CFAP Expanded for Horticulture: Eligibility and Application Guidance

In an effort to provide direct relief to producers who faced price declines, inventory loss, and additional marketing costs due to COVID-19, the U.S. Department of Agriculture (USDA) extended and expanded the Coronavirus Food Assistance Program (CFAP) to include nursery crops and cut flowers. This is welcome news for the horticulture industry.

High-level Takeaways for Nurseries:

- The CFAP program was expanded on August 11 to include 60 additional commodities – among them, nursery crops and cut flowers have been added.
- Producers who qualify for CFAP will receive a 100 percent payment once their applications are approved. Payments will be the sum of CARES Act payments and CCC payments.
- The application deadline has been extended to September 11, 2020 (applications will be accepted starting on August 17).

Especially useful for producers who have not worked with the USDA’s Farm Service Agency (FSA) previously, K·Coe Isom Farm Program Services advisors have teamed up with AmericanHort to provide an overview of eligibility, application, and payment information for nurseries interested in applying for CFAP relief.
According to the U.S. Department of Agriculture, here are the requirements for eligibility and application approval:

**CFAP Eligibility**

USDA announced on August 11 that nursery crops and cut flowers are eligible for CFAP. Specifically;

- **Nursery crops** means decorative or non-decorative plants grown in a container or controlled environment for commercial sale.
- **Cut flowers** includes cut flowers and cut greenery from annual and perennial flowering plants grown in a container or controlled environment for commercial sale.

Field grown crop can be considered “controlled environment” if they are not wild harvested and the producer has some aspect of the following:

- Control of the land or soil
- Providing nutrients
- Control of irrigation
- Insect infestation or disease control

**CFAP Payments**

There are two funds the USDA is using to fund the program: the CARES Act and the CCC Charter Act. Due to the tracking procedure requirement the calculations are somewhat complex – but they will allow for more available money.

According to the guidance, depending on the commodity some eligible inventory or sales will be paid out of the CARES Act fund, and some of eligible inventory or sales will be paid out of the CCC Charter Act. CFAP payments for nursery crops and cut flowers will be based on a percentage of the producer’s wholesale value of inventory. Payments will be the sum of CARES Act payments and CCC payments as follows:

1. **CARES Act Payments:** For nursery crop and cut flower inventory that was shipped but subsequently spoiled or is unpaid due to loss of marketing channels between January 15, 2020, and April 15, 2020, the wholesale value of the inventory that was shipped that spoiled or is unpaid, multiplied by 15.55 percent; and

2. **CCC Payments:** For nursery crop and cut flower inventory that did not leave the farm between January 15, 2020, and April 15, 2020, due to a complete loss of marketing channel, the wholesale value of the inventory ready for sale that did not leave the farm by April 15, 2020, and that will not be sold due to lack of markets, multiplied by 13.45 percent.

Nursery crop and cut flower inventory that may be sold after April 15, 2020, is not eligible for CFAP.
Additional information under the CFAP guidance:

- **$250,000 Payment limit**: Per person and/or entity. General Partnerships and Joint Ventures are considered pass-through entities and look to the first level ownership for number of payment limits.

- **Applicants must apply a means test**: All program participants are subject to the 2020 Average Adjusted Gross Income (AGI) (for the years 2016, 2017, 2018) means test of $900,000. A participant can still be eligible if the Average AGI for those years is above $900,000 if at least 75% of the income comes from farming/ranching sources.

- **Corporations, Limited Liability Companies, and limited Partnerships could be eligible** for multiple payment limits with CFAP (unlike other FSA-administered programs). Payment limits would correspond to the number of members who make a contribution of at least 400 hours of active personal management and/or active personal labor. Maximum of three. Zero "active" persons =’s one payment limit, one "active" person =’s one payment, two "active" =’s two payment limits, three "active" =’s three payment limits.

- **Participants are subject to** Highly Erodible and Wetland designations and determinations.

- **Foreign persons are eligible** if they provide a significant amount of active personal labor (400 hours or more).

### CFAP Application Process

#### Documentation Requirements and Submission Guidelines

- **Submitting applications**: CFAP applications can be submitted online or in person, by mail, email, or fax to your local FSA office by September 11th.

- **Application form**: The application will be the AD-3114. FSA has created a spreadsheet to input inventory and sales numbers that will prepopulate the application.

- **All additional forms** must be submitted no later than 60 days after the application is submitted.
  - As Applicable: CCC-902, CCC-901, CCC-941, CCC-942, AD-1026, AD-2047, SF 3881

- **Prepare for documentation requests**: If requested, producers must provide documentation that substantiated: claimed ownership, sales and inventory, the applicant’s ability and intent to harvest, transport, and market the commodity, and/or the applicant’s risk in the commodity. Examples would be:
  - Copies of receipts
  - Ledgers of income
  - Register tapes
  - Records for production costs
  - Contemporaneous measurements
  - Truck scale tickets
  - Contemporaneous diaries

- **Document retention**: Program participants must retain supporting documentation for three years after approval of the application, and be willing to allow USDA representatives to perform an audit (including on-site audit of records).

More information, including application and eligibility forms, can be found on [https://www.farmers.gov/cfap](https://www.farmers.gov/cfap). You can also contact a K-Coe Farm Program Services advisor with any questions regarding CFAP eligibility or applicability. For producers who have not worked with FSA previously, it is recommended to call FSA at 877-508-8364 or contact K-Coe Farm Program Services to begin the application process, 1-800-461-4702.
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