

## USDA Disaster Programs Overview

### Summary

The U.S. Department of Agriculture (USDA) offers several permanently authorized programs to help farmers recover financially from a natural disaster, including Federal Crop Insurance, the Noninsured Crop Disaster Assistance Program (NAP), Emergency Disaster Loans, Emergency Livestock and Fisheries Assistance, and Biomass Crop Assistance, most of which are contingent upon issuance of a USDA Emergency Disaster Declaration.

The federal crop insurance program is designed to protect crop producers from unavoidable risks associated with adverse weather, and weather-related plant diseases and insect infestations. Producers who grow a crop that is currently ineligible for crop insurance may be eligible for a direct payment under NAP.

Under the Emergency Disaster Loan (EM) program, when a county has been declared a disaster area by either the President or the Secretary of Agriculture, agricultural producers in that county may become eligible for low-interest loans available through USDA's Farm Service Agency. In addition, the recently authorized Supplemental Revenue Assistance Payments Program (SURE), compensates eligible producers for a portion of crop losses that are not eligible for an indemnity payment under the crop insurance program.

The Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) compensates producers for disaster losses not covered under other disaster programs. The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products or biofuels. (Additional information for these programs is detailed below and in the attached USDA Factsheets.)

*A prerequisite for ALL USDA disaster programs is prior enrollment in crop insurance or the Noninsured Crop Disaster Assistance Program (NAP).*

### Payment and Income Limits for ALL Disaster Programs

1) **Eligible producers may not have more than \$500,000 in nonfarm income to qualify for USDA disaster programs.** The definition of income derived from farming, ranching and forestry includes, among other items, such items as the packing, storing and transporting of agricultural commodities; production of livestock products; farm-based production of renewable bio-energy; and in some instances, the providing of operational inputs to farmers, ranchers and foresters.

2) **The per-year payment limit is \$100,000** for combined payments from SURE, Livestock Indemnity Program, Livestock Forage Program, and ELAP. NAP has a separate limit of \$100,000.

### Noninsured Crop Disaster Assistance Program (NAP)

Producers who grow a crop that is currently ineligible for crop insurance may be eligible for a direct payment under USDA's Noninsured Crop Disaster Assistance Program (NAP). 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 catastrophic crop insurance coverage in that it pays 55% of the market price for losses in excess of 50% of normal historic production. A producer of a noninsured crop is subject to a payment limit of \$100,000 per person.

### **Emergency Disaster Loans (EM)**

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 a family farmer and a citizen or permanent resident of the U.S.; (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. Applications must be received within eight months of the county's disaster designation date.

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

The largest of the new farm disaster assistance programs authorized through the 2008 farm bill is the Supplemental Revenue Assistance Payments Program (SURE) for crop producers for losses occurring from crop year 2008 through September 30, 2011. The program is designed to compensate eligible producers for a portion of crop losses that are not eligible for an indemnity payment under the crop insurance program (i.e., the portion of losses that is part of the deductible on the policy.) An eligible producer can receive a payment equal to 60% of the difference between a target level of revenue and the actual total farm revenue for the entire farm. The target level of revenue will be based on the level of crop insurance coverage selected by the farmer, thus increasing if a farmer opts for higher levels of coverage. To be eligible for a payment, a producer must be in or contiguous to a county that has been declared a disaster area by the Secretary of Agriculture, or have an overall 50% farm loss. Payments are limited so that the disaster program guarantee level cannot exceed 90% of what income likely would have been in the absence of a natural disaster. The producer also must have at least the minimum level of crop insurance (CAT) coverage for insurable crops and participate in the NAP program for non-insurable crops. Subject to a \$100,000 per person payment limitation.

### **Emergency Assistance for Livestock, Honey Bees, & Farm-raised Fish**

Provides emergency relief to producers of livestock, honey bees, and farm-raised fish. Covers losses from disaster such as adverse weather or other conditions, such as wildfires not adequately covered by any other disaster program.

### **Biomass Crop Assistance Program**

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products or biofuels. Initial assistance will be for the Collection, Harvest, Storage and Transportation (CHST) costs associated with the delivery of eligible materials.