

Report for Congress

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Farm Disaster Bills in the 108th Congress: A Comparison

Updated January 24, 2003

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Summary

Much of the United States has been affected by drought the past two years which has had an adverse impact on crop and livestock production. At issue in Congress is whether proposed disaster assistance should be provided, and if so, whether there should be equivalent reductions in spending on other federal programs. Proponents of additional assistance claim that the currently available farm disaster programs do not adequately address farmers' needs. The President and other advocates of fiscal restraint insist that any new spending have budgetary offsets.

On January 23, 2003, the Senate adopted an omnibus appropriations bill for FY2003 (H.J.Res. 2) which contains a Cochran amendment (S.Amdt. 204) providing \$3.1 billion in economic and disaster assistance for agricultural producers. An estimated \$2.04 billion of the assistance is supplemental direct payments to producers of various crops. If a county received a disaster declaration in either 2001 or 2002, eligible growers can receive a supplemental payment, with no distinction of whether the producer has been affected by a natural disaster. S.Amdt. 204 revises an earlier adopted amendment (S.Amdt. 1), which provided similar assistance without a disaster designation requirement. The adopted amendment also contains \$350 million in livestock assistance and \$375 million for other specified crops. The total cost of the amendment was offset as part of a 1.6% across-the-board reduction in all non-defense discretionary spending in the resolution. H.J.Res. 2 currently is in conference, with no comparable provisions in the House version.

In contrast, several other measures have been introduced to provide emergency funding with no offsets. S.Amdt. 79 (Daschle) provides an estimated \$6 billion in crop and livestock disaster payments for 2001 and 2002 losses. It was defeated on the Senate floor by a vote of 39-56. A comparable Pomeroy bill (H.R. 160) is pending in the House. S. 125 (Roberts) offers similar crop and livestock assistance, but requires farmers to choose to receive payments for either 2001 or 2002 (estimated cost of \$4 billion). H.R. 92 (Graves) provides crop payments only for 2001 or 2002 losses, at an estimated cost of \$2.9 billion. It also allows producers with crop losses of 20 to 35%, who traditionally have been ineligible for disaster payments, to receive a payment. H.R. 257 (Burns) makes payments for the 2002 crop year only and provides livestock assistance to those producers who have not already received a payment under USDA's Livestock Compensation Program (LCP), at a total estimated cost of \$2.8 billion. H.R. 307 (Moran, KS) requires producers to choose either 2001 or 2002 for crop and livestock assistance and reduces livestock payments by any payments received under the LCP, at an estimated cost of \$3.4 billion.

Some Members justify making disaster payments without any budget offsets, because USDA currently expects lower spending on FY2003 farm programs than earlier estimates. CBO recently estimated that farm commodity support spending in FY2003 likely will be \$5.6 billion below earlier projections. However, current budget rules do not allow the re-estimate to be scored as savings.

(This report will be updated.)

Farm Disaster Bills in the 108th Congress: A Comparison

Topic or Issue	S. Amdt. 204 (Cochran)	S. Amdt 79 (Daschle) H.R. 160 (Pomeroy)	S. 125 (Roberts)	H.R. 257 (Burns)	H.R. 307 (Moran, KS)	H.R. 92 (Graves)
Status	Adopted 59-35 on Jan. 22, 2003, as an amendment to H.J. Res. 2 (the FY2003 Omnibus Appropriations Act). (S. Amdt. 204 replaces farm assistance contained in S. Amdt. 1 to H.J. Res. 2, adopted earlier.) H.J. Res. 2, as amended was passed by the Senate, 69-29, on Jan. 23, 2003.	On Jan. 22, 2003, S. Amdt. 79 was defeated 39-56 as a proposed amendment to H.J. Res. 2. H.R. 160 is pending.	Pending.	Pending.	Pending.	Pending.
Crop Assistance						
Eligible Years of Crop Losses	Not applicable.	2001 and 2002 crop years. Producer can apply for both years.	2001 or 2002 crop years. Producer can choose either crop year, not both.	2002 crop year only.	Same as S. 125	Same as S. 125
Program Framework	Makes supplemental direct payments to all farmers who: 1) are eligible under the 2002 farm bill (P.L. 107-171) for direct payments for a 2002 crop, (wheat, feed grains, cotton, rice, oilseeds and peanuts), and , 2) their county was declared a disaster area by the President or USDA in either 2001 or 2002. A producer who is not in a disaster area, but who grows a covered commodity listed above, and can prove a	All of these measures require that crop assistance be provided in the same manner as the 2000 crop year disaster payment program authorized by Section 815 of P.L. 106-387 and implemented by USDA's Farm Service Agency. A countywide disaster declaration is not required to be eligible for assistance.				Provides a new payment formula that is based on, but is different from, the 2000 crop disaster program. (See "Payment Formula" below for details.)

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	crop loss in excess of 35% in either 2001 or 2002, is also eligible for a payment.					
Farm Eligibility Requirements and Crop Insurance Purchase Requirement	Crop insurance on a 2001 or 2002 crop is not a prerequisite for receiving a supplemental payment. However, a recipient must obtain at least the catastrophic (CAT) level of crop insurance for the next 2 years. (CAT coverage is free, except for a \$100 administrative fee.) If crop insurance is unavailable, the producer must pay the administrative fee for enrollment in the noninsured assistance program (NAP).	As the program was administered in the 2000 crop year: All commercially grown crops are eligible for assistance regardless of whether a producer had a crop insurance policy, waived available crop insurance, or grew a non-insurable crop. All producers who waived crop insurance and receive a disaster payment for that crop year, must purchase at least the catastrophic level of crop insurance for the next two crop years.	Potentially the same as S. Amdt. 79 and H.R. 160, except that recipients of a disaster payment must agree to purchase crop insurance or enroll in NAP for the next three crop years.	Same as S. 125	Same as S. 125 and H.R. 257, except that a producer who waived crop insurance need only obtain the catastrophic level of insurance coverage for the next 3 years. S. 125 and H.R. 257 require farmers to purchase additional insurance beyond the catastrophic level.	Covers all crops that have incurred losses due to damaging weather, or related conditions. No crop insurance purchase requirement.
Payment Calculation	Eligible recipients will receive 42% of the Direct Payment received on the 2002 crop, under USDA's ongoing Direct and Counter-cyclical Payments Program.	As the program was administered in the 2000 crop year: All eligible producers must have at least a 35% crop loss in the relevant crop year. For losses in excess of the 35% threshold, producers with crop insurance and those who grew a crop for which insurance was not available receive a payment equal to 65% of a relevant price for that commodity. Producers who waived crop insurance are slightly penalized and receive 60% of the price of the commodity on losses in excess of 35%.				Establishes a new payment formula: 1) Producers with losses between 20% and 35% would receive a payment, when traditionally they have not; 2) Producers

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						<p>with losses between 35% and 55% would receive a larger payment than under the other bills; 3) All producers with losses in excess of 55% would have the same payment rate, a level which is less than the other bills. Rationale is that large losses are already covered by crop insurance, while small losses generally are not covered.</p>
<p>Miscellaneous Crop Assistance Provisions</p>	<p>1) Assistance of <i>\$100 million</i> for either direct payments or grants to states, to assist producers of <i>fruits and vegetables</i>, as determined by USDA; 2) Payments of <i>\$80 million</i> to <i>sugar beet</i> producers who experienced production losses to the 2002 crop; 3) An estimated <i>\$80 million</i> to <i>sugar cane</i> processors and producers in any county that was de-</p>	<p>No additional crop provisions.</p>				

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	<p>clared a disaster area in 2002;</p> <p>4) An estimated \$53 million in economic assistance to <i>tobacco</i> farmers;</p> <p>5) Direct payments of \$50 million for assistance to producers and first handlers of the 2002 crop of <i>cottonseed</i>;</p> <p>6) A \$10 million grant to the state of <i>Texas</i> for crop producers who experienced economic losses in 2002 caused by the failure of Mexico to deliver water to the U.S. under a treaty;</p> <p>7) A reimbursement of \$1.65 million to <i>New Mexico farmers</i> for losses incurred in 2002 and 2003 caused by federal pesticide spraying.</p>					
Individual Payment Limits	<p>Total amount of supplemental direct payments for one or more covered commodities cannot exceed \$40,000 per person (which is equal to, but separate from, the payment limit for Direct Payments under the 2002 farm bill.)</p>	<p>As the program was administered in the 2000 crop year: Benefits are limited to \$80,000 per person. No one with an annual gross income of \$2.5 million or more in the previous tax year is eligible.</p>	<p>Same as S. Amdt. 79, H.R. 160, S. 125 and H.R. 257, except that the sum of disaster payments, crop insurance payments, noninsured assistance payments</p>		<p>No provision.</p>	

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					and crop marketings cannot exceed the value of the crop in the absence of losses.	
Authorized Source of Funds for Crop Assistance	All funding is to come from the borrowing authority of USDA's Commodity Credit Corporation.	Such sums as are necessary to fully fund payments, using the borrowing authority of USDA's Commodity Credit Corporation as the source of funds.				
Budgetary Treatment of Crop Assistance	Funds are made available out of the regular appropriations for FY2003, as part of a 1.6% across-the-board reduction in all discretionary accounts in the omnibus appropriations bill. Hence, no budget emergency declaration is required.	Budget emergency is declared by Congress upon passage of the bill, hence no budget offsets are required. Funds are made available to the extent that the President submits a request to Congress for a specific dollar amount and concurs with the congressional emergency designation,			No emergency funding declaration in the bill. Bill states that the outlays for FY2003 farm commodity price support programs will be approximately \$5.6 billion below original estimates, primarily because disasters have reduced crop production and increased farm prices. Anticipates that cost of the bill will not exceed the \$5.6 billion "savings." (Note: current budget law does not allow	Contains no budget offsets, and no budget emergency declaration.

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					“savings” from budget re-estimates to be used as offsets for new spending.)	
CBO Scoring of Crop Assistance	Estimated at \$2.04 billion for the supplemental direct payments and \$375 million for the miscellaneous crop provisions.	Estimated at \$4.5 billion for the crop loss provisions, as of early September 2002. Subject to change, since funding is such sums as are necessary.	Estimated at \$3.06 billion for the crop loss provisions, as of September 2002. Subject to change, since funding is such sums as are necessary. (Estimate is lower than S. Amdt. 79, because S. 125 requires farmers to choose between 2001 and 2002 crop losses.)	Estimated at \$2.7 billion as of Jan. 6, 2003. Subject to change, since funding is such sums as are necessary.	Estimated at \$2.9 billion, as of early January 2003. Subject to change, since funding is such sums as are necessary.	Estimated at \$2.9 billion, as of October 2002. Subject to change, since funding is such sums as are necessary.
Livestock Assistance						
Eligible Years of Livestock Losses	2001 or 2002 losses. Producer can choose either year, not both.	2001 and 2002 losses. Producer can apply for both years.	Same as S. Amdt. 204.	Same as S. Amdt. 204.	Same as S. Amdt. 204.	No livestock provisions.
Livestock Program Framework	Assistance to be provided in the same manner as two USDA programs: 1) the 2002 Livestock Compensation Program (LCP), a program initiated by USDA, and 2) the 1999 Livestock Assistance Program (LAP).	Assistance to be provided in the same manner as the 2000 Livestock Assistance Program, authorized by Section 806 of P.L. 106-387. (Note: The 1999 and 2000 programs had nearly identical program eli-	Assistance to be provided in the same manner as the 1999 Livestock Assistance Program (LAP).	Assistance to be provided in the same manner as the 2002 Livestock Compensation Program (LCP).	Assistance to be provided under the authority of Section 10104 of the 2002 farm bill (P.L. 107-171).	No livestock provisions.

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		gibility and loss requirements.)				
Natural Disaster Declaration	For LCP assistance: A producer must be in a county that has been declared a disaster area by either the President or USDA in either calendar year 2001, 2002, or in 2003 up to the date of enactment. For LAP assistance: the disaster declaration had to be in either 2001 or 2002.	A producer must be in a county that has been declared a disaster area by either the President or USDA in the year for which the assistance is sought.	A producer must be in a county that has been declared a disaster area by either the President or USDA in either calendar year 2001 or 2002.	Same conditions as S. 125. except that a producer who has already received a payment under the 2002 LCP may not receive a livestock payment under this bill.	Same as S. 125, except that any payment received under this bill must be offset by any payment already received by the 2002 LCP.	No livestock provisions.
Livestock Program Eligibility	Offers payments to eligible producers in a county declared a disaster any-time between Jan. 1, 2001 and the date of enactment, and who did not already receive a payment under the 2002 Livestock Compensation Program (LCP). Amendment includes catfish as an eligible commodity. (The 2002 LCP made direct payments to eligible producers who operated in a county declared a disaster	As administered in both 1999 and 2000: the Livestock Assistance Program (LAP) provides direct payments to eligible livestock producers who suffered grazing losses due to natural disasters during the eligible calendar year. A county must have suffered a 40 percent or greater loss of available grazing for at least 3 consecutive months as a result of damage due to drought, hot weather, disease, insect infestation, flood, fire, hurricane, earthquake, severe storms, or other disasters during the eligible crop year. The maximum grazing loss allowable for payment is 80 percent. Eligibility for LAP benefits for an individual producer is based on whether a natural disaster caused the producer in an approved county to suffer a 40 percent or greater loss of grazing for 3 or more consecutive months during the eligible calendar year.		Provides LCP payments to any eligible producer in a county declared a disaster any time in 2001 or 2002, who has not already received an LCP payment.	Section 10104 of P.L. 107-171 authorizes the Secretary to provide assistance to dairy and other livestock to cover economic losses when they occur. Section 10104 allows USDA to use any form of livestock assistance the Secretary deems appropriate, subject to an appropriation.	No livestock provisions.

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	<p>area (or had a disaster designation application pending) between Jan. 1, 2001 and Sept. 19, 2002.)</p> <p>A separate provision makes available \$250 million to the Livestock Assistance Program (LAP) for 2001 or 2002 forage losses. (See next column for a description of LAP benefits.)</p>					
Definition of Livestock	<p>Under the LCP, eligible livestock is limited to beef and dairy cattle, buffalo and beefalo, and sheep and goats. It specifically <i>excludes</i> swine, poultry, horses and any beef, dairy, buffalo or beefalo that are under 500 lbs. Amendment would include catfish as an eligible commodity. Also contains a sense of the Senate provision stating that USDA should consider expanding feed assistance programs to include pork producers.</p> <p>(See next column for LAP definition of live-</p>	<p>Based on previous years' (1999 and 2000) implementation of the LAP, eligible livestock is defined as beef and dairy cattle, buffalo or beefalo when maintained on the same basis as beef cattle, sheep, goats, swine, and equine animals used commercially for human food or kept for the production of food or fiber on the owner's farm.</p>		<p>Under the LCP, eligible livestock is limited to beef and dairy cattle, buffalo and beefalo, and sheep and goats. It specifically <i>excludes</i> swine, poultry, horses and any beef, dairy, buffalo or beefalo that are under 500 lbs.</p>	<p>Not specified. Left to the discretion of the Secretary of Agriculture.</p>	<p>No livestock provisions.</p>

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	stock.)					
Limitations on Livestock Payments	Benefits are limited to \$40,000 per person. No one with an annual gross income of \$2.5 million or more in the previous tax year is eligible.			Applies the adjusted gross income (AGI) limitation in Section 1604 of the 2002 farm bill (P.L. 107-171) i.e., producers who have a 3-year average AGI in excess of \$2.5 million are ineligible for livestock payments, unless 75% or more of the AGI is derived from agricultural production or forestry.	No livestock provisions.	
Replenishment of Section 32 Funds	Requires the CCC to replenish Section 32 with \$250 million.	S. Amdt. 79 (Daschle) requires the Secretary of Agriculture to transfer funds from the Commodity Credit Corp. to Section 32 to reimburse Section 32 for all crop and livestock assistance payments made with Section 32 funds. (Approximate amount of transfer is \$900 million, all of which represents payments made under the 2002 Livestock Compensation Program). Note: H.R. 160 does not	No provision.	No provision.	Same as S. Amdt. 1 to H. J. Res. 2	No provision.

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		contain this provision, representing the only major difference between S. Amdt. 79 and H.R. 160.				
Authorized Livestock Funding	Such sums as are necessary to fully fund livestock payments under the Livestock Compensation Program. A specific appropriation of \$250 million for the Livestock Assistance Program. Both programs use the borrowing authority of USDA's Commodity Credit Corporation as the source of funding.	Such sums as are necessary to fully fund livestock payments, using the borrowing authority of USDA's Commodity Credit Corporation as the source of funding.				No livestock provisions.
Budgetary Treatment of Livestock Assistance	Funds are drawn out of the regular appropriations for FY2003, as part of a 1.6% across-the-board reduction in all discretionary accounts in the omnibus appropriations bill. Hence, no budget emergency declaration is required.	Budget emergency is declared by Congress upon passage of the bill, hence no budget offsets are required. Funds are made available to the extent that the President submits a request to Congress for a specific dollar amount and concurs with the congressional emergency designation,			Proponents of the measure contend that the "savings" from lower anticipated costs for FY2003 farm commodity price support programs compensate for all crop and livestock disaster payment spending in the bill. (Note: current budget law does not allow "savings" from budget re-estimates to be used as offsets for new spending.	No livestock provisions.

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CBO Scoring of Livestock Assistance	Cost of the livestock provisions is: 1) \$100 million for the Livestock Compensation Program, estimated as of Jan. 2003 and, 2) \$250 million for the Livestock Assistance Program.	Estimated cost of the livestock provisions is \$1.45 billion, as of early September 2002. Subject to change, since funding is “such sums as are necessary.”	Estimated cost of the livestock provisions is \$970 million, as of early September 2002. Subject to change, since funding is “such sums as are necessary.”	Estimated cost of the livestock provisions is \$100 million, as of January 2003. Subject to change, since funding is “such sums as are necessary.”	Estimated cost of the livestock provisions is \$250 million. Subject to change, since funding is “such sums as are necessary.”	No livestock provisions.
Total Authorized New Spending						
Combined Total Estimated Cost of All Provisions in Bill (CBO Score)	\$3.1 billion	\$6.9 billion for S. Amdt. 79 (Daschle), and \$6 billion for H.R. 160 (Pomeroy). The cost of S. Amdt. 79 (Daschle) is approximately \$900 million higher than H.R. 160 because of the provision to transfer funds from the Commodity Credit Corp. to Section 32 .	\$4.0 billion.	\$2.8 billion	\$3.4 billion	\$2.9 billion