

## **DISASTER PROGRAMS UNDER THE 2008 FARM BILL**

### **Fee Increase for CAT-level Crop Insurance and NAP Coverage**

The 2008 Farm Bill raises the administrative fee for catastrophic crop insurance (CAT) coverage from \$100 to \$300 per crop per county.

It increases the administrative fee for the Noninsured Crop Disaster Assistance Program (NAP) from \$100 to \$250 per crop per county, up to a maximum of \$750 per county and \$1875 per farmer.

### **Five New Standing Disaster Programs Created**

The 2008 Farm Bill creates five new disaster programs that will be available on a standing basis for losses resulting from disasters that occur before October 1, 2011. This means that farmers suffering losses to crops and livestock as a result of a disaster anywhere in the country will be able to immediately apply for assistance, rather than having to hope that their losses would be covered by an ad hoc disaster program that might be adopted at a later date.

Although the specific requirements for each program will not be known until the Farm Service Agency (FSA) publishes program regulations, which is not expected until 2009, this handout gives some basic information about program coverage and requirements.

### **Availability of the New Programs Not Limited to Declared Disaster Counties**

The new disaster programs will be available in all counties covered by a presidential disaster declaration or disaster designation issued by the Secretary of Agriculture, along with all bordering counties. This is similar to program availability of other federal disaster programs. However, these new disaster programs will also be available to any individual farmer who suffered more than a 50 percent reduction in normal production due to weather conditions, whether or not the farmer's county is covered by a disaster declaration.

### **In General, Crop Insurance or NAP Coverage Required on All Crops to Be Eligible for the New Programs**

It is a general requirement for almost all of these new disaster programs that a farmer have obtained at least CAT crop insurance coverage or NAP coverage for all of the farmer's crops in all counties where such coverage is available. As a result, farmers must secure crop insurance or NAP coverage on all crops at the beginning of each crop year if they want to maintain eligibility for these new disaster programs.

### **One-Time General Waiver for 2008 Crop Year If Buy-In Fee Paid by September 16**

Because the 2008 Farm Bill was enacted after the closing dates for obtaining crop insurance or NAP coverage for the 2008 crop year, Congress included a one-time waiver of this coverage requirement for 2008. However, to take advantage of this waiver for the 2008 crop year, farmers who did not already have crop insurance or NAP coverage on all crops had to pay a "buy-in" fee to FSA by September 16, 2008.

### **Waiver for All Crop Years for Socially Disadvantaged, Limited Resource, and Beginning Farmers**

Separate from the one-time waiver available to all farmers for the 2008 crop year, there is a targeted waiver of the requirement that the farmer have obtained crop insurance or NAP coverage to be eligible for the new disaster programs. This waiver is available in all crop years for farmers who meet the definition of socially disadvantaged, limited resource, or beginning farmers or ranchers. This waiver does not require a buy-in fee of any kind.

For the purpose of the new disaster programs, a “socially disadvantaged” farmer is a farmer who is a member of a group that has been subject to racial or ethnic prejudice. A “limited resource” farmer is a farmer who meets specific income limits. (USDA has an online tool to help farmers determine whether they qualify as limited resource farmers:

[www.lrftool.sc.egov.usda.gov/tool.asp](http://www.lrftool.sc.egov.usda.gov/tool.asp).) A “beginning” farmer is a farmer who has operated a farm for no more than 10 years.

Farmers who believe that they are eligible for a waiver under one or more of these categories should request this waiver from FSA.

### **Overview of the New Programs**

As mentioned above, the specific details of the new programs will not be known until FSA issues program regulations. This is not likely to happen before 2009. However, it is possible to get a general idea of the losses that will be covered and the assistance provided based on the Farm Bill language itself and some internal policy notices issued by FSA over the past couple of months. In particular, FSA Notice DAP-289, “Announcing Supplemental Agricultural Disaster Assistance Programs,” provides a general overview of the new programs.

### **Supplemental Revenue Assistance Payment Program (SURE)**

The Supplemental Revenue Assistance Payment Program (SURE) will provide cash payments to eligible farmers who have incurred crop production losses or crop quality losses, or both. A farmer’s SURE payment will be 60 percent of the difference between the revenue amount guaranteed under the program and the farmer’s actual total farm revenue for all crop acreage in all counties.

The general SURE eligibility requirement is that crop insurance or NAP must be obtained for all crops for which coverage is available. A farmer’s revenue guarantee under SURE will be based on 115 percent of the farmer’s crop insurance coverage (acreage times price election times yield election) for each insurable crop and 120 percent of the farmer’s NAP coverage (acreage times NAP program price times yield guarantee) for each non-insurable crop.

A farmer’s actual total farm revenue will be calculated for SURE by determining the estimated actual value of all crops produced, 15 percent of any direct payments under the Direct and Counter-Cyclical Program (DCP), the full amount of any counter-cyclical payments under DCP or crop revenue payments, the full amount of any LDPs or marketing loan gains, the full amount of any payments received under crop insurance or NAP coverage, and the full amount of any other disaster payments for the same loss.

### **Livestock Indemnity Program (LIP)**

The Livestock Indemnity Program (LIP) will provide cash payments to eligible livestock producers for death losses due to adverse weather that are in excess of normal mortality. Eligible losses may include those determined by FSA to have been caused by hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold. FSA's notice DAP-289 makes clear that there will be no state, county, or other area trigger for LIP availability.

There is no crop insurance or NAP coverage requirement for LIP.

LIP indemnity payments will be 75 percent of the fair market value of the livestock on the day before the date of death of the livestock. FSA will determine the livestock value based on certain set categories.

### **Livestock Forage Disaster Program (LFP)**

The Livestock Forage Disaster Program (LFP) will provide cash payments to eligible livestock producers who suffered grazing losses for eligible livestock because of drought or fire. Drought losses will be covered on land that is native or improved pastureland with permanent vegetative cover and on land planted to a crop specifically for grazing. Fire losses will be covered on rangeland managed by a federal agency if the fire prevents the producer from being able to graze the normal number of permitted livestock.

The general LFP eligibility requirement is that crop insurance or NAP must be obtained for crops grown on grazing land, if coverage is available.

The LFP payment rate for drought losses will be 60 percent of the producer's monthly feed cost, as determined by FSA; a producer may receive the equivalent of one, two, or three "monthly" payments based on the severity of drought in the area. LFP payments for fire losses will be 50 percent of the producer's monthly feed cost for livestock covered by the federal grazing lease, as determined by FSA, for a maximum of 180 calendar days per year.

### **Tree Assistance Program (TAP)**

The Tree Assistance Program (TAP) will provide cash payments to eligible orchardists and nursery tree growers for qualifying tree losses due to natural disaster. The producer must have experienced more than 15 percent tree mortality due to the disaster.

It is a general TAP eligibility requirement that crop insurance or NAP must be obtained for all crops growing on vines and trees, if coverage is available.

TAP payments will be 70 percent of replanting costs and 50 percent of pruning, removal, and other salvage costs for qualifying losses.

### **Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (EALP)**

Under the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (EALP), FSA may spend up to \$50 million per year to provide emergency relief for losses due to feed or water shortages, disease, adverse weather, or other conditions, such as blizzards and wildfires, that are not adequately addressed by other disaster programs.

It will be a general EALP eligibility requirement that crop insurance or NAP coverage have been obtained for all crops, if coverage is available.

### **Check FLAG Website for Future Updates**

The FSA policy notices related to these new disaster programs can be found on the FLAG website at [www.flaginc.org/topics/disaster/index.php](http://www.flaginc.org/topics/disaster/index.php), along with other information on disaster assistance for farmers. As more details become available about the new disaster programs, additional updates will be posted there. ■

If you have any questions about the information in this handout or any other disaster program issue, contact the Minnesota Family Farm Law Project:

St. Cloud

St. Cloud Area Legal Services  
320-253-0121  
888-360-2889 (toll-free)

Mankato

Southern MN Regional Legal Services  
570-387-1211  
800-247-2299 (toll-free)

St. Paul

Farmers' Legal Action Group (FLAG)  
651-223-5400  
877-860-4349 (toll-free)