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Agricultural Disaster Assistance

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SUMMARY

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Agricultural Disaster Assistance

The U.S. Department of Agriculture (USDA) offers several programs to help farmers recover financially from natural disasters, including drought and floods. Most programs have permanent authorization, and one requires a federal disaster designation (the emergency loan program). Most permanent 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 risks associated with adverse weather, as well as weather-related plant diseases and insect infestations and declines in commodity prices. 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. Producers who grow a crop that is currently ineligible for the federal crop insurance program may apply for the Noninsured Crop Disaster Assistance Program (NAP). NAP provides a basic level of coverage (when loss exceeds 50% of expected production) as well as options to purchase additional coverage. Similar to crop insurance, policies must be purchased prior to the planting season.

There are four permanently authorized disaster programs for livestock and trees. Producers do not pay a fee to participate, and advanced sign-up is not required. The programs are as follows:

1. the Livestock Indemnity Program (LIP) 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 or livestock sold at a reduced sale price caused by adverse weather, from attacks by reintroduced wild animals, and disease;
2. the Livestock Forage Disaster Program (LFP) provides payments to eligible livestock producers who have suffered a loss of grazed forage 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) provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to animal disease, adverse weather, and feed or water shortages; and
4. the Tree Assistance Program (TAP) provides payments to orchardists/nursery tree growers to replant or rehabilitate 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 from USDA.

USDA has several permanent disaster assistance programs designed to help producers repair damaged land following natural disasters. It also has authority to issue payments to farmers with funds from the Commodity Credit Corporation (CCC) or "Section 32." 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, offering assistance to prevent the spread of animal disease, and providing indemnity payments for milk and milk product loss due to chemical or toxic contamination.

Since 2018, Congress has provided supplemental appropriations covering crop and livestock losses above those provided for in permanent programs. USDA has implemented this ad hoc assistance through various programs, such as the Wildfires and Hurricanes Indemnity Program (WHIP), the On-Farm Storage Loss Program, the Milk Loss Program, and block grants with states. The Disaster Relief Supplemental Appropriations Act of 2022 (P.L. 117-43, Division B) authorizes $10 billion for production losses in 2020 and 2021, which USDA announced will be implemented through the Emergency Relief Program (ERP) and Emergency Livestock Relief Program (ELRP).

Economic and market losses related to the COVID-19 pandemic are not considered eligible losses under the USDA disaster assistance programs. While USDA has provided some flexibilities through existing programs, most disaster assistance programs require some level of production or physical loss from an unavoidable natural cause in order to trigger eligibility.

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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, while the emergency loan program is the only one requiring a federal disaster designation (see **Table 1**). Most programs receive mandatory funding amounts of "such sums as necessary" and are not subject to annual discretionary appropriations.[1] The Agricultural Improvement Act of 2018 (2018 farm bill, P.L. 115-334) made a number of amendments to these programs, generally to expand availability and support.

Prior to the creation of many of the permanently authorized programs at USDA, Congress had historically provided farmers and ranchers with ad hoc disaster assistance payments authorized through supplemental appropriations. Subsequently, policies shifted away from the temporary forms of assistance in favor of enacting more permanent forms of support.[2] More recently, policies have shifted to supplement permanent programs with ad hoc assistance for select agriculture losses. Supplemental appropriations in FY2018, FY2019, and FY2021 amended existing disaster assistance programs and authorized over $15 billion in assistance for production losses from natural disasters in 2017 through 2021.[3] USDA has also used separate discretionary authorities to respond administratively to disasters.

Economic and market-related losses are not generally considered eligible losses under USDA's disaster assistance programs. Most disaster assistance programs are statutorily required to include some level of production or physical loss from an unavoidable natural cause to trigger eligibility. As such, this report does not discuss USDA payment programs related to the COVID-19 pandemic or trade disputes.[4]

This report provides an overview of permanently authorized federal disaster assistance programs for agricultural losses from natural disaster as well as discretionary authority that USDA may use to provide assistance. It also discusses ad hoc assistance authorized by Congress.

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 operated through public and private entities. Private insurance companies, known as Approved Insurance Providers (AIPs), are the primary insurers selling and servicing the insurance policies. USDA's Risk Management Agency (RMA) drafts federal crop insurance policies, sets premium rates, and regulates AIPs. The Federal Crop Insurance Corporation (FCIC) reinsures crop insurance policies and subsidizes the AIPs expenses. The program is designed to protect crop producers from risks associated with adverse weather, as well as weather-related plant diseases and insect infestations and declines in commodity prices.

[1] For a brief summary of these programs, see CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*.

[2] For example, the Food, Conservation, and Energy Act of 2008 (2008 farm bill; P.L. 110-246) and the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) authorized the "Supplemental Agricultural Disaster Assistance Programs" discussed below.

[3] Bipartisan Budget Act of 2018 (P.L. 115-123), Additional Supplemental Appropriations for Disaster Relief Act, 2019 (P.L. 116-20), and Disaster Relieve Supplemental Appropriation Act, 2022 (Division B, P.L. 117-43).

[4] For additional information on USDA COVID-19 assistance, see https://www.usda.gov/coronavirus. For additional information on USDA's trade aid assistance, see CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*.

Table 1. Selected Permanent USDA Agricultural Disaster Assistance Programs

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

Program and Agency	Commodity Coverage & Requirements	Payment Trigger	Timing & Funding
Crop insurance indemnifies yield, revenue, or margin losses—RMA.	More than 100 eligible crops; livestock margins and pasture covered. Producer must purchase a subsidized policy prior to planting.	Yield, revenue, or margin loss greater than the deductible specified in the policy.	Indemnity payment issued after claim is filed, adjusted, and processed; unlimited funding.
Noninsured Crop Disaster Assistance Program (NAP) payments for reduced yield and loss—FSA.	Crops not currently eligible for crop insurance. Producer pays fee prior to planting.	Crop loss in excess of 50%; additional coverage available.	Indemnity payment issued after claim is filed, adjusted, and processed; unlimited funding.
Supplemental agricultural disaster assistance programs issue payments for qualifying losses—FSA			
Livestock Indemnity Program (LIP); payments for livestock death losses or livestock sold at a reduced sale price.	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 or sold at reduced sale price caused by adverse weather and disease.	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 and costs for livestock, including feed and water costs.	Payment issued after application is processed; unlimited funding.
Tree Assistance Program (TAP); payments for tree, bush, 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 is not available.	County disaster declaration by President, Secretary, or FSA; 30% crop loss or a physical loss.	Application due within eight months of disaster; funding subject to appropriations.
Disaster Set-Aside allows deferred loan payment for direct loans—FSA.	One full year's loan payment can be moved to end of loan period.	Disaster declaration by President, Secretary, or FSA.	Upon declaration of disaster.

Source: Compiled by CRS.

Notes: FSA = Farm Service Agency; RMA = Risk Management Agency. USDA also offers other emergency assistance for land rehabilitation and forbearance on rural housing loans and rural water and waste water disposal loans. See CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation* and CRS Report RL31837, *An Overview of USDA Rural Development Programs.*

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 beginning of planting season. Insurance products that protect against loss in revenue and profit margins 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.[5]

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 CAT coverage is 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 $655 administrative fee per covered crop for each county where they grow the crop. USDA can waive the fee for financial hardship cases. In addition to the administrative fee, producers can elect to pay a premium, which is partially subsidized by the government, to 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%. These higher levels of coverage are known as *buy-up* coverage.

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 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 FCIC, which finances all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the AIPs.[6] The total cost of the program varies by year, primarily due to fluctuating levels of indemnity payments from changes in commodity prices, planting decisions, and weather conditions. Across all policies, the average premium subsidy was about 62% of total premiums in 2021.[7] The federal government also subsidizes the costs of selling and servicing the policies (as

[5] H.Rept. 106-639; "Conference Report on H.R. 2559, Agricultural Risk Protection Act of 2000," House debate, *Congressional Record*, vol. 146, part 67 (May 25, 2000), p. H3817-H3828; and "Risk Management for the 21st Century Act," Senate debate, *Congressional Record*, vol. 146, part 34 (March 23, 2000), pp. S1627-S1642.

[6] The FCIC is funded through a mandatory indefinite appropriation that draws necessary funds directly from the U.S. Treasury.

[7] In crop year 2021, total premiums were $14.3 billion, and premium subsidies were $8.8 billion. See RMA, *Crop Year Government Cost of Federal Crop Insurance Program*, April 20, 2022, at https://rma.usda.gov/-/media/RMA/AboutRMA/Program-Budget/21cygovcost.ashx?la=en.

delivery subsidies to Approved Insurance Providers) and absorbs underwriting losses (indemnities in excess of premiums received) in years when indemnities are high.

For a more detailed analysis of the federal crop insurance program, see CRS Report R46686, *Federal Crop Insurance: A Primer*.

Noninsured Crop Disaster Assistance Program (NAP)

Producers who grow a crop that is currently ineligible for crop insurance may apply for 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. 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.[8]

Eligible crops under NAP include any commercial crops grown for food, fiber, or livestock consumption for which there is no CAT coverage available under the federal crop insurance program, with limited exceptions. These crops include mushrooms, floriculture, ornamental nursery, Christmas trees, 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, and 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 $325 per crop or $825 per producer per administrative county, not to exceed a total of $1,950 for farms in multiple counties.[9]

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.

Additional coverage (referred to as *buy-up* coverage) may be purchased at 50% to 65% (in 5% increments) of established yield and 100% of average market price, contract price, or other premium price. The farmer-paid fee for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage multiplied by yield multiplied by the average market price multiplied by the producer's share of the crop).[10] Grazing land is not eligible for buy-up coverage.

A producer of a noninsured crop is subject to an annual payment limit of $125,000 per person for catastrophic coverage and $300,000 for buy-up coverage. A producer is ineligible under NAP if

[8] For more information on CCC, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

[9] For more on NAP, see USDA factsheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/noninsured_crop_disaster_assistance_program-nap-fact_sheet.pdf. Also, see NAP crop eligibility, premium, and payments estimator at https://apps.fsa.usda.gov/nap/costtool/login.do.

[10] For NAP enhancements, see CCC and FSA, "Noninsured Crop Disaster Assistance Program; Final Rule," 85 *Federal Register* 12213-12221, March 2, 2020.

the producer's total adjusted gross income (AGI) exceeds $900,000.[11] The total federal cost of NAP was $164.3 million in FY2018, $138.4 million in FY2019, $133.5 million in FY2020, and $159.7 million in FY2021.[12]

Supplemental Agricultural Disaster Assistance Programs

Four agricultural disaster assistance programs are permanently authorized 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). They operate nationwide and are administered by FSA. Producers do not pay fees to participate and can apply at their local FSA offices.[13]

All programs receive "such sums as necessary" in mandatory funding via the CCC to reimburse eligible producers for their losses. Total payments vary each year based on eligible loss conditions. For FY2021, LIP payments totaled $18.9 million, LFP payments totaled $554.0 million, ELAP payments totaled $77.2 million, and TAP payments totaled $9.6 million.[14] All payments are reduced by sequestration.[15]

For individual producers, payments under LFP may not exceed $125,000 per year. There are no limits on the amount of payments received under LIP, ELAP, and TAP. To be eligible for a payment under any of these programs, a producer's total AGI cannot exceed $900,000.[16]

Livestock Indemnity Program (LIP)

LIP provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality caused by an eligible loss condition (e.g., adverse weather, disease, or animal attack). Payments may also be made when the animal is injured as a direct result of an eligible loss condition but does not die and is sold at a reduced price. Eligible loss conditions may include (1) extreme or abnormal damaging weather that is not expected to occur during the loss period for which it occurred, (2) disease that is caused or transmitted by a vector and is not susceptible to control by vaccination, and (3) an attack by animals reintroduced into the wild by the federal government or protected by federal law. Eligibility is predicated on not only the

[11] For additional information on payment limits and AGI requirements, see CRS Report R44739, *U.S. Farm Program Eligibility and Payment Limits*.

[12] USDA, *2023 Explanatory Notes - Commodity Credit Corporation*, March 2022, at https://www.usda.gov/sites/default/files/documents/30-2023-CCC.pdf.

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

[14] USDA, *2023 Explanatory Notes - Commodity Credit Corporation*, March 2022, at https://www.usda.gov/sites/default/files/documents/30-2023-CCC.pdf.

[15] Sequestration is a process to reduce federal spending through automatic, largely across-the-board reductions that permanently cancel mandatory and/or discretionary budget authority. The supplemental agricultural disaster assistance programs classify as *nonexempt mandatory* accounts and are therefore reduced by sequestration. For additional information on sequestration, see Appendix C in CRS Report R46951, *Agriculture and Related Agencies: FY2022 Appropriations*.

[16] For additional information on payment limits, see CRS Report R46248, *U.S. Farm Programs: Eligibility and Payment Limits*.

occurrence of an eligible loss condition but also direct causation to the death or injury of the animal.

Eligible livestock include beef and dairy cattle, bison, hogs, chickens, ducks, geese, turkeys, sheep, goats, alpacas, deer, elk, emus, llamas, reindeer, caribou, 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. Poultry and swine are the only eligible livestock for contract growers.

The LIP payment rate is equal to 75% of the average fair market value of the deceased animal type. USDA publishes a payment rate for each type of livestock for each year (e.g., $919.47 per adult beef cow and $4.24 per duck as of April 2022).[17] For eligible livestock contract growers, the payment rate is based on 75% of the national average input costs for the applicable livestock. For livestock sold at a reduced sale price, payments are calculated by multiplying the national payment rate for the livestock category minus the amount the owner received at sale multiplied by the owner's share.

Livestock Forage Disaster Program (LFP)

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 grazing on eligible grazing land or pastureland or would have been had a disaster not struck. 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. Livestock owned for noncommercial uses, or livestock that is in (or would have been in) feedlots, are excluded.

U.S. Drought Monitor

The U.S. Drought Monitor is a collaboration between the USDA, National Oceanic and Atmospheric Administration, and the National Drought Mitigation Center at the University of Nebraska-Lincoln. Weekly maps are released based on measurements of climatic, hydrologic, and soil conditions and are combined with local impacts and observations across the country from over 400 participants (primarily from government and academic backgrounds). Eleven climatologists rotate as lead author to produce the weekly maps. The drought monitor is used to determine drought relief for USDA programs (e.g., LFP and the Non-Fat Dry Milk Program) and by the Internal Revenue Service (IRS) to determine the replacement period for livestock sold because of drought. Congressional interest in the U.S. Drought Monitor has grown as additional program benefits are tied to it. For additional information, see http://droughtmonitor.unl.edu/.

Payments are generally triggered by the drought intensity level for an individual county as published in the U.S. Drought Monitor (see **text box**), a federal report published each week. The

[17] Payment rates are available in the USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/livestock_indemnity_program_lip-fact_sheet.pdf. For more information, see 7 C.F.R. §1416 Subpart D—Livestock Indemnity Program.

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 multiplied by 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.[18]

Table 2. Livestock Forage Program (LFP)

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

Drought Monitor Intensity	Qualifying 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: 7 U.S.C. §9081(c).

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 LFP handbook at https://www.fsa.usda.gov/Internet/FSA_File/1-lfp_r00_a03.pdf. In 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)

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.[19]

ELAP specifically provides assistance for the loss of honey bee colonies in excess of normal mortality. To meet the eligibility requirements for honey bee colony losses, losses 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, ELAP covers three categories: (1) livestock feed and grazing losses that are not due to drought or wildfires on

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

[19] For more information on ELAP, see 7 C.F.R. §1416 Subpart B—Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program; general ELAP fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/elap-general-fact-sheet.pdf; ELAP honey bee fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/elap-honeybee-fact-sheet.pdf; ELAP livestock fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/elap-livestock-fact-sheet.pdf; and ELAP farm-raised fish fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/elap_farm_raised_fish-factsheet.pdf.

federally managed lands, (2) losses resulting from the additional cost of transporting water to livestock due to an eligible drought, and (3) losses resulting from the additional cost associated with gathering livestock for inspection and treatment related to cattle tick fever. Applicants who are defined as a *socially disadvantaged*, *limited resource*, *beginning*, or *veteran* farmer or rancher are eligible for up to 90% of cost of loss.[20]

Tree Assistance Program (TAP)

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—as opposed to the tree, bush, or vine itself—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 in excess of 15% after adjustment for normal mortality or damage. Normal mortality or damage is 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) 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.[21] Applicants who are defined as *beginning* or *veteran* farmer or ranchers are eligible for higher payments, including the lesser of (a) 75% of the actual cost of replanting (in excess of 15% mortality) 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.[22] The total quantity of acres planted to trees, bushes, or vines for which a producer can receive TAP payments cannot exceed 1,000 acres annually.[23]

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.[24] Producers in counties that are

[20] For additional information and definitions for socially disadvantaged, limited resource, beginning, or veteran farmer or rancher, see CRS Report R46727, *Defining a Socially Disadvantaged Farmer or Rancher (SDFR): In Brief*.

[21] Higher payment rates of up to 75% for replanting and rehabilitation are available for beginning and veteran farmers and ranchers.

[22] For additional information on beginning and veteran farmer and rancher provision in farm bill programs, see CRS In Focus IF11227, *2018 Farm Bill Primer: Beginning Farmers and Ranchers*; and CRS In Focus IF11093, *2018 Farm Bill Primer: Veteran Farmers and Ranchers*.

[23] For more information on TAP, see 7 C.F.R. §1416 Subpart E—Tree Assistance Program; the general TAP fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/tree_assistance_program-tap-fact_sheet.pdf; and the TAP Florida citrus greening fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/tap-florida-citrus-greening-factsheet.pdf.

[24] The Secretary of Agriculture may designate quarantine areas under the Plant Protection Act (Title VI of P.L. 106-224) or animal quarantine laws. For an overview of the USDA emergency disaster designation and declaration process, see https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/

contiguous to a county with a disaster designation also become eligible for EM loans. 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 a loan total of $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 nonreal-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 nonreal-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. In FY2022, the program received $37.7 million of new loan authority.[25] 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 carryover. In FY2021, the total loan authority is $958.2 million.[26]

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 borrower is unable to pay all 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.[27]

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 payments to farmers from permanently appropriated funds and can use a variety of existing programs to address disaster issues as they arise.

emergency_disaster_designation_declaration_process-factsheet.pdf. For the USDA fact sheet on EM loans, see https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/fsa_emergencyloanprogram_factsheet-2020.pdf.

[25] Division A, Title II of P.L. 117-103.

[26] 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.

[27] No loan may receive more than one disaster set-aside unless it is later restructured. For more information, see USDA fact sheet at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2017/disaster_set_aside_program_oct2017.pdf.

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 nonindustrial private forest land.
- The Emergency Watershed Protection (EWP) program and the EWP floodplain easement program are administered by USDA's Natural Resources Conservation Service 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 consequences of erosion through the restoration and preservation of the land's natural values.

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

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.

During the highly pathogenic avian influenza (HPAI) outbreak in 2014 and 2015, USDA transferred at total of $989 million in CCC funds to APHIS to respond to the outbreak. APHIS obligated nearly $850 million of this total, including more than $200 million in indemnity payments to producers.[28] In February 2022, a new HPAI outbreak occurred in the United States. As of April 2022, HPAI outbreaks have been found in 29 states, and APHIS has requested an undisclosed amount of CCC funds to respond to the 2022 outbreak.

Dairy Indemnity Payment Program (DIPP)

DIPP provides payments to dairy farmers for milk, or cows producing milk, and to manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial

[28] During the 2014-2015 HPAI outbreak, over 50 million birds were depopulated, including 211 commercial flocks and 21 backyard flocks in 15 states. USDA, APHIS, *Final Report for the 2014-2015 Outbreak of Highly Pathogenic Avian Influenza (HPAI) in the United States*, revised August 11, 2016, at https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/2015-hpai-final-report.pdf. For more information, see CRS Report R44114, *Update on the Highly-Pathogenic Avian Influenza Outbreak of 2014-2015*.

markets because of the presence of certain chemical or toxic residue in the product. DIPP is authorized by Section 3 of P.L. 90-484, as amended. The 2018 farm bill extended the authority for DIPP through FY2023. Funding is authorized through an annual appropriation to the CCC for such sums as necessary, to remain available until expended. Since the program's inception in 1965 through FY2021, USDA has made approximately $41 million in payments to dairy farmers.[29]

Eligible loss contamination may be caused by pesticides, nuclear radiation or fallout, toxic substances, and chemical residue. Program participants must not be responsible for the contamination nor have been indemnified for the same loss from another source. In FY2021, USDA amended regulations to allow for indemnification of cows that are likely not marketable due to contamination. This change was made primarily to address concerns about per- and polyfluoroalkyl substances (PFAS) in dairy cows, making them unmarketable for a lengthy duration and therefore eligible for depopulation.[30]

Permanently Appropriated Funds

USDA has discretionary authority to distribute payments to farmers with Funds for Strengthening Markets, Income and Supply (referred to as *Section 32*) and CCC.[31] While both Section 32 and CCC have broad authority to support U.S. agriculture, many of their activities are required under various statutes, such as omnibus farm bills.[32] Beginning in FY2012, annual appropriations acts limited select discretionary uses of CCC and Section 32. The FY2018 omnibus appropriation removed this limitation for CCC and allowed for limited carryover funding under Section 32 to be used pending congressional notification.

- USDA's Section 32 program is funded by a permanent appropriation of 30% of the previous year's customs receipts. Funds are used for a variety of activities, including child nutrition programs, the purchase of commodities for domestic food programs, and farm disaster assistance. 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 assistance 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." The FY2022 appropriation (§714, P.L. 117-103) limits use of clause 3 to carryover funding of no more than $350 million following a two-week advance notice to Congress.
- The CCC serves as the funding institution for carrying out federal farm support programs, such as commodity price support and production programs, conservation programs, disaster assistance, agricultural research, and bioenergy development. It is federally chartered by the CCC Charter Act of 1948 (P.L. 80-806), as amended. The authority to provide assistance is attributed to Section 5 of

[29] USDA, *2023 Explanatory Notes*, Farm Service Agency, March 2022, at https://www.usda.gov/sites/default/files/documents/27-2023-FSA.pdf.

[30] CCC, FSA, USDA, "Supplemental Dairy Margin Coverage Payment; Conservation Reserve Program; Dairy Indemnity Payment Program; Marketing Assistance Loans, Loan Deficiency Payments, and Sugar Loans; and Oriental Fruit Fly Program," 86 *Federal Register* 70689-70708, December 13, 2021.

[31] For additional information on Section 32, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*. For additional information on the CCC, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

[32] Most CCC- and Section 32-funded programs are classified as mandatory spending programs and therefore do not require annual appropriations.

the act (15 U.S.C. 714c), which, among other activities, authorizes the CCC to support the prices of agricultural commodities through loans, purchases, payments, and other operations.

Authority Under 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. Examples of these programs and disaster related actions include the following:

- authorizing emergency grazing and haying on Conservation Reserve Program (CRP) acres;[33]
- reducing the emergency loan interest rate and making emergency loans available earlier in the season;
- targeting conservation assistance through the Environmental Quality Incentives Program (EQIP), including providing additional funding for farmers and ranchers to implement conservation practices that prevent excessive soil erosion, restore streambanks, and respond to animal mortality (farmers and ranchers contribute about half the cost of implementing the practices);[34] and
- directing Emergency and Imminent Community Water Assistance Grants for rural water systems experiencing emergencies resulting from a significant decline in quantity or quality of drinking water.[35]

Ad Hoc Assistance

The U.S. farm policy mix that provides assistance to agricultural producers for damage and loss following a natural disaster continues to include both permanent and temporary authorized support. The authorization of permanent disaster assistance programs in the 2008 and 2014 farm bills,[36] as well as expanded crop insurance and NAP policies, were intended to reduce the need for ad hoc disaster assistance. Following enactment of the 2008 farm bill, Congress appropriated little in the way of supplemental disaster assistance for agriculture for several years, most of which was for land rehabilitation efforts under EWP and ECP. This changed in 2018, when an active hurricane and wildfire season in 2017 prompted Congress to authorize ad hoc assistance through a series of supplemental appropriations.

[33] Emergency grazing and haying on CRP acres are generally restricted during primary nesting season for certain wildlife. Authorization is provided either at the national FSA level or by a state FSA committee utilizing the U.S. Drought Monitor. For more information on CRP emergency grazing and haying requirements, see FSA, "CRP Haying and Grazing Emergency and Non-Emergency Use," at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/crp_haying_grazing_factsheet.pdf.

[34] For additional information on EQIP Disaster Recovery Assistance, see https://www.nrcs.usda.gov/Internet/FSE_MEDIA/nrcseprd1429025.pdf.

[35] 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 USDA, Rural Development, "Rural Decentralized Water Systems Grant Program," at https://www.rd.usda.gov/programs-services/water-environmental-programs/rural-decentralized-water-systems-grant-program.

[36] See the "Supplemental Agricultural Disaster Assistance Programs" section discussed above.

Supplemental Appropriations

The Bipartisan Budget Act of 2018 (P.L. 115-123) authorized $2.36 billion for production losses not covered under NAP or crop insurance in 2017.[37] The majority of this funding was made available through the Wildfires and Hurricanes Indemnity Program (WHIP), referred to as *2017 WHIP*.[38] Congress directed that only crop, tree, bush, and vine losses from a wildfire or hurricane in 2017 were eligible for assistance under 2017 WHIP.[39] A portion of the funding was also used for a $340 million block grant to the State of Florida to assist the citrus industry.[40]

The FY2019 supplemental appropriation (P.L. 116-20) authorized an additional $3 billion to USDA to cover crop, tree, bush, and vine losses from 2018 and 2019 natural disasters that were not covered under crop insurance or NAP.[41] USDA announced that the majority of the FY2019 supplemental appropriation funding would be provided under an expanded version of WHIP, referred to as *WHIP+*. Under the 2019 supplemental appropriation, Congress required USDA make payments for additional losses not previously covered, including for crops that were prevented from being planted in 2019, on-farm stored commodities, quality-related losses, and milk losses. The FY2019 supplemental appropriation also authorized, and USDA made available, block grants to select states to cover livestock, poultry, and forestry losses.[42]

Approximately 60% of 2017 WHIP was unobligated before funds expired on December 31, 2019. The FY2020 Further Consolidated Appropriation Act (P.L. 116-94, Division B, §791) repurposed those funds to WHIP+, rescinding the 2017 WHIP unobligated balance of an estimated $1.5 billion and reallocating it to WHIP+, while expanding eligibility and creating additional program requirements.

The Disaster Relief Supplemental Appropriations Act of 2022 (P.L. 117-43, Division B) authorized $10 billion for production losses in 2020 and 2021 not covered under NAP or crop insurance. The act expands the list of qualifying events to include droughts; wildfires; hurricanes; floods; derechos; excessive heat; winter storms; freezes, including a polar vortex; smoke exposure; quality losses of crops; and excessive moisture. Congress requires that $750 million of the FY2022 funds must be used for livestock losses incurred in 2021 from drought or wildfire. In March 2022, USDA announced it would implement the FY2022 funding through the Emergency Relief Program (ERP) and Emergency Livestock Relief Program (ELRP).[43]

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[37] CRS In Focus IF10829, *Agriculture Funding in the Bipartisan Budget Act of 2018*.

[38] USDA, "Nearly $2 Billion Now Available for Eligible Producers Affected by 2017 Hurricanes and Wildfires," press release, July 16, 2018, https://www.usda.gov/media/press-releases/2018/07/16/nearly-2-billion-now-available-eligible-producers-affected-2017.

[39] For additional information, see FSA, *2017 Wildfires and Hurricanes Indemnity Program (WHIP)*, https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/wildfires-and-hurricanes-indemnity-program/index. The FY2019 supplemental expanded eligibility under 2017 WHIP to include losses from Tropical Storm Cindy, peach and blueberry losses from extreme cold in calendar year 2017, and blueberry productivity losses from extreme cold and hurricanes in calendar year 2018.

[40] An additional $3.2 million was available for administrative expenses. FSA, "Perdue Announces Florida Citrus Hurricane Recovery Details," press release, May 1, 2018.

[41] CRS In Focus IF11245, *FY2019 Supplemental Appropriations for Agriculture*.

[42] FSA, "USDA Announces Block Grants for Three States as Part of Broader Disaster Relief Package," press release, November 8, 2019, https://www.fsa.usda.gov/news-room/news-releases/2019/usda-announces-block-grants-for-three-states-as-part-of-broader-disaster-relief-package.

[43] USDA, "USDA to Provide Payments to Livestock Producers Impacted by Drought or Wildfire," press release, March 31, 2022, https://www.usda.gov/media/press-releases/2022/03/31/usda-provide-payments-livestock-producers-impacted-drought-or.

Emergency Livestock Relief Program (ELRP)

The FY2022 supplemental directed $750 million to livestock producers who incurred losses in 2021 due to qualifying droughts or wildfires. Livestock producers were eligible for a portion of these losses under LFP; however, the program uses a static annual payment rate that does not adjust for rising feed costs within the year. In 2021, USDA estimated that drought and wildfires caused nearly a 40% increase in feed costs per animal unit.[44] In response, USDA created the ELRP, to provide additional payments to livestock producers with approved LFP applications in 2021 to help compensate for the higher feed costs they may have incurred.

USDA plans to implement ELRP in two phases. Phase one payments are calculated on livestock inventories and drought-affected forage acres reported on 2021 LFP applications. A livestock producer's gross LFP calculated payment is multiplied by 90% for historically underserved producers—including beginning, limited resource, and veteran farmers and ranchers—and by 75% for all other producers to determine the ELRP payment per month, per animal unit.[45] USDA estimates that payments to eligible producers through phase one of ELRP will amount to more than $577 million.[46]

Payment limits for ELRP are based on an individual's or entity's average AGI over a three-year period—2017, 2018, and 2019—depending on how much of that income is derived from farming.[47] Generally, payments are limited to $125,000 per person or legal entity. If more than 75% of the participant's AGI is from farming, then ELRP payments are limited to $250,000. The AGI eligibility thresholds that apply to farm commodity support programs and permanent disaster assistance programs, such as the "Supplemental Agricultural Disaster Assistance Programs" described above, do not apply in determining ELRP eligibility.

Emergency Relief Program (ERP)

The majority of FY2022 supplemental funds are expected to be implemented through ERP. As part of the ELRP announcement in March 2022, USDA stated that ERP will provide payments to diversified, row crop, and specialty crop operations that were impacted by eligible natural disaster events in 2020 and 2021.[48] ERP is to be implemented in two phases, with the first phase using crop insurance and NAP data as the basis for calculating initial payments. The second phase is to address eligible producers that did not participate in crop insurance or NAP. USDA indicates that additional details will be forthcoming.

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[44] USDA, FSA, "Notice of Funds Availability; Emergency Livestock Relief Program (ELRP)," 87 *Federal Register* 19466, April 4, 2022.

[45] The gross LFP calculated payment is the amount calculated prior to any payment reductions (e.g., sequestration, payment limitation, and exceeding the average Adjusted Gross Income limitation). For additional details, see the "Supplemental Agricultural Disaster Assistance Programs" section.

[46] USDA, "USDA to Provide Payments to Livestock Producers Impacted by Drought or Wildfire," press release, March 31, 2022, at https://www.usda.gov/media/press-releases/2022/03/31/usda-provide-payments-livestock-producers-impacted-drought-or.

[47] Producers are assumed to be in the lowest payment limit category unless an exception to the payment limit is filed with USDA and documentation from a certified public accountant or attorney states that at least 75% of the person's or legal entity's average AGI was from adjusted gross farm income. Farm income includes income received or obtained from farming, ranching, and forestry operations.

[48] USDA, "USDA to Provide Payments to Livestock Producers Impacted by Drought or Wildfire," press release, March 31, 2022, at https://www.usda.gov/media/press-releases/2022/03/31/usda-provide-payments-livestock-producers-impacted-drought-or.

Wildfires and Hurricanes Indemnity Program Plus (WHIP+)

WHIP+ provided assistance payments to cover a portion of production losses in calendar years 2018 and 2019 from Hurricanes Michael or Florence, other hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms, wildfires, drought, excessive moisture, and other natural disasters. Eligible losses were expanded in FY2020 to include quality loss, drought (D3 U.S. Drought Monitor intensity or higher), and excessive moisture, as well as the types of losses eligible under 2017 WHIP. Payments for WHIP+ were based on several factors, including (1) the expected value of the crop, (2) the level of insurance or NAP coverage, (3) a WHIP+ payment factor, (4) the value of the crop harvested, and (5) insurance payments received. Payment calculations vary based on production loss; value of crop loss; and tree, bush, and vine loss.[49] All WHIP+ participants were required to purchase crop insurance or NAP for the next two crop years.

The FY2019 supplemental and FY2020 appropriation specifically identified eligible production loss types following natural disasters. USDA administered these provisions through payments and programs separate from WHIP+, including block grants to state, the On-Farm Storage Loss Program, milk loss payments, and payments for crops that were prevented or delayed planted.

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[49] For additional information, see CRS In Focus IF11539, *Wildfires and Hurricanes Indemnity Program (WHIP)*.