



# Food, Conservation, and Energy Act of 2008

**PL 110-234**

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*Disclaimer: Provisions provided in this presentation are subject to  
change or interpretive differences.*





## Farm Bill Program Time Lines – 2008

- 2008 Supplemental Agricultural Disaster Assistance
  - 2008 “Eligibility Buy-in” ends September 16, 2008
  - Program signup will be announced.
- 2008 Direct and Counter-cyclical Program (DCP)
  - Signup begins June 25 and ends September 30, 2008
  - Rules basically remain unchanged





## Farm Bill Program Time Lines – 2008

- **Noninsured Crop Disaster Assistance Program (NAP) Fees**
  - Effective May 22, 2008, the NAP fees increase from \$100/crop to \$250/crop
- **2008 Milk Income Loss Contract Program**
  - Additional payment for high feed costs





## Farm Bill Program Time Lines – 2009

- 2009 Direct and Counter-cyclical Program
  - Producers will be given a one-time opportunity to enroll in the ACRE
  - Signup will not begin for awhile
- 2009 Disaster Assistance Programs Signups
- Payment Limitation for 2009
  - New rules take effect
  - AGI changes.





# Significant FSA Provisions

- Supplemental Agricultural Disaster Assistance Programs
  - Authorized Five Disaster Programs for 2008 – 2011
  - Covers losses to: crops, livestock, forage, trees, bushes, vines, honey bees, and farm-raised fish
  - Projected signups: TBA (not for awhile)





# Significant FSA Provisions

- Payment Limitation

- 2008: No changes for 2008 programs, including DCP and Disaster Programs, including NAP
- 2009: Changes for all programs including DCP, Disaster Program, and NAP
  - Direct Attribution (Eliminates Permitted Rules)
  - New AGI requirements
  - Husband and wife rule changes





# Supplemental Agricultural Disaster Assistance

- Created Supplemental Agricultural Disaster Assistance Programs for 2008 - 2011:
  - Supplemental Revenue Program (SURE)
  - Livestock Indemnity Program (LIP)
  - Livestock Forage Disaster Program (LFP)
  - Tree Assistance Program (TAP)
  - Emergency Assistance Program for Livestock, Honey Bees, and Farm-raised Fish (ELAP)





# Supplemental Agricultural Disaster Assistance

- General Provisions of the Disaster Programs:
  - Risk Management Purchase Requirement
    - If available, crop insurance or NAP must have been purchased to be eligible for:
      - SURE, TAP, and ELAP. All crops must be covered by crop federal crop insurance or NAP
      - LFP. Only grazed forage must be covered by NAP.
    - Participation in the LIP does not require crop insurance or NAP coverage.
    - Waiver for socially disadvantaged producers, limited resource producers, or beginning farmers/ranchers.







# Supplemental Agricultural Disaster Assistance

- General Provisions of the Disaster Programs:
  - 2008 Crop Year Eligibility “Buy-in”
    - To meet the Risk Management Purchase Requirement for 2008, producers may pay \$100 per “uncovered” crop by September 16, 2008
      - Maximums: \$300 per county and \$900 per producer
      - Payment must be made at the FSA Office for Insurable and NAP crops





# Supplemental Agricultural Disaster Assistance

- General Provisions of the Disaster Programs:
  - Payment Limitation:
    - Limited to \$100,000 combined for all programs except TAP
    - TAP has a separate \$100,000 limitation





# Supplemental Revenue Program (SURE)

- SURE: Successor to Ad Hoc Crop Disaster Programs
- Available to eligible producers on farms in:
  - counties covered by a qualifying natural disaster declaration, and contiguous counties
  - counties or contiguous counties without a disaster declaration: any farm in which there is a greater than 50% loss in production because of adverse weather
- For this program, “farm” refers to all acreage in all counties that is planted or intended to be planted by the producer.





# Supplemental Revenue Program (SURE)

Total Expected  
Revenue

Disaster Program  
Guarantee  
  
(Sum of all crops)

} Payment: 60%  
of difference

Total Farm  
Revenue  
  
(Sum of all crops)



# Supplemental Revenue Program (SURE)

- Disaster Assistance Program Guarantee
  - insured crops: yield guarantee (or % of DCP CC Yield) x price election x acres x 115%
  - NAP crops: yield (APH or CC) x NAP Price x acres x 120%

(Cannot exceed 90% of the expected revenue for each crop.)
- Total Farm Revenue
  - Sum of: estimated crop value, CI indemnities, NAP payments, Market Assistance Loan proceeds, other disaster payments, DCP payments (15% of direct payments, cc payments, and ACRE payments).





# Livestock Indemnity Program (LIP)

- Similar to previous Livestock Indemnity Programs
- Covers livestock deaths in excess of normal mortality due to adverse weather
- Disaster declaration is not required
- NAP or crop insurance is not required
- Payment Rate for eligible losses: 75%





# Livestock Forage Disaster Program (LFP)

- Successor to previous Livestock Compensation Programs
- Provides assistance for forage losses due to:
  - drought
  - fire on public managed land
- Counties must be designated by the Drought Monitor as severe, extreme, or exceptional
  - Disaster declaration not required.





# Livestock Forage Disaster Program (LFP)

- Payments for:
  - drought, based on 60% of the feed costs for a month and the severity of the drought
  - fire on public land, based on 50% of the feed costs for a month for the total number of livestock covered by the Federal lease not to exceed 180 calendar days.







# Tree Assistance Program (TAP)

- Orchardists and nursery tree growers may receive cost-share benefits if losses exceed 15%
  - Includes eligible trees, bushes, vines, and nursery trees for commercial sale.
- Loss must be due to natural disaster
- Provides for partial reimbursement of costs for replanting costs, pruning, debris removal, and salvage efforts.





# Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP)

- **Emergency relief to** producers of livestock (including horses), honey bees, and farm-raised fish
- Covers losses from disasters such as adverse weather or other conditions, such as blizzards and wildfires not adequately covered by any other disaster program.





# Disaster Program Summary

Prog.	Eligibility	Dis. Dec.	NAP/ CI Req.	Payment	Payment Limitation
SURE	Revenue loss below the Program Guarantee	Yes or 50% loss	Yes	60% of Revenue Loss	\$100,000 combined
LFP	Drought Monitor (dm) severity	No	Yes (GZ land)	60% of monthly feed cost x dm factor (50% for fire on public lands)	
LIP	Livestock death in excess of normal mortality	No	No	75% payment rate for eligible losses	
ELAP	As determined by the Secretary	TBA	Yes	As determined by the Secretary	
TAP	Tree, vine, bush losses in excess of 15%	No	Yes	Reimbursement: 75% for replanting and 50% for removal, salvage, and land preparation	\$100,000





# Direct and Counter-Cyclical Program (DCP)

- For 2008, rules mostly remain the same
  - Signup must end by September 30, 2008
  - Payment Limitation and AGI
    - New form of the CCC-526 not needed for 2008 DCP unless changes or one not on file

## CHANGES:

- Rice bases may be divided into to short/medium and long grain
- Farms with a total of 10 acres of base or less are not eligible
  - Does not apply to a farm owned by a socially disadvantaged or limited resource producer.





## Direct and Counter-Cyclical Program (DCP)

- For 2009 to 2012:
  - Direct Payment Acreage decreases to 83.3% through 2011 (85% in 2012)
  - Average Crop Revenue Election (ACRE) Program
  - New Payment Limitation rules (Direct Attribution, Husband/Wife Rules)
  - New AGI (\$500k nonfarm, \$750k farm)
  - Combination Lease Rule Change





## DCP ACRE Program

- ACRE is an option that provides revenue based benefits for commodity crops
- By electing ACRE, the producer on a farm agrees to:
  - reduce the direct payment by 20%
  - not receive counter-cyclical payments
  - reduce the market assistance loan rates by 30%





## DCP ACRE Program

- Producers may elect to participate in the Average Crop Revenue Election (ACRE), by selecting:

- 2009 – 2012
- 2010 – 2012
- 2011 – 2012
- 2012 Only

One time, irrevocable  
election period for the  
ACRE!

- If the acre option is not selected, the default is the current suite of programs.



# DCP ACRE Program

- If elected:
  - All commodity crops on farm will participate in the ACRE for the producer
  - Acreage limited to base acreages for each crop
  - ACRE payments are calculated on a crop by crop basis
  - FAV limitations still apply.







## DCP ACRE Triggers

- To be eligible to receive payments, both must occur:
  - State Trigger: Acre Program Guarantee must exceed Actual State Revenue
  - Farm Trigger: Farm Acre Benchmark Revenue must exceed Actual Farm Revenue





# DCP ACRE State Trigger

## Acre Program Guarantee

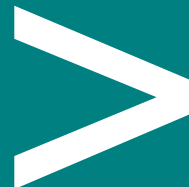
90%

x

State Benchmark Yield (5 yr Oly. Avg)

x

ACRE Guarantee Price (2 year National Avg. Market Price)



## Actual State Revenue

Actual State Yield

x

Higher of:

National Average Market Price

or

70% National Loan Rate





# DCP ACRE Farm Trigger

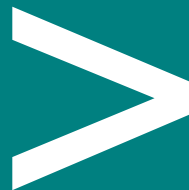
## Farm Acre Benchmark Revenue

Farm Expected Yield  
(5 yr Oly. Avg)

x

ACRE Guarantee  
Price (2 year National  
Avg. Market Price)

PLUS crop insurance  
premiums



## Actual Farm Revenue

Actual Farm Yield

x

Higher of:

National Average  
Market Price

or

70% National Loan  
Rate





# DCP ACRE Payments

For each covered commodity that both triggers are met, payment for the applicable crop is:

$$\begin{matrix} 83.3\% \\ (85\% \text{ in } 2012) \end{matrix} \times \frac{\text{Farm Expected Yield}}{\text{State Benchmark Yield}}$$

$$\times \text{ Lesser of: } \left\{ \begin{array}{l} \text{ACRE Program Guarantee} \text{ minus } \text{Actual State Revenue} \\ \text{ACRE Program Guarantee} \times 25\% \end{array} \right.$$





# 2009 – 2012 DCP Payment Limitation

	DCP	DCP with ACRE
Direct Payments	\$40,000 limitation	Can only receive 80% of the payment  \$40,000 minus 20% direct payment reduction.
Counter-cyclical Payments	\$65,000 limitation	None
ACRE Payment	None	\$65,000 plus 20% direct payment reduction.

