



## Agricultural Assistance Act of 2003

### Background

The Agricultural Assistance Act of 2003 (the Act), signed into law on February 20, 2003, provides assistance to producers who have suffered losses due to weather-related disasters or other emergency conditions. The total estimated cost of the Act is \$3.099 billion. USDA's Farm Service Agency (FSA) will administer the following programs contained in the Act.

### Crop Disaster Program

The crop disaster program (CDP) provides payments to producers for qualifying losses to agricultural commodities (other than sugar or tobacco) due to damaging weather or related conditions. The damages must be in excess of 35 percent for either the 2001 or 2002 crop. The program has no set funding limit.

CDP provisions are similar to disaster programs authorized for 1998 through 2000 crops, but with a few changes. Producers will have a choice of receiving payments for the 2001 or 2002 crops (but not both), and the payment rates will be slightly less than for the previous crop loss payments.

Payments will be issued to producers for losses in excess of 35 percent at:

- 50 percent of the established price to producers who had crop insurance or noninsured crop disaster assistance program (NAP) coverage;
- 50 percent of the established price to producers for which crop insurance or NAP was not available; and
- 45 percent of the established price to producers who did not obtain crop insurance or NAP.

CDP payments are limited to \$80,000 per producer. A producer's disaster payments plus crop insurance and NAP payments cannot exceed 95 percent of what the producer would have received in the absence of a crop loss.

A producer is ineligible if he/she did not purchase crop insurance or NAP, unless the producer agrees to purchase crop insurance and/or NAP for each of the next two years. If the producer fails to purchase coverage, the producer must refund the disaster payment.

### Livestock Compensation Program

The Act also expands the counties eligible for the Livestock Compensation Program (LCP) by changing the program's date restrictions. This program was originally announced by the Administration in September 2002. LCP payments are based on losses per head of eligible livestock.

### Livestock Assistance Program

The Act includes \$250 million for the Livestock Assistance Program (LAP), which reimburses producers for grazing losses. The producer has a choice of receiving payments for 2001 or 2002 losses. LAP will address the needs of producers who were not adequately covered by the LCP. Because LAP and LCP may provide assistance for the same loss, the Act requires that producers cannot receive payments under both programs.

### Other Assistance

The Act also provides the following assistance:

- \$60 million in payments to certain sugarcane producers and processors

(payable in the form of 150,000 tons of commodities or the dollar-equivalent) for hurricane losses;

- \$60 million for sugar beet producers for losses due to flooding and drought;
- tobacco assistance payments of 5.55 cents per pound for losses associated with quota reductions, pests, and diseases;
- \$50 million for losses to the cottonseed industry from hurricanes in the fall of 2002; and
- other assistance that may be administered by other agencies or state governments.

### Signing Up for Assistance

Sign-up for the various disaster assistance programs will begin as soon as possible following the determination of program details. Information on sign-up will be posted on FSA's Web site at: [disaster.fsa.usda.gov](http://disaster.fsa.usda.gov)

### For More Information

Further information on these programs is available from local FSA offices or on FSA's Web site at: [disaster.fsa.usda.gov](http://disaster.fsa.usda.gov)

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