

New Disaster Assistance for Wisconsin Farmers Affected by the 2008 Floods

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Many farmers were adversely affected by heavy rainfall and flooding in Wisconsin and other states, not just grain farmers, but also vegetable and fruit farmers, organic growers, and livestock operations. Those with federal crop insurance may receive indemnities for low yields or for late or prevented planting. Farmers without crop insurance had few options for federal disaster assistance, except for the Emergency Conservation Program and Emergency Farm Loans programs administered by the USDA Farm Service Agency (FSA), which provide emergency funding and technical assistance to rehabilitate farmland damaged by natural disasters and loans to help farms recover from natural disasters (see Additional Resources below). Besides these programs, uninsured farmers could expect no assistance from the federal government for their crop and livestock losses. However, passage of the 2008 Farm Bill in June changed this.

2008 Farm Bill Disaster Assistance Provisions

The 2008 Farm Bill created a comprehensive permanent disaster program for crop and livestock farmers, including specialty crop producers, aquaculture, and ranchers relying on grazing. These new programs are summarized in the bulletin “New Disaster Programs in the 2008 Farm Bill” listed in the Additional Resources below. All crop farmers, including specialty crop growers may be eligible for SURE payments. Livestock farmers (including aquaculture, honey bees, and horses) may be eligible for ELAP, LIP, or LFP payments. Finally, farmers who lost fruit and nut trees, berry and nut bushes, and grape vines may be eligible for TAP payments. Interested farmers should see the bulletin describing these programs or contact their county FSA office.

These new disaster programs are retroactive—***Wisconsin farmers with crop and livestock losses from flooding in 2008 may be eligible for disaster payments.*** However, there is an important new requirement for these programs and farmers must act soon if they want to be eligible for these programs for their 2008 losses. The new Farm Bill imposes the Risk Management Purchase Requirement for farmers to be eligible for federal disaster assistance. This is a new requirement for eligibility for most types of federal disaster assistance. Specifically, a farmer must have a crop insurance policy or a Noninsured Crop Disaster Assistance Program (NAP) policy for each crop, including pasture. The USDA-Risk Management Agency (RMA) administers numerous crop insurance policies that many companies sell, including grain and forage policies, as well as policies for other major specialty crops in Wisconsin. For some crops, no standard crop insurance policy exists, so the FSA will provide a NAP policy. Crop insurance exists for rotationally grazed pasture; otherwise pasture requires a NAP policy in Wisconsin. A possible alternative to crop specific policies is AGR-Lite, a whole-farm income insurance policy.

Buy-In Waiver for 2008 Disaster Assistance

The 2008 Farm Bill made these new disaster programs available for 2008, including the Risk Management Purchase Requirement. Since the bill was signed into law after the March 15th deadline for buying crop insurance, farmers who had not bought crop insurance in 2008 could not comply with the new requirement. Thus, the 2008 Farm Bill authorized a waiver to allow these farmers to pay a “buy-in” fee to pay the administrative costs for registration. ***Wisconsin farmers who suffered crop losses from excessive rains and flooding during the spring or***

*summer of 2008 and want to be eligible for federal disaster assistance must register with the FSA and pay the required fees. This is a one-time opportunity. These fees are due at the FSA office no later than **September 16, 2008**.* The cost is \$100 per crop, up to \$300 per county, with a maximum of \$900 per farm for those with multiple crops in multiple counties. Paying these fees does not mean a farmer automatically qualifies for disaster payments, nor does it give any form of crop insurance coverage. It only registers the farmer in the federal system for 2008. Interested farmers should contact their local FSA office.

Disaster Assistance for 2009 and Beyond

If a farmer wants to be eligible for disaster assistance in 2009, the Risk Management Purchase Requirement means that farmers will need to buy federal crop insurance or NAP policies for each of their crops, including crops such as pasture. For farmers unfamiliar with crop insurance and NAP, the sales closing date for spring planted crops is **March 15th**. For forage production and fall planted crops such as winter wheat, the sales closing date is **September 30th**. FSA has extended the deadline for fall NAP policies to **December 1st**, but this does not apply to crop insurance policies. For most perennial crops, the crop insurance and NAP sales closing date is **November 20th**. Policies are no longer available after these dates, so farmers who miss them will not be eligible for federal disaster assistance in 2009. Farmers who have crops with a September 30th deadline must act soon to be eligible for federal disaster assistance in 2009.

The lowest cost crop insurance is catastrophic coverage (CAT), which costs \$300 per crop per county. CAT provides a yield guarantee equal to 50% of a farm's average yield determined from past yield records and pay losses for yields below this guarantee at a rate of 55% of the federally determined expected harvest price. Yield and revenue policies providing more coverage cost substantially more because federal subsidies no longer pay the premiums. NAP policies provide similar coverage as CAT policies and cost \$250 per crop with a farmer maximum of \$750 per county. For more information on crop insurance and NAP, see the Addition Resources below, or contact your local FSA office.

Key Points

- Federal disaster programs have changed—contact your FSA office for more information.
- To be eligible for disaster assistance in 2008, pay the buy-in fee by **September 16, 2008**.
- To be eligible for disaster assistance in 2009, buy crop insurance and/or NAP policies, with due dates as soon as **September 30, 2008** for some crops.

Additional Resources

Bulletins on my Extension Web Page (<http://www.aae.wisc.edu/mitchell/extension.htm>)

- New Disaster Programs in the 2008 Farm Bill
- Disaster Assistance for Uninsured Farmers Affected by Recent Flooding
- Federal Disaster Assistance for Vegetable Growers Affected by Recent Floods
- Crop Insurance, Flooding, and Drought: Alternative Uses of Insured Crops

USDA Fact Sheets

- 2008 Crop Year Buy-in for Disaster Assistance Programs
http://www.fsa.usda.gov/Internet/FSA_File/buyinwaiver08.pdf
- Noninsured Crop Disaster Assistance Program
http://www.fsa.usda.gov/Internet/FSA_File/nap03.pdf
- Adjusted Gross Revenue-Lite <http://www.rma.usda.gov/pubs/rme/agr-lite.pdf>