

USDA Announces Coronavirus Food Assistance Program

U.S. Secretary of Agriculture Sonny Perdue announced the Coronavirus Food Assistance Program (CFAP). This new U.S. Department of Agriculture (USDA) program will take several actions to assist farmers, ranchers, and consumers in response to the COVID-19 national emergency.

ISSUE:

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

INFORMATION:

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

Direct Support to Farmers and Ranchers:

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

\$9.6 billion for the livestock industry

- o \$5.1 billion for cattle
- o \$2.9 billion for dairy
- o \$1.6 billion for hogs

\$3.9 billion for row crop producers

\$2.1 billion for specialty crops producers

\$500 million for others crops

Producers will receive a single payment determined using two calculations:

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

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

The payment limit is \$125,000 per commodity with an overall limit of \$250,000 per individual or entity.

Qualified commodities must have experienced a 5% price decrease between January and April.

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

USDA Purchase and Distribution:

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

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

An informational webinar for interested participants will be held **at 2 p.m. EDT on Tuesday, April 21, 2020**, to provide an overview of the program and instructions for submitting offers. Register in advance for this webinar here:

https://www.zoomgov.com/webinar/register/WN_hDiBdM_aSYmWps0RiO-UAg. If you are unable to participate in the webinar, a recording will be available.

Email questions to USDAFoodBoxDistributionProgram@usda.gov. To receive updates by e-mail, subscribe online by visiting: “**Stay up to date on USDA Food Purchases**” available on the [AMS Commodity Procurement website](#).

On top of these targeted programs USDA will utilize other available funding sources to purchase and distribute food to those in need.

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

Additional Details:

During a stakeholder call this morning, Secretary Perdue addressed several additional questions.

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

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

Is there compensation for products that are dumped or destroyed?

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

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

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