

Coronavirus Food Assistance Program 2.0 - Additional Assistance and the Quality Loss Adjustment Program

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Disclaimer

The following information is a result of our interpretation of the update to programs announced by USDA on Jan 15, 2021. Although every reasonable effort is made to present current and accurate information, rules and regulations may change. Producers should also consult with the USDA Farm Service Agency regarding specific questions about the programs and their farm. Any reliance placed on this material is at your own risk.

All information can be found at <https://www.farmers.gov>



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Topics for Today

- Coronavirus Food Assistance Program (CFAP2) – Additional Assistance
- Quality Loss Adjustment (QLA) Program
- Programs not for today:
 - Paycheck Protection Program (PPP)
 - Economic Injury Disaster Loan
- Check out the UGA Small Business Development Center for more <https://www.georgiasbdc.org/2nd-round-covid-funding-webinars/#>





Important Dates

CFAP2 application period closed Dec 11, 2020 for most producers.

Deadline to **modify** CFAP2 applications or submit applications for **Additional Assistance** is **Feb 26, 2021**.

Funding is frozen, but Applications are being Accepted.

QLA applications due **Mar 5, 2021**.



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Application and Necessary Information

Producers can manually complete a CFAP 2 Form or Apply Online with level 2 eAuthentication through USDA <https://www.farmers.gov/cfap/apply>

- Name and address
- Personal information, including your Tax Identification Number
- Farm operating structure
- Adjusted Gross Income compliance certification to ensure eligibility
- Direct deposit to enable payment processing

CCC-901 – Identifies members of a farm or ranch that is a legal entity.

CCC-941 – Reports your average adjusted gross income for programs where income restrictions apply.

CCC-942 – If applicable, this certification reports income from farming, ranching, and forestry, for those exceeding the adjusted gross income limitation.

AD-1026 – Ensures compliance with highly erodible land conservation and wetland conservation.

AD-2047 – Provides basic customer contact information.

SF-3881 – Collects your banking information to allow USDA to make payments to you via direct deposit



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Coronavirus Food Assistance Program 2 (CFAP2)

- Link to FSA Fact Sheet with everything a producer needs to know:
<https://www.farmers.gov/sites/default/files/documents/CFAP2-GeneralFactSheet-09222020.pdf>
- We had Brett Martin & Terri Riley from Georgia State USDA FSA Office provide a training October 2:
https://kaltura.uga.edu/media/t/1_i9y23g25





CFAP2-Additional Assistance



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Expanded Eligibility (Livestock by Contract Producers)

Eligible producers must:

- have raised broilers, pullets, layers, chicken eggs, turkeys, hogs or pigs under a contract in 2019 and 2020.
- demonstrate a drop in revenue Jan 1-Dec 27, 2020, as compared to the period from Jan 1-Dec 27, 2019.
- provide a copy of their contract.



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Example Payment: Livestock Contract Producers

Payments based on eligible revenue Jan 1-Dec 27, 2019, minus eligible revenue for Jan 1-Dec 27, 2020, multiplied by up to 80 percent.

Eligible Revenue 1/1/19-12/27/19:	\$100,000
Minus Eligible Revenue 1/1/20-12/27/20:	<u>\$ 90,000</u>
	\$ 10,000
Multiplied by <u>up to 80%</u> (\$25,000 x 0.80) =	\$ 8,000



Expanded Eligibility (Pullets)

Pullet producers are now eligible for assistance through CFAP.

Payments for pullets will be equal to:

1. The amount of the producer's eligible sales in calendar year 2019, multiplied by
2. The payment rate for that range.

2019 Sales Range	Percent Payment Factor
\$0-\$49,999	10.6%
\$50,000-\$99,999	9.9%
\$100,000-\$499,999	9.7%
\$500,000-\$999,999	9.0%
>\$1 million	8.8%



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Expanded Eligibility (Turfgrass)

Turfgrass sod producers are now eligible for assistance through CFAP.

Payments for turfgrass sod will be equal to:

1. The amount of the producer's eligible sales in calendar year 2019, plus crop insurance indemnities, Noninsured Crop Disaster Assistance Program (NAP), Wildfire and Hurricane Indemnity Program Plus (WHIP+) payments received for the 2019 crop year, multiplied by
2. The payment rate for that range.



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Example Payment: Pullets or Turfgrass Producers

2019 Sales of \$75,000

$$\begin{aligned} & \$49,999 \times 10.6\% = \$5,300 \\ + & \underline{\$25,001 \times 9.9\% = \$2,475} \\ & \text{Total Payment} \quad \quad \$7,775 \end{aligned}$$

2019 Sales Range	Percent Payment Factor
\$0-\$49,999	10.6%
\$50,000-\$99,999	9.9%
\$100,000-\$499,999	9.7%
\$500,000-\$999,999	9.0%
>\$1 million	8.8%



CFAP 1 Top Up Payments for Swine

- CFAP 1 payment rates increased from 25 percent to 50 percent
- Payments based on hog and pig inventory owned between Apr 16-May 14, 2020, multiplied by a payment rate of \$17 per head.
- A new application for the top-up payment is not needed.
- Producers who did not apply by the CFAP 1 deadline are not eligible for the swine top-up payment.



Modification of Existing CFAP 2 Applications

- FSA adjusted CFAP 2 payment calculation for sales-based commodities to account for crop insurance indemnities, NAP payments and WHIP+ payments in crop year 2019
 - Impacts specialty crops, aquaculture, tobacco, specialty livestock, floriculture and nursery crops.
- Updated payment calculation for producers who had crop insurance but did not have an available 2020 APH approved yield. FSA is now using 100 percent of the 2019 ARC-CO benchmark yield for CFAP 2 applications, rather than the original 85 percent.
 - Impacts producers of barley, corn, sorghum, soybeans, sunflowers, upland cotton and wheat.



Assistance with Applying

- <https://www.farmers.gov/CFAP>
- Eligible producers should call the FSA office at their local USDA Service Center to schedule an appointment to apply for CFAP2 or modify an existing application.
- Call 877-508-8364 to speak directly with a USDA employee ready to help



Producer Eligibility

- Must be in the business of farming at time of application submission
- Assistance only available for commercially produced commodities
- AGI < \$900,000 for tax years '16, '17, '18 unless 75% of AGI comes from farming, ranching or forestry related activities
- Comply with conservation regulations
- Have no controlled substance violations
- If not a US Citizen, person must provide significant contribution of capital, land and personal labor



Payment Limits

CFAP1 and CFAP2 have separate payment limits

Payment limits are \$250,000 per person or legal entity

- A joint venture, limited partnership or corporation may receive \$250,000 per individual owner or legal entity who provided at least 400 hours of active personal labor or management in producing the 2019 commodities, up to \$750,000 for the corporate entity



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Application and Required Documents

Producers can apply until February 26

- Funds are first-come, first-serve until fully obligated

Required documentation includes:

- Farm Operating Plan
- Form CCC-901 Member Information for Legal Entities (if applicable)
- AGI statement for 2020; Form CCC-941 AGI Consent to Disclose Tax Info
- (optional) Form CCC-942 Certification of Income from Farming, Ranching & Forestry
- Highly Erodible Land Conservation and Wetland Conservation Certification




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Self-Certification

- Producers will provide self certification of their eligible sales
- Producers must keep the documentation of this information incase of audit or spot check





Quality Loss Adjustment Program

<https://www.farmers.gov/sites/default/files/documents/QLA-Program-Factsheet-01052021.pdf>



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Crop Eligibility

- Crops covered by federal crop insurance or NAP coverage are generally considered eligible
- An eligible crop must have:
 - suffered a quality loss due to a qualifying disaster event **and**
 - had a five-percent-or-greater quality discount due to the qualifying disaster event.
- Eligible crops may have been sold, fed on-farm to livestock or in storage at time of application.
- *Ineligible crops include grazed crops, honey, maple sap, aquaculture, floriculture, mushrooms, ginseng root, ornamental nursery, sea grass and sea oats, Christmas trees and turfgrass sod.*



Producer Eligibility

Eligible producers include individuals or legal entities who are:

- entitled to an ownership share **and** at-risk in the agricultural production and marketing of crops

To be eligible for payments, a person or legal entity must either:

- AGI < \$900,000 for tax years '18 and '19 **or** derive at least 75% of their AGI from farming, ranching, or forestry-related activities.

Persons and legal entities also must:

- have control of the crop acreage on which the commodity was grown at the time of the disaster;
- be in compliance with conservation provisions;
- not have a controlled substance violation; **and**
- be a citizen of the United States or a resident alien. All entities consisting of more than one person must solely include United States citizens or resident aliens.



Qualified Disaster Events

Crops must have suffered a quality loss due to one or more of the following disaster events during calendar year 2018 or 2019

- Tornado, Typhoon, Volcanic activity, Snowstorm, Wildfire, Hurricane, Flood, Excessive Moisture or Qualifying Drought

Crop quality loss must have occurred in a county that received a qualifying Presidential Emergency Disaster Declaration or Secretarial Disaster Designation



QLA Payments – Non-Forage Crops

- Non-forage crops with verifiable documentation of grading factors and the total dollar value loss due to quality

QLA Payment = Total Dollar Value Loss on Affected Production x 0.7

- Non-forage crops without dollar value loss due to quality, but with documentation of grading factors due to quality

QLA Payment = Total Affected Production x County Average Loss Per Unit of Measure x 0.7 x 0.5



QLA Payments – Forage Crops

Forage crops with Documentation of Nutrient Factors for Affected Production and Historical Nutrient Factors

QLA Payment = Total Affected Production x Verifiable % Loss x Average Market Price x 0.7

Forage Crops with Documentation of Nutrient Factors for Affected Production Without Historical Nutrient Factors

QLA Payment = Total Affected Production x County Average % Loss x Average Market Price x 0.7 x 0.5



QLA Payments

- The base price per pound may be the price before discount if sold under a marketing contract or the CCC base loan rate of \$0.52 for 2018 and 2019.
- If the average loss in aggregate value is 5% or greater than the base price, the producer will receive a maximum payment on his total quality loss multiplied by 70%. If the loss of value is less than 5%, the grower will not receive a QLA payment.
- For example, a grower has 100 bales under contract at a \$0.70 base price. 80 bales received a premium value above \$0.70 and 20 bales receive an eligible discount below \$0.70. Only the 20 bales receiving the eligible discount are compiled and averaged to compute whether the grower meets the 5% quality loss threshold.



Loan Rate Example: Total Production Impacted by Hurricane

Bale # (All bales affected by eligible weather event)	Weight	Base Loan Rate	Actual Loan Rate After Applying Premiums & Discounts	Loan Value at Base Loan Rate	Loan value After Applying Premiums & Discounts
		Per Pound		Per Bale	
A	B	C	D	E = B * C	F = B * D
1	461	\$ 0.520	\$ 0.545	\$ 239.72	\$ 251.25
2	474	\$ 0.520	\$ 0.532	\$ 246.48	\$ 252.17
3	471	\$ 0.520	\$ 0.552	\$ 244.92	\$ 259.99
4	447	\$ 0.520	\$ 0.503	\$ 232.44	\$ 224.84
5	448	\$ 0.520	\$ 0.487	\$ 232.96	\$ 218.18
6	493	\$ 0.520	\$ 0.445	\$ 256.36	\$ 219.39
7	503	\$ 0.520	\$ 0.432	\$ 261.56	\$ 217.30
8	488	\$ 0.520	\$ 0.487	\$ 253.76	\$ 237.66
9	497	\$ 0.520	\$ 0.452	\$ 258.44	\$ 224.64
10	474	\$ 0.520	\$ 0.512	\$ 246.48	\$ 242.69

Total Across Eligible Bales \$ 1,742.00 \$ 1,584.69

Loss in Value for Eligible Bales \$ (157.31)

Loss in Value as % of Base Value -9.0%

Eligible for QLA if Total Loss in Value Exceeds 5% YES

Highlighted bales included in QLA calculations since loan value is below \$0.52

Loan Rate Example: Total Production Impacted by Hurricane

Bale # (All bales affected by eligible weather event)	Weight	Base Loan Rate	Actual Loan Rate After Applying Premiums & Discounts	Loan Value at Base Loan Rate	Loan value After Applying Premiums & Discounts
		Per Pound		Per Bale	
A	B	C	D	E = B * C	F = B * D
1	461	\$ 0.520	\$ 0.545	\$ 239.72	\$ 251.25
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3	471	\$ 0.520	\$ 0.552	\$ 244.92	\$ 259.99
4	447	\$ 0.520	\$ 0.525	\$ 232.44	\$ 234.68
5	448	\$ 0.520	\$ 0.543	\$ 232.96	\$ 243.26
6	493	\$ 0.520	\$ 0.531	\$ 256.36	\$ 261.78
7	503	\$ 0.520	\$ 0.432	\$ 261.56	\$ 217.30
8	488	\$ 0.520	\$ 0.487	\$ 253.76	\$ 237.66
9	497	\$ 0.520	\$ 0.452	\$ 258.44	\$ 224.64
10	474	\$ 0.520	\$ 0.512	\$ 246.48	\$ 242.69

Total Across Eligible Bales \$ 1,742.00 \$ 1,662.01

Loss in Value for Eligible Bales \$ (79.99)

Loss in Value as % of Base Value -4.6%

Eligiible for QLA if Total Loss in Value Exceeds 5% NO

Highlighted bales included in QLA calculations since loan value is below \$0.52

Payment Limits

- For each crop year, 2018 and/or 2019, the maximum payment limit that a person or legal entity may receive, directly or indirectly, is \$125,000
- Payments made to a joint operation, including a general partnership or joint venture, will not exceed the total of \$125,000 multiplied by the number of persons and legal entities included in the ownership of the joint operation.



Distribution of Payments

Issued after application period ends on March 5.

- Enables FSA to calculate county averages and total scope of QLA payments requested.
- If total amount of needed QLA payments exceeds amount of funding available, FSA will prorate payments to all producers by a national factor.
 - For example, if the national factor is 75%, all producers participating in the program will receive 75% of their calculated payment.



Future Insurance Coverage Requirements

- All producers receiving QLA payments are required to purchase federal crop insurance or NAP coverage for the next 2 available crop years at the 60% coverage level or higher in the county for which the producer was issued a QLA payment.



Application <https://www.farmers.gov/quality-loss>

FSA-898, Quality Loss Adjustment Program Application

FSA-899, Historical Nutritional Value Weighted Average Worksheet (if applicable) **Note:** FSA-899 is applicable for forage crops with verifiable documentation of historical nutrient factors from the three preceding crop years.

FSA-895, Crop Insurance and/or NAP Coverage Agreement

FSA-578, Report of Acreage

Verifiable documentation of the quality loss



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Additional Required Documentation

Examples of acceptable documentation include:

- Sales receipts from buyers
- Settlement sheets
- Truck or warehouse scale tickets
- Written sales contracts
- Records that represent actual and specific quality loss information
- Forage tests for nutritional values

If requested by FSA, an applicant must provide documentation that establishes the quality loss and applicant's ownership share and value at-risk in the crop.



How can you help your clientele?

- Primarily inform them about the opportunities to apply for these programs
 - Feb 26 for CFAP 2 Additional Assistance
 - Mar 5 for QLAP
- Remind them of the importance of keeping documentation for self-certification and





Thank you!

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