Agricultural and Food Policy Response to COVID-19
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Introduction
On March 13, 2020, President Trump declared the U.S. outbreak of COVID-19 a national emergency, authorizing use of emergency authorities and releasing emergency aid to assist in response to conditions created by the disease outbreak, including for food and agriculture (U.S. President, 2020a). Even before the declaration, the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (Public Law 116-123), enacted on March 6, 2020, provided $8.3 billion in emergency funding for federal agencies to prepare for and respond to COVID-19. Further legislative and regulatory actions followed in the coming months, many with a direct impact on food supply chains and agriculture.

In this article, we provide an overview of the major emergency actions taken to address food and agriculture needs during the pandemic, including enhanced flexibility in nutrition programs, deployment of novel distribution channels for government food purchases that tapped into food supply networks disrupted by the pandemic, and implementation of emergency regulatory/discretionary actions that helped to keep critical inputs—such as agricultural commodities, labor, transportation, personal protective equipment, and infrastructure—available to ensure efficient operation of national food and agriculture systems. We focus primarily on the Coronavirus Food Assistance Program (CFAP), a direct payment program to farmers and ranchers administered by the U.S. Department of Agriculture (USDA), highlighting its uniquely broad scope, which was designed to potentially cover an unprecedentedly wide range of commodities, from corn to cabbage to cattle to catfish. We detail the authority, design, and implementation of CFAP and examine the distribution of outlays across commodities. In addition, while recognizing that the policy response to COVID-19 is still evolving, we consider how the landscape for farm and food policy has already changed due to the pandemic.

Timeline and Provisions of Legislation
Legislative action in response to COVID-19 was unusually swift, with the first two laws each introduced and enacted within approximately one week of each other. The Coronavirus Preparedness and Response Supplemental Appropriations Act (Public Law 116-123) was introduced on March 4, 2020, and enacted on March 6, 2020. The Families First Coronavirus Response Act (FFCRA) (Public Law 116-127) followed, being introduced on March 11, 2020, and enacted on March 18, 2020. While the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136) was introduced on January 24, 2019, as the Middle Class Health Benefits Tax Repeal Act of 2019, the Senate made amendments relating to COVID-19 in March 2020 and the bill was renamed and enacted on March 27, 2020. For context, the 2018 Farm Bill, one of the more rapidly enacted Farm Bills in recent years, took eight months. While the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 did not include provisions specific to food and agriculture, the FFCRA and the CARES Act covered much broader swathes of the economy.

Chief among its provisions for food and agriculture, the FFCRA provided additional funding and flexibility for food assistance programs. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) saw an increase in appropriations of $500 million, and the Commodity Assistance Program received additional appropriations of $400 million. FFCRA also established conditions under which states facing school closures of at least one week due to the pandemic could provide assistance to children eligible for free and reduced lunches through the Electronic Benefits Transfer (EBT) system. The law also provided $100 million in grants to U.S. territories for food assistance.

The CARES Act, the last of the three initial responses to COVID-19, addressed the widest range of needs, particularly for food and agriculture. The CARES Act provided funding to programs implemented by the Food and Nutrition Service, including $8.8 billion for child...
immigration services (USCIS) temporarily amended department of state, 2020). U.S. citizenship and immigration services, 2020). the white house also issued an executive order to keep meat and poultry facilities operational, accompanied by guidance on maintaining employee safety from the centers for disease control and prevention and occupational health and safety administration (U.S. president, 2020b; U.S. department of agriculture, 2020p). in May 2020, USDA and the food and drug administration (FDA) established a memorandum of understanding to clarify procedures in order to “prevent interruptions at FDA regulated food facilities,” including fruit and vegetable processing facilities (U.S. Department of Agriculture, 2020e).

Program Details

Food Programs

With the funding provided for food and nutrition assistance, the USDA created a food distribution program tailored to the challenges created by the pandemic, such as the difficulties of enforcing social distancing at food banks using traditional on-site pick up systems and the opportunity to tap into the food supplies stranded as a result of food service shutdowns. The USDA announced the Farmers to Families Food Box (FFFB) program on April 17, 2020, using the authority provided under the food assistance authorities of FFCRA (U.S. Department of Agriculture, 2020j). Originally funded at up to $3 billion, an additional $1 billion was added on August 25, 2020, and $500 million on October 23, 2020 (U.S. Department of Agriculture, 2020i,k), with the additional funding also authorized under FFCRA. The USDA designed a new program to distribute food directly to individual households through distributor partnerships, leveraging food supplier networks impacted by COVID-19 disruptions and nonprofit organizations experienced in delivering food assistance to low-income households. The USDA’s Agricultural Marketing Service (AMS) managed the competitive bid process for awarding contracts and provided specifications for the food products to be provided, including fresh fruits and vegetables, dairy products, and precooked meats, either in boxes specialized by food type or in combination (U.S. Department of Agriculture, 2020m).

Labor Initiatives

In addition to congressional action through legislation, USDA and other executive departments took a number of regulatory and discretionary actions in response to the pandemic, particularly to protect access to the labor needed to support agricultural production. The State Department and Department of Homeland Security relaxed requirements for in-person interviews for visas required for the H-2A program, which authorizes noncitizen seasonal labor for agricultural businesses, by allowing consular officers to waive the interview requirement for first-time and returning applicants if there was no “apparent or potential ineligibility” (U.S. Department of State, 2020). U.S. citizenship and Immigration Services (USCIS) temporarily amended certain H-2A requirements, including waiving the three-year maximum allowable period for H-2A visas (U.S. Department of State, 2020).
billion a month (U.S. Department of Agriculture, 2020n). Also under FFCRA authorities, the USDA established the Pandemic EBT Program, which transfers funds through the nutrition assistance EBT system to families who qualify for free or reduced lunches so that they can continue to provide their children with nutritious meals even while schools are closed due to the pandemic. Pandemic EBT has been approved in 50 states along with the U.S. Virgin Islands and the District of Columbia (U.S. Department of Agriculture, 2020l). In addition, the “Meals to You” program—organized as a partnership among the USDA, Baylor University Collaborative on Hunger and Poverty, McLane Global, and PepsiCo—has provided millions of meals directly to children in rural areas where sources of nutritious foods may be more difficult to access (28.5 million meals as of July 16, 2020) in 41 states and two U.S. territories (U.S. Department of Agriculture, 2020o).

Direct Payments to Producers: The Coronavirus Food Assistance Program (CFAP)
The USDA implemented direct payments related to the COVID-19 impact on agricultural producers through two rounds of the Coronavirus Food Assistance Program (CFAP), which we refer to here as CFAP 1 and CFAP 2.

CFAP 1
To facilitate rapid delivery of assistance to farmers and ranchers affected by COVID-19 food system disruptions, the USDA utilized the $9.5 billion in CARES Act appropriations in combination with CCC funding to launch CFAP 1. While the CARES Act authorized an additional $14 billion in CCC replenishment, that replenishment could not be made available until after June 30, 2020, so CFAP 1 used $6.5 billion in already available CCC funding (U.S. Department of Agriculture, 2020c).

CFAP 1 provided payments to producers to prevent, prepare for, and respond to market impacts of COVID-19. Generally, commodity eligibility was determined by whether the weekly average price of the commodity fell more than 5% between the week of January 13, 2020, and the week of April 6, 2020. The exception to this eligibility requirement was that specialty crops could also qualify for payments based on unpaid shipments or crops that remained on-farm due to loss of market. Crops—including forage—and livestock, animal products, floriculture, aquaculture, and nursery products could be considered for CFAP 1 eligibility. To make these determinations for inclusion in CFAP 1 required weekly price series, which proved to be a challenge for many commodities. For this reason, the USDA published a Request for Information (RFI) with the Notice of Funding Availability (NOFA) on May 22, 2020, which allowed the public to submit data for agricultural commodities for which the USDA had insufficient data to use for determining whether a 5% price decline had occurred. The initial list of eligible commodities using the 5% price decline determination included swine, cattle, sheep under two years old, milk, wool, canola, corn, upland cotton, maltling barley, millet, oats, sorghum, soybeans, sunflowers, and wheat (durum and hard red spring wheat) as well as two dozen fruits and vegetables.

The structure of payments varied depending on the type of commodity. One key feature for payments based on price decline under CFAP 1 is that payments were only made on commodities that were “unpriced” prior to January 15, 2020. “Unpriced” as defined in the CFAP regulations “means any production that is not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document.”

For nonspecialty crops, the CARES-funded portion of the payment was 55% of the price decline from weekly average prices for the week of January 13, 2020, and the week of April 6, 2020; the CCC-funded portion of the payment paid 50% on the same price decline. Price data was sourced from futures contracts and the Agricultural Marketing Service. Nonspecialty crops were paid based on the unpriced inventory on January 15, 2020, with a maximum of 25% of 2019 production multiplied by the CARES-funded payment rate and the same quantity multiplied by the CCC-funded payment rate, respectively (totaling no more than 50% of 2019 crop production eligible for payment). Therefore, a producer could not receive more than 26.5% (25% x 55%+25% x 50%) of the commodity’s price decline on a share of the previous year’s production.

The CFAP 1 payments for livestock were calculated using a producer’s volume of sales and inventory, where eligible livestock had to be unpriced prior to January 15, 2020. CARES funding was used for payments related to price losses on swine and beef cattle sales volume that occurred between January 15 and April 15, 2020. CCC-funded payments for livestock were made on the highest unpriced inventory of the producer between April 16 and May 14, 2020. Under the CARES funding, owners of hogs and beef cattle were paid on 80% of the estimated price decline using price data from the AMS. While the CARES-funded payments had multiple payment categories for both swine and beef cattle based on weight and use, the CCC-funded payment rates were a flat rate per head for beef cattle and a flat rate per head for swine, regardless of weight or use. The CCC-funded portion was calculated on 25% of estimated losses due to price declines for calendar 2020 second and third quarters with the price decline estimated from futures contracts. This 25% of estimated losses for hogs and beef cattle was distributed across all inventory, not just market inventory. Since the swine life cycle is approximately six months and breeding inventory is a small percentage of the overall inventory (8%), spreading the price loss across all inventory did not have as large an impact on the per animal rate as it did for beef cattle. Not all beef cattle may be sold during a six-
month period, and a large percentage (over 40%) of the overall beef cattle inventory is composed of breeding inventory, so spreading the 25% of estimated losses across the entire beef cattle inventory resulted in a much lower rate than if payments had been made only for cattle actually marketed during the six-month period (U.S. Department of Agriculture, 2019, 2020h).

Payment calculations for milk used the all-milk price indicator of futures contracts (60% of class III milk and 40% of class IV milk) for the estimated all-milk price decline, with 80% of the price decline funded under CARES and 25% of the same price decline funded by CCC. Milk payments under CARES funding were paid on first quarter production, from January 1 through March 31, 2020, while the CCC funded portion was paid on second quarter production, estimated as the January through March production multiplied by a factor of 1.014. This factor was determined based on the ratio of the 2020 second-quarter national milk production projection and 2020 first-quarter national milk production estimate in the USDA World Agricultural Supply and Demand Estimates available at the time of the program’s development.

Unlike nonspecialty crops and livestock, which had one component funded from the CARES Act and one from the CCC, specialty crops had two components funded from the CARES Act and one from the CCC. Like nonspecialty crops and livestock, one share of CARES funded payments were made on crops that experienced a price decline greater than 5% between weeks of January 13, 2020, and April 6, 2020, with the payment rate equal to 80% of the price decline and applied to crops sold between January 15 and April 15, 2020. The second CARES-funded component paid 30% of the value of crops that were shipped but then spoiled in transit (for which producers would forfeit expected payment for purchase) prior to April 15, 2020. The final component, which was funded from CCC, paid roughly 6% of the value of mature crops unsold or unharvested due to lack of buyers by April 15, 2020.

When the CFAP 1 rule was published on May 21, 2020, the public was informed of which crops were eligible for CFAP 1 based on USDA’s initial determinations of commodity eligibility. Two additional NOFAs were released later based on price data collected through the RFI. The second NOFA—released on July 9, 2020—added and updated a few dozen payment rates for specialty crops. The third NOFA—announced August 11, 2020—added another several dozen specialty crops eligible for the payments as a result of price declines, along with payment rates for aquaculture, nursery crops and flowers, liquid and frozen eggs, and sheep over two years old (previously, only sheep under two years old had qualified).

**CFAP 1 Payment Distribution**

For CFAP 1, outlays were originally anticipated at $16 billion in the cost–benefit analysis; however, as of April 8, 2021, outlays stood at $10.55 billion (U.S. Department of Agriculture, 2020d,e). The distribution for CFAP 1 payments differed substantially from other farm safety net programs, such as crop insurance. Roughly half of the payments were distributed to livestock producers, with over $4 billion to cattle producers. Milk payments

<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodity</th>
<th>Total ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cattle</td>
<td>$4,360</td>
</tr>
<tr>
<td>2</td>
<td>Corn</td>
<td>$1,791</td>
</tr>
<tr>
<td>3</td>
<td>Milk</td>
<td>$1,778</td>
</tr>
<tr>
<td>4</td>
<td>Hogs</td>
<td>$613</td>
</tr>
<tr>
<td>5</td>
<td>Soybeans</td>
<td>$513</td>
</tr>
<tr>
<td>6</td>
<td>Cotton-Upland</td>
<td>$265</td>
</tr>
<tr>
<td>7</td>
<td>Almonds</td>
<td>$129</td>
</tr>
<tr>
<td>8</td>
<td>Potatoes-Russets-Fresh-RUS</td>
<td>$92</td>
</tr>
<tr>
<td>9</td>
<td>Walnuts</td>
<td>$88</td>
</tr>
<tr>
<td>10</td>
<td>Apples</td>
<td>$78</td>
</tr>
<tr>
<td></td>
<td>Other Livestock and Animal Products (excluding milk)</td>
<td>$74</td>
</tr>
<tr>
<td></td>
<td>Other Non-specialty Crops</td>
<td>$106</td>
</tr>
<tr>
<td></td>
<td>Other Specialty Crop</td>
<td>$542</td>
</tr>
<tr>
<td></td>
<td>Other Aquaculture/Nursery/Floriculture</td>
<td>$121</td>
</tr>
</tbody>
</table>

**Grand Total** | **$10,551**

Source: U.S. Department of Agriculture Farm Service Agency
have almost reached $1.8 billion. For reference, the farm safety net program for milk—the Dairy Margin Coverage Program—dispersed approximately $625 million between January 2019 through March 2021 (U.S. Department of Agriculture, 2020f). While nonspecialty crops in total accounted for roughly one-fourth of the payments, four specialty crops (almonds, potatoes, walnuts, and apples) were among the commodities to receive the most payments (Table 1).

**CFAP 2**

Given the length of the market disruption, CFAP 2 was implemented on September 21, 2020, making use of the $14 billion CCC replenishment provided by the CARES Act. The payment scheme for dairy, nonspecialty crops, swine, and cattle remained similar to the CCC component of CFAP 1, with a few exceptions. First, breeding stock was excluded from the livestock payments. Second, CFAP 2 payments were generally based on 80% of estimated losses with the price decline calculated from the weekly average price of the week of January 13, 2020, and the week of July 27, 2020. Additionally, nonspecialty crop payments under CFAP 2 are directed at assisting producers in marketing their 2020 crop in calendar year 2020 as opposed to compensating for price declines affecting the 2019 crop under CFAP 1. Given that CFAP 2 was implemented prior to harvest, instead of paying on the producer’s unpriced nonspecialty crop production, payments are made on a fixed historical average yield multiplied by 2020 planted acreage, an estimate of the percentage of crop marketed by December 31, 2020, and 80% of the price decline. If a nonspecialty crop had insufficient data for a price decline determination greater than 5% or the commodity did not meet the 5% decline, the crop received a flat rate of $15/acre. Broilers and all table eggs were added under CFAP 2 with payment rates equal to 80% of the estimated price decline multiplied by 75% of 2019 production, where 75% of 2019 production serves as a proxy for 2020 second-quarter through fourth-quarter production of these commodities. Contract producers were not eligible for payment since they do not market the commodity themselves. The owners of the contracted animals/products may receive payment if they meet the adjusted gross income eligibility criteria.

The specialty crop payments under CFAP 2 were redesigned to be calculated using marginal rates at different sized sales classes and applied to 2019 gross sales of specialty crops (Table 2). For example, suppose a producer had $350,000 in gross sales in 2019. Then the producer’s payment under CFAP 2 would be:

\[
(10.6\%) \times ($49,999) + (9.9\%) \times ($99,999 - $50,000) + (9.7\%) \times ($350,000 - 100,000) = \$34,499.70.
\]

As described in the cost–benefit analysis for CFAP 2, these marginal rates were developed using a cost-based approach to capture that larger operations generally face lower variable cost per unit of production compared to smaller operations. (U.S. Department of Agriculture, 2020a). Animal products and livestock other than beef cattle, swine, broilers, and eggs were eligible under the same payment scheme as specialty crops.

CFAP 2 sign-up originally closed on December 11, 2020. However, with the change in Administration, the program was reopened on April 5, 2021 to all producers and additional outreach efforts were made to reach socially disadvantaged farmers through $2 million in cooperative agreements with various organizations. Additionally, upon reopening CFAP 2, USDA also implemented some provisions from the Consolidated Appropriations Act, 2021 (Public Law 116-260), which includes payments for beef cattle to mitigate the discrepancy between the rate for sold cattle versus cattle in inventory under CFAP 1 and an additional $20 per acre for nonspecialty crops planted in 2020. Prior to the implementation of these provisions, outlays for CFAP 2 stood over $13 billion (USDA, 2020b).

### Concluding Remarks

At the time of this article, the response to COVID-19 is still developing within USDA. Many provisions from the Consolidated Appropriations Act, 2021 have not yet been implemented, including payments to contract growers—who had been excluded from CFAP—and payments for the value of depopulated livestock. Additionally, the American Rescue Plan of 2021 (Public Law 117-2), enacted on March 11, 2021, provides $4 billion in assistance related to food supply chain resiliency and pandemic response in agricultural markets, and USDA is still developing how these funds will be delivered.

The relief for COVID-19 along with other recent direct aid programs outside of the Farm Bill—the Cotton Ginning Cost Share Program, the Wildfires and Hurricanes Indemnity Program, the Wildfire and Hurricane Indemnity Program Plus, and the Market Facilitation Programs—have been a departure from the farm policy paradigm of the previous decade (2009–2017), when direct payments to producers were limited to benefits from standing Farm Bill programs. Whether this change represents a long-term shift in agricultural policy as the farm economy faces continued downward pressure on commodity prices in a context of trade tensions and repeated extremes in natural disaster

### Table 2. CFAP 2 Specialty Crop Payment Rates

<table>
<thead>
<tr>
<th>2019 Sales</th>
<th>Marginal Payment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤$49,999</td>
<td>10.6%</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>9.9%</td>
</tr>
<tr>
<td>$100,000-$499,999</td>
<td>9.7%</td>
</tr>
<tr>
<td>$500,000-$999,999</td>
<td>9.0%</td>
</tr>
<tr>
<td>≥$1 million</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Agriculture Farm Service Agency
events or a short-term response to unprecedented conditions will likely depend on whether these unusual conditions continue and will certainly influence the debate surrounding the next Farm Bill.

For More Information


U.S. Department of Agriculture. 2020e. _Coronavirus Food Assistance Program Data_. Available online: [https://www.farmers.gov/cfap1/data](https://www.farmers.gov/cfap1/data).


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