Agricultural Disaster Assistance

Megan Stubbs
Specialist in Agricultural Conservation and Natural Resources Policy

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SUMMARY

The U.S. Department of Agriculture (USDA) offers several programs to help farmers recover financially from natural disasters, including drought and floods. All the programs have permanent authorization, and one requires a federal disaster designation (the emergency loan program). Most programs receive mandatory funding amounts that are "such sums as necessary" and are not subject to annual discretionary appropriations.

The federal crop insurance program offers subsidized policies designed to protect crop producers from risks associated with adverse weather, as well as weather-related plant diseases and insect infestations and declines in commodity prices. Policies must be purchased prior to the planting season. Eligible commodities include most major crops and many specialty crops (including fruit, tree nut, vegetable, and nursery crops), as well as forage and pastureland for livestock producers. Producers who grow a crop that is currently ineligible for crop insurance may apply for the Noninsured Crop Disaster Assistance Program (NAP). NAP provides a catastrophic level of coverage, as well as options to purchase additional coverage. Similar to crop insurance, policies must be purchased prior to the planting season.

There are four permanently reauthorized disaster programs for livestock and trees. Producers do not pay a fee to participate, and advanced sign-up is not required. The programs are:

1. the Livestock Indemnity Program (LIP), which provides payments to eligible livestock owners and contract growers at a rate of 75% of market value for livestock deaths in excess of normal mortality or sold at a reduced sale price caused by adverse weather, attacks by reintroduced wild animals, and disease;
2. the Livestock Forage Disaster Program (LFP), which makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pasture or grazing land or on rangeland managed by a federal agency due to a qualifying fire;
3. the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), which provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, and feed or water shortages; and
4. the Tree Assistance Program (TAP), which makes payments to orchardists/nursery tree growers for losses in excess of 15% to replant trees, bushes, and vines damaged by natural disasters.

Separately, for all types of farms and ranches, when a county has been declared a disaster area by either the President or the Secretary of Agriculture, producers in that county may become eligible for low-interest emergency disaster loans.

USDA has several permanent disaster assistance programs designed to help producers repair damaged land following natural disasters. It also has authority to issue disaster payments to farmers with funds from "Section 32," or the Commodity Credit Corporation (CCC). Finally, USDA can use a variety of existing programs to address disaster issues as they arise, such as allowing emergency grazing on land enrolled in the Conservation Reserve Program.

The Agricultural Improvement Act of 2018 (P.L. 115-334) made a number of amendments to the permanent farm bill disaster assistance programs, NAP, and crop insurance, including changes to payment limits, definitions, eligibility, and coverage.

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Megan Stubbs
Specialist in Agricultural Conservation and Natural Resources Policy
-redacted-@crs.loc.gov

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The U.S. Department of Agriculture (USDA) offers several programs designed to help farmers and ranchers recover from the financial effects of natural disasters, including (1) federal crop insurance, (2) the Noninsured Crop Disaster Assistance Program (NAP), (3) livestock and fruit tree disaster programs, and (4) emergency disaster loans for both crop and livestock producers. All have permanent authorization, while the emergency loan program is the only one requiring a federal disaster designation (see **Table 1**). Most programs receive mandatory funding amounts of "such sums as necessary" and are not subject to annual discretionary appropriations.[1] The Agricultural Improvement Act of 2018 (2018 farm bill, P.L. 115-334) made a number of amendments to these programs, generally to expand availability and support.[2]

Prior to the creation of many of the permanently authorized programs at USDA, Congress had historically provided farmers and ranchers with ad hoc disaster assistance payments authorized through supplemental appropriations. Subsequently, policies shifted away from the temporary forms of assistance in favor of enacting more permanent forms of support.[3] More recently, policies have shifted to supplement permanent programs with ad hoc assistance for select agriculture losses. The Bipartisan Budget Act of 2018 (P.L. 115-123) amended existing disaster assistance programs and authorized $2.36 billion for production losses from hurricanes and wildfires in 2017 that were not covered by existing programs.

This report provides an overview of permanently authorized federal disaster assistance programs for agricultural losses as well as discretionary authority that USDA may use to provide assistance. Recent amendments in the 2018 farm bill and ad hoc assistance authorized by Congress in the Bipartisan Budget Act of 2018 are also discussed.

Federal Crop Insurance

The federal crop insurance program is permanently authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*), and is administered by USDA's Risk Management Agency (RMA). The program is designed to protect crop producers from risks associated with adverse weather, as well as weather-related plant diseases and insect infestations and declines in commodity prices.

Crop insurance is available for most major crops and many specialty crops (including fruit, tree nut, vegetable, and nursery crops), as well as forage and pastureland for livestock producers. A producer who chooses to purchase an insurance policy must do so by an administratively determined deadline date, which varies by crop and usually coincides with the planting season. Insurance products that protect against loss in revenue and profit margins are also available. Policies are typically available in major growing regions.

The federal crop insurance program was instituted in the 1930s and was subject to major legislative reforms in 1980 and again in 1994 and 2000. The Agriculture Risk Protection Act of 2000 (P.L. 106-224) authorized new federal spending for the program primarily through more generous premium subsidies to help make the program more affordable to farmers and enhance farmer participation levels in an effort to preclude the need for ad hoc emergency disaster payments.

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[1] For a brief summary of these programs, see CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*.

[2] This report has been updated to reflect amendments made by the 2018 farm bill. However, the effect of these amendments are pending implementation by USDA.

[3] For example, the Food, Conservation, and Energy Act of 2008 (2008 farm bill; P.L. 110-246) and the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) authorized the "Supplemental Agricultural Disaster Assistance Programs" discussed below.

Table 1. Select USDA Agricultural Disaster Assistance Programs

(all programs permanently authorized—disaster designation required only for loans)

Program and Agency	Commodity Coverage and Requirements	Payment Trigger	Timing and Funding
Crop insurance indemnifies yield, revenue, or margin losses—RMA.	More than 100 eligible crops; livestock margins and pasture also covered. Producer must purchase a subsidized policy prior to planting.	Yield, revenue, or margin loss greater than the deductible specified in the policy.	Indemnity payment issued after claim is filed, adjusted, and processed; unlimited funding.
Noninsured Crop Disaster Assistance Program (NAP) payments for reduced yield and loss—FSA.	Crops not currently eligible for crop insurance. Producer pays fee prior to planting.	Crop loss in excess of 50%; additional coverage available.	Payment issued after claim is filed and processed; unlimited funding.
Supplemental agricultural disaster assistance programs issue payments for qualifying losses—FSA			
Livestock Indemnity Program (LIP); payments for livestock death losses or livestock sold at a reduced sale price.	Beef and dairy cattle, hogs, chickens, ducks, geese, turkeys, sheep, goats, alpacas, deer, elk, emus, and equine; no fee.	Livestock deaths in excess of normal mortality or sold at reduced sale price caused by adverse weather and disease.	Payment issued after application is processed; unlimited funding.
Livestock Forage Disaster Program (LFP); payments for grazing losses from drought/fire.	Drought-affected pastureland and cropland planted for grazing; rangeland managed by a federal agency due to a qualifying fire; no fee.	Drought intensity level for an individual county, as published in the U.S. Drought Monitor.	Payment issued after application is processed; unlimited funding.
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); payments for losses not covered by LIP/LFP.	Livestock, honey bees, and farm-raised fish; losses may be caused by disease, adverse weather, feed or water shortages, or wildfires; no fee.	Bee losses in excess of normal mortality; certain losses and costs for livestock, including feed and water costs.	Payment issued after application is processed; unlimited funding.
Tree Assistance Program (TAP); payments for tree, bush, and vine losses.	Trees, bushes, and vines from which an annual crop is produced; no fee.	Tree/vine mortality loss or damage in excess of 15%.	Payment issued after application is processed; unlimited funding.
Emergency (EM) disaster loans offer low-interest financing for production or physical losses—FSA.	Damage to crops, livestock, equipment, or farmland when commercial credit is not available.	County disaster declaration by President, Secretary, or FSA; 30% crop loss or a physical loss.	Application due within eight months of disaster; funding subject to appropriations.
Disaster Set-Aside allows deferred loan payment for direct loans—FSA.	One full year's loan payment can be moved to end of loan period.	Disaster declaration by President, Secretary, or FSA.	Upon declaration of disaster.

Source: Compiled by CRS.

Notes: FSA = Farm Service Agency. USDA also offers other emergency assistance for land rehabilitation and forbearance on rural housing loans and rural water and waste water disposal loans. See CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation* and CRS Report RL31837, *An Overview of USDA Rural Development Programs.*

Under the current crop insurance program, a producer who grows an insurable crop selects a level of crop yield and price coverage and pays a premium that increases as the levels of yield and price coverage rise. However, all eligible producers can receive catastrophic (CAT) coverage without paying a premium. The premium for this portion of coverage is completely subsidized by the federal government. Under CAT coverage, participating producers can receive a payment equal to 55% of the estimated market price of the commodity on crop losses in excess of 50% of normal yield—referred to as 50/55 coverage.

Although eligible producers do not have to pay a premium for CAT coverage, they are required to pay upon enrollment a $655 administrative fee per covered crop for each county where they grow the crop. USDA can waive the fee for financial hardship cases. In addition to the administrative fee, producers can elect to pay a premium, which is partially subsidized by the government, to increase the 50/55 CAT coverage to any equivalent level of coverage between 50/100 and 85/100 (i.e., 85% of yield and 100% of the estimated market price) in increments of 5%. These higher levels of coverage are known as "buy up" coverage.

For many insurable commodities, an eligible producer can purchase revenue insurance. Under such a policy, a farmer could receive an indemnity payment when actual farm revenue for a crop falls below the target level of revenue, regardless of whether the shortfall in revenue was caused by poor production or low farm commodity prices. Insured producers are also eligible for reduced coverage if they are late or prevented from planting because of flooding.

The annual agriculture appropriations bill traditionally makes two separate appropriations for the federal crop insurance program. It provides discretionary funding for the salaries and expenses of the RMA. It also provides "such sums as are necessary" for the Federal Crop Insurance Corporation, which finances all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.[4] The total cost of the program varies by year, primarily due to fluctuating levels of indemnity payments from changes in commodity prices, planting decisions, and weather conditions.[5] Across all policies, the average premium subsidy was about 63% of total premiums in 2017.[6] The federal government also subsidizes the costs of selling and servicing the policies (as delivery subsidies to Approved Insurance Providers) and absorbs underwriting losses (indemnities in excess of premiums received) in years when indemnities are high.

For a more detailed analysis of the federal crop insurance program, see CRS Report R45193, *Federal Crop Insurance: Program Overview for the 115th Congress*.

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[4] The Federal Crop Insurance Fund is funded through a mandatory indefinite appropriation that draws necessary funds directly from the U.S. Treasury.

[5] The total direct cost of the federal crop insurance program to the federal government for crop years 2007-2016 was about $72 billion, of which about $43 billion (60%) directly benefitted producers, $28 billion (39%) went to approved insurance providers, and $754 million (1%) was for RMA salaries and expenses. See CRS Report R45193, *Federal Crop Insurance: Program Overview for the 115th Congress*, for a more detailed discussion on cost.

[6] See RMA, *Crop Year Government Cost of Federal Crop Insurance*, April 30, 2018, https://www.rma.usda.gov/aboutrma/budget/17cygovcost.pdf.

Noninsured Crop Disaster Assistance Program (NAP)

Producers who grow a crop that is currently ineligible for crop insurance may apply for NAP. NAP has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) and is administered by USDA's Farm Service Agency (FSA). It was first authorized under the Federal Crop Insurance Reform Act of 1994 (P.L. 103-354). NAP is not subject to annual appropriations. Instead, it receives such sums as are necessary through USDA's Commodity Credit Corporation (CCC), which has a line of credit with the U.S. Treasury to fund an array of farm programs.[7]

Eligible crops under NAP include any commercial crops grown for food, fiber, or livestock consumption for which there is no CAT coverage available under the federal crop insurance program, with limited exceptions. These crops include mushrooms, floriculture, ornamental nursery, Christmas trees, turfgrass sod, aquaculture, honey, maple sap, ginseng, and industrial crops used in manufacturing or grown as a feedstock for energy production, among others. Trees grown for wood, paper, or pulp products are not eligible. To be eligible for a NAP payment, a producer first must apply for coverage by the application closing date, which varies by crop but is generally about 30 days prior to the final planting date for an annual crop. Like CAT coverage under crop insurance, NAP applicants must also pay an administrative fee at the time of application. The NAP service fee is the lesser of $325 per crop or $825 per producer per administrative county, not to exceed a total of $1,950 for farms in multiple counties.[8]

In order to receive a NAP payment, a producer must experience at least a 50% crop loss caused by a natural disaster or be prevented from planting more than 35% of intended crop acreage. For any losses in excess of the minimum loss threshold, a producer can receive 55% of the average market price for the covered commodity. Hence, NAP is similar to CAT coverage in that it pays 55% of the market price for losses in excess of 50% of normal historical production.

Additional coverage (referred to as buy-up coverage) may be purchased at 50% to 65% (in 5% increments) of established yield and 100% of average market price, contract price, or other premium price. The farmer-paid fee for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price times the producer's share of the crop).[9] Grazing land is not eligible for buy-up coverage.

A producer of a noninsured crop is subject to an annual payment limit of $125,000 per person for catastrophic coverage and $300,000 for buy-up coverage. A producer is ineligible under NAP if the producer's total adjusted gross income (AGI) exceeds $900,000.[10] The total federal cost of NAP was $165 million in FY2014, $125 million in FY2015, $137 million in FY2016, $157 million in FY2017, and $164.3 million in FY2018.[11]

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[7] For more information on CCC, see CRS Report R44606, *The Commodity Credit Corporation: In Brief*.

[8] For more on NAP, see the USDA factsheet at http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/NAP_for_2015_and_Subsequent_Years.pdf. Also, see NAP crop eligibility, premium, and payments estimator at http://fsa.usapas.com/NAP.aspx.

[9] For NAP enhancements, see CCC and FSA, "Noninsured Crop Disaster Assistance Program," 79 *Federal Register* 74562-74583, December 15, 2014, http://www.fsa.usda.gov/Internet/FSA_Federal_Notices/nap_irm_2014.pdf.

[10] For additional information on payment limits and AGI requirements, see CRS Report R44739, *U.S. Farm Program Eligibility and Payment Limits*.

[11] USDA, *2018 Explanatory Notes*, Commodity Credit Corporation, February 2018, http://www.obpa.usda.gov/

Supplemental Agricultural Disaster Assistance Programs

Four agricultural disaster assistance programs are permanently authorized for livestock and fruit trees: (1) the Livestock Indemnity Program (LIP); (2) the Livestock Forage Disaster Program (LFP); (3) the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); and (4) the Tree Assistance Program (TAP). They operate nationwide and are administered by FSA. Producers do not pay fees to participate and can apply at their local FSA offices.[12]

All programs receive "such sums as necessary" in mandatory funding via the CCC to reimburse eligible producers for their losses. Total payments vary each year based on eligible loss conditions. For FY2018, LFP payments totaled $487.5 million, LIP payments totaled $36.6 million, TAP payments totaled $11.3 million, and ELAP payments totaled $47 million.[13] All payments are reduced by sequestration.[14]

For individual producers, payments under LFP may not exceed $125,000 per year. There are no limits on the amount of payments received under LIP, ELAP, and TAP. To be eligible for a payment under any of these programs, a producer's total AGI cannot exceed $900,000.

Livestock Indemnity Program (LIP)

LIP provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality caused by an eligible loss condition (e.g., adverse weather, disease, or animal attack). Payments may also be made when the animal is injured as a direct result of an eligible loss condition but does not die and is sold at a reduced price. Eligible loss conditions may include (1) extreme or abnormal damaging weather that is not expected to occur during the loss period for which it occurred, (2) disease that is caused or transmitted by a vector and is not susceptible to control by vaccination, and (3) an attack by animals reintroduced into the wild by the federal government or protected by federal law. Eligibility is predicated on not only the occurrence of an eligible loss condition but direct causation to the death of the animal.

Eligible livestock include beef and dairy cattle, bison, hogs, chickens, ducks, geese, turkeys, sheep, goats, alpacas, deer, elk, emus, llamas, reindeer, caribou, and equine. The livestock must have been maintained for commercial use and not produced for reasons other than commercial use as part of a farming operation. The program excludes wild free-roaming animals, pets, and animals used for recreational purposes, such as hunting, roping, or for show. Poultry and swine are the only eligible livestock for contract growers.

The LIP payment rate is equal to 75% of the average fair market value of the deceased animal type. USDA publishes a payment rate for each type of livestock for each year (e.g., $983.90 per

26ccc2019notes.pdf.

[12] For local FSA contact information, see FSA locator at http://offices.sc.egov.usda.gov/locator/app?agency=fsa.

[13] USDA, *2020 Explanatory Notes*, March 2019, https://www.obpa.usda.gov/USDA2020CJ.pdf.

[14] Sequestration is a process to reduce federal spending through automatic, largely across-the-board reductions that permanently cancel mandatory and/or discretionary budget authority. The supplemental agricultural disaster assistance programs classify as *nonexempt mandatory* accounts and are therefore reduced by sequestration. For additional information on sequestration, see Appendix A in CRS Report R45230, *Agriculture and Related Agencies: FY2019 Appropriations*.

adult beef cow and $4.39 per duck in 2018).[15] For eligible livestock contract growers, the payment rate is based on 75% of the national average input costs for the applicable livestock. For livestock sold at a reduced sale price, payments are calculated by multiplying the national payment rate for the livestock category minus the amount the owner received at sale times the owner's share.

Livestock Forage Disaster Program (LFP)

LFP makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pastureland (including cropland planted specifically for grazing), or on rangeland managed by a federal agency due to a qualifying fire.

Eligible producers must own, cash or share lease, or be a contract grower of covered livestock during the 60 calendar days before the beginning date of a qualifying drought or fire. They must also provide pastureland or grazing land for covered livestock that is either (a) physically located in a county affected by a qualifying drought during the normal grazing period for the county or (b) managed by a federal agency where grazing is not permitted due to fire.

Eligible livestock types are livestock that have been grazing on eligible grazing land or pastureland or would have been had a disaster not struck. These include alpacas, beef cattle, buffalo, beefalo, dairy cattle, sheep, deer, elk, emus, equine, goats, llamas, poultry, reindeer, and swine. Livestock must be maintained for commercial use as part of a farming operation. Livestock owned for noncommercial uses, or livestock that is in (or would have been in) feedlots, are excluded.

U.S. Drought Monitor

The U.S. Drought Monitor is a collaboration between the USDA, National Oceanic and Atmospheric Administration, and the National Drought Mitigation Center at the University of Nebraska-Lincoln. Weekly maps are released based on measurements of climatic, hydrologic, and soil conditions and are combined with local impacts and observations across the country from over 400 participants (primarily from government and academic backgrounds). Eleven climatologists rotate as lead author to produce the weekly maps. The drought monitor is used to determine drought relief for USDA programs (e.g., LFP and the Non-Fat Dry Milk Program) and by the Internal Revenue Service (IRS) to determine the replacement period for livestock sold because of drought. Congressional interest in the U.S. Drought Monitor has grown in recent years as additional program benefits are tied to it. For additional information, see http://droughtmonitor.unl.edu/.

Payments are generally triggered by the drought intensity level for an individual county as published in the U.S. Drought Monitor, a federal report published each week. The number of monthly payments depends on the drought severity and length of time the county has been designated as such (**Table 2**). For drought, the payment amount is equal to the number of monthly payments *times* 60% of estimated monthly feed cost. For producers who sold livestock because of drought conditions, the payment rate is equal to 80% of the estimated monthly feed cost.[16]

[15] Payment rates are available in the USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/livestock_indemnity_program_fact_sheet-may_2018.pdf. For more information, see 7 C.F.R. 1416 Subpart D—Livestock Indemnity Program and the USDA/FSA handbook at http://www.fsa.usda.gov/Internet/FSA_File/1-ldap_r01_a34.pdf.

[16] For more information on LFP, see 7 C.F.R. 1416 Subpart C—Livestock Forage Disaster Program and the USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2017/livestock_forage_disaster_program_oct2017.pdf.

Table 2. Livestock Forage Program (LFP)

(drought intensity and time period determine the number of monthly payments)

Drought Monitor Intensity	Qualifying Time Period	No. of Monthly Payments
D2 (severe drought)	For at least eight consecutive weeks during the normal grazing period	one monthly payment
D3 (extreme drought)	At any time during the normal grazing period	three monthly payments
D3 (extreme drought)	For at least four weeks during the normal grazing period	four monthly payments
D4 (exceptional drought)	At any time during the normal grazing period	four monthly payments
D4 (exceptional drought)	For four weeks (not necessarily consecutive) during the normal grazing period	five monthly payments

Source: P.L. 113-79, Section 1501(e).

Notes: Drought intensity level can apply to any area of a county. The LFP monthly payment rate for drought is equal to 60% of the lesser of the monthly feed cost based on either (a) corn prices, specified feeding requirements, and number of animals or (b) the normal carrying capacity of the land. For details on monthly feed costs and examples, see FSA handbook at http://www.fsa.usda.gov/Internet/FSA_File/1-ldap_r01_a21.pdf. In the case of a producer who sold livestock because of drought conditions, the payment rate is equal to 80% of the monthly feed cost. For fire on federally managed rangeland, the payment rate is 50% of the monthly feed cost, adjusted for the number of days the producer is prohibited from grazing (not to exceed 180 days).

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)

ELAP provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP.[17]

ELAP specifically provides assistance for the loss of honey bee colonies in excess of normal mortality. In order to meet the eligibility requirements for honey bee colony losses, they must be the direct result of an eligible adverse weather or loss condition such as colony collapse disorder, eligible winter storm, excessive wind, and flood. For livestock losses, ELAP covers four categories: (1) livestock death losses caused by an eligible loss condition, (2) livestock feed and grazing losses that are not due to drought or wildfires on federally managed lands, (3) losses resulting from the additional cost of transporting water to livestock due to an eligible drought, and (4) losses resulting from the additional cost associated with gathering livestock for inspection and treatment related to cattle tick fever.

Tree Assistance Program (TAP)

TAP makes payments to qualifying orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. Losses in crop production—as opposed to the tree, bush, or vine itself—are generally covered by federal crop insurance or NAP. Eligible trees, bushes, and vines are those from which an annual crop is produced for commercial

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[17] For more information on ELAP, see 7 C.F.R. 1416 Subpart B—Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program; general ELAP fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/elap_fact_sheet_april2018.pdf; ELAP honey bee fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/elap_honeybee_assistance_fact_sheet-may_2018.pdf; and ELAP livestock fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/elap_livestock_assistance_fact_sheet-may_2018.pdf.

purposes. Nursery trees include ornamental, fruit, nut, and Christmas trees produced for commercial sale. Trees used for pulp or timber are ineligible.

To be considered an eligible loss, the individual stand must have sustained a mortality loss or damage loss in excess of 15% after adjustment for normal mortality or damage. Normal mortality or damage is determined based on (a) each eligible disaster event, except for losses due to plant disease, or (b) for plant disease, the time period for which the stand is infected. Also, the loss could not have been prevented through reasonable and available measures.

For replacement, replanting, and/or rehabilitation of trees, bushes, or vines, the payment calculation is the lesser of (a) 65% of the actual cost of replanting (in excess of 15% mortality) and/or 50% of the actual cost of rehabilitation (in excess of 15% damage), or (b) the maximum eligible amount established for the practice by FSA.[18] The total quantity of acres planted to trees, bushes, or vines for which a producer can receive TAP payments cannot exceed 1,000 acres annually.[19]

Emergency Disaster Loans

When either the President or the Secretary of Agriculture declares a county a disaster area or quarantine area, agricultural producers in that county may become eligible for low-interest emergency disaster (EM) loans available through FSA.[20] Producers in counties that are contiguous to a county with a disaster designation also become eligible for EM loans. EM loan funds may be used to help eligible farmers, ranchers, and aquaculture producers recover from *production* losses (when the producer suffers a significant loss of an annual crop) or from *physical* losses (such as repairing or replacing damaged or destroyed structures or equipment or for the replanting of permanent crops such as orchards). A qualified applicant can then borrow up to 100% of actual production or physical losses (not to exceed $500,000).

Once a county is declared eligible, an individual producer within the county (or a contiguous county) must also meet the following requirements for an EM loan: A producer must (1) be an established family farmer and a citizen or permanent resident of the United States; (2) experience a crop loss of more than 30% or a physical loss of livestock, livestock products, real estate, or property; and (3) be unable to obtain credit from a commercial lender but still show the potential to repay the loan, including having acceptable credit history and collateral to secure the loan. Applications must be received within eight months of the county's disaster designation date. Loans for nonreal-estate purposes must generally be repaid within seven years. Loans for physical losses to real estate have terms up to 20 years. Depending on the repayment ability of the producer and other circumstances, these terms can be extended to 20 years for nonreal-estate losses and up to 40 years for real estate losses.

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[18] Higher payment rates of up to 75% for replanting and rehabilitation are available for beginning and veteran farmers and ranchers.

[19] For more information on TAP, see 7 C.F.R. 1416 Subpart E—Tree Assistance Program; the general TAP fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/tap_fact_sheet_may_2018.pdf; and the TAP citrus greening fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2018/tap_florida_citrus_greening_fact_sheet_may_2018.pdf.

[20] For an overview of the USDA emergency disaster designation and declaration process, see https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2017/emergency_disaster_designation_and_declaration_process_may2017.pdf. For the USDA fact sheet on EM loans, see https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2017/emergency_loan_program_march2017.pdf.

The EM loan program is permanently authorized by Title III of the Consolidated Farm and Rural Development Act (P.L. 87-128), as amended, and is subject to annual appropriations. In FY2018, the program received $25.6 million of new loan authority. Unused funds are carried over and available in the next fiscal year. Therefore, the total loan authority can vary greatly depending on appropriated levels, annual use, and total carryover. In FY2019, the total loan authority is $99.5 million.[21]

Also in counties with disaster designations, producers who have existing direct loans with FSA may be eligible for Disaster Set-Aside. If, as a result of disaster, a borrower is unable to pay all expenses and make loan payments that are coming due, up to one full year's payment can be moved to the end of the loan.[22]

Other USDA Assistance

USDA also has several permanent disaster assistance programs that help producers repair damaged land following natural disasters. It also has authority to issue disaster payments to farmers with "Section 32" or "CCC" funds and can use a variety of existing programs to address disaster issues as they arise.

Emergency Agricultural Land Assistance Programs

Several USDA programs offer financial and technical assistance to producers to repair, restore, and mitigate damage by a natural disaster on private land.

- The Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP) are administered by FSA. For both programs, FSA pays participants a percentage of the cost to restore the land to a productive state. ECP also funds water for livestock and installing water conserving measures during times of drought. EFRP was created to assist private forestland owners with losses caused by a natural disaster on nonindustrial private forest land.
- The Emergency Watershed Protection (EWP) program and the EWP floodplain easement program are administered by USDA's Natural Resources Conservation Service and the U.S. Forest Service. EWP assists sponsors, landowners, and operators in implementing emergency recovery measures for runoff retardation and erosion prevention to relieve imminent hazards to life and property created by a natural disaster. The EWP floodplain easement program is a mitigation program that pays for permanent easements on private land meant to safeguard lives and property from future floods and drought and the products of erosion.

For more information on these programs, see CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*.

[21] For the most recent funding levels available, see emergency loan funding totals at http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/funding/index.

[22] For more information, see USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2017/disaster_set_aside_program_oct2017.pdf.

"Section 32" and "CCC" Funds for Farm Disaster Payments

USDA has discretionary authority to distribute emergency payments to farmers with "Section 32" and CCC funds.[23] While both Section 32 and CCC have broad authority to support U.S. agriculture, the majority of their activities are required under various statutes, such as omnibus farm bills.[24] Beginning in FY2012, annual appropriations acts limited USDA's discretionary use of CCC and Section 32. The FY2018 omnibus appropriation removed this limitation for CCC and allowed for limited carryover funding under Section 32 to be used pending congressional notification.

- USDA's Section 32 program is funded by a permanent appropriation of 30% of the previous year's customs receipts, and funds are used for a variety of activities, including child nutrition programs, the purchase of commodities for domestic food programs, and farm disaster assistance. The statutory authority is Section 32 of the Agricultural Adjustment Act Amendment of 1935 (P.L. 74-320, 7 U.S.C. 612c). The authority to provide disaster assistance is attributed to clause 3 of Section 32, which provides that funds "shall be used to re-establish farmers' purchasing power by making payments in connections with the normal production." The FY2019 omnibus (§714, P.L. 116-6) limits clause 3 to carryover funding of no more than $350 million following a two-week advance notice to Congress.
- The CCC serves as the funding institution for carrying out federal farm support programs, such as commodity price support and production programs, conservation programs, disaster assistance, agricultural research, and bioenergy development. It is federally chartered by the CCC Charter Act of 1948 (P.L. 80-806), as amended. The authority to provide disaster assistance is attributed to Section 5 of the act (15 U.S.C. 714c), which, among other activities, authorizes the CCC to support the prices of agricultural commodities through loans, purchases, payments, and other operations.

Adjustments to Existing USDA Programs

In addition to implementing the disaster assistance programs discussed above, USDA can use authority under other existing programs to help producers recover from natural disasters. For example, in response to the major drought affecting a large part of the United States in recent years, USDA took a number of administrative actions to assist producers, including

- extending emergency grazing and haying on Conservation Reserve Program (CRP) acres;[25]

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[23] For additional information on Section 32, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*. For additional information on the CCC, see CRS Report R44606, *The Commodity Credit Corporation: In Brief*.

[24] Most CCC- and Section 32-funded programs are classified as mandatory spending programs and therefore do not require annual appropriations.

[25] Emergency grazing and haying on CRP acres are generally restricted during primary nesting season for certain wildlife. Authorization is provided either at the national FSA level or by a state FSA committee utilizing the U.S. Drought Monitor. For more information on CRP emergency grazing and haying requirements, see FSA, "Emergency Haying and Grazing," https://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/emergency-haying-and-grazing/index.

- reducing the emergency loan interest rate and making emergency loans available earlier in the season;
- targeting conservation assistance through the Environmental Quality Incentives Program for the most extreme and exceptional drought areas; additional funding helps farmers and ranchers implement conservation practices that conserve water resources, reduce wind erosion on drought-impacted fields, and improve livestock access to water (farmers and ranchers contribute about half the cost of implementing the practices); and
- directing Emergency Community Water Assistance Grants for rural water systems experiencing emergencies resulting from a significant decline in quantity or quality of drinking water.[26]

Assistance to Prevent Spread of Animal Diseases

Under the Animal Health Protection Act (7 U.S.C. 8301, *et seq.*), USDA is authorized to take protective actions against the spread of livestock disease, including seizing, treating, or destroying animals if USDA determines that an extraordinary emergency exists because of the presence of a pest or disease of livestock. As part of its animal health program, USDA's Animal and Plant Health Inspection Service compensates producers for animals that must be euthanized, for their disposition, and for infected materials that must also be destroyed. Funding is provided by annual appropriations or through the CCC for larger amounts. The most recent example of a large-scale outbreak that resulted in payments to producers was in 2015 and 2016 during outbreaks of highly pathogenic avian influenza affecting the U.S. poultry industry.[27]

Amendments in the 2018 Farm Bill

The 2018 farm bill amended the supplemental disaster assistance programs as well as NAP, crop insurance, and emergency loans. The following provides a summary of changes to select programs included in this report. For a more comprehensive review of amendments under the 2018 farm bill, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

Federal Crop Insurance Amendments

The 2018 farm bill generally expands coverage under the federal crop insurance program, including for forage, grazing, and hemp. Amendments authorize catastrophic level coverage for insurance plans covering grazing crops and grasses. It also allows producers to purchase separate crop insurance policies for crops that can be both grazed and mechanically harvested on the same acres during the same growing season and to receive independent indemnities for each intended use. A number of amendments were also made related to hemp, including eligibility, post-harvest losses, and waivers that allow for the development of policies for hemp. For all crops, the

[26] USDA's Rural Utilities Service provides grants and loans for rural water systems in communities with fewer than 10,000 inhabitants. Its programs are for domestic water service, not water for agricultural purposes. For more information, see CRS Report R43408, *Emergency Water Assistance During Drought: Federal Non-Agricultural Programs*.

[27] For more information, see CRS Report R44114, *Update on the Highly-Pathogenic Avian Influenza Outbreak of 2014-2015*.

administrative fee for catastrophic coverage was increased from $300 to $655 per crop per county.

NAP Amendments

The 2018 farm bill expands crop eligibility to include crops that may be covered by select forms of crop insurance but only under whole farm plans or weather index policies. It also amends the payment calculation to consider the producer's share of the crop, raises the service fees, and creates separate payment limits for catastrophic ($125,000/person) and buy-up ($300,000/person) coverage. Payments under buy-up coverage are also expanded to include other premium prices (e.g., local, organic, or direct market price), which may be higher than the average market price. The law makes buy-up coverage permanent and adds data collection and program coordination requirements.

Supplemental Agriculture Disaster Assistance Program Amendments

The 2018 farm bill expands payments for livestock losses caused by disease and for losses of unweaned livestock that occur before vaccination. The law also expands the definition of *eligible producer* to include Indian tribes or tribal organizations and increases replanting and rehabilitation payment rates for beginning and veteran orchardists. The law amends the limits on payments received under select disaster assistance programs: Of the four disaster assistance programs, only LFP is now subject to the $125,000/person payment limit.

Emergency Loan Amendments

Eligibility is expanded to allow borrowers who have received a debt write-down or restructuring of a farm loan (due to circumstances beyond the control of the borrower) to maintain eligibility for an emergency loan.

Ad Hoc Assistance

The U.S. farm policy mix that provides assistance to agricultural producers for damage and loss following a natural disaster continues to shift between permanent and temporary authorized support. The authorization of permanent disaster assistance programs in the 2008 and 2014 farm bills,[28] as well as expanded crop insurance and NAP policies, were designed to reduce the need for ad hoc disaster assistance. Following enactment of the 2008 farm bill, Congress appropriated little in the way of supplemental disaster assistance for agriculture, most of which was for land rehabilitation efforts under EWP and ECP. This changed in 2018, when an active hurricane and wildfire season in 2017 resulted in the authorization of supplemental assistance in the Bipartisan Budget Act of 2018. In addition to the programmatic changes discussed in the "Supplemental Agricultural Disaster Assistance Programs" section of this report, the Bipartisan Budget Act of 2018 also authorized $2.36 billion for production losses not covered under NAP or crop insurance.

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[28] See the "Supplemental Agricultural Disaster Assistance Programs" section discussed above.

2017 Wildfires and Hurricanes Indemnity Program

On July 16, 2018, USDA announced the availability of the bulk of the 2018 Bipartisan Budget Act funding through the Wildfires and Hurricanes Indemnity Program (WHIP). Only crop, tree, bush, and vine losses from a wildfire or hurricane in 2017 are eligible for assistance under WHIP.[29]

Payments to producers who purchased crop insurance or NAP coverage range from 70% to 95% of the expected value of the crop, depending on the level of coverage purchased. For producers who did not purchase crop insurance or NAP in advance of the natural disaster, payments under WHIP are limited to 65% of expected value of the crop. All payments are reduced by the value of the crop harvested, if any, and any insurance indemnity paid through crop insurance or NAP.[30] All participants are required to purchase crop insurance or NAP for the next two years.

Payments are limited to $125,000 if less than 75% of the participant's AGI is from farming. If more than 75% of the participant's AGI is from farming, then payments are limited to a maximum of $900,000. USDA's initial announcement stated that only 50% of the participant's payment rate will be made up front, with additional payments possible depending on fund availability.[31]

Florida Citrus Block Grant

USDA used a portion of the 2018 Bipartisan Budget Act funding for a $340 million block grant to the state of Florida.[32] Under the grant, the state is expected to assist the citrus industry with the cost of buying and planting replacement trees—including resetting and grove rehabilitation—and for repairing damage to irrigation systems, among other activities.

Pecan Trees

The Consolidated Appropriations Act, 2018 (P.L. 115-141), also provided supplemental assistance but through an existing program—TAP. The act authorized $15 million for payments to eligible pecan orchardists or pecan nursery tree growers for mortality losses incurred during calendar year 2017. The act lowers the mortality loss threshold under TAP to cover losses in excess of 7.5% but not more than 15%, adjusted for normal mortality. If losses exceeded 15%, then the loss is already eligible for TAP. If applications for these losses (i.e., between 7.5% and 15%) exceed the available $15 million, then payments would be proportionally reduced.[33]

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[29] For additional information, see FSA, *2017 Wildfires and Hurricanes Indemnity Program (WHIP)*, https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/wildfires-and-hurricanes-indemnity-program/index.

[30] Payments in Puerto Rico are calculated differently due to damages to local field offices and the industry as a whole.

[31] USDA, "Nearly $2 Billion Now Available for Eligible Producers Affected by 2017 Hurricanes and Wildfires," press release, July 16, 2018, https://www.usda.gov/media/press-releases/2018/07/16/nearly-2-billion-now-available-eligible-producers-affected-2017.

[32] FSA, "Perdue Announces Florida Citrus Hurricane Recovery Details," press release, May 1, 2018, https://www.fsa.usda.gov/news-room/news-releases/2018/nr_20180501_rel_0068.

[33] FSA, *TAP for Pecan Losses Under the Consolidated Appropriations Act of 2018*, June 22, 2018, https://www.fsa.usda.gov/Internet/FSA_Notice/tap_54.pdf.

Author Contact Information

Megan Stubbs
Specialist in Agricultural Conservation and Natural Resources Policy
/redacted/@crs.loc.gov7-....