

CFAP Direct Payment Process and Payment Examples

The FSA will begin accepting applications from farms for direct payments under the Coronavirus Food Assistance Program (CFAP) on Tuesday, May 26. The deadline to apply for CFAP direct payments is August 28, 2020.

Payments consist of two parts. The first part is calculated by multiplying first quarter milk production by \$4.71 per cwt. The second part is calculated by multiplying first quarter production by 1.014 (national adjustment factor to account for increased spring milk production in the second quarter) and then multiplying by \$1.47 per hundredweight. This will equate to a total payment of \$6.20 per hundredweight. Payments will be paid in two allotments. The first allotment will be paid at the time of application approval and is 80 percent of the total payment. The final 20 percent allotment will be paid at a date later to be determined by the USDA.

There is a max payment for all commodities of \$250,000 for individual entities. However, if a dairy is a corporation, limited liability company, or limited partnership, the dairy may qualify for a higher payment limit up to \$750,000. If two owners contribute at least 400 hours of labor, management, or labor and management to the operation, then the maximum payment would be increased to \$500,000 for the company/partnership. If three or more owners contribute 400 hours, then the maximum payment will be \$750,000.

The table below shows direct payment examples for various Pennsylvania herd sizes. First quarter milk production for each herd size was calculated using the 2019 Pennsylvania average annual milk production per cow of 20,629 pounds.

Note: Based on payment caps and PA annual average milk production of 20,629 pounds, a roughly 800-cow dairy would reach the maximum payment of \$250,000. A 1,500-cow dairy that is a corporation, LLC or LP with two active owners would reach the maximum payment of \$500,000 and a 2,500-cow dairy with three active owners would reach the maximum payment of \$750,000.

CFAP Direct Payment Examples

PA Herd Size	1st Quarter Production	Total Payment	Max Payment Reached	1st Allotment	2nd Allotment
50	257,863	\$15,989		\$12,791	\$3,198
100	515,725	\$31,978		\$25,582	\$6,396
150	773,588	\$47,967		\$38,374	\$9,593
200	1,031,450	\$63,956		\$51,165	\$12,791
400	2,062,900	\$127,912		\$102,329	\$25,582
800	4,125,800	\$255,824	\$250,000	\$200,000	\$50,000
1,000	5,157,250	\$319,779	\$250,000	\$200,000	\$50,000
1,500	7,735,875	\$479,669	\$250,000	\$200,000	\$50,000
2,000	10,314,500	\$639,559	\$250,000	\$200,000	\$50,000
2,500	12,893,125	\$799,449	\$250,000	\$200,000	\$50,000