



## Final Rule for CFAP 2

Dear MCA Members:

As promised, [click here](#) for the rule for CFAP 2 and [click here](#) for USDA's cost-benefit analysis.

A few key items to note:

- USDA has determined that CFAP 1 and CFAP 2 are separate programs. USDA's first CFAP program was designed to address disruptions that had occurred by April 15, 2020. CFAP 2 payments are intended to address the disruptions that have occurred since then. As a result, CFAP 1 payments will not impact how CFAP 2 payments are calculated, and two separate payment limits will be in effect.
- For price-triggered livestock, payments will be based on a fixed number of head, which is defined as the lower of the maximum owned inventory of eligible livestock, excluding breeding stock, on a date selected by the eligible producer from April 16, 2020, through August 31, 2020, or a specific number of head (4,546 head of cattle or 10,870 head of hogs, for example). Cattle payments can be calculated by multiplying the maximum number of head by the payment rate (for example, if you have 325 head eligible, you should expect to receive \$17,875).
- Commodities not eligible for CFAP 2 include: Hay, except for alfalfa, crops intended for grazing, and animals raised for breeding stock. USDA's FAQ elaborates: the payments to livestock are focused on market inventory because there are limited funds available for CFAP 2 and the Commodity Credit Corporation (CCC) authority that fully funds the program is meant to assist with costs associated with market disruptions. According to USDA, breeding stock is typically kept for many years and therefore their value is less likely to be impacted by temporary price impacts. Non-breeding animals are more likely to be sold and therefore more likely impacted by market value changes.

Sincerely,

Mike Deering