

*News from The Farm Office
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CFAP Program for Beef Producers

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Since the beginning of January, market prices for major commodities have fallen sharply since COVID-19 reached the United States. There have been many efforts through federal and state legislation to offset the impact of COVID-19.

Enrollment is currently being taken by the USDA Farm Service Agency (FSA) for one such program targeted to help agricultural producers. This program called the **Coronavirus Food Assistance Program (CFAP)** is providing financial assistance for losses experienced as a result of lost demand, short-term oversupply and shipping pattern disruptions caused by COVID-19.

The general details about the CFAP program can be found in a previous article written by the OSU Farm Office team. This article can be accessed at:
<https://go.osu.edu/CFAP-2020>

Purpose:

The purpose of this article is to describe how CFAP can provide assistance to beef producers and to answer questions posed on the classification of animals. Complete details about the livestock portion of CFAP can be found on the Farm Service Agency's website

at farmers.gov/cfap/livestock or

https://www.farmers.gov/sites/default/files/documents/FSA_CFAP_ForLivestock_Fact-Sheet.pdf

Eligibility:

To be eligible for CFAP, a producer must have shared in the risk of producing an agricultural commodity which suffered a five percent or greater price decline or who had losses due to market chain disruptions due to COVID-19. The decline for the beef industry over this time period was over 25% thus making it an eligible commodity.

Producers do not have to have prior program participation in a federal farm program in order to participate in CFAP. However, new applicants must complete a farm operating plan and complete additional eligibility paperwork such as citizen status, farm operating structure, adjusted gross income verification, and highly erodible land and wetland certification.

Producers who have previously participated in FSA programs will have most of these forms on record at their local FSA office.

CFAP payments are subject to payment limitations of \$250,000 per person. This limit is the sum of all eligible commodity payments paid to a person or entity. Special payment limitations (maximum of \$750,000) will be applied to participants that are corporations, LLCs, and limited partnerships classified as corporate entities. As applications are approved, 80% of the payment will be released with the remaining 20% held and paid at a later date if adequate funds remain.

Livestock Program:

Funding for CFAP originates from both the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Commodity Credit Corporation (CCC). Because of this, payment rates are split in two parts for the livestock (and non-specialty crops) program. Eligible livestock include cattle, sheep (yearlings and lambs only), pigs, and hogs.

The CARES portion is intended to provide producers with financial assistance to “help offset sales losses and increased marketing expenses associated with the COVID-19 pandemic.” Meanwhile, the CCC funding “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 support from CFAP is to assist producers with losses, but not intended to cover total losses.

Cattle producers can participate in either or both components of the program. All sales and inventory of livestock must have been subject to price risk as of January 15, 2020. A contract grower who does not own the livestock is eligible if the contract allows the grower to have price risk in the livestock. Any livestock subject to an agreed upon price in the future through a forward contract, agreement, or similar binding document as of January 15, 2020 is ineligible.

A single payment will be calculated using the sum of two parts:

Part 1: Livestock sales (number of head) between January 15, 2020 and April 15, 2020 multiplied by the corresponding animal species CFAP Act payment rate per head. See CARES Act payment rate in Table 1.

Part 2: The highest amount of livestock inventory (number of head) on any day between April 16, 2020 and May 14, 2020 multiplied by the corresponding species CCC payment rate per head. See CCC payment rate in Table 1.

Separate payment rates exist for cattle of different size and age classifications: slaughter cattle-mature cattle, slaughter cattle-fed cattle, feeder cattle less than 600 pounds, feeder cattle 600 pounds or more; and all other cattle.

Table 1: Payment rates for non-specialty crops, dairy, and livestock			
Commodity	Unit	CARES Act Payment Rate (\$/unit)	CCC Payment Rate (\$/unit)
Slaughter Cattle-Mature cattle	head	\$92	\$33
Slaughter Cattle-Fed cattle	head	\$214	\$33
Feeder cattle less than 600 pounds	head	\$102	\$33
Feeder cattle 600 pounds or more	head	\$139	\$33
All other cattle	head	\$102	\$33

Example:

An example of the payment which a beef producer may receive is as follows:

Background Information:

A cattle producer sold 50 head of feeder cattle on 3/20/2020 which weighed more than 600 pounds
The highest number of cattle on-hand was 100 head of “other cattle” on 5/1/20

Livestock formula

Animals (head) sold 1/15/20-4/15/20 * CARES Rate
(50 head * CFAP Payment Rate of \$139) = \$6,950

+

(Head of unpriced animals 4/16/20-5/14/20 * CCC Rate)
(100 head * CCC Payment Rate of \$33) = \$3,300

Equals

Total Payment of \$10,250 (80% or \$8,200 will be paid initially)

Classification of Cattle:

In the initial days of CFAP enrollment, questions have arisen regarding how to classify different beef animals and how to track sales and inventory. This is especially important when classifying animals marketed between January 15 and April 15, 2020 as the CARES Act part 1 payment rate is different between cattle classifications (range of \$92 to \$215). To help producers, the FSA has published a classification of cattle table (see Table 2).

Table 2: Classification of Cattle		
Cattle Common Name	Description	CFAP Category
Newborn Calf	Calves from birth to days old	Feeder Cattle: < 600 lbs
Calf	Calves still nursing the cow, animals that generally weigh less than 500 pounds	Feeder Cattle: < 600 lbs
Bucket Calf	Orphan or newborn calf normally purchased when they are 1 to 10 days old	Feeder Cattle: < 600 lbs
Heiferette	A female bovine animal that has not calved and weighs more than 500 pounds; OR a heifer placed on feed following the loss of a calf or an open heifer placed on feed following the breeding season	Feeder Cattle: < or > 600 lbs, as applicable
Steer	A castrated male bovine animal that generally weighs more than 500 pounds	Feeder Cattle: < or > 600 lbs, as applicable

Weaner or Weaned Calf	Animal between 105 and 355 days coming from cow-calf	Feeder Cattle: < or > 600 lbs, as applicable
Backgrounded Cattle	Steers and heifers that are fed a warm up or conditioning ration are normally fed to approximately 700 pounds, and then sold as feeders or shipped to another feedlot to be finished for the slaughter market	Feeder Cattle: < or > 600 lbs, as applicable
Stockers/Feeder s/Feeder Calves	Young weaned steers or heifers, weighing approximately 400-800 pounds usually grazing on pasture and/or feed ration to prepare for shipment to feeders intended for slaughter or selected for replacement stock	Feeder Cattle: < or > 600 lbs, as applicable
Yearlings	Calves between 1 and 2 years of age	Feeder Cattle > 600 lbs
Open Heifer	Non-pregnant female bovine	Feeder Cattle: < or > 600 lbs, as applicable
Replacement Heifers	A heifer that has been selected to be bred and placed in the beef herd	All Other Cattle
Bred Heifers	A female bovine that is pregnant with her first calf	All Other Cattle
First Calf Heifers	A young female that has had only one calf	All Other Cattle
Bred Cows	A female bovine animal that has borne at least one calf	All Other Cattle
Open Cows - Retained in Herd	(Non-pregnant) cows at the end of the breeding season	All Other Cattle
Open Cows – Slaughter	(Non-pregnant) cows at the end of the breeding season	Slaughter Cattle: Mature
Cows-Culled (Beef and Dairy)	A cow that is removed from the main breeding herd or dairy production for one or more reasons (i.e., age, poor production, physical ailment, poor disposition, genetic selection, etc.) and is generally sold for slaughter and not destined to be a replacement	Slaughter Cattle: Mature
Herd Bulls-Culled (Beef and Dairy)	A mature (approximately 24 months of age or older) uncastrated, male bovine removed from the main breeding herd sold for slaughter and not destined to be replacement	Slaughter Cattle: Mature
Herd Bulls (Breeding-Beef only)	A mature (approximately 24 months of age or older) uncastrated, male bovine used for breeding purposes	All Other Cattle
Finished Cattle (1200 lbs or more)	Cattle that have reached the optimal weight and conditions ready for slaughter	Slaughter Cattle: Fed
Fat Steer/Heifer (1200 lbs or more)	Cattle that have reached the optimal weight and conditions ready for slaughter	Slaughter Cattle: Fed

Source: <https://www.farmers.gov/cfap/livestock>

Proof of Sales & Inventory:

Producers self-certify when they apply for CFAP. To complete the CFAP application, producers will need sales receipts and inventory records. However, since CFAP is a self-certification program, this documentation will not need to be submitted with the application. Producers may be asked for additional documentation to support their certification. Supporting documentation should be kept for a minimum of three years. It is recommended producers contact their local FSA office to determine what types of records are acceptable for proof of livestock marketed (CARES Act part 1 payment) and for on-hand inventory (between April 16, 2020 and May 14, 2020).

CFAP Payment Calculator:

The Farm Service Agency has developed a CFAP Excel payment spreadsheet which allows producers to input information specific to their farm to determine estimated payments. It can also be used to populate the application form to submit to your local FSA office. Producers can download the spreadsheet and other eligibility forms from farmers.gov/cfap

Enrolling in CFAP:

Eligible producers can sign up for assistance at their local Farm Service Agency office. Producers can find the local FSA Service Center contact information by visiting this link: <https://offices.sc.egov.usda.gov/locator/app> Currently, due to COVID-19 restrictions, FSA Service Centers are open for business by phone appointment only. The FSA has streamlined the sign-up process and will be working with producers via phone and using e-mail, fax, mail, and online tools to accept applications. Sign up concludes at close of business on August 28, 2020.

References:

Coronavirus Food Assistance Program, <https://www.farmers.gov/cfap>

Livestock and the Coronavirus Food Assistance Program,
<https://www.farmers.gov/cfap/livestock>

Sign up for USDA-CFAP Direct Support to Begin May 26, 2020, OSU Extension,
<https://go.osu.edu/CFAP-2020>