Prevented Planting, Disaster Aid, and Trade Assistance

Farmers are experiencing a perfect storm of poor weather, low prices, and trade disruption. The combination of crop insurance, disaster assistance, and trade assistance payments are intended to help farmers get by with the bare minimum while conditions are out of their control. None of these mechanisms cover 100 percent of the damages farmers have sustained. The programs cover separate losses and do not result in double-dipping.

Prevented Planting

- Farmers who are prevented from planting a crop will receive a portion of their crop insurance guarantee without the benefit of the harvest price option. For corn, that portion is 55 percent of their guarantee (the option to purchase an additional 5 percent in coverage was available at the crop insurance signup).

- This coverage is part of the actuarially sound Federal Crop Insurance Program that farmers may choose to purchase and is available every year.

- For this year only, the Risk Management Agency has moved the date that cover crops on acres that were prevented from planting can be hayed or grazed from November 1 to September 1 (cutting a cover crop for silage, haylage, and baleage will be treated the same as haying or grazing). This is intended to address the shortage in forage that many areas will experience due to this year’s weather.

Supplemental Disaster Aid

- A $3 billion supplemental disaster aid bill was passed by Congress to cover a wide range of weather-related events from hurricanes, to flooding in the Midwest, to volcanic activity across a two year period.

- USDA is currently determining how this money will be distributed. As of now, it is unclear what kind of system will be put in place and who will be eligible.

- The disaster bill includes coverage for lost stored grain due to flooding. These losses are not covered by crop insurance and farmers will completely bear that massive cost unless disaster funds are used to cover those losses.

- The disaster bill also includes the option for Secretary Perdue to supplement prevented planting crop insurance coverage. This provision reflects the historic number of acres that are likely to be prevented from planting.

- The bill allows prevented planting coverage to be raised up to 90 percent of the guarantee. However, it is exceedingly unlikely that coverage will be boosted to the 90 percent level. Sources indicate that, while no final decision has been announced, USDA is exploring the possibility of incorporating the Harvest Price into prevent plant coverage.

Market Facilitation Program

- Due to ongoing trade disputes and high retaliatory tariffs on agricultural products, President Trump has ordered USDA to develop and administer a $16 billion package for farmers that have experienced market disruption.

- This package is meant to provide minimal temporary relief and is not intended to recoup all of farmers’ losses from trade disputes. MFP will not pay farmers on unplanted acres.

- The exact methodology and payment rates have not been published, and likely will not be announced until mid-July at the earliest.