

Federal Emergency Assistance Available to Agricultural Producers

For further information please contact:
U.S. Senate Committee on Agriculture, Nutrition and Forestry
202-224-2035

Federal Crop Insurance Program

The federal crop insurance program, which provides subsidized crop insurance to U.S. farmers for about 50 separate crops plus livestock and pasture and forage land, is a crucial component of the government safety net for U.S. production agriculture.

If a producer's insured crop has been damaged or destroyed by the recent flooding, or the producer has been prevented from planting that crop due to excess rainfall or other natural causes, that producer should file a claim with the agent representing the private crop insurance company from whom the policy had been purchased.

To be eligible to receive crop insurance indemnities for losses experienced in this crop year, producers must have signed up for the program by the sales closing date for spring-planted crops of March 15, 2008.

Producers are not permitted to file a claim for prevented planting until after the late planting period for the crop in question has expired. For corn in Iowa, the final planting date for 2008 was May 31st, and during the late planting period farmers are allowed to plant corn up to 25 days after that date, although for each day that passes, they lose 1 percent of their crop insurance guarantee for their crop due to loss of yield potential. For soybeans in Iowa, the final planting date was June 15th, with a similar 25 day late planting period and reduction in guarantee. For example, a farmer with a 75/100 policy who plants soybeans 10 days late would receive a crop insurance guarantee of 67.5 percent times actual production history (APH) yield times price election (the crop insurance price for the year) – which is a 10 percent reduction compared to what the guarantee would have been if the crop had been planted on or before the final planting date.

The basic prevented planting payment is 60 percent of the crop's crop insurance guarantee. At the time they signed up for their policy, farmers also had the option to specify a higher percentage for the prevented planting payment, for a higher overall policy premium. If the farmer has a prevented planting claim on a crop insured with a revenue policy, they can request a preliminary payment, which would then be recalculated when the Fall Harvest Price is published to determine if an additional payment is required.

Producers eligible for prevented planting payments have the option of accepting those payments in full and refraining from planting a substitute crop on those fields. If the producer plants a second crop on the acres intended to be planted to the original crop, the producer would receive a reduced prevented planting payment amounting to 35 percent of the full prevented planting payment. That second crop is eligible for insurance if it was listed as an insured option for the first crop on the farmer's policy as of the sales closing date. A producer who accepts the

prevented planting payment is required to either leave the ground bare or plant a cover crop, which cannot be used for haying or grazing prior to November 1st.

Supplemental Agricultural Disaster Assistance

The Food, Conservation, and Energy Act of 2008 includes provisions establishing standing disaster assistance programs which will cover losses for crops and livestock due to natural disasters starting with the 2008 crop and occurring on or before September 30, 2011.

The main program is the Supplemental Revenue Assistance Program (SURE), which supplements indemnities for crop losses provided under the federal crop insurance program. To be eligible for payments under this program, a producer must have purchased crop insurance coverage or coverage under the Noninsured Crop Assistance Program (NAP) and farm in a county with a qualifying disaster designation or a county contiguous to such a county, or otherwise suffer at least a 50 percent loss on the farm. A farmer who failed to acquire crop insurance or NAP coverage for the 2008 crop year is permitted to pay the appropriate fee for catastrophic (CAT) or NAP coverage within 90 days of enactment of the farm bill (by August 22nd) and thus become eligible for the disaster assistance programs, though they will not receive indemnities under CAT or NAP.

The payment level in a given year will be determined based on the difference between the producer's SURE program guarantee, which is 115 percent of the sum of the producer's crop insurance guarantee for all insured crops (which consists of crop insurance coverage times APH yield times price election times insured acres for each crop) and 120 percent of NAP guarantees for noninsured crops on a given farm, and the producer's actual revenue. Actual revenue is defined as the sum of estimated crop receipts per farm (acres harvested times actual yield times national average price for the marketing year), crop insurance, NAP indemnities, or prevented planting payments for crops on that farm, countercyclical or ACRE payments, marketing loan benefits, and 15 percent of the direct payments. The producer would receive 60 percent of that calculated difference between the guarantee and actual revenue figures.

The U.S. Department of Agriculture is still in the process of developing the rules to implement this program since the farm bill was enacted a few weeks ago, but in any case payments could be made no sooner than October of 2009, since the national average market price is to be included in the calculation, and the marketing year for this year's corn and soybeans ends on September 30, 2009. The Farm Service Agency has been charged with carrying out this program. It is expected that once the rules are implemented and the software to carry out the program is prepared, producers will be required to come into their county FSA office to sign up.

Other programs available to producers in this package are payments to cover 75 percent of the value of livestock lost due to natural disasters; assistance to livestock producers who have lost forage due to extended droughts; up to \$50 million annually for emergency assistance for livestock, honey bees, and farm-raised fish not otherwise covered by the other programs, with the appropriate use of these funds to be determined by the Secretary; and payments for 70 percent of the cost of replacing nursery, ornamental, fruit, nut, or Christmas trees lost due to natural disasters.

Conservation Disaster Assistance

There are two USDA programs available to assist producers with repairing and restoring land and conservation measures following the disaster in the Midwest: the Emergency Watershed Protection Program (EWP) and the Emergency Conservation Program (ECP).

The **Emergency Watershed Protection Program** is a USDA, Natural Resources Conservation Service (NRCS) program designed to relieve imminent hazards to life and property caused by floods and other natural occurrences. This program generally helps groups of people with a common problem; it is typically not an individual assistance program. All projects must be sponsored by a political subdivision of the state (city, county, or conservation district). NRCS may pay up to 75 percent of the construction cost of emergency measures or up to 90 percent in limited resource areas. Typical work done under this program includes: removing debris from stream channels, road culverts, and bridges; reshaping and protecting eroded banks; correcting damaged drainage facilities; repairing levees and structures; reseeding damaged areas; and purchasing floodplain easements. A case-by-case investigation of the needed work is made by NRCS. Funds are available through the program to the extent of appropriated amounts.

More information on EWP is available at NRCS offices and the NRCS website:
<http://www.nrcs.usda.gov/programs/ewp>

The **Emergency Conservation Program** is a USDA, Farm Service Agency (FSA) program that provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters. For land to be eligible, the flooding or disaster must create new conservation problems that, if untreated, would impair or endanger the land; materially affect the land's productive capacity; represent unusual damage which is not the type likely to recur frequently in the same area; and be so costly to repair that federal assistance is or will be required to return the land to productive agricultural use. Participants may receive cost-share assistance of up to 75 percent of the cost to implement approved practices. This program is administered by FSA but technical assistance may be provided by NRCS. Funds are available through the program to the extent of appropriated amounts.

More information on ECP is available at FSA offices and on FSA's website:
<http://disaster.fsa.usda.gov>

Farm Loan Program Emergency Farm Loans

USDA provides emergency loans to help eligible producers recover from production and physical losses due to flooding and other natural disasters, or quarantine. Emergency Farm Loans may be used to restore and replace essential property; pay all or part of production costs

associated with the disaster; pay essential family living expenses; reorganize farming operations; and refinance certain debts.

To be eligible for emergency loans a farmer must own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster or quarantine area. Farmers must have suffered at least a 30 percent loss in crop production or physical loss to livestock, livestock products, real estate, or chattel property. Borrowers must have an acceptable credit history and be unable to receive credit from commercial sources.

An eligible borrower must have adequate security and may borrow up to 100 percent of the actual production or physical losses, to a maximum amount of \$500,000. Emergency loans carry an annual interest rate of 3.75 percent. Applications for emergency loans must be received within 8 months of the county disaster or quarantine designation date.

More information on the Emergency Loan program is available at FSA offices and on the FSA website: <http://disaster.fsa.usda.gov>

Iowa State Extension

Iowa State University's Extension Service is available to assist with information and technical advice to answer numerous disaster-related inquiries, including questions on various topics ranging from food safety and household cleanup to crop and livestock issues.

More information on ISU Extension Service is available at Extension offices and the following websites: <http://www.extension.iastate.edu/disasterrecovery/> or contact extension directly at extensiononline@isu.edu. To contact an extension field agronomist, go to: <http://www.extension.iastate.edu/ag/fscrops/fscrops.html>.

ISU Extension operates a number of hotlines for additional assistance:

Iowa Concern (800-447-1985)

- Financial questions, legal issues, family transitions
- Phones are answered all hours, all days
- TTD (Telecommunications Device for Deaf Persons) **(800-735-2942)**

The Following Numbers Available to Iowa Residents Only:

Families Answer Line (800-262-3804)

- Questions relating to home and family
- Relay Iowa (TTY) 800-735-2942
- Hours are Monday through Friday from 9 a.m. to 4 p.m.
- Email questions to answer@iastate.edu

Hortline (515) 294-3108

- Hortline provides assistance to home gardeners on lawn, garden, and ornamental questions
- Hours are Monday through Friday from 10 a.m. to 12 noon and 1-4:30 p.m.
- Email questions to hortline@iastate.edu

Iowa Healthy Families (800-369-2229)

- Health Information and Referral, Confidential
- TDD (Telecommunications Device for Deaf Persons) (800-735-2942)
- Phones are answered all hours, all days.

PORKLine (800-808-7675)

- Available to assist Iowa pork producers in all aspects of pork production
- Hours are Monday through Friday from 8 a.m. to 5 p.m.
- Email questions to ipic@iastate.edu

More information on disaster recovery can be found at the Extension Disaster Education Network's website: <http://www.eden.lsu.edu/>