



June 2007

Agricultural Assistance Act of 2007

Overview

On May 25, 2007, President Bush signed into law the "U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007" (2007 Act). The 2007 Act provides approximately \$3 billion in agricultural disaster aid for America's farmers and ranchers.

Specifically, the 2007 Act provides funds for a Crop Disaster Program (CDP), Livestock Compensation Program (LCP), Livestock Indemnity Program (LIP), Emergency Conservation Program (ECP) and Dairy Disaster Assistance Program (DDAP). The 2007 Act also extends the Emergency Forestry Conservation Reserve Program (EFCRP). Additionally, the 2007 Act extends the Milk Income Loss Contract (MILC) program through September 2007. The U.S. Department of Agriculture (USDA) is charged with implementing the programs. The USDA Farm Service Agency (FSA) will promulgate regulations to govern the programs for publication in the Federal Register. In addition, the agency will design and develop software for sign-up and payment processes.

This fact sheet summarizes disaster aid program provisions of the 2007 Act. In the coming weeks and months, USDA will develop individual fact sheets on CDP, LCP, LIP and DDAP that provide additional information about program provisions. USDA will also revise the EFCRP fact sheet. Fact sheets for ECP and MILC can be found on the FSA Web site, <http://www.fsa.usda.gov>; click on Find FSA Fact sheets.

Crop Disaster Program (CDP)

CDP provides benefits to farmers who suffered quantity and quality losses from natural disasters and related conditions that occurred in 2005 and 2006 and for 2007 crops if the crop was planted before Feb. 28, 2007, or in the case of prevented plantings would have been planted before Feb. 28, 2007. Producers who incurred qualifying losses in 2005, 2006 or 2007 must choose only one year to receive benefits. Producers may apply for benefits for losses to multiple crops as long as the losses occurred in the same crop year.

Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits.

Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP. The payment rate is set at 42 percent of the established price. The payment quantity for quality losses will be equal to the lesser of: (1) the actual production of the crop affected by a quality loss; or (2) the quantity of expected production of the crop affected by a quality loss. The quality loss must be at least 25 percent of the value that all affected production of the crop would have had if the crop had not suffered a quality loss. Assistance, together with any crop insurance or NAP payment received for the same crop and including the value of the crop production not lost, must not exceed 95 percent of the total value of the crop absent the disaster.

Farmers may receive a maximum of \$80,000 in CDP benefits. Producers eligible for CDP can also receive benefits under LIP, which is described in this fact sheet.

USDA will announce and conduct sign-up for CDP as soon as possible. Producers will be able to enroll in CDP at their local FSA Service Center.

Livestock Compensation Program (LCP)

LCP compensates livestock producers for feed losses resulting from natural disasters occurring between Jan. 1, 2005, and Feb. 28, 2007. Producers who suffered losses resulting from blizzards

that started in 2006 and continued into 2007 are eligible. Livestock producers may elect to receive compensation for losses in the calendar year 2007 grazing season that are attributable to wildfires occurring during the applicable period, as determined by the U.S. secretary of agriculture.

Producers in primary or contiguous counties declared secretarial disaster areas or counties declared presidential disaster areas between Jan. 1, 2005, and Feb. 28, 2007, are eligible. Producers incurring a loss in more than one of the 2005, 2006 or 2007 calendar years must choose only one year for which they want to receive benefits.

The following are among the types of livestock operations that will be eligible for LCP: dairy cattle, beef cattle, buffalo, beefalo, equine, poultry, elk, reindeer, sheep, goats, swine or deer.

The payment rate for each livestock category will be 61 percent of the national payment rate (which is yet to be determined). USDA will publish these rates in the LCP fact sheet. Producers will not be penalized if they reduced the average number of livestock they owned for grazing during the production year for which assistance is being provided. Producers may receive a maximum of \$80,000 in LCP benefits.

USDA will announce and conduct sign-up for LCP as soon as possible. Producers will be able to enroll in LCP at their local FSA Service Center.

Catfish producers are also eligible for benefits. USDA will provide grants to states with catfish producers who suffered catfish feed losses. However, USDA will not administer the grant program. Governors or their designees will announce sign-up dates and application procedures for the catfish feed loss program and distribute program payments.

Livestock Indemnity Program (LIP)

LIP compensates livestock producers for livestock losses between Jan. 1, 2005, and Feb. 28, 2007, that resulted from natural disasters, including losses due to blizzards that started in 2006 and continued into 2007.

Producers in primary or contiguous counties declared secretarial disaster areas or counties declared presidential disaster areas between Jan.1, 2005, and Feb. 28, 2007, are eligible. Producers incurring eligible livestock losses in more than one of the 2005, 2006 or 2007 calendar years must choose only one year for which they want to receive benefits.

The following are among the eligible livestock under LIP: dairy cattle, beef cattle, buffalo, beefalo, catfish, crawfish, equine, sheep, goats, swine, poultry or deer.

The payment rate will be 26 percent or above the market value of the livestock on the day before the date of death, as determined by the U.S. secretary of agriculture. These rates will be available in local FSA Service Centers during the sign-up period. Producers may receive a maximum of \$80,000 in LIP benefits.

USDA will announce and conduct sign-up for LIP as soon as possible. Producers will be able to enroll in LIP at their local FSA Service Center.

Dairy Disaster Assistance Program (DDAP)

DDAP provides \$16 million in benefits to dairy producers for dairy production losses.

Producers in primary or contiguous counties declared secretarial disaster areas or counties declared presidential disaster areas between Jan. 1, 2005, and Feb. 28, 2007, are eligible. FSA will publish regulations in the near future detailing other program provisions.

USDA will announce and conduct sign-up for DDAP as soon as possible. Producers will be able to enroll in DDAP at their local FSA Service Center.

Emergency Conservation Program (ECP)

The 2007 Act provided \$16 million in funds for ECP. ECP provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought.

FSA county committees determine land eligibility based on on-site inspections of damage, taking into account the type and extent of damage.

For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would:

- impair or endanger the land;
- materially affect the land's productive capacity;
- represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and
- be so costly to repair that federal assistance is or will be required to return the land to productive agricultural use.

Producers should check with their local FSA Service Center regarding ECP sign-up periods, which are set by the FSA county committees.

Unlike other funding provided for the ECP, the \$16 million provided is subject to Adjusted Gross Income provisions. There is a payment limitation of \$200,000 per "person" per disaster.

Emergency Forestry Conservation Reserve Program (EFCRP)

EFCRP helps landowners and operators restore and enhance forestland damaged by 2005 hurricanes by reducing flood effects, protecting water sources, decreasing soil erosion and improving wildlife habitat.

Prior to the 2007 Act, authority to approve benefits expired on Dec. 31, 2006. The 2007 Act removed that restriction so that EFCRP enrollment authority is the same as the broader Conservation Reserve Program (CRP) which, under current law, is set to expire on Dec. 31, 2007. FSA is finalizing carry-over calendar year 2006 EFCRP activity during the summer of 2007. USDA will announce and conduct a new sign-up for EFCRP as soon as possible. Producers will be able to enroll in EFCRP at their local FSA Service Center.

Landowners and operators may receive a maximum of the equivalent of \$50,000 per "person" per year in EFCRP benefits.

For More Information

For more information about FSA and its programs, visit the agency's Web site, <http://www.fsa.usda.gov> or your local FSA Service Center. More information about FSA's disaster programs is available on agency's Web site; click on Find FSA Fact sheets and search under the topic Disaster Assistance.

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