



THE UNIVERSITY OF GEORGIA  
COLLEGE OF AGRICULTURAL &  
ENVIRONMENTAL SCIENCES

# 2008 Farm Bill

Education and Implications for Georgia

## Disaster Assistance: Supplemental Agricultural Disaster Assistance Program (SADA)

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### Supplemental Agricultural Disaster Assistance Programs:

1. Supplemental Revenue Assistance Program (SURE)
2. Livestock Indemnity Program (LIP)
3. Livestock Forage Program (LFP)
4. Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
5. Tree Assistance Program (TAP)

### Characteristics of the Supplemental Revenue Assistance Program (SURE)

The Supplemental Revenue Assistance Program (SURE) is funded by the Agriculture Disaster Relief Trust Fund to provide crop disaster assistance payments to eligible producers on farms in disaster counties that have incurred crop production losses (excluding grazing), crop quality losses, or both during the crop year. Crop disaster payments to eligible producers will be made at 60 percent of the difference between the disaster assistance program guarantee and the total farm revenue for the farm. The disaster assistance program guarantee for a crop used to calculate the payments for a farm may not be greater than 90 percent of the sum of the expected revenue for each of the crops for the farm.

A disaster county is a county included in the geographic area covered by a qualifying natural disaster declaration, and any county contiguous to a declared county. In addition, any farm in which, during a calendar year, the total loss of production of the farm relating to weather is greater than 50 percent of the normal production of the farm. The actual production yield for at least 1 crop of *economic significance* must be reduced by at least 10 percent due to disaster (adverse weather) from the actual production history yield. A crop of *economic significance* is any crop that generates greater than 5% of the total crop revenue for the operation; or if the normal expected revenue of the crop is more than \$9,091.

The supplemental assistance program guarantee is calculated adding for each insurable commodity the product of the larger of the actual production history yield, or the counter-cyclical payment yield by the percentage of crop insurance yield guarantee; the percentage of crop insurance price; the crop insurance price; the acres planted or prevented planted of the crop; and by 115 percent. Noninsurable commodities (NAP) on the farm would be added at the rate of the product of each of the NAP yield guarantee; the acres planted or prevented planted of the crop; 100 percent of the NAP established price; and by 120 percent. **Therefore, producers must have a minimum of CAT for insurable crops and NAP for noninsurable crop acreage on all crops of economic significance.**

Actual production history yield is the weighted average actual production history for each insurable commodity or noninsurable commodity, or the noninsured crop disaster assistance program. Adjusted actual production history yield for those with at least 4 years of actual production history yields will be considered actual, or a producer that has less than 4 years of actual production history yields the actual production history is calculated excluding the lowest of the yields established. Adjusted NAP yield for a producer that has at least 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields will receive the average of those 4 years. A producer on a farm that has less than 4 years of production history under NAP that are not replacement yields, the NAP program yield will be averaged excluding the lowest of the yields. USDA will establish equitable treatment for non-yield based policies and plans of insurance, such as the Adjusted Gross Revenue Lite program.

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Total farm revenue for a farm is calculated by adding the actual value of each crop, 15 percent of any direct payments, all counter-cyclical or ACRE (average crop revenue election) payments, any prevented planting payments, the amount of crop insurance indemnities, the amount of payments an eligible producer on a farm received under NAP, any Loan Deficiency Payments/Marketing Loan Gains, and the value of any other natural disaster assistance payments. The actual value for each crop is the product of the actual crop acreage harvested, the actual yield of the crop, and the market year average price. ***A farm constitutes the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the producer.***

Adjustments will be made to the average market prices received by producers to reflect the average quality discounts applied to the local or regional market price of a crop, or hay due to a reduction resulting from adverse weather.

The expected revenue for each crop on a farm is equal to the sum obtained by adding the product for each crop obtained by multiplying the greater of the actual production history yield or the counter-cyclical program yield, the acreage planted or intended to be planted, 100 percent of the insurance price guarantee; and the product of 100 percent of NAP yield, the acreage planted, and 100 percent of NAP price for each crop.

A waiver for enrollment in crop insurance or NAP was provided for 2008. Producers were eligible for SURE if they paid a fee for catastrophic risk protection and, if applicable, a fee for NAP coverage. The "buy-in" opportunity ended in September, 2008. However, the American Recovery and Reinvestment Act (Stimulus Bill) of 2009 allows for a 90 day window for producers who failed to "buy-in" for the 2008 crop year to pay the administrative fees and commit to future insurance to become eligible. The legislation also amended the Farm Bill provisions for SURE for 2008 only to provide for a minimum of 70% yield coverage on both insurable crops and NAP crops. The amendment also increased the program guarantee factor for insurable crops from 115% to 120% and the NAP crops from 120% to 125%.

## SURE COMPUTATIONS

DAPG	- Disaster Assistance Program Guarantee	MYA	- Market Year Average Price
TFR	- Total Farm Revenue	ACAH	- Actual Crop Acres Harvested
NAP	- Noninsured Crop Disaster Assistance Program	ACY	- Actual Crop Yield
APH	- Actual Production History or Adjusted Production History	CCP	- Counter-Cyclical Payment
CCY	- Counter-Cyclical Yield	ACRE	- Average Crop Revenue Election Payment
CIYP	- Crop Insurance Yield %	PPP	- Prevented Planting Payment
CIPP	- Crop Insurance Price %	CIIP	- Crop Insurance Indemnity Payment
CIP	- Crop Insurance Price	NAPP	- NAP Payment
AP/PP	- Acres planted or Prevented Planted	LDP/MLG	- Loan Deficiency Payments or Marketing Loan Gains (certs)
NAPYG	- NAP Yield Guarantee	NDAP	- Natural Disaster Assistance Payments
NAPP	- NAP Price	ECR	- Expected Crop Revenue

DAPG = (APH if >CCY)\*(CIYP)\*(CIPP)\*(AP/PP)\*(115%) → commodity 1 (120% for 2008)  
 + each commodity on farm (commodity 2,3,4, etc)  
 + (NAPYG)\*(NAPP)\*(100%)\*(AP/PP)\*(120%) → NAP commodity 1 (125% for 2008)  
 + each noninsured commodity on farm (NAP commodity 2,3,4, etc)

TFR = (ACAH)\*(ACY)\*(MYA) → crop 1  
 + each crop (insured and noninsured; crop 2,3,4, etc)  
 + (Total Direct Payments)\*(15%)  
 + Total CCP or ACRE  
 + Total PPP  
 + Total CIIP  
 + Total NAPP  
 + Total LDP/MLG  
 + Total NDAP

ECR = (APH if >CCY)\*(AP/PP)\*(CIP) → commodity 1  
 + each commodity on farm (commodity 2,3,4, etc)  
 + (NAPG)\*(NAPP)\*(AP/PP) → NAP commodity 1  
 + each noninsured commodity on farm (NAP commodity 2,3,4, etc)

Crop Disaster Payment = DAPG – TFR  
 where DAPG ≤ (90%)\*(ECR)

### **Other Supplemental Agricultural Disaster Assistance Programs**

#### **Livestock Indemnity Program (LIP)**

The Livestock Indemnity Program provides compensation to ranchers for livestock that have incurred livestock death losses in excess of normal mortality rates during the calendar year due to adverse weather. Indemnity payments are made at a rate of 75 percent of the fair market value of the livestock on the day before the date of death of the livestock are lost due to disasters such as extreme heat, blizzards, hurricanes, or other conditions. The intent of the program is to make LIP payments based upon individual producers' eligible losses. A designated disaster declaration outlining a specific geographic area is not required.

USDA, through the State Farm Service Agency Committee, will obtain recommendations from state livestock organizations, state Cooperative Extension Service, and other credible sources to establish the normal mortality rate for each type of livestock on a state-by-state basis. USDA will establish market values for each type of livestock from credible livestock markets including sale barns, local sales, and terminal market centers or slaughtering facilities.

#### **Livestock Forage Disaster Program (LFP)**

The Livestock Forage Program provides assistance to ranchers in areas affected by drought. Payments are based on the severity of the drought experienced in the rancher's county with areas of exceptional or extreme droughts qualifying for higher levels of assistance. A county that is experiencing a severe, extreme or exceptional drought condition based upon the Drought Monitor will qualify for assistance. Producers in a severe drought will receive one month's payment, extreme drought qualifies for two months, and an exceptional drought merits three months. The payment is 60 percent of the smaller of either the monthly feed cost for the total number of livestock covered or, the monthly feed cost calculated by using the normal carrying capacity of the eligible grazing land.

Prevention of excessive payments to livestock producers who overgraze pasture and grazing lands will be enforced by calculating the normal carrying capacity of the eligible livestock producer's grazing and

pasture land. Payments will be based on the lesser of the actual number of the livestock producer's eligible livestock or the maximum carrying capacity of the pasture and grazing land for the type and weight of the livestock.

Further qualification requires the livestock producer to apply for and obtain, if available, either crop insurance, have timely applied for and obtained, if available, either crop insurance, or coverage under the NAP on the pasture or grazing land which suffered an eligible loss. Crop insurance includes pilot programs implemented by the Risk Management Agency such as the Pastureland Rangeland Forage Program. A waiver was granted for the 2008 crop year only, if a livestock producer had not timely obtained either crop insurance or NAP coverage and the livestock producer paid any fee that would have been required to enroll in either crop insurance or NAP.

After 2008, USDA may on a case-by-case basis provide equitable relief for producers that unintentionally failed to obtain crop insurance or NAP coverage on applicable grazing and pasture land. The county Farm Service Agency Committee must make the determination with review by the state FSA committee.

Producers receiving LFP assistance are not eligible for SURE (Supplemental Revenue Assistance) benefits for losses to crops on the same land with the same intended use.

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

The Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish program addresses unique disasters not adequately covered by the Supplemental Disaster Assistance Trust Fund. This program will provide assistance for unique or isolated disasters such as floods, tornadoes, hurricanes or Colony Collapse Disorder. Up to \$50,000,000 annually will be available from the Trust Fund to provide emergency relief to producers of livestock (including horses), honey bees, and farm raised fish due to losses from adverse weather or other conditions, such as blizzards and wildfires, as certified by USDA. The program is intended to cover disasters that are not adequately covered by any other disaster program. Qualification is based on purchase of a plan of insurance for insurable commodities and noninsured crop assistance program coverage for non insured crops. A waiver is granted for the 2008 crop year only, if a producer had not timely obtained either crop insurance or NAP coverage and the producer paid any fee that would have been required to enroll in either crop insurance or NAP.

#### **Tree Assistance Program (TAP)**

The Tree Assistance Program provides compensation for specialty crop farmers to replant trees and vines that have been destroyed by natural disasters such as hurricanes, freezing rain, or severe temperatures. Assistance to eligible orchardists and nursery tree growers is available for 70 percent reimbursement for the cost of replanting trees lost due to a natural disaster if tree mortality is in excess of 15 percent, adjusted for normal mortality, or sufficient seedlings to reestablish a stand; and 50 percent reimbursement of the cost of pruning, removal, and other costs to salvage existing trees or to prepare land to replant trees lost due to a natural disaster in excess of 15 percent damage and/or mortality as adjusted. The maximum number of acres covered is 500.

Qualification is based on purchase of a plan of insurance for insurable commodities and noninsured crop assistance program coverage for non insured crops. Crop insurance or the insurance requirement for TAP eligibility refers to insurance on the crop and not the underlying vines or trees. A waiver is granted for the 2008 crop year only; if a farmer had not timely obtained either crop insurance or NAP coverage and the farmer pays any fee that would have been required to enroll in either crop insurance or NAP coverage and the producer paid any fee that would have been required to enroll in either crop insurance or NAP.

**Payment Limits for SADA Programs:**

The total limit of benefits under the Supplemental Agricultural Disaster Program is \$100,000 per person for any crop year. This limitation applies to the total of all SADA programs with the exception of the Tree Assistance Program. The Tree Assistance Program maintains a separate limit of \$100,000 per person for any crop year.

The adjusted gross income limitation of \$500,000 of non-farm income applies to all assistance provided under SADA with no AGI limit on farm income. AGI is the three year average of adjusted gross incomes for the years prior to the last full taxable year. The program is effective only for losses that are incurred as the result of a disaster that occurs on or before September 30, 2011.

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