



## Farm Bill Primer: Disaster Assistance

Agricultural production involves risks related to weather, yield, markets, price, and other factors. Congress has authorized several federal programs to help agricultural producers recover from the effects of natural disasters, including the [Noninsured Crop Disaster Assistance Program \(NAP\)](#) and livestock and fruit tree disaster programs, and has provided supplemental disaster assistance, also referred to herein as ad hoc assistance. With the exception of ad hoc assistance, agriculture disaster programs are permanently authorized and receive “such sums as necessary” from the U.S. Department of Agriculture’s (USDA’s) [Commodity Credit Corporation \(CCC\)](#). These programs require neither reauthorization in legislation, such as a future farm bill, nor discretionary appropriations. For six fiscal years within FY2018-FY2025, Congress authorized ad hoc assistance through supplemental appropriations. Generally, these funds assist with natural disaster losses that were not covered under permanent programs. As Congress works on future farm bills, it could consider whether to retain or amend the permanent disaster assistance programs or create new programs to address emerging situations. Congress may also consider whether to provide further ad hoc assistance.

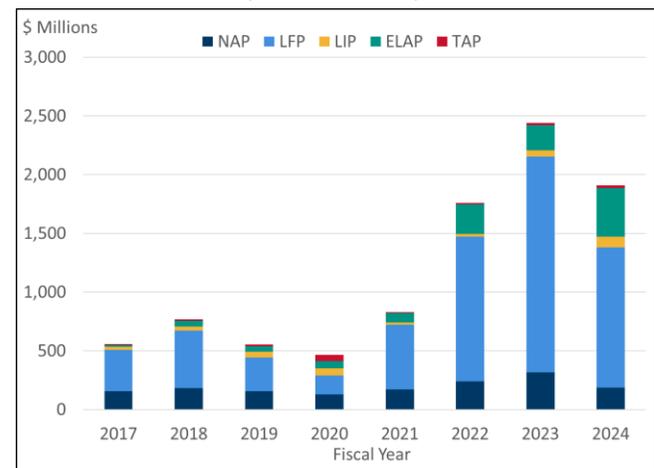
This In Focus provides a summary of existing permanent programs and ad hoc disaster assistance that may help farmers recover financially from natural disasters. This summary does not cover the [Federal Crop Insurance Program \(FCIP\)](#), which also may provide support to farmers impacted by natural disasters.

### Existing Farm Bill Authorized Provisions

The Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) permanently authorized four agricultural disaster programs for livestock and fruit trees (7 U.S.C. §9081)—Livestock Indemnity Program (LIP); Livestock Forage Disaster Program (LFP); Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); and Tree Assistance Program (TAP). Amendments to these programs were included in Title I of the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334) and Title I of the FY2025 budget reconciliation law (P.L. 119-21). These programs provide compensation for a portion of lost production following a natural disaster. Producers do not pay a fee to participate. Total payments under these programs vary each year on the basis of eligible loss conditions (see [Figure 1](#)).

Payments for individual producers under LFP may not exceed \$125,000 per year. There are no limits on the dollar amount of payments received under LIP, ELAP, and TAP. To be eligible for a payment under any of these programs, a producer’s average annual adjusted gross income (AGI) over the previous three taxable years cannot exceed \$900,000.

**Figure 1. Total Payments for Selected Permanent Agricultural Disaster Assistance Programs (FY2017-FY2024)**



**Source:** CRS from payments reported in annual budget requests.

**Notes:** NAP = Noninsured Crop Disaster Assistance Program; LFP = Livestock Forage Disaster Program; LIP = Livestock Indemnity Program; ELAP = Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program; and TAP = Tree Assistance Program.

### Livestock Indemnity Program

LIP provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality or livestock sold at reduced price because of an eligible loss condition (e.g., adverse weather, disease, or animal attack). The LIP payment rate depends on the loss condition.

### Livestock Forage Disaster Program

LFP makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pastureland or on rangeland managed by a federal agency due to a qualifying fire. LFP payments for drought are equal to 60% of the estimated monthly feed cost. Depending on the severity of the drought, the monthly payment rate is multiplied by a factor of one, three, four, or five. For producers who sold livestock because of drought conditions, the payment rate is reduced. LFP payments for wildfire are equal to 50% of the estimated monthly feed cost and depend on the number of days the livestock are prohibited from grazing, not to exceed 180 calendar days.

### 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 disease, adverse weather, feed or water shortages, or other conditions that are not covered under LIP or LFP.

## Tree Assistance Program

TAP makes payments to qualifying orchardists and nursery-tree growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. In general, losses in crop production are to be covered by crop insurance or NAP (see the section on NAP, below). Eligible trees, bushes, and vines are those from which a crop is produced annually for commercial purposes. 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.

## Noninsured Crop Disaster Assistance Program

Producers who grow a crop that is currently ineligible for certain crop insurance policies 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).

There are two types of NAP coverage: basic and buy-up. *Basic NAP* offers coverage for losses in excess of 50% of normal yield (i.e., *catastrophic* losses). Producers pay an administrative service fee. The 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. Basic NAP has an annual payout limit of \$125,000 per crop year per producer for basic coverage. Producers may purchase higher coverage levels that cover less severe losses (*buy-up coverage*). Buy-up coverage is available in increments of 5% to cover between 50% and 65% of a crop lost. For NAP buy-up coverage, producers pay the NAP service fee and a premium. Premiums for buy up coverage are based on the value of the potential indemnity. NAP buy-up coverage has an annual payout limit of \$300,000 per crop year per producer. For both types of NAP coverage, policies must be purchased prior to a disaster event, and producers must purchase or renew coverage on an annual basis. A producer is ineligible under NAP if the producer's average AGI exceeds \$900,000.

## Ad Hoc Disaster Assistance

Over the past 20 years, Congress has authorized permanent disaster assistance programs and has expanded crop insurance and NAP, in part to reduce the need for ad hoc disaster assistance. Following the establishment of the permanent agricultural disaster assistance programs, Congress appropriated relatively little ad hoc assistance for agriculture. In contrast, in FY2018, Congress provided \$2.4 billion in supplemental appropriations for additional production losses in 2017 that were not previously covered by crop insurance or NAP. From FY2018 to FY2025, Congress appropriated supplemental funding for natural disaster-related losses in each year, except FY2021 and FY2024. Total ad hoc assistance funding over this period was almost \$40 billion. During the first Trump Administration, USDA primarily implemented this funding through the creation of the Wildfires and Hurricanes Indemnity Program. During the Biden Administration, USDA primarily implemented this funding through the Emergency Relief Program. During the second Trump Administration, USDA is primarily implementing this funding through the Supplemental Disaster Relief Program.

## Issues for Congress

Congressional interest in agricultural disaster assistance has increased in recent years. In considering a future farm bill, Congress may debate and consider changes to the federal government's role in responding to natural disaster-related losses for the agricultural industry, which is acutely affected by natural disasters and fluctuations in weather.

### Effectiveness of Permanent Programs and FCIP

Given the nearly \$40 billion in ad hoc disaster funding in recent years, Congress might assess the effectiveness of ad hoc assistance and the permanent disaster assistance programs. In addition to covering losses beyond what may be covered by crop insurance and NAP, ad hoc assistance has covered losses not covered by the other permanent programs. This may cause some to question whether the permanent disaster assistance programs could or should be expanded to cover losses or events not currently covered (e.g., loss of quality and on-farm storage losses). Also, Congress may consider whether ad hoc assistance programs might create a potential disincentive for future participation in insurance programs because they cover the losses of farmers who chose not to purchase insurance.

### Price Tag

Some in Congress have expressed interest in establishing a new permanent disaster assistance program similar to what has been provided through ad hoc disaster assistance. Supplemental appropriations for ad hoc disaster assistance have been classified as *emergency* spending and have not required an offset under budget rules. New mandatory spending (e.g., for a new permanent program or for an expansion of existing permanent disaster programs to cover other loss conditions) may need to be offset. The amount and type of losses covered under such a program could impact the total cost and therefore the level of offsets required. Amendments to permanent disaster programs that increase mandatory spending also could require offsets.

### Implementation Challenges

Ad hoc assistance is not permanent. It requires USDA to issue rules and requirements on enactment of supplemental appropriations, which has resulted in payment delays. Recent supplemental appropriations laws also included provisions targeting specific losses or events, which USDA has administered through multiple programs. This may be complicating implementation and participation.

### Improper Payments

USDA's [Office of Inspector General \(OIG\)](#) identified several of the disaster assistance programs as being susceptible to improper payments. In FY2024, OIG found that NAP and LFP had improper payment rates of greater than 10%. This was the third consecutive year for LFP and second consecutive year for NAP, according to OIG reports. According to the FY2024 [report](#), OIG rejected the agency's recommendations for addressing these improper payment rates. Congress may provide additional oversight of these programs and consider whether to include provisions on improper payment rates in a future farm bill.

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