

ASA Policy Analysis of CFAP2

Unlike the first round of CFAP payments, which was based upon unsold inventory for row crops from 2019, CFAP2 will be based upon acres that were planted to the crop in 2020. For a crop to be eligible, the national price had to decline by at least five percent between the week of **January 13-17, 2020** and **July 27-31, 2020**.

The payment rate for soybeans per acre is the higher of \$15 or the product of the nationwide crop marketing percentage, the crop-specific payment rate and the producer's 2020 Actual Production History (APH) yield from crop insurance. The nationwide crop marketing percentage and crop specific payment rate for soybeans are 54% and \$.58, respectively. For a list of all crops, see <https://www.farmers.gov/cfap/row-crops>.

In effect, the per acre payment rate is the max of \$15 and \$.3132 per bushel x the APH yield per bushel for soybeans. If an APH yield is not available, 85 percent of the weighted 2019 Agriculture Risk Coverage-County Option (ARC-CO) will be used instead. The per acre rate is multiplied by the acres reported to FSA on the crop acreage report excluding prevented plantings and experimental acres. USDA estimates that soybean CFAP2 payments will total \$1.4 billion and payments for the entire program will sum to \$13.2 billion.

CFAP2 soybean examples

	Example 1	Example 2
a. Nationwide crop marketing percentage	54%	54%
b. Payment rate	\$0.58	\$0.58
c. Soybean APH yield	45	50
d. Product (a x b x c)	\$ 14.09	\$ 15.66
e. Maximum of \$15 and product (max [15, d])	\$ 15.00	\$ 15.66
f. Eligible soybean acres	1,000	1,000
Total soybean payment* (e x f)	\$ 15,000	\$ 15,660

**Does not consider payment or AGI limits*

- Total CFAP2 payments cannot surpass \$250,000 per person or legal entity, unless provisions for active personal labor or management are satisfied, and the AGI cannot exceed \$900,000 for the average of the tax years of 2017 through 2019 unless at least 75% of the income is derived from farming, ranching or forestry related activities.
- Producers who did not participate in CFAP1 are eligible for CFAP2 while those that did must reapply for the second round.
- The sign-up period is from **September 20, 2020** to **December 11, 2020** and sign-up can be done at <https://www.farmers.gov/sign-in> or at the local USDA Service Center.

Please understand that this is how we are currently interpreting this policy. Should we see that it is being implemented otherwise or receive clarity to the contrary, we will, of course, send an update.