Continued from previous page

Calculating Payments

Consider an operation with 50 cow/calf pairs (including 49 unweaned, 250-pound calves). Assume that 25 of the previous year's weaned calves were retained. Further assume that the 25 weaned calves were sold on April 13, 2020, weighing over 600 pounds.

The total CFAP payment for the operation would be:	In a second scenario, assume that the 25 weaned calves were sold a week later on April 20, 2020. In that case, total CFAP payments for this operation would be as follows:
Weaned Calves: 25 head x $139/head = $3,475 Cows: 50 head x $33/head = $1,650 Unweaned Calves: 49 head x $33/head = $1,617 Total: $6,742 *(NOTE: as flagged above, a producer will initially be limited to 80 percent of this amount, or $5,393.)*	Weaned Calves: 25 head x $33/head = $825 Cows: 50 head x $33/head = $1,650 Unweaned Calves: 49 head x $33/head = $1,617 Total: $4,092

One major concern for cattle payments is the definition of slaughter cattle weighing in excess of 1,400 pounds which yield an average carcass weight in excess of 800 pounds. Although finished cattle tend to finish heavier in the northern feeding regions than the southern feeding regions, there are circumstances where this is not the case. Additionally, heifers tend to weigh less than steers. If the animal does not meet the weight criteria, the producer will not be eligible for the $214 CARES Act Payment rate.

Payments for hogs and pigs vary depending on the weight of the animal, as noted in Table 1. Producers of all hogs and pigs are eligible for a payment of $17/head on unpriced hog and pig inventory between April 16 and May 14, 2020.

Producers of all sheep less than two years old that were sold between January 15 and April 15, 2020 are eligible for $33/head payments. Producers of all sheep less than two years old are eligible for a payment of $7/head on unpriced lamb and yearling inventory between April 16 and May 14, 2020.

USDA's New Direct Payments Program for Dairy Farmers

Mark Stephenson, Director of Dairy Policy Analysis at the University of Wisconsin-Madison, Chris Wolf, E.V. Baker Professor of Agricultural Economics, and Andrew Novakovic, E.V. Baker Professor of Agricultural Economics Emeritus, both in the Charles H. Dyson School of Applied Economics and Management at Cornell University

First Quarter CFAP Payments

For dairy producers, payments under the CFAP program will be determined by multiplying a producer's milk production for the first quarter of calendar year 2020 by $4.71. This payment rate was calculated as 80% of the decline in prices as determined by USDA during that quarter (Table 1). "Milk production" will likely be established in a manner the same as was used for Dairy Margin Coverage (or Margin Protection Program). Typical documentation would be marketings of milk as verified by a cooperative or processor. Dumped milk that was pooled under a federal order will be automatically included in those reports.

Second Quarter CCC Payments

Payments under the CCC Charter Act are determined by

1. an estimate of each producer's second quarter production, which is to reflect a typical increase in production from the first to the second quarter and
2. a different payment rate that was calculated as 25% of the decline in prices as determined by USDA during the second quarter of calendar year 2020 (see Table 1).

Specifically, second quarter production will be calculated by multiplying each producer's milk production for the first quarter of calendar year 2020 by 1.014 (the percentage change in milk production for quarter 2 compared to quarter 1, see Table 1). The payment rate is set at $1.47.

Table 1. Estimated CFAP Payments for U.S. Dairy (not including payment limitations)

	Average Price, Jan 13-Jan 17*	Average Price, Apr 6-Apr 10*	Payment Percentage applied to Price Decline	Payment Rate ($/cwt)	Production (cwt) (NASS data)	Gross Estimated Payments ($1,000)
Price Loss Q1, 2020 (CARES)	$17.61	$11.72	80%	$4.71	559,000,000	2,632,890
Price Loss Q2, 2020 (CCC)	$17.61	$11.72	25%	$1.47	567,000,000	833,490
Total						3,466,380

*Calculated as the average of Class III (60% weight) and Class IV (40% weight) futures prices. While the all-milk price by construction will always be above the Class III and Class IV prices