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Pandemic Assistance to Illinois Agricultural Producers in 2020 from the Coronavirus Food Assistance Program (CFAP) and the Paycheck Protection Program (PPP)

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In response to market disruptions and economic harm caused by the Coronavirus (COVID-19) pandemic, the U.S. federal government initiated a series of relief programs for U.S. consumers and businesses, including farmers and ranchers. Of these programs, the two rounds of the Coronavirus Food Assistance Program (CFAP) and the Paycheck Protection Program (PPP) were the most significant for agricultural producers.

This article examines government payments received by Illinois producers in calendar year 2020, with special focus on pandemic assistance from CFAP and PPP. Total government payments in 2020, are estimated to be \$2.6 billion, including more than \$1.5 billion from COVID-19-related ad hoc programs. These are a significant source of revenue on Illinois farms and ranches. For context, Illinois's total

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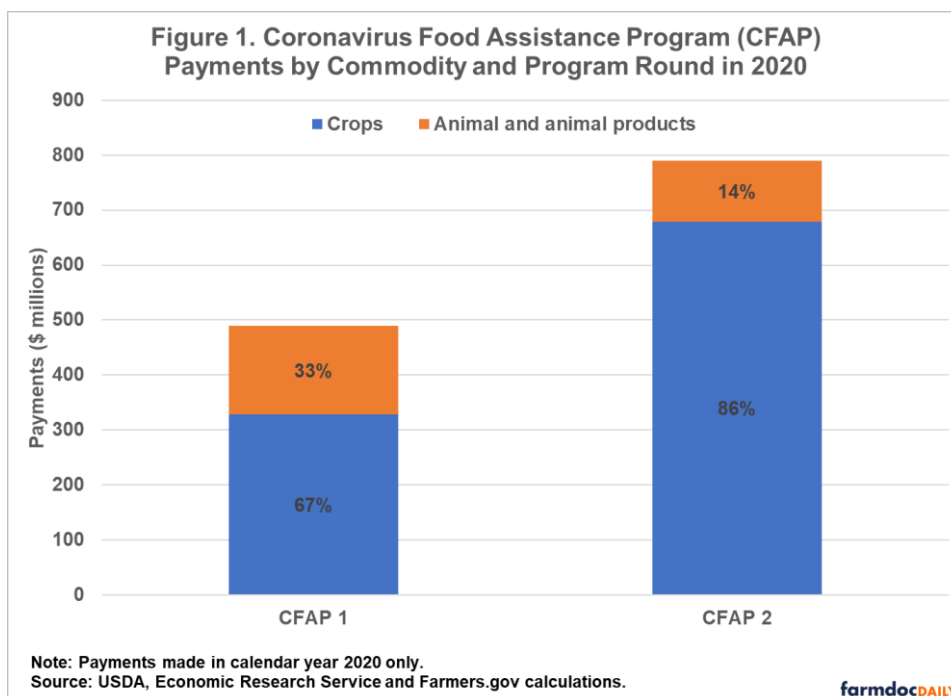
agricultural cash receipts for 2020 are estimated at \$15.3 billion. This means government payments were approximately 17% as large as total agricultural gross cash sales in the state. Ad hoc program payments, including pandemic assistance payments, comprise the lion's share of government assistance to Illinois agricultural producers in 2020, exceeding payments made under existing Farm Bill commodity, conservation, and other programs.

Coronavirus Food Assistance Program (CFAP)

CFAP is a farm-specific relief program that made payments based on observed price declines following the onset of the COVID-19 pandemic. The two rounds of Coronavirus Food Assistance Program (CFAP 1 and CFAP 2), the primary COVID-19 relief program for agricultural producers administered by the USDA, provided nearly \$1.3 billion in direct payments to Illinois producers in 2020. Some producers may have received CFAP payments in 2021. (Past *farmdoc daily* articles describe this program in more detail: [May 22, 2020](#), [May 28, 2020](#), [June 9, 2020](#), [September 3, 2020](#).)

In 2020, payments from CFAP 1 were \$489 million versus \$790 million from CFAP 2. CFAP 1 was significantly smaller than CFAP2 in Illinois in part because CFAP 2 was more comprehensive and covered more commodities than CFAP 1. Giri et al. (2021) found only 3 percent of commodities nationally, measured in terms of cash receipts, were ineligible for CFAP 2 funding compared to the 18 percent for CFAP 1. Further, for some of the same commodities, including corn and soybeans, payment rates under CFAP 2 were higher than under CFAP 1. Moreover, data show CFAP 2 had a larger number of applications (37,577) compared to CFAP 1 (6,428), so the average payment amounts were nearly identical (\$10,796 and \$10,876 for CFAP 1 and CFAP 2, respectively) despite greater aggregate amount under the second round in 2020.

Figure 1 shows the size and share of CFAP payments to crop and animal and animal product commodities. Across both CFAP rounds, the crop production sector received more than \$1 billion (\$328 million from CFAP 1 and \$679 million from CFAP 2) or 79 percent of total, and animal production sector received \$272 million (\$161 million from CFAP 1 and \$111 million from CFAP 2) or 21 percent of total. Payments to crops were higher in Illinois in both rounds because of the predominance of crop production in the state. Of the total \$15.3 billion in cash receipts for agricultural sector in 2020, the crop sector comprised of \$12.8 billion, or 84 percent of total cash receipts, and livestock sector comprised of \$2.5 billion, or 16 percent of total cash receipts. Crop and animal producer shares of CFAP 2 payments are roughly proportional to their shares of cash receipts. However, CFAP 1 provided proportionally greater assistance to animal and animal product production, as shown in Figure 1.



Paycheck Protection Program (PPP)

PPP provides monetary relief in the form of a forgivable loan available to all small businesses, including farms and ranches, that apply and meet certain conditions. More than \$265 million of potentially forgivable PPP loans, or 4 percent of a total \$6 billion in PPP loans made to the U.S. agriculture sector in 2020, were made to Illinois producers in 2020. Note that some producers received PPP loans in 2021. (Past *farmdoc daily* articles provide more information on PPP loans to agricultural producers: [April 14, 2020](#), [January 15, 2021](#))

Table 1. Approved Paycheck Protection Program (PPP) Loans for Illinois in 2020

	Approved Loans (in \$ million)	Average approved PPP loan amount
Animal producers	41	\$5,961
Crop producers	224	\$6,378
Total	265	\$6,022

Source: U.S. Small Business Administration

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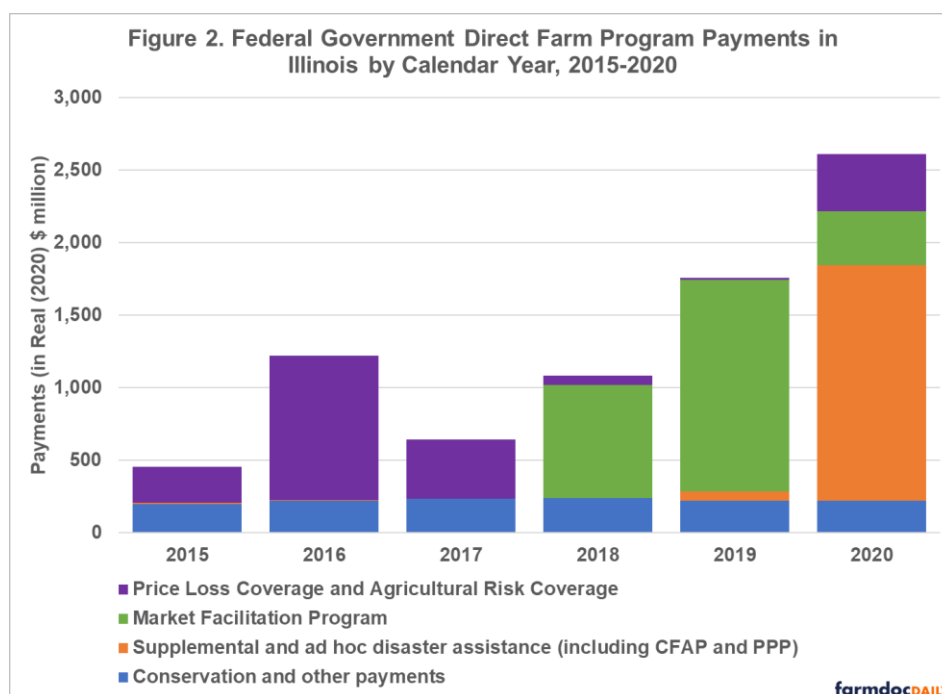
The U.S. Small Business Administration (SBA) reported farm level data showing crop producers received 85 percent of total PPP loans (Table 1) in 2020. SBA classified loans using the applicant-certified North American Industry Classification System (NAICS). PPP loans made to NAICS subsector 111, crop production, and 112, animal production, were used in this study. More PPP loan dollars have flowed to crop producers than livestock producers. Crop producers received \$224 million, while animal producers received almost \$41 million.

As with CFAP, crop producers received more in PPP loans than animal producers, but PPP loan quantity was roughly proportional to the size of each sector. The average approved loan amount for crop sector was slightly higher than livestock sector at \$6,378 and \$5,961, respectively.

CFAP, PPP, and Other Government Support in Context

Figure 2 shows direct government payments to Illinois producers differentiated by major payment category since 2015, including estimates for 2020 which were recently released by the USDA, Economic Research Service (See [here](#)). All amounts are in real, inflation-adjusted 2020 dollars. Total government payments to Illinois producers in 2020 are estimated at \$2.6 billion. This is 48 percent higher than 2019 payments and more than 2.5 times the 2015-2019 average payment of approximately \$1 billion. Most payments made in 2020, \$1.7 billion or 62 percent of the total government payments, were categorized as supplemental or ad hoc disaster assistance. The supplemental and ad hoc payment category includes the more than \$1.5 billion in payments from CFAP and PPP discussed above. It excludes the Market Facilitation Program (MFP), which made direct payments to producers to offset market losses caused by retaliatory tariffs imposed on US agricultural exports.

Supplemental and ad hoc disaster assistance primarily related to the COVID-19 pandemic in 2020 was substantially larger than other government program payments including commodity and conservation program payments authorized under the Farm Bill. Payments from the Price Loss Coverage and Agricultural Risk Coverage commodity programs were 15%, conservation and other Farm Bill programs 8%, and MFP payments 14% of total government payments. The shift from Farm Bill program payments to other payments in 2020 continues a trend observed in 2018 and 2019. In those years, MFP payments made up 72 and 83% of total payments, respectively.



Conclusion

In general, ad hoc pandemic assistance payments comprise the lion's share of government assistance to Illinois agricultural producers in 2020, far exceeding payments made under existing Farm Bill commodity, conservation, and other programs. Illinois producers received more than \$1.5 billion from CFAP and PPP in 2020, an amount greater than the 2015 to 2019 average payment level for all government programs of about \$1 billion. CFAP payments were larger than forgivable PPP loans in 2020. Finally, for the past three years ad hoc payments have comprised of the largest share of total payments to agricultural producers.

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