruptions continue, the more devastating the impact on U.S. farmers and ranchers.

¹⁷ U.S. Bureau of Labor Statistics. “Employer Costs for Employee Compensation.” News release. March 19, 2020. <https://www.bls.gov/news.release/eecc.htm>.

Appendix-- CFAP Payment Formulas

May 1, 2020 12:30 pm draft

| | | Units | \$9.5 Billion CARES Act | | | | | | | | | | \$6.5 Billion CCC Charter Act | | | |
|---------------------|---------------------------------|-------|---|--------------------|--------------------------------------|------------------------------|-----------------------|--|---------------|------------------------------|------------------------|---|-------------------------------|-----------------------------|------------------------------|---------------------|
| Category | Commodity | | Part 1 (CARES) payment quantity description | % of quantity paid | Part 1 crops with > 5% price decline | % of payment rate To Be Paid | Part 1 - Payment Rate | Part 1b (CARES) payment quantity description | % of qty paid | % of payment rate To Be Paid | Part 1b - Payment Rate | Part 2 (CCC) payment quantity description | % of quantity paid | Part 2 payment rate (Delta) | % of Payment Rate To Be Paid | Part 2 payment rate |
| Non-specialty crops | Corn | bu | Jan. 15, 2020, unpriced inventory, not to exceed 50% of 2019 production | 50% | \$0.63 | 50% | \$0.32 | | | | | Jan. 15, 2020, unpriced inventory, not to exceed 50% of 2019 production | 50% | \$0.63 | 55% | \$0.35 |
| | Soybeans | bu | | 50% | \$0.90 | 50% | \$0.45 | | | | | | 50% | \$0.90 | 55% | \$0.50 |
| | HRS wheat | bu | | 50% | \$0.36 | 50% | \$0.18 | | | | | | 50% | \$0.36 | 55% | \$0.20 |
| | Durum wheat | bu | | 50% | \$0.37 | 50% | \$0.19 | | | | | | 50% | \$0.37 | 55% | \$0.20 |
| | Upland Cotton | lb | | 50% | \$0.18 | 50% | \$0.09 | | | | | | 50% | \$0.18 | 55% | \$0.10 |
| | Canola | lb | | 50% | \$0.02 | 50% | \$0.01 | | | | | | 50% | \$0.02 | 55% | \$0.01 |
| | Oats | bu | | 50% | \$0.30 | 50% | \$0.15 | | | | | | 50% | \$0.30 | 55% | \$0.17 |
| | Malting barley | bu | | 50% | \$0.67 | 50% | \$0.34 | | | | | | 50% | \$0.67 | 55% | \$0.37 |
| | Millet | bu | | 50% | \$0.62 | 50% | \$0.31 | | | | | | 50% | \$0.62 | 55% | \$0.34 |
| | Sorghum | bu | | 50% | \$0.59 | 50% | \$0.30 | | | | | | 50% | \$0.59 | 55% | \$0.32 |
| | Sunflowers | lb | | 50% | \$0.03 | 50% | \$0.02 | | | | | | 50% | \$0.03 | 55% | \$0.02 |
| Wool | Wool (non-graded, greasy basis) | lb | Jan. 15, 2020, unpriced inventory, not to exceed 50% of 2019 production | 50% | \$0.71 | 50% | \$0.36 | | | | | Jan. 15, 2020, unpriced inventory, not to exceed 50% of 2019 production | 50% | \$0.78 | 55% | \$0.39 |
| | Wool (graded, clean basis) | lb | | 50% | \$1.42 | 50% | \$0.71 | | | | | | 50% | \$1.42 | 55% | \$0.78 |
| Dairy | Dairy | cwt | Q1 2020 Milk production | 100% | \$5.89 | 80% | \$4.71 | | | | | Q1 production x 1.014 | 100% | \$5.89 | 25% | \$1.47 |
| Cattle | Slaughter Cattle: Fed Cattle | head | Cattle sales (# of head) occurring between January 15, 2020 to April 15, 2020 | 100% | \$267.00 | 80% | \$214.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$132.00 | 25% | \$33.00 |
| | Slaughter Cattle: Mature Cattle | head | Cattle sales (# of head) occurring between January 15, 2020 to April 15, 2020 | 100% | \$114.00 | 80% | \$92.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$132.00 | 25% | \$33.00 |
| | Feeder Cattle (< 600 lbs.) | head | Cattle sales (# of head) occurring between January 15, 2020 to April 15, 2020 | 100% | \$127.00 | 80% | \$102.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$132.00 | 25% | \$33.00 |
| | Feeder Cattle (> 600 lbs.) | head | Cattle sales (# of head) occurring between January 15, 2020 to April 15, 2020 | 100% | \$173.00 | 80% | \$139.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$132.00 | 25% | \$33.00 |
| | All other cattle | head | Cattle sales (# of head) occurring between January 15, 2020 to April 15, 2021 | 100% | \$127.00 | 80% | \$102.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$132.00 | 25% | \$33.00 |
| Hogs & Pigs | Hogs 120 lbs or More | head | Hog sales (# of hd) occurring between January 15, 2020 to April 15, 2020 | 100% | \$23.00 | 80% | \$18.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$68.00 | 25% | \$17.00 |

| May 1, 2020 12:30 pm draft | | | | | | | | | | | | | | | | |
|----------------------------|---|-------|--|--------------------|--------------------------------------|------------------------------|-----------------------|--|---------------|------------------------------|------------------------|---|-------------------------------|-----------------------------|------------------------------|---------------------|
| | | Units | \$9.5 Billion CARES Act | | | | | | | | | | \$6.5 Billion CCC Charter Act | | | |
| Category | Commodity | | Part 1 (CARES) payment quantity description | % of quantity paid | Part 1 crops with > 5% price decline | % of payment rate To Be Paid | Part 1 - Payment Rate | Part 1b (CARES) payment quantity description | % of qty paid | % of payment rate To Be Paid | Part 1b - Payment Rate | Part 2 (CCC) payment quantity description | % of quantity paid | Part 2 payment rate (Delta) | % of Payment Rate To Be Paid | Part 2 payment rate |
| | Pigs Less Than 120 lbs | head | Pig sales (# of hd) occurring between January 15, 2020 to April 15, 2020 | 100% | \$35.00 | 80% | \$28.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$68.00 | 25% | \$17.00 |
| Lambs & Yearlings | Lambs and Yearlings (all sheep less than 2 yrs old) | head | Sales between January 15, 2020 to April 15, 2020 | 100% | \$41.00 | 80% | \$33.00 | | | | | Highest Inventory (April 16, 2020 - May 14, 2020) | 100% | \$28.00 | 25% | \$7.00 |
| Specialty crops | Almonds | lb | Part 1 is comprised of two "buckets" based on Jan. 15 - Apr. 15, 2020 Sales | 100% | \$0.32 | 80% | \$0.26 | Jan. 15 - Apr. 15, 2020 product shipped from farm but no payment | 100% | 30% | \$0.57 | Part 3 is comprised of 1 "bucket" Bucket #3: Payments for crops that have not left the farm by April 15, 2020 (for example, were harvested but sitting in crates on the farm) or mature crops that were unharvested by the same date (for example, were plowed under) due to lack of buyers are paid based on an average price and yield, as determined by AMS, times 5.875% | | | | |
| | Apples | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.18 | | | | | |
| | Artichokes | lb | "Bucket" #1: price declines of 5% or more; payments based on the formula in the next 4 columns | 100% | \$0.83 | 80% | \$0.66 | | 100% | 30% | \$0.49 | | | | | |
| | Asparagus | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.38 | | | | | |
| | Avocados | lb | "Bucket #2": Payments for shipments that left the farm by April 15, 2020 and spoiled due to no market are paid at 30% of the sales value, as determined by AMS | 100% | | 80% | \$- | | 100% | 30% | \$0.14 | | | | | |
| | Beans | lb | | 100% | \$0.22 | 80% | \$0.17 | | 100% | 30% | \$0.16 | | | | | |
| | Blueberries | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.62 | | | | | |
| | Broccoli | lb | | 100% | \$0.78 | 80% | \$0.62 | | 100% | 30% | \$0.49 | | | | | |
| | Cabbage | lb | | 100% | \$0.05 | 80% | \$0.04 | | 100% | 30% | \$0.07 | | | | | |
| | Cantaloupe | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.10 | | | | | |
| | Carrots | lb | | 100% | \$0.03 | 80% | \$0.02 | | 100% | 30% | \$0.11 | | | | | |
| | Cauliflower | lb | | 100% | \$0.14 | 80% | \$0.11 | | 100% | 30% | \$0.31 | | | | | |
| | Celery | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.07 | | | | | |
| | Corn-sweet | lb | | 100% | \$0.11 | 80% | \$0.09 | | 100% | 30% | \$0.13 | | | | | |
| | Cucumbers | lb | | 100% | \$0.16 | 80% | \$0.13 | | 100% | 30% | \$0.15 | | | | | |
| | Eggplant | lb | | 100% | \$0.09 | 80% | \$0.07 | | 100% | 30% | \$0.15 | | | | | |
| | Garlic | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.85 | | | | | |
| | Grapefruit | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.11 | | | | | |
| | Kiwifruit | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.32 | | | | | |
| | Lemons | lb | | 100% | \$0.09 | 80% | \$0.08 | | 100% | 30% | \$0.21 | | | | | |
| | Lettuce, iceberg | lb | | 100% | \$0.25 | 80% | \$0.20 | | 100% | 30% | \$0.15 | | | | | |
| | Lettuce, romaine | lb | | 100% | \$0.08 | 80% | \$0.07 | | 100% | 30% | \$0.12 | | | | | |
| | Mushrooms | lb | | 100% | | 80% | \$- | | 100% | 30% | \$0.59 | | | | | |
| | Onions dry | lb | | 100% | \$0.02 | 80% | \$0.01 | | 100% | 30% | \$0.05 | | | | | |

| | | Units | \$9.5 Billion CARES Act | | | | | | | | | \$6.5 Billion CCC Charter Act | | | | |
|----------|--------------------|-------|---|--------------------|--------------------------------------|------------------------------|-----------------------|--|---------------|------------------------------|------------------------|---|--------------------|-----------------------------|------------------------------|---------------------|
| Category | Commodity | | Part 1 (CARES) payment quantity description | % of quantity paid | Part 1 crops with > 5% price decline | % of payment rate To Be Paid | Part 1 - Payment Rate | Part 1b (CARES) payment quantity description | % of qty paid | % of payment rate To Be Paid | Part 1b - Payment Rate | Part 2 (CCC) payment quantity description | % of quantity paid | Part 2 payment rate (Delta) | % of Payment Rate To Be Paid | Part 2 payment rate |
| | Onions green | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.30 | | | | | |
| | Oranges | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.14 | | | | | |
| | Papaya | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.32 | | | | | |
| | Peaches | lb | | 100% | \$0.09 | 80% | \$ 0.08 | | 100% | 30% | \$0.32 | | | | | |
| | Pears | lb | | 100% | \$0.10 | 80% | \$ 0.08 | | 100% | 30% | \$0.18 | | | | | |
| | Pecans | lb | | 100% | \$0.35 | 80% | \$ 0.28 | | 100% | 30% | \$0.93 | | | | | |
| | Peppers, bell type | lb | | 100% | \$0.18 | 80% | \$ 0.14 | | 100% | 30% | \$0.22 | | | | | |
| | Peppers, other | lb | | 100% | \$0.19 | 80% | \$ 0.15 | | 100% | 30% | \$0.22 | | | | | |
| | Potatoes | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.04 | | | | | |
| | Raspberries | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$1.45 | | | | | |
| | Rhubarb | lb | | 100% | \$0.18 | 80% | \$ 0.15 | | 100% | 30% | \$1.03 | | | | | |
| | Spinach | lb | | 100% | \$0.46 | 80% | \$ 0.37 | | 100% | 30% | \$0.37 | | | | | |
| | Squash | lb | | 100% | \$0.90 | 80% | \$ 0.72 | | 100% | 30% | \$0.39 | | | | | |
| | Strawberries | lb | | 100% | \$1.05 | 80% | \$ 0.84 | | 100% | 30% | \$0.72 | | | | | |
| | Sweet potatoes | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.18 | | | | | |
| | Tangerines | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.22 | | | | | |
| | Taro | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.23 | | | | | |
| | Tomatoes | lb | | 100% | \$0.80 | 80% | \$ 0.64 | | 100% | 30% | \$0.38 | | | | | |
| | Walnuts | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.45 | | | | | |
| | Watermelons | lb | | 100% | | 80% | \$ - | | 100% | 30% | \$0.02 | | | | | |