



Background on 2009 Disaster Assistance

Due to losses suffered by cotton, rice, soybean, and sweet potato producers, USDA will provide some assistance to those farmers as soon as possible. Many producers have expressed significant concerns about the effectiveness of existing disaster programs in their states – particularly the Supplemental Revenue Assistance program (SURE) that was created in the 2008 Farm Bill. As such, USDA will now provide timely, targeted assistance by using Section 32 authorities and funds to make up to \$550 million available for payments in Fiscal Year 2011. Additionally, due to an integrator’s bankruptcy in the poultry industry that caused many individual producers to lose their contracts and livelihood, as well as high feed costs incurred by aquaculture producers, USDA will make available \$80 million in Section 32 Fiscal Year 2010 funds to assist producers in the form of grants to States.

Under Section 32, the Secretary of Agriculture has long-standing authority to provide assistance to producers in order to re-establish their purchasing power, as well as to make purchases of fruits, vegetables and other commodities for domestic feeding programs. The Secretary will utilize existing authorities that permit the Commodity Credit Corporation to make fruit, vegetable and other commodity purchases for domestic feeding programs normally made with Section 32 funds to ensure these programs are not negatively affected. Notably, Section 32 has been used 18 times since 1999 to provide disaster assistance to farmers to help restore purchasing power.

Assistance will be made available under the following three programs:

(1) Crop Assistance Program

- USDA will make available up to \$550 million in assistance for those cotton, rice, soybean, and sweet potato producers who suffered losses and are located in counties designated as primary disaster counties by the Secretary for high moisture or precipitation conditions;
- Producers certifying to at least a 5% loss on their crop in 2009 will receive payments on a per-acre (actual planted or prevented planted) basis at the following rates:

Long Grain Rice	Medium/Short Grain Rice	Soybeans	Sweet Potatoes	Upland Cotton
\$31.93	\$52.46	\$15.62	\$155.41	\$17.70

- Payments will be made only on those acres actually planted to the crop or that were prevented from being planted and that are currently on file with FSA.

(2) Lost Poultry Contract Assistance Program

- USDA will provide \$60 million in the form of a grant to those states where poultry producers lost a contract due to the bankruptcy of an integrator in December of 2008;

- Poultry producers must have lost their contract with the bankrupt integrator between May 1, 2008 and July 1, 2010, and were unable to enter into a subsequent contract. A grant will be made to all States with impacted producers to help cover the needs of these producers;
- Payments will be based upon a producer's most recent 12 months receipts multiplied by a payment factor to ensure that not over \$60 million is spent and no producer's payment is over 95% of their previous 12 months receipts;
- Average adjusted gross income and payment limitations consistent with other disaster programs will apply.

(3) Aquaculture Grant Program

- USDA will provide \$20 million in the form of a grant to those states where farm-raised aquaculture producers need assistance due to high feed input costs in 2009;
- Funding will be allocated to States on a pro rata basis, based on total benefits earned by all eligible 2008 aquaculture producers in each State under the 2008 AGP, authorized by the American Recovery and Reinvestment Act of 2009;
- To be eligible a producer must: (1) have raised an aquaculture species in a controlled environment in 2009, (2) produced an aquaculture species for which 2009 feed costs represented at least 25 percent of the producer's total input costs for the aquaculture operation, and (3) experienced at least a 25 percent price increase of 2009 feed costs above the State's 2003-2007 5-year average feed price;
- Average adjusted gross income and payment limitations consistent with other disaster programs will apply.

Additional Details on 2009 Disaster Assistance:

- While the 2008 Farm Bill made great strides in eliminating the need for ad hoc disaster programs, work still needs to be done. USDA looks forward to working with Congress to make sure adequate risk management tools are available to all farmers, all crops, and in all regions of the country.
- In this case, USDA's review of the distribution for 2008 SURE program payments combined with the concerns we have heard from producers for 2009 has led to this attempt to utilize existing, but limited, authorities and funding to address those issues for producers who may not be receiving adequate levels of coverage and assistance under existing safety net programs.
- While USDA is providing this assistance in the short term, the department will also continue to monitor existing programs and payments – including SURE – so that the department can provide feedback and guidance to Congress, especially for the 2012 Farm Bill.
- Pursuant to Section 32, the Secretary has the authority to use funds to “reestablish farmers’ purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.” Those farmers certifying to the losses will

get a limited amount of relief to help reestablish their lost purchasing power due to the disasters in 2009.

- Importantly, domestic feeding program needs will not be impacted by this assistance because USDA will use existing authorities that permit the CCC to make all required and needed purchases that usually are made with Section 32 funds. Suppliers, vendors, and those administering and receiving food assistance will not notice any difference or delay.
- While this does not cover every farmer and every loss, it is one effort to continue to provide the most effective safety net nationwide for the farmers and ranchers who provide all of us – and many around the world – with a safe, abundant, and affordable food and fiber supply.
- Producers in counties that were designated by the Secretary as primary disaster counties because of high precipitation or moisture related conditions will be eligible for assistance. FSA’s preliminary data indicates just under 1,000 counties could be eligible.
- Farmers signing up for this assistance will have to certify that they meet all eligibility requirements, including Adjusted Gross Income limits. FSA will be performing audits. Those farmers who certified improperly will be required to pay back all funds, with interest, and may be subject to other penalties pursuant to existing statutes and regulations.
- Consistent with existing requirements in the 2008 Farm Bill, no producer can receive more than \$100,000 in disaster assistance.
- USDA plans to begin sign up once it publishes the regulation for the assistance and the funding becomes available in Fiscal Year 2011. Payments will go out as quickly as possible after a farmer signs up with FSA. USDA will have more information on the sign up in the near future, and www.usda.fsa.gov will be continually updated with the most current information.
- In general, payments under other USDA programs will not be affected. However, pursuant to statute, any SURE payment a producer could be eligible for will be offset by any payments under this program.