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U.S. Agricultural Aid in Response to COVID-19

Introduction

Coronavirus Disease 2019 (COVID-19) was first confirmed in the United States in mid-January 2020. In addition to the catastrophic health crisis it created, the COVID-19 pandemic has contributed to substantial economic upheaval across the U.S. economy, including the agricultural sector.

This In Focus summarizes the major COVID-19-related agricultural programs, the types of support they provide (**Table 2**), and their implementation period, funding levels, outlays to date, and underlying authorities (**Table 3**). Relevant CRS reports on COVID-19-related programs for agriculture and other areas, such as for nutrition assistance programs, are identified in **Table 1**.

Impact of COVID-19 on U.S. Agriculture

The COVID-19 pandemic reduced domestic economic activity and disrupted domestic and international supply chains for goods and services, including food and agricultural products. Initial supply chain disruptions resulted in declines in prices of many agricultural commodities between January and July 2020. In addition, COVID-19-related shutdowns resulted in unexpected higher marketing costs of unsold agricultural products. The shutdowns' impacts were most severe for perishable commodities, such as fruits, vegetables, and milk, as well as for some market-ready livestock that could not be timely processed (see **Table 1**, R46347).

Congressional and USDA Responses to COVID-19

In response to agricultural supply chain disruptions, Congress appropriated funds that the U.S. Department of Agriculture (USDA) used to provide direct payments to affected U.S. agricultural producers (**Table 2** and **Table 3**). USDA also used the general authority under the Commodity Credit Corporation (CCC) Charter Act (P.L. 80-806; 15 U.S.C. §§ 714 et seq.) to provide additional funding. Programs funded included three rounds of the Coronavirus Food Assistance Program (CFAP-1, CFAP-2, and CFAP-3), plus a follow-up effort to use unspent CFAP dollars (CFAP-AA) (see **Table 1**, R46395 and R46645).

Congress also appropriated funds for USDA's nutrition and food purchase and distribution programs, including the Farmers to Families Food Box program (F2F Food Box) (see **Table 1**, R46432 and R46681). Additionally, Congress appropriated funds for the Small Business Administration (SBA) to create the Paycheck Protection Program (PPP) to provide forgivable loans and an emergency Economic Injury Disaster Loan (EIDL) program to provide grants to small businesses, including agricultural businesses (see **Table 1**, IN11357 and R46284).

Table 1. CRS Reports on COVID-19-Related Agricultural Support Programs

Category by Type of Support

Initial legislation and funding in March 2020

CRS In Focus IFI1491, *Supplemental Appropriations for Agriculture and Related Agencies Due to COVID-19*

Direct CFAP payments

CRS Report R46347, *COVID-19, U.S. Agriculture, and USDA's Coronavirus Food Assistance Program (CFAP)*

CRS Report R46395, *USDA's Coronavirus Food Assistance Program: Round One (CFAP-1)*

CRS Report R46645, *USDA's Coronavirus Food Assistance Program: Round Two (CFAP-2)*

Commodity purchases and nutrition programs

CRS Report R46432, *Food Banks and Other Emergency Feeding Organizations: Federal Aid and the Response to COVID-19*

CRS Report R46681, *USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic*

SBA forgivable loans and grants (non-USDA)

CRS Insight IN11357, *COVID-19-Related Loan Assistance for Agricultural Enterprises*

CRS Report R46284, *COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options*

Source: CRS. SBA = Small Business Administration.

Note: For all other CRS reports on COVID-19 and related issues, see <https://www.crs.gov/resources/coronavirus-disease-2019>.

Table 2. COVID-19-Related Agricultural Support Programs: Implementing Agency and Type of Support

Program	Implementing Agency	Support Provided
CFAP-1	USDA-FSA	Direct Payments
CFAP-2	USDA-FSA	Direct Payments
CFAP-3	USDA-FSA	Direct Payments
CFAP-AA	USDA-FSA	Direct Payments
PPP	SBA	Forgivable Loans
EIDL	SBA	Grants and Loans
F2F Food Box	USDA-AMS	Commodity Purchases

Source: Compiled by CRS. See **Table 3** for program details.

Notes: CFAP = Coronavirus Food Assistance Program; PPP = Paycheck Protection Program; EIDL = Economic Injury Disaster Loan; F2F = Farmers to Families; FSA = Farm Service Agency; AMS = Agricultural Marketing Service; SBA = Small Business Administration.

Table 3. COVID-19-Related Agricultural Support Programs: Sign-up Period, Funding, and Authorities

Name	Coverage Period	Announced Funding	Outlays (02/07/21)	Source
USDA Programs				
CFAP-1^a	May 26, 2020, to Sept. 11, 2020 ^b	\$16.0B	\$10.6B	CARES Act, CCC Charter Act
CFAP-2^c	Sept. 21, 2020, to Dec. 11, 2020	\$14.0B	\$13.2B	CARES Act, CCC Charter Act
CFAP-3^d	TBD	\$11.2B	TBD	CAA 2021
Other^e	Varies by targeted programs	TBD	TBD	CAA 2021
CFAP-AA^f	Jan. 19, 2021, to TBD	[\$3.1B]	[\$2.3B]	Unspent CFAP-1 and CFAP-2
Farmer to Families (F2F) Food Box 1-4^g	May 15, 2020, to Dec. 31, 2020	\$4.5B	\$4.5B	FFCRA
F2F Food Box 5^h	Dec. 21, 2020, to Apr. 30, 2021	[\$1.5B]	TBD	CAA 2021; within CFAP-3
SBA Programs				
PPP-1ⁱ	Feb. 15, 2020, to June 30, 2020	—	\$7.3B (agr.)	CARES Act
PPP-2^j	Jan. 11, 2021, to Mar. 31, 2021	—	TBD	CAA 2021
EIDL^k	Jan. 31, 2020, to Dec. 31, 2020	—	TBD	CARES Act

Source: Compiled by CRS from the Families First Coronavirus Response Act (FFCRA; P.L. 116-127); Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136); Commodity Credit Corporation (CCC) Charter Act (P.L. 80-806; 15 U.S.C. §§714 et seq.); and Consolidated Appropriations Act, 2021 (CAA 2021; P.L. 116-260).

Notes: TBD = to be determined; B = billion; M = million. Outlays are as of February 7, 2021. Totals under the “Announced Funding” do not add since CFAP-AA funds are from unspent CFAP-1 and CFAP-2, while F2F Food Box 5 is from CFAP-3 funding.

- a. First round of the Coronavirus Food Assistance Program (CFAP-1) was funded with \$9.5B of emergency spending authorized by the CARES Act and \$6.5B of borrowing authority available to USDA under the CCC Charter Act (see **Table 1**, R46395).
- b. USDA extended the original deadline of August 28, 2020, by rule (85 *Federal Register* 49593, August 14, 2020).
- c. Second round of CFAP (CFAP-2) was funded with \$13.9B of CCC borrowing authority supplemented by up to \$100M from CFAP-1 CARES Act funds for tobacco producers (see **Table 1**, R46645). CCC appropriations made possible by a \$14B early CCC reimbursement authorized in the CARES Act.
- d. Third round of CFAP (as yet unnamed but referred to here as CFAP-3) authorized by the CAA 2021 (P.L. 116-260, Division N). The \$11.2B allocated to USDA includes payments of \$20 per acre for price trigger and flat rate commodities and adjustments to the sales commodity payment formulation as specified under the CFAP-2 formulation (no outlay estimate [NE]); up to \$1B for contract poultry and livestock growers; payments to poultry and livestock growers for depopulation losses (NE); supplemental payments to cattle producers (NE); payments to domestic users of upland and extra-long staple cotton (NE); payments to processors for losses due to insufficient processing access (NE); payments to support biofuels producers (NE); reformulation of payments for specialized commodities with unique price differentiation; \$200M to support timber harvesting and hauling businesses; extension of 9-month marketing assistance loans to 12 months; offering recourse loans to dairy processors and marketers; and \$1.5B for the F2F Food Box program.
- e. Other funding in the CAA includes \$100M for specialty crop block grants; \$100M for local agriculture markets; \$75M for farm training and outreach; \$75M for the Gus Schumacher nutrition incentive program; \$200M over 10 years for nutrition research; such sums as necessary for supplementary payments to the Dairy Margin Coverage program (estimated at \$870M by American Farm Bureau Federation, *Market Intel*, December 22, 2020); \$400M for a dairy donation program; \$60M for improvements to meat and poultry facilities to improve interstate shipments; and \$28M for block grants to state departments of agriculture in support of existing farm stress programs.
- f. CFAP additional assistance (CFAP-AA) to “top up” CFAP-1 swine payments, for modification of existing CFAP contracts, or to include newly eligible producers of selected commodities was announced by USDA on January 15, 2021, as a rule (86 *Federal Register* 4877). CFAP-AA is to be funded with unspent funds estimated by USDA (CFAP-AA Cost Benefit Analysis, January 11, 2021) at \$3.1B from the first two rounds of CFAP, with estimated net outlays of \$2.3B made available by USDA as additional payments to eligible producers. Implementation of this rule is on temporary hold by the Biden Administration pending review; however, USDA has announced that the initial February 26 deadline is no longer in effect, that USDA will continue to accept applications during the review period, and that producers would have up to an additional 30 days to sign up.
- g. USDA initiated the F2F Food Box program using authority of the FFCRA (P.L. 116-127, §1101(g)), which authorizes the Secretary of Agriculture to “purchase commodities for emergency distribution in any area of the United States during a public health emergency designation” during FY2020. USDA used \$4B to fund the first three rounds of program activity. The program was extended to a fourth round by supplemental funding of \$0.5B from unspent CFAP funds from the CARES Act (see **Table 1**; R46395, R46432, and R46681).
- h. The F2F Food Box program was extended to a fifth round with funding of \$1.5B (from within the \$11.2B) by the CAA 2021.
- i. First round of Paycheck Protection Program (PPP-1), authorized by the CARES Act (P.L. 116-136, §1102), provided \$349B to support SBA’s Section 7(a) lending programs—of this amount, \$7.3B in loans were made to agricultural businesses. The initial funding level was enhanced in subsequent supplemental appropriations acts (see **Table 1**, IN 11357 and R46284).
- j. Appropriations of \$284B for a second round of PPP loans (PPP-2) to qualifying businesses under the CAA 2021 (P.L. 116-260; Division N, Title III); portion of new funding for agriculture is TBD—there was no specific carve-out for agriculture.
- k. Emergency Economic Injury Disaster Loan (EIDL) program, authorized by CARES Act (P.L. 116-136, §1110), provided \$10B in grants for small businesses and nonprofits (i.e., less than 500 employees) (see **Table 1**, IN 11357 and R46284). Program data are not yet available to determine the share provided to agricultural businesses.

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