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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 the Coronavirus Food Assistance Program (CFAP-1, CFAP-2, and CFAP-AA) (see Table 1, R46395 and R46645), plus a new USDA Pandemic Assistance for Producers (USDA -PAP) program that includes new funding and a follow-up effort to use unspent CFAP dollars.

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), and for USDA loan forgiveness to socially disadvantaged producers.

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 (Table 1, IN11357 and R46284).

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

USDA Programs
CRS In Focus IFI 1491, <i>Supplemental Appropriations for Agriculture and Related Agencies Due to COVID-19</i>
CRS Report R46347, <i>COVID-19, U.S. Agriculture, and USDA's Coronavirus Food Assistance Program (CFAP)</i>
CRS Report R46395, <i>USDA's Coronavirus Food Assistance Program: Round One (CFAP-1)</i>
CRS Report R46645, <i>USDA's Coronavirus Food Assistance Program: Round Two (CFAP-2)</i>
CRS Report R46432, <i>Food Banks and Other Emergency Feeding Organizations: Federal Aid and the Response to COVID-19</i>
CRS Report R46681, <i>USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic</i>
SBA Loans and Grants
CRS Insight INI 11357, <i>COVID-19-Related Loan Assistance for Agricultural Enterprises</i>
CRS Report R46284, <i>COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options</i>

Source: CRS. SBA = Small Business Administration.

Notes: 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-AA	USDA-FSA	Direct Payments
USDA-PAP	USDA-FSA	Direct Payments and Grants
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; PAP = Pandemic Assistance for Producers; SBA = Small Business Administration.

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

Name	Coverage Period	Announced Funding	Outlays (03/26/21)	Source
USDA Programs				
CFAP-1 ^a	May 26, 2020, to Sept. 11, 2020	\$16.0B	\$10.6B	CARES Act, CCC
CFAP-2 ^b	Sept. 21, 2020, to Dec. 11, 2020	\$14.0B	\$13.3B	CARES Act, CCC
CFAP-AA ^c	Subsumed under USDA-PAP	[\$3.1B]	TBD	Unspent CFAP-1 and CFAP-2
USDA-PAP ^d	Varies by targeted programs	TBD	TBD	CAA 2021, Unspent CFAP, CCC
F2F Food Box 1-4 ^e	May 15, 2020, to Dec. 31, 2020	\$4.5B	\$4.5B	FFCRA, CARES Act
F2F Food Box 5 ^f	Dec. 21, 2020, to Apr. 30, 2021	\$1.5B	TBD	CAA 2021
ARPA Package ^g	TBD	TBD	TBD	ARPA 2021
SBA Programs				
PPP-1 ^h	Feb. 15, 2020, to June 30, 2020	—	\$7.3B (agr.)	CARES Act
PPP-2 ⁱ	Jan. 11, 2021, to Mar. 31, 2021	—	TBD	CAA 2021
EIDL ^j	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.); Consolidated Appropriations Act, 2021 (CAA 2021; P.L. 116-260); and American Rescue Plan Act of 2021 (ARPA 2021; P.L. 117-2).

Notes: TBD = to be determined; B = billion; M = million; F2F = Farmers to Families. 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.

- 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 I**, R46395). CAA 2021, §799C(b) allocated \$1B of unspent CARES Act funds to additional disaster relief under WHIP+ (FY2019 Supplemental; P.L. 116-20).
- b. 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 I**, R46645). CCC appropriations made possible by a \$14B early CCC reimbursement authorized in the CARES Act.
- c. CFAP additional assistance (CFAP-AA) for producers of swine, poultry, and other livestock and commodities was announced by USDA on January 15, 2021, as a rule (86 *Federal Register* 4877). CFAP-AA is to be funded with unspent CFAP funds estimated by USDA (CFAP-AA Cost Benefit Analysis, January 11, 2021) at \$3.1B with estimated net outlays of \$2.3B.
- d. USDA Pandemic Assistance for Producers (USDA-PAP) subsumes the CFAP and CAA programs, including unspent funds, and targets a more diverse set of producers—including renewable fuel producers, specialty crop and organic farmers, timber harvesters, and support for the food chain—via four parts. USDA-PAP is funded in part by \$11.2B from the CAA 2021 (P.L. 116-260, Division N). **Part 1 and 2:** \$6.5B for new COVID-19-response and other USDA programs. **Part 3:** additional payments mandated by formula under CFAP1, CFAP2, and CFAP-AA. **Part 4:** reopening CFAP-2 sign-up for underserved producers—including socially disadvantaged communities, small and medium sized producers, and producers of less traditional crops—with \$2.5M for outreach efforts.
- e. USDA initiated the Farmer to Families (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. USDA funded a fourth round with \$0.5B in unspent CFAP funds from the CARES Act (see **Table I**; R46395, R46432, and R46681).
- f. 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.
- g. A package of relief authorized by ARPA 2021, which includes appropriations of “such sums as may be necessary” for payments to certain socially disadvantaged farmers and ranchers for the purpose of debt relief (P.L. 117-2, Section 1005). CBO estimated this provision at \$4B (CBO Estimated Budgetary Effects of H.R. 1319, American Rescue Plan Act of 2021, March 10, 2021).
- h. 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. USDA estimates \$5.9B was converted to grants. Initial funding was enhanced in subsequent supplemental appropriations acts (see **Table I**, IN11357 and R46284).
- i. 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.
- j. 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 I**, IN11357 and R46284). Program data are not yet available to determine the share provided to agricultural businesses.

Randy Schnepf, Specialist in Agricultural Policy
Stephanie Rosch, Analyst in Agricultural Policy

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