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Agricultural Disaster Assistance

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Congressional Research Service

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Abstract
The U.S. Department of Agriculture (USDA) offers several programs to help farmers recover financially from natural disasters, including drought and floods. All the programs have permanent authorization, and only one requires a federal disaster designation (the emergency loan program). Most programs receive mandatory funding amounts that are "such sums as necessary" and are not subject to annual discretionary appropriations.

The federal crop insurance program offers subsidized policies designed to protect crop producers from unavoidable risks associated with adverse weather and weather-related plant diseases and insect infestations. Policies must be purchased prior to the planting season. Eligible commodities include most major crops and many specialty crops (including fruit, tree nut, vegetable, and nursery crops), as well as forage and pastureland for livestock producers. The Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) enhances the crop insurance program by expanding its scope, covering a greater share of farm losses, and making other modifications that broaden policy coverage. Producers who grow a crop that is currently ineligible for crop insurance may apply for the Noninsured Crop Disaster Assistance Program (NAP).

The 2014 farm bill also permanently reauthorizes three disaster programs for livestock and one for fruit trees, making nearly all parts of the U.S. farm sector covered by a standing disaster program. Producers do not pay a fee to participate. The programs are:

1. the Livestock Indemnity Program (LIP), which provides payments to eligible livestock owners and contract growers at a rate of 75% of market value for livestock deaths in excess of normal mortality caused by adverse weather;
2. the Livestock Forage Disaster Program (LFP), which makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pasture or grazing land or on rangeland managed by a federal agency due to a qualifying fire;
3. the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), which provides payments (capped at $20 million per year) to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, and feed or water shortages; and
4. the Tree Assistance Program (TAP), which makes payments to orchardists/nursery tree growers for losses in excess of 15% to replant trees, bushes, and vines damaged by natural disasters.

Separately, for all types of farms and ranches, when a county has been declared a disaster area by either the President or the Secretary of Agriculture, producers in that county may become eligible for low-interest emergency disaster loans.

USDA has several permanent disaster assistance programs that help producers repair damaged land following natural disasters. It also has authority (though prohibited in FY2016) to issue disaster payments to farmers with funds from "Section 32" or the Commodity Credit Corporation (CCC). Finally, USDA can use a variety of existing programs to address disaster issues as they arise, such as allowing emergency grazing on land enrolled in the Conservation Reserve Program.

Keywords
U.S. Department of Agriculture, USDA, disaster assistance, federal cop insurance, emergency disaster loans

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Summary

The U.S. Department of Agriculture (USDA) offers several programs to help farmers recover financially from natural disasters, including drought and floods. All the programs have permanent authorization, and only one requires a federal disaster designation (the emergency loan program). Most programs receive mandatory funding amounts that are "such sums as necessary" and are not subject to annual discretionary appropriations.

The federal crop insurance program offers subsidized policies designed to protect crop producers from unavoidable risks associated with adverse weather and weather-related plant diseases and insect infestations. Policies must be purchased prior to the planting season. Eligible commodities include most major crops and many specialty crops (including fruit, tree nut, vegetable, and nursery crops), as well as forage and pastureland for livestock producers. The Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) enhances the crop insurance program by expanding its scope, covering a greater share of farm losses, and making other modifications that broaden policy coverage. Producers who grow a crop that is currently ineligible for crop insurance may apply for the Noninsured Crop Disaster Assistance Program (NAP).

The 2014 farm bill also permanently reauthorizes three disaster programs for livestock and one for fruit trees, making nearly all parts of the U.S. farm sector covered by a standing disaster program. Producers do not pay a fee to participate. The programs are:

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USDA has several permanent disaster assistance programs that help producers repair damaged land following natural disasters. It also has authority (though prohibited in FY2016) to issue disaster payments to farmers with funds from "Section 32" or the Commodity Credit Corporation (CCC). Finally, USDA can use a variety of existing programs to address disaster issues as they arise, such as allowing emergency grazing on land enrolled in the Conservation Reserve Program.

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The U.S. Department of Agriculture (USDA) offers several programs designed to help farmers and ranchers recover from the financial effects of natural disasters, including (1) federal crop insurance, (2) the Noninsured Crop Disaster Assistance Program (NAP), (3) livestock and fruit tree disaster programs, and (4) emergency disaster loans for both crop and livestock producers. All have permanent authorization, and the emergency loan program is the only one requiring a federal disaster designation. Most programs receive mandatory funding amounts of "such sums as necessary" and are not subject to annual discretionary appropriations.

With enactment of the permanent livestock/fruit tree disaster programs in the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79), nearly all segments of the U.S. farm sector are now covered by a standing disaster program. The array of federal programs, summarized in **Table 1**, reduces the potential need for emergency assistance that Congress previously provided to farmers and ranchers in the form of ad hoc disaster payments.[1]

Federal Crop Insurance

The federal crop insurance program is permanently authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et seq.) and is administered by USDA's Risk Management Agency (RMA). The program is designed to protect crop producers from unavoidable risks associated with adverse weather and weather-related plant diseases and insect infestations.

Crop insurance is available for most major crops and many specialty crops (including fruit, tree nut, vegetable, and nursery crops), as well as forage and pastureland for livestock producers. A producer who chooses to purchase an insurance policy must do so by an administratively determined deadline date, which varies by crop and usually coincides with the planting season. Insurance products that protect against loss in revenue (yield times price) are also available. Policies are typically available in major growing regions.

The federal crop insurance program was instituted in the 1930s and was subject to major legislative reforms in 1980 and again in 1994 and 2000. The Agriculture Risk Protection Act of 2000 (P.L. 106-224) authorized new federal spending for the program primarily through more generous premium subsidies to help make the program more affordable to farmers and enhance farmer participation levels in an effort to preclude the need for ad hoc emergency disaster payments.

Between FY2006 and FY2011, the federal cost of the crop insurance program averaged $5.9 billion per year, up from an annual average of $3.0 billion from FY2000 to FY2005. In FY2012, high commodity prices drove up premiums subsidies, and persistent drought resulted in large losses for the program, totaling close to $14.1 billion. Since then, more favorable weather reduced losses, resulting in total program costs of $6 billion in FY2013 and an estimated $8.7 billion in FY2014.[2] The largest cost component (about 80% of the average annual program total) is the premium subsidy for producers (average subsidy of 62%). The federal government also pays for costs of selling and servicing the policies (as a reimbursement to approved insurance providers) and absorbs underwriting losses (indemnities in excess of premiums received) in years when crop yields are poor.

[1] Ad hoc assistance was made available primarily through emergency supplemental appropriations to a wide array of USDA programs. For a history of the congressional response to agricultural disasters, see CRS Report RL31095, *Emergency Funding for Agriculture: A Brief History of Supplemental Appropriations, FY1989-FY2012*.

[2] USDA, RMA, *Fiscal Year Government Cost of Federal Crop Insurance*, http://www.rma.usda.gov/aboutrma/budget/14costtable1.pdf.

Table 1. USDA's Agricultural Disaster Assistance Programs

(all programs permanently authorized—disaster designation required only for loans)

Program and Agency	Commodity Coverage and Requirements	Payment Trigger	Timing and Funding
Crop insurance indemnifies yield or revenue losses—RMA.	More than 100 crops eligible; livestock margins and pasture also covered. Producer must purchase a subsidized policy prior to planting.	Yield or revenue loss greater than the deductible (e.g., 30%) specified in the policy.	Indemnity payment issued after claim is filed, adjusted, and processed; unlimited funding.
Noninsured Crop Disaster Assistance Program (NAP) issues payments for yield loss—FSA.	Available for crops not currently eligible for crop ins. Producer pays fee prior to planting.	Yield loss in excess of 50%; additional coverage available.	Payment issued after claim is filed and processed; unlimited funding.
2014 farm bill programs issue payments for qualifying losses—FSA			
Livestock Indemnity Program (LIP); payments for livestock death losses.	Beef and dairy cattle, hogs, chickens, ducks, geese, turkeys, sheep, goats, alpacas, deer, elk, emus, and equine; no fee.	Livestock deaths in excess of normal mortality caused by adverse weather.	Payment issued after application is processed; unlimited funding.
Livestock Forage Disaster Program (LFP); payments for grazing losses from drought/fire.	Drought-affected pastureland and cropland planted for grazing; rangeland managed by a federal agency due to a qualifying fire; no fee.	Drought intensity level for an individual county, as published in the U.S. Drought Monitor.	Payment issued after application is processed; unlimited funding.
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); payments for losses not covered by LIP/LFP.	Livestock, honey bees, and farm-raised fish; losses may be caused by disease, adverse weather, feed or water shortages, or wildfires; no fee.	Bee losses in excess of normal mortality; certain losses for livestock, including feed and water costs.	Payment issued after application is processed; annual funding capped at $20 million.
Tree Assistance Program (TAP); payments for tree and vine losses.	Trees, bushes, and vines from which an annual crop is produced; no fee.	Tree/vine mortality loss or damage in excess of 15%.	Payment issued after application is processed; unlimited funding.
Emergency (EM) disaster loans offer low-interest financing for production or physical losses—FSA.	Damage to crops, livestock, equipment, or farmland when commercial credit not available.	County disaster declaration by President, Secretary, or FSA; 30% crop loss or a physical loss.	Loan application due within eight months of disaster; funding subject to annual appropriations.
Disaster Set-Aside (DSA) allows deferred loan payment for direct loans—FSA.	One full year's loan payment can be moved to end of loan.	Disaster declaration by President, Secretary, or FSA.	Upon declaration of disaster.

Source: CRS.

Notes: RMA = Risk Management Agency; FSA = Farm Service Agency. USDA also offers emergency land assistance: Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program, administered by FSA; Emergency Watershed Protection (EWP) program and EWP floodplain easement program, administered by the Natural Resources Conservation Service (NRCS) and the U.S. Forest Service. See CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*. Other potential USDA assistance includes forbearance on rural housing loans and rural water and waste water disposal loans. See CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

The annual agriculture appropriations bill traditionally makes two separate appropriations for the federal crop insurance program. It provides discretionary funding for the salaries and expenses of the RMA. It also provides "such sums as are necessary" for the Federal Crop Insurance Fund, which finances all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.[3]

Under the current crop insurance program, a producer who grows an insurable crop selects a level of crop yield and price coverage and pays a premium that increases as the levels of yield and price coverage rise. However, all eligible producers can receive catastrophic (CAT) coverage without paying a premium. The premium for this portion of coverage is completely subsidized by the federal government. Under CAT coverage, participating producers can receive a payment equal to 55% of the estimated market price of the commodity on crop losses in excess of 50% of normal yield—referred to as 50/55 coverage.

Although eligible producers do not have to pay a premium for CAT coverage, they are required to pay upon enrollment a $300 administrative fee per covered crop for each county where they grow the crop. USDA can waive the fee for financial hardship cases. Any producer who opts for CAT coverage can purchase additional insurance coverage from a private crop insurance company. For an additional premium paid by the producer, and partially subsidized by the government, a producer can increase the 50/55 CAT coverage to any equivalent level of coverage between 50/100 and 85/100 (i.e., 85% of yield and 100% of the estimated market price) in increments of 5%.

For many insurable commodities, an eligible producer can purchase revenue insurance. Under such a policy, a farmer could receive an indemnity payment when actual farm revenue for a crop falls below the target level of revenue, regardless of whether the shortfall in revenue was caused by poor production or low farm commodity prices. Insured producers are also eligible for reduced coverage if they are late or prevented from planting because of flooding.

The 2014 farm bill enhances the federal crop insurance program by expanding its scope, covering a greater share of farm losses, and making other modifications that broaden policy coverage. A prominent feature of the legislation is authorization of policies designed to reimburse "shallow losses"—an insured producer's out-of-pocket loss associated with the policy deductible. A new crop insurance policy called Stacked Income Protection Plan (STAX) is made available for upland cotton producers, while the Supplemental Coverage Option (SCO) is made available for other crops. For more information on changes in the 2014 farm bill, see CRS Report R43494, *Crop Insurance Provisions in the 2014 Farm Bill (P.L. 113-79)*; and for federal crop insurance generally, see CRS Report R40532, *Federal Crop Insurance: Background*.

Noninsured Crop Disaster Assistance Program (NAP)

Producers who grow a crop that is currently ineligible for crop insurance may apply for the Noninsured Crop Disaster Assistance Program (NAP). NAP has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) and is administered by USDA's Farm Service Agency (FSA). It was first authorized under the Federal Crop Insurance Reform Act of 1994 (P.L. 103-354). NAP is not subject to annual appropriations.

[3] The Federal Crop Insurance Fund is funded through a mandatory indefinite appropriation that draws necessary funds directly from the U.S. Treasury.

Instead, it receives such sums as are necessary through USDA's Commodity Credit Corporation (CCC), which has a line of credit with the U.S. Treasury to fund an array of farm programs.

Eligible crops under NAP include any commercial crops grown for food, fiber, or livestock consumption that are ineligible for crop insurance, including mushrooms, floriculture, ornamental nursery, Christmas tree crops, turfgrass sod, aquaculture, honey, maple sap, ginseng, and industrial crops used in manufacturing or grown as a feedstock for energy production, among others. Trees grown for wood paper or pulp products are not eligible. To be eligible for a NAP payment, a producer first must apply for coverage by the application closing date, which varies by crop but is generally about 30 days prior to the final planting date for an annual crop. Like CAT coverage under crop insurance, NAP applicants must also pay an administrative fee at the time of application. The NAP service fee is the lesser of $250 per crop or $750 per producer per administrative county, not to exceed a total of $1,875 for farms in multiple counties.[4]

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 CAT coverage in that it pays 55% of the market price for losses in excess of 50% of normal historical production.

In order to expand coverage for specialty crops and others covered under NAP, the 2014 farm bill provides additional coverage at 50% to 65% of established yield and 100% of average market price. The farmer-paid fee for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price). Separately, the 2014 farm bill also authorized retroactive NAP assistance for 2012 fruit losses.[5]

A producer of a noninsured crop is subject to a payment limit of $125,000 per person under NAP and is ineligible for a payment if the producer's total adjusted gross income exceeds $900,000. The total federal cost of NAP was $319 million in FY2013, $165 million in FY2014, and $125 million for FY2015.[6]

2014 Farm Bill Disaster Programs

Section 1501 of the 2014 farm bill (7 U.S.C. 9081) permanently authorizes four agricultural disaster programs for livestock and fruit trees: (1) the Livestock Indemnity Program (LIP); (2) the Livestock Forage Disaster Program (LFP); (3) the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); and (4) the Tree Assistance Program (TAP). The programs, originally established in the 2008 farm bill for only four years, have been authorized retroactively (with no expiration date) to cover losses beginning in FY2012.[7] They operate nationwide and are administered by FSA.

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[4] For more on NAP, see the USDA factsheet at http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/NAP_for_2015_and_Subsequent_Years.pdf. Also, see NAP crop eligibility, premium, and payments estimator at http://fsa.usapas.com/NAP.aspx.

[5] For NAP enhancements, see CCC and FSA, "Noninsured Crop Disaster Assistance Program," 79 *Federal Register* 74562-74583, December 15, 2014; http://www.fsa.usda.gov/Internet/FSA_Federal_Notices/nap_irm_2014.pdf. For information on the 2012 NAP program for fruit losses, see the USDA factsheet at http://www.fsa.usda.gov/Internet/FSA_File/nap_frost_freeze_final.pdf.

[6] USDA, http://www.obpa.usda.gov/26ccc2017notes.pdf.

[7] A comparison of the disaster program provisions of the 2008 and 2014 farm bills is in CRS Report R43448, *Farm Commodity Provisions in the 2014 Farm Bill (P.L. 113-79)*. The largest of the farm disaster assistance programs (continued...)

All programs except ELAP receive uncapped mandatory funding via the CCC. That is, LIP, LFP, and TAP receive "such sums as necessary" to reimburse eligible producers for their losses. For losses since October 1, 2011, payments through January 28, 2016, have totaled $5.7 billion for LFP and $115 million for LIP.[8] For losses since October 1, 2011, payments through March 24, 2016, have totaled $18.6 million for TAP. ELAP is capped at $20 million per year, and loss payments have been reduced in order to fit under the cap.

Livestock producers have traditionally not been covered by crop insurance or other forms of federal support, and the farm bill disaster programs have been designed to reimburse them for some of their financial losses due to weather events (and disease in the case of ELAP). Producers do not pay a fee to participate.

For individual producers, combined payments under all programs (except TAP) may not exceed $125,000 per year. For TAP, a separate limit of $125,000 per year applies. Also, to be eligible for a payment, a producer's total adjusted gross income cannot exceed $900,000.

USDA issued its final rule for all four programs on April 14, 2014, and program signup began April 15, 2014.[9] Producers can apply at their local FSA offices.[10]

Livestock Indemnity Program (LIP)

The Livestock Indemnity Program (LIP) provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality caused by adverse weather. The 2014 farm bill added a provision to cover attacks by animals reintroduced into the wild by the federal government or protected by federal law.

Eligible livestock include beef and dairy cattle, hogs, chickens, ducks, geese, turkeys, sheep, goats, alpacas, deer, elk, emus, llamas, reindeer, and equine. The livestock must have been maintained for commercial use and not produced for reasons other than commercial use as part of a farming operation. The program excludes wild free-roaming animals, pets, and animals used for recreational purposes, such as hunting, roping, or for show.

The LIP payment rate is equal to 75% of the average fair market value of the animal. USDA publishes a payment rate for each type of livestock for each year (e.g., $1,512.14 per beef cow and $4.19 per duck in 2015).[11] For eligible livestock contract growers, the payment rate is based

(...continued)

authorized by the 2008 farm bill was the Supplemental Revenue Assistance Payments Program (SURE). The program was 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). Given the complexity of the program and concerns about its effectiveness, the SURE program was not reauthorized in the 2014 farm bill. However, elements of it were included in the Agriculture Risk Coverage (ARC) program for "covered crops" (i.e., farm program crops) by offering producers a farm-level revenue guarantee on the combined crop revenue on each farm. For additional information about ARC, see CRS Report R43758, *Farm Safety Net Programs: Background and Issues*.

[8] LFP and LIP payment data by state are available at http://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/index.

[9] CCC, "Supplemental Agricultural Disaster Assistance Programs, Payment Limitations, and Payment Eligibility," 79 *Federal Register* 21086-21118, April 14, 2014.

[10] For local FSA contact information, see http://offices.sc.egov.usda.gov/locator/app?agency=fsa.

[11] Payment rates are available in the USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/lip_fact_sheet_2015_march2015.pdf. For more information, see 7 C.F.R. 1416 Subpart D—Livestock Indemnity Program; and Also, program details and producer examples for all livestock disaster programs are in the USDA/FSA handbook, http://www.fsa.usda.gov/Internet/FSA_File/1-ldap_r01_a21.pdf.

on 75% of the average income loss sustained by the contract grower, less any monetary compensation received from the contractor for the loss of income.

Livestock Forage Disaster Program (LFP)

The Livestock Forage Disaster Program (LFP) makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pastureland (including cropland planted specifically for grazing), or on rangeland managed by a federal agency due to a qualifying fire.

Eligible producers must own, cash or share lease, or be a contract grower of covered livestock during the 60 calendar days before the beginning date of a qualifying drought or fire. They must also provide pastureland or grazing land for covered livestock that is either (a) physically located in a county affected by a qualifying drought during the normal grazing period for the county, or (b) managed by a federal agency where grazing is not permitted due to fire.

Eligible livestock types are livestock that have been (or would have been had a disaster not struck) grazing on eligible grazing land or pastureland. These include alpacas, beef cattle, buffalo, beefalo, dairy cattle, sheep, deer, elk, emus, equine, goats, llamas, poultry, reindeer, and swine. Livestock must be maintained for commercial use as part of a farming operation, and livestock owned for noncommercial uses or livestock that is in (or would have been in) feedlots are excluded.

Payments are generally triggered by the drought intensity level for an individual county, as published in the U.S. Drought Monitor, a federal report published each week. The number of monthly payments depends on the drought severity and length of time the county has been designated as such (**Table 2**). For drought, the payment amount is equal to the number of monthly payments *times* 60% of estimated monthly feed cost. For producers who sold livestock because of drought conditions, the payment rate is equal to 80% of the estimated monthly feed cost.[12]

Table 2. Livestock Forage Program (LFP)

(drought intensity and time period determine the number of monthly payments)

Drought Monitor Intensity	Time Period	No. of Monthly Payments
D2 (severe drought)	For at least eight consecutive weeks during the normal grazing period	one monthly payment
D3 (extreme drought)	At any time during the normal grazing period	three monthly payments
D3 (extreme drought)	For at least four weeks during the normal grazing period	four monthly payments
D4 (exceptional drought)	At any time during the normal grazing period	four monthly payments
D4 (exceptional drought)	For four weeks (not necessarily consecutive) during the normal grazing period	five monthly payments

Source: P.L. 113-79, Section 1501(e).

Notes: Drought intensity level can apply to any area of a county. The LFP monthly payment rate for drought is equal to 60% of the lesser of the monthly feed cost based on either (a) corn prices, specified feeding requirements, and number of animals; or (b) the normal carrying capacity of the land. For details on monthly feed costs and examples, see FSA handbook at http://www.fsa.usda.gov/Internet/FSA_File/1-ldap_r01_a21.pdf. In

[12] For more information on LFP, see 7 C.F.R. 1416 Subpart C—Livestock Forage Disaster Program; and the USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/2015_livestock_forage_prog_march2015.pdf.

the case of a producer who sold livestock because of drought conditions, the payment rate is equal to 80% of the monthly feed cost. For fire on federally managed rangeland, the payment rate is 50% of the monthly feed cost, adjusted for the number of days the producer is prohibited from grazing (not to exceed 180 days).

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)

The Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP.[13] The 2014 farm bill added a provision to cover cattle tick fever. Total funding for ELAP is capped at $20 million per year. To fit under the annual cap, payments were reduced to cover 83% of eligible losses in FY2013, 66% of eligible losses in FY2014, and 65% of eligible losses in FY2015.[14]

ELAP specifically provides assistance for the loss of honey bee colonies in excess of normal mortality. In order to meet the eligibility requirements for honey bee colony losses, they must be the direct result of an eligible adverse weather or loss condition such as colony collapse disorder, eligible winter storm, excessive wind, and flood. For livestock losses, four categories are covered by ELAP: (1) livestock death losses caused by an eligible loss condition, (2) livestock feed and grazing losses that are not due to drought or wildfires on federally managed lands, (3) losses resulting from the additional cost of transporting water to livestock due to an eligible drought, and (4) losses resulting from the additional cost associated with gathering livestock for treatment related to cattle tick fever.

Tree Assistance Program (TAP)

The Tree Assistance Program (TAP) makes payments to qualifying orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. (Losses in crop production are generally covered by federal crop insurance or NAP.) Eligible trees, bushes, and vines are those from which an annual crop is produced for commercial purposes. Nursery trees include ornamental, fruit, nut, and Christmas trees produced for commercial sale. Trees used for pulp or timber are ineligible.

To be considered an eligible loss, the individual stand must have sustained a mortality loss or damage loss in excess of 15% after adjustment for normal mortality or damage, to be determined based on (a) each eligible disaster event, except for losses due to plant disease; or (b) for plant disease, the time period for which the stand is infected. Also, the loss could not have been prevented through reasonable and available measures.

For replacement, replanting, and/or rehabilitation of trees, bushes, or vines, the payment calculation is the lesser of (a) 65% of the actual cost of replanting (in excess of 15% mortality)

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[13] For more information on ELAP, see 7 C.F.R. 1416 Subpart B—Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program; USDA fact sheet for honey bees at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/honeybees_assistance_aug2015.pdf; USDA fact sheet for livestock assistance at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/livestock_assistance_aug2015.pdf; and USDA fact sheet for farm-raised fish assistance at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/ea_livestock_farm_raised_fish_august2015.pdf.

[14] Payments for eligible losses were initially reduced to 90% in FY2012 and 68% in FY2013. In January 2016, remaining funds were distributed that adjusted the national payment factors to 100% in FY2012 and 83% in FY2013. All payments are reduced by sequestration.

and/or 50% of the actual cost of rehabilitation (in excess of 15% damage), or (b) the maximum eligible amount established for the practice by FSA. The total quantity of acres planted to trees, bushes, or vines for which a producer can receive TAP payments cannot exceed 500 acres annually.[15]

Emergency Disaster Loans

When either the President or the Secretary of Agriculture declares a county a disaster area or quarantine area, agricultural producers in that county may become eligible for low-interest emergency disaster (EM) loans available through FSA.[16] Producers in counties that are contiguous to a county with a disaster designation also become eligible for an EM loan. EM loan funds may be used to help eligible farmers, ranchers, and aquaculture producers recover from *production* losses (when the producer suffers a significant loss of an annual crop) or from *physical* losses (such as repairing or replacing damaged or destroyed structures or equipment or for the replanting of permanent crops such as orchards). A qualified applicant can then borrow up to 100% of actual production or physical losses (not to exceed $500,000).

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 an established family farmer and a citizen or permanent resident of the United States; (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, including having acceptable credit history and collateral to secure the loan. Applications must be received within eight months of the county's disaster designation date. Loans for non-real-estate purposes must generally be repaid within seven years; loans for physical losses to real estate have terms up to 20 years. Depending on the repayment ability of the producer and other circumstances, these terms can be extended to 20 years for non-real-estate losses and up to 40 years for real estate losses.

The EM loan program is permanently authorized by Title III of the Consolidated Farm and Rural Development Act (P.L. 87-128), as amended, and is subject to annual appropriations. Since FY2014, the program has received $35 million of new loan authority every fiscal year. Unused funds are carried over and available in the next fiscal year. Therefore, the total loan authority can vary greatly depending on appropriated levels, annual use, and total carry-over. In FY2016, the total loan authority is $82.1 million.[17]

Also in counties with disaster designations, producers who have existing direct loans with FSA may be eligible for Disaster Set-Aside. If, as a result of disaster, a customer is unable to pay all

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[15] For more information on TAP, see 7 C.F.R. 1416 Subpart E—Tree Assistance Program; and the USDA fact sheet at http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/tap_fact_sheet_oct_2015.pdf. Also, program details and producer examples are in the USDA/FSA handbook at http://www.fsa.usda.gov/Internet/FSA_File/1-tap_r04_a08.pdf.

[16] For an overview of the USDA emergency disaster designation and declaration process, see http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/2015_disaster_assistance_prog_June2015.pdf. For the USDA factsheet on EM loans, see http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/emloanpr_mar2015.pdf.

[17] For the most recent funding levels available, see Emergency Loan funding totals at http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/funding/index.

expenses and make loan payments that are coming due, up to one full year's payment can be moved to the end of the loan.[18]

Other USDA Assistance

USDA also has several permanent disaster assistance programs that help producers repair damaged land following natural disasters. It also has authority to issue disaster payments to farmers with "Section 32" or "CCC" funds and can use a variety of existing programs to address disaster issues as they arise.

Emergency Agricultural Land Assistance Programs

Several USDA programs offer financial and technical assistance to producers to repair, restore, and mitigate damage by a natural disaster on private land.

- The Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP) are administered by FSA. For both programs, FSA pays participants a percentage of the cost to restore the land to a productive state. ECP also funds water for livestock and installing water conserving measures during times of drought. EFRP was created to assist private forestland owners with losses caused by a natural disaster on non-industrial private forest land.
- The Emergency Watershed Protection (EWP) program and the EWP floodplain easement program are administered by USDA's Natural Resources Conservation Service (NRCS) and the U.S. Forest Service. EWP assists sponsors, landowners, and operators in implementing emergency recovery measures for runoff retardation and erosion prevention to relieve imminent hazards to life and property created by a natural disaster. The EWP floodplain easement program is a mitigation program that pays for permanent easements on private land meant to safeguard lives and property from future floods, drought, and the products of erosion.

For more information on these programs, see CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*.

"Section 32" and "CCC" Funds for Farm Disaster Payments

USDA has authority to distribute emergency payments to farmers with "Section 32" and CCC funds. While both Section 32 and CCC have broad authority to support U.S. agriculture, the majority of their activities are required under various statutes. However, in annual appropriations acts since FY2012 (most recently, Section 715 of the enacted FY2016 appropriations, P.L. 114-113), Congress has prohibited the use of appropriated funds to pay for salaries and expenses needed to operate a farm disaster program under either of these two funding sources.[19]

[18] For more information, see USDA factsheet at http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/Disaster_Set-Aside_Program.pdf.

[19] Congress can stop typically for a year at a time—via appropriations acts and without changing the underlying authorizations law—the ability of the executive branch to carry out a law by prohibiting the payments of salaries to implement a certain government function. See CRS Report R44240, *Agriculture and Related Agencies: FY2016 Appropriations*.

- USDA's Section 32 program is funded by a permanent appropriation of 30% of the previous year's customs receipts, and funds are used for a variety of activities, including child nutrition programs, the purchase of commodities for domestic food programs, and farm disaster relief. The statutory authority is Section 32 of the Agricultural Adjustment Act Amendment of 1935 (P.L. 74-320, 7 U.S.C. 612c). The authority to provide disaster relief is attributed to Clause 3 of Section 32, which provides that funds "shall be used to re-establish farmers' purchasing power by making payments in connections with the normal production." Section 32 was most recently used for disaster payments when USDA made payments of $348 million for 2009 crop losses for rice, upland cotton, soybeans, and sweet potatoes.[20]
- The CCC is the funding mechanism for the mandatory subsidy payments that farmers receive. It was federally chartered by the CCC Charter Act of 1948 (P.L. 80-806). The authority to provide disaster relief is attributed to Section 5 of the act (15 U.S.C. 714c), which authorizes the CCC to support the prices of agricultural commodities through loans, purchases, payments, and other operations.

Adjustments to Existing USDA Programs

In addition to implementing the disaster assistance programs discussed above, USDA can use authority under other existing programs to help producers recover from natural disasters. For example, in response to the major drought affecting a large part of the United States in recent years, USDA took a number of administrative actions to assist producers, including:[21]

- extending emergency grazing on Conservation Reserve Program (CRP) acres;
- reducing the emergency loan interest rate and making emergency loans available earlier in the season;
- working with crop insurance companies to provide flexibility to farmers;
- targeting conservation assistance through the Environmental Quality Incentives Program (EQIP) for the most extreme and exceptional drought areas; additional funding helps farmers and ranchers implement conservation practices that conserve water resources, reduce wind erosion on drought-impacted fields, and improve livestock access to water (farmers and ranchers contribute about half the cost of implementing the practices); and

[20] FSA, *Crop Assistance Program (CAP) Fact Sheet*, October 2010, http://www.fsa.usda.gov/Internet/FSA_File/cap10pfs.pdf. For more on Section 32, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program.*

[21] Select examples of related press releases include USDA, "Obama Administration Announces Additional Assistance to Californians Impacted by Drought," press release, February 14, 2014, http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2014/02/0022.xml; USDA, "USDA to Expand Investment in Water Conservation, Resilience across Drought-Stricken States," press release, May 2018, 2015, http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2015/05/0139.xml; and USDA, "USDA Expands Investment in Water Conservation and Improvement in Nation's Largest Aquifer," press release, November 9, 2015, http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2015/11/0310.xml.

- directing Emergency Community Water Assistance Grants for rural water systems experiencing emergencies resulting from a significant decline in quantity or quality of drinking water.[22]

In FY2016, USDA again targeted additional EQIP funds to areas with flooding the in the Carolinas and wildfires in Alaska, California, Idaho, Montana, Oregon, and Washington.[23]

Assistance to Prevent Spread of Animal Diseases

Under the Animal Health Protection Act (7 U.S.C. 8301, et seq.), USDA is authorized to take protective actions against the spread of livestock disease, including seizing, treating, or destroying animals if USDA determines that an extraordinary emergency exists because of the presence of a pest or disease of livestock. As part of its animal health program, USDA's Animal and Plant Health Inspection Service (APHIS) compensates producers for animals that must be euthanized, for their disposition, and for infected materials that must also be destroyed. Funding is provided by annual appropriations or through the CCC for larger amounts.

In 2015 and 2016, APHIS has made payments to producers and is taking other measures to control an outbreak of highly pathogenic avian influenza (HPAI), which is affecting the U.S. poultry industry. As of February 2016, APHIS has received $989 million from the CCC for its 2015 HPAI response activities and has obligated $829 million. The remaining portion is being used to address the 2016 outbreak in Indiana. For the 2015 outbreak, APHIS has spent $622 million on depopulation, carcass disposal, cleaning and disinfection, biosecurity, and site management; $191 million for indemnity payments to producers; and the remainder for diagnostics and surveillance, emergency responders, state cooperative agreements, and response planning.[24]

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[22] USDA's Rural Utilities Service provides grants and loans for rural water systems in communities with fewer than 10,000 inhabitants. Its programs are for domestic water service, not water for agricultural purposes. For more information, see CRS Report R43408, *Emergency Water Assistance During Drought: Federal Non-Agricultural Programs*.

[23] USDA, "USDA Offers Assistance to Carolina Farmers and Ranchers Affected by Floods," press release, October 9, 2015, http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2015/10/0284.xml; and USDA, "USDA Offers Help to Fire-Affected Farmers and Ranchers," press release, September 15, 2015, http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2015/09/0255.xml.

[24] For more information, see CRS Report R44114, *Update on the Highly-Pathogenic Avian Influenza Outbreak of 2014-2015*.