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Recent Developments in Ad Hoc Assistance Programs for Agricultural Producers

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Abstract

Ad hoc assistance programs that specifically target agricultural producers are occasionally authorized to provide support in the event of natural disasters or unprecedented market conditions. Assistance delivered by the U.S. Department of Agriculture through these programs grew substantially from 2017 to 2021 but then declined in 2022. This report provides an overview of developments in ad hoc assistance programs for agricultural producers implemented between 2017 and 2022, including the event that prompted each program, payment eligibility conditions and calculations, and other program design features as well as an analysis of trends in budgetary expenditures.

Keywords: Farm policy, ad hoc assistance, disaster assistance, pandemic assistance, natural disasters, extreme weather, Farm Bill, Coronavirus, COVID-19

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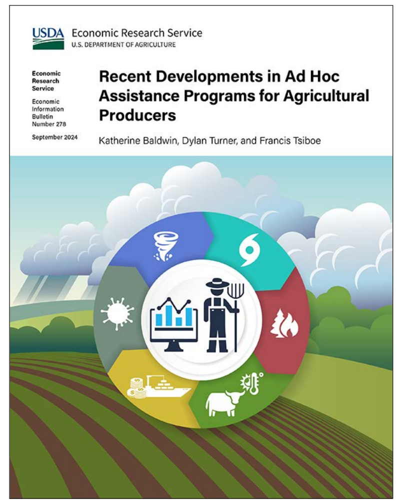


What Is the Issue?

Assistance to the agricultural sector is most commonly authorized in the Farm Bill. However, in recent years, successive ad hoc assistance programs were deployed for producers in response to unforeseen events, including extreme weather, retaliatory tariffs, and the Coronavirus (COVID-19) pandemic.

What Did the Study Find?

- Ad hoc producer assistance programs accounted for an increasing share of Government support to producers in recent years, reaching $21.3 billion in fiscal year (FY) 2021 or 42 percent of all budgetary support to producers that year.
- Although assistance in response to extreme weather events increased over this period, 81 percent of ad hoc assistance delivered from 2018 to 2022 was related to compensation for the effects of retaliatory tariffs and economic impacts from the COVID-19 pandemic.
- Ad hoc programs implemented over this period incorporated features designed to reduce potential reliance on ad hoc aid at the expense of enrollment in permanently authorized risk management programs, while also using available data to reduce processing times.
- The design of recent ad hoc producer assistance programs has varied depending upon the event and commodity affected. For programs responding to extreme weather impacts, payment formulas have been related to participation in crop insurance or the Noninsured Crop Disaster Assistance Program (NAP), which provide compensation for extreme weather impacts. Other recent programs not related to extreme weather have based assistance on a variety of metrics, including cropped area, animal numbers, production, or lost income compared to historical levels.

How Was the Study Conducted?

USDA, Economic Research Service (ERS) researchers compiled information on ad hoc assistance programs implemented for the 2017–22 period from program authorization documents and aggregate expenditure data. Sources included USDA's Office of Budget and Program Analysis (OBPA) and USDA's Farm Production and Conservation Business Center (FPAC), accessed through the Organisation for Economic Co-operation and Development's Producer Support Estimates database.

Introduction

This report examines developments in ad hoc agricultural producer assistance[1] programs between 2017 and 2022. Ad hoc producer assistance programs are developed in response to a specific adverse event and authorized through distinct non-Farm Bill legislation. Since these programs are developed in non-Farm Bill legislation, funding streams relate to specific circumstances and are typically limited to 1–3 years.

Assistance delivered through ad hoc producer programs increased substantially between 2017 and 2021 before falling in 2022. Although this phenomenon has been reported (Swanson et al., 2022), no analysis of program evolution and dynamics such as in this report over the 2017–22 period has been conducted. Recent USDA, Economic Research Service (ERS) reports provided an indepth description of risk management programs available to producers (Turner et al., 2023) or more broadly examined annual agricultural policy developments (Baldwin et al., 2023a; Baldwin et al., 2023b). However, ad hoc programs are outside the scope of ex-ante risk management programs (i.e., programs available before any losses are incurred from an adverse event) offered through the Farm Bill. Moreover, descriptions of annual policy developments have not captured the evolving nature of programs' context and design over several years. This report fills this research gap by outlining how successive ad hoc producer assistance programs were developed in recent years, including the types of events that prompted these programs, their design features, and the scale of assistance.

This analysis identified two general types of ad hoc programs implemented between 2017 and 2022: programs in response to extreme weather events or other natural disasters and programs related to other economically damaging events, including trade retaliation and market disruptions. Programs of these two types differed in scope and design. Ad hoc producer assistance programs related to extreme weather and other natural disasters launched between 2017 and 2022 and based the payment formulas on the extent of a producer's ex-ante coverage under other existing Federal risk management and disaster assistance programs. The payment formulas avoided overlapping payments and included higher payment rates for producers who sought coverage prior to the crop year. In contrast, assistance programs related to other events based the payment designs on a range of metrics, including planted area, production, prices, or revenue declines.

Developments in Ad Hoc Producer Assistance Programs

The Federal Government offers a variety of programs to help agricultural producers manage their production-related, price-related, and revenue-related risks. As of fiscal year 2024, these programs were largely contained within Title I and Title XI of the Agricultural Improvement Act of 2018 (Public Law 115–334), also known as the 2018 Farm Bill. These standing programs are available ex ante or before any losses are incurred from an adverse event. Standing programs include the Agriculture Risk Coverage Program (ARC), which provides protection for declines in revenue; the Price Loss Coverage Program (PRC), which offers assistance for commodity price declines; the Dairy Margin Coverage (DMC) program, which offers risk management coverage to dairy producers; a slate of permanently authorized disaster assistance programs (for more information, see box, "Permanently Authorized Disaster Assistance Programs"); and crop and livestock insurance offered through the Federal Crop Insurance Program (FCIP).[2] Title I programs are often aimed at systematic and persistent risk, whereas FCIP is more likely to cover specific risks faced by a farm.

[1] The use of ad hoc assistance programs for the agricultural sector has been wider than assistance programs to producers. Particularly in the context of pandemic assistance, other programs offered assistance to other participants in the supply chain, such as the Farm and Food Workers Relief (FFWR) Grant Program or the Cotton and Wool Apparel Program (CAWA). In addition, sometimes agricultural producers are eligible for assistance under economywide programs, such as the Paycheck Protection Program (PPP). However, as this research focuses on ad hoc assistance specifically for agricultural producers, other temporary assistance programs are beyond the scope of this report.

[2] For a detailed description of these programs, see Turner et al. (2023).

This suite of risk management programs has evolved over time, particularly as the sector transitioned from being highly managed in the 1980s[3] to a greater market orientation beginning in the 1990s. Alongside the Farm Bill's suite of risk management programs, ad hoc assistance programs have been authorized periodically in response to unexpected events. After periods of substantial ad hoc assistance outlays, subsequent Farm Bills often included new programs that provide coverage for similar types of future events. For example, in the late 1990s, payments were authorized through the Market Loss Assistance (MLA) program in response to a period of low prices and localized yield shortfalls. Such payments were subsequently made part of the permanent risk management programs under the 2002 Farm Bill (the Food Security and Rural Investment Act, Pub. L. 107–171) through the "Counter-Cyclical Payments" (CCP) program (Ahearn et al., 2004; Goodwin & Mishra, 2005). A similar dynamic occurred in the mid-2000s. In an effort to reduce outlays on ad hoc disaster assistance, five standing disaster programs were initially introduced in the 2008 Farm Bill (the Food, Conservation, and Energy Act of 2008, Pub. L. 110–234); the Livestock Indemnity Program (LIP); the Livestock Forage Disaster Program (LFP); the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); the Tree Assistance Program (TAP); and the Supplemental Revenue Assistance Program (SURE) (Raszap Skorbiansky et al., 2022). Of these, LIP, LFP, ELAP, and TAP were permanently authorized in the 2014 Farm Bill (the Agricultural Act of 2014, Pub. L. 113–79), while SURE was not reauthorized because of its complexity and questions about its effectiveness. Instead, elements of SURE were incorporated into ARC, as it offered producers a farm-level revenue guarantee for each farm's combined crop revenue (Stubbs, 2016).

Permanently Authorized Disaster Assistance Programs

In addition to agricultural disaster assistance programs authorized on an ad hoc basis, Congress has permanently authorized a suite of disaster assistance programs as part of Farm Bills. This suite comprises three permanent livestock assistance programs and two programs for crop losses, all administered by USDA's Farm Service Agency (FSA). These programs include:

Livestock assistance

The Livestock Forage Disaster Program (LFP) provides financial assistance to livestock producers who experience forage losses due to drought on native or improved pasturelands, or crop lands designed for grazing. Producers who temporarily lose access to federally managed land due to a qualifying fire are also eligible for assistance. Payment calculations are based on the monthly feed cost for all covered livestock and the normal capacity of the grazing land experiencing the qualifying event on a per-acre basis.

The Livestock Indemnity Program (LIP) provides compensation to livestock producers for abnormally high death rates due to adverse weather, disease, or animal attacks. Producers who suffer livestock losses are eligible for payments equal to 75 percent of the market value of the animals. Producers who sell their livestock for a reduced price are also eligible for payments.

[3] This approach included policies such as price supports and supply controls for staple commodities. Further details on these policies are beyond the scope of this report. For further information, see Effland (2000) and Ahearn et al. (2004).

The Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) offers emergency financial assistance for livestock, honey bee, and farm-raised fish producers who experience losses due to disease, extreme weather events, and water shortages. Payments vary depending on the type of producer and peril. Honey bee producers can receive payments for feed, colony, or hive losses. Farm-raised fish producers are eligible for payments when excessive feed costs are incurred or excess mortality rates occur. Livestock producers can receive payments for grazing losses, water transportation losses, and costs associated with gathering livestock to treat or inspect for cattle tick fever.

Crop losses

The Noninsured Disaster Assistance Program (NAP) offers financial assistance to producers when crop insurance is not available. Covered producers receive NAP payments for eligible causes of loss that result in low yields, loss of inventory, or prevented planting. NAP offers basic coverage, similar to a catastrophic crop insurance policy, which provides protection against losses exceeding 50 percent of expected production at 55 percent of the average market price for the covered crop. Basic coverage is available for a nominal fee, while higher coverage levels (up to 65 percent of production at 100 percent of the average market price) are available for an additional premium.

The Tree Assistance Program (TAP) provides support to eligible commercial orchardists and nursery growers for trees, bushes, and vines that have been damaged due to natural disasters or disease. To qualify for assistance, eligible trees, bushes, or vines must have experienced more than a 15-percent mortality loss (in excess of normal mortality). Eligible losses must not have been preventable and must be visible to USDA, Farm Service Agency representatives (or supported by other evidence). In cases of plant disease or insect infestation, information from a qualified expert may be required to determine the extent of the loss. Total acreage that a producer can receive TAP payments on is limited to 1,000 acres annually.

Source: USDA, Economic Research Service based on data from USDA, Farm Service Agency, Disaster Assistance Programs, Livestock Forage Disaster Program Fact Sheet, Livestock Indemnity Program Fact Sheet, Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish Program Fact Sheet, Noninsured Crop Disaster Assistance Program Fact Sheet, and Tree Assistance Program Fact Sheet.

Recent Programs Related to Extreme Weather Events and Other Natural Disasters

Ad hoc producer assistance programs related to extreme weather events and other natural disasters have long been a part of the policy landscape. However, the 2008 and 2014 Farm Bills introduced a slate of standing disaster programs to serve as an alternative to ad hoc assistance (for more information, see box, “Permanently Authorized Disaster Assistance Programs”). These efforts in the 2008 and 2014 Farm Bills to reduce reliance on ad hoc programs achieved this objective at first. Between 2008 and 2017, expenditures on ad hoc programs averaged 1 percent of budgetary expenditures on assistance to agricultural producers compared to 12 percent between 1998 and 2007. Then in 2017, three major hurricanes (i.e., Harvey, Irma, and Maria) and a series of damaging wildfires severely affected agricultural production in several geographic areas of the United States.

In response, Congress authorized up to $2.36 billion[4] for agricultural disaster assistance under the Bipartisan Budget Act of 2018 (Pub. L. 115–123), which ultimately funded the 2017 Wildfires and Hurricanes Indemnity Program (WHIP).[5] Eligible qualifying disaster events were limited to 2017 wildfires and hurri-

[4] All values indicated in this report are in nominal U.S. dollars, consistent with program documentation.

[5] The final rule was published as USDA, Farm Service Agency’s (FSA) “2017 Wildfires and Hurricanes Indemnity Program,” Federal Register Volume 83, number 138 (July 18, 2018): 33795.

canes.[6] Producers of crops, trees, bushes, and vines were eligible to receive assistance. To ensure that 2017 WHIP assistance did not overlap with crop insurance coverage (nor penalize producers who had made ex-ante decisions to insure their crop through other available programs), the program was designed to pay producers using variable rates according to their coverage level under crop insurance or NAP. For producers who were uninsured or not covered through NAP, payments were calculated by multiplying the crop's expected value (net the value of the crop harvested) by a 65-percent 2017 WHIP payment factor. Payments for insured or NAP-covered producers were calculated by multiplying the crop's expected value (net the value of the crop harvested and any insurance indemnity or NAP payment) by a WHIP payment factor of 70–95 percent, depending on the producer's insurance or NAP coverage level. To further ensure that 2017 WHIP did not disincentivize insurance coverage, producers accepting assistance under the program were required to purchase risk management coverage through either crop insurance or NAP for the next 2 crop years. The payment limitation for 2017 WHIP was set at a maximum $125,000 per person or legal entity (other than a joint venture or partnership) for those who derived less than 75 percent of their average adjusted gross income[7] (AGI) from farming, ranching, or forestry-related activities. Persons or legal entities that derived at least 75 percent of their AGI from farming, ranching, or forestry-related activities were eligible to receive up to $900,000 in 2017 WHIP payments but were required to submit additional documentation.[8]

Funding from WHIP was initially authorized to compensate only for damage from 2017 wildfires and hurricanes. Severe weather events in 2018 and 2019 prompted Congressional approval of more than $3 billion in ad hoc assistance for producers in the Additional Supplemental Appropriations for Disaster Relief Act, 2019 (Pub. L. 116–20).[9] Under this authorization, various programs[10] were developed, including the Wildfire and Hurricane Indemnity Program Plus (WHIP+), the On-Farm Storage Loss Program,[11] the WHIP Milk Loss Program,[12] and Prevented Planting Supplemental Disaster Payments.[13] WHIP+, modeled on the 2017 WHIP with a few key differences, was the most prominent of these programs in terms of funding, as payments disbursed under the program totaled more than $2.9 billion. In addition to an expanded list of qualifying disaster events,[14] WHIP+ also included assistance for quality losses for adulterated wine grapes as well as production loss coverage. Additionally, while WHIP+ continued the variable payments model set up through 2017 WHIP, the minimum WHIP+ payment factor for uninsured producers, or those without NAP

[6] For losses due to hurricanes or conditions related to hurricanes, the loss must have occurred in a county that received a Presidential Emergency Disaster Declaration or a Secretarial Disaster Designation for a hurricane. Producers who incurred losses in counties that did not receive a declaration were still eligible for assistance if they could provide supporting documentation to the USDA, FSA county committee to determine that the loss was reasonably related to a qualifying disaster event. For wildfires, all counties where wildfires occurred, as determined by USDA, FSA county committees, were eligible for assistance. No disaster designation was required.

[7] Determined based on the 2013, 2014, and 2015 tax years.

[8] For more information, see 7 CFR §760.1507.

[9] Under provisions of the Additional Supplemental Appropriations for Disaster Relief Act, the 2019 supplemental appropriations expanded coverage of the 2017 WHIP to include losses of crops, trees, bushes, and vines due to Tropical Storm Cindy; losses of peach and blueberry crops in calendar year 2017 due to extreme cold; and blueberry productivity losses in calendar year 2018 due to extreme cold and hurricane damage in calendar year 2017. See 84 FR 48518 for details.

[10] A final rule was published as the Federal Crop Insurance Corporation, Farm Service Agency, Commodity Credit Corporation, "Agricultural Disaster Indemnity Programs," Federal Register Volume 84, number 178 (September 13, 2019): 48518.

[11] The On-Farm Storage Loss Program provided assistance to producers who suffered losses of stored commodities that were damaged by certain qualifying loss events in calendar years 2018 or 2019. The payment limitation per person or legal entity (other than a joint venture or general partnership) for the On-Farm Storage Loss Program was $125,000 per loss year. See 7 CFR §760.1608.

[12] The WHIP Milk Loss Program compensated dairy producers for milk that was either dumped or removed from the commercial milk market without compensation due to qualifying weather events. The payment limitation for the WHIP Milk Loss Program was the same as for WHIP+, or $125,000 per person or legal entity for those who derived less than 75 percent of their AGI from farming, ranching, or forestry, and $250,000 otherwise, with appropriate documentation.

[13] Prevented Planting Supplemental Disaster Payments provided assistance to producers who were prevented from planting eligible crops due to excess precipitation, floods, storm surges, tornados, volcanic activity, tropical depressions, hurricanes, and cyclones in the 2019 crop year.

[14] The Additional Supplemental Appropriations for Disaster Relief Act, 2019, authorized assistance for losses related to hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms, and wildfires. Excessive moisture and drought were added as qualifying events in the Further Consolidated Appropriations Act, 2020. For further information, see 86 FR 439.

coverage, was raised to 70 percent. The payment limitation for WHIP+ was set at $125,000 for the combined 2018, 2019, and 2020 crop years for persons or legal entities (other than joint ventures or general partnerships) that derived less than 75 percent of their average AGI[15] from farming, ranching, or forestry-related activities. For persons or entities deriving 75 percent or more of their average AGI from those activities, the payment limitation was set at $250,000 for each of the 2018, 2019, and 2020 crop years but not to exceed $500,000 for the combined total.[16] Additional documentation was required for these situations.

USDA, Risk Management Agency (RMA) administered Prevented Planting Supplemental Disaster Payments, which were an additional payment on top of prevented planting payments (referred to as a top-up payment) under existing crop insurance policies at either 10 percent or 15 percent, depending on the producer's underlying policy. Although the 2017 WHIP and WHIP+ utilized the model of providing payments based on underlying risk management coverage, the Prevented Planting Supplemental Disaster Payments were the first to be automatically issued as a top-up to eligible policyholders without producers having to make a separate application for producers to receive assistance payments. There were no limitations on these payments.

The Additional Supplemental Appropriations for Disaster Relief Act, 2019, authorized the development of a program to compensate producers for general losses of crops, trees, bushes, and vines. However, the Further Consolidated Appropriations Act (FCAA), 2020 (Pub. L. 116–94) specified that the assistance could be provided for crop quality losses as well as for losses in crop volume. After this authorization under the 2020 FCAA, the Quality Loss Adjustment (QLA) Program[17] was developed in 2021. The QLA program compensated producers for losses incurred due to disasters in 2018 or 2019, providing financial assistance when a harvested crop suffered a 5-percent-or-greater loss due to quality discount pricing. The payment limitation for QLA was $125,000 per crop year per person or legal entity, regardless of the share of income derived from farming, ranching, or forestry. However, persons or legal entities with an AGI of more than $900,000 were ineligible to receive QLA payments unless at least 75 percent of their income was derived from farming, ranching, or forestry-related activities.[18]

The authorization of additional expenditures for ad hoc natural disaster assistance outside of the Farm Bill continued in September 2021 with the passage of the Extending Government Funding and Delivering Emergency Assistance Act of 2021 (Pub. L. 117–43). The Act included $10 billion in new assistance for producers who experienced losses of crops (including milk, on-farm stored commodities, crops prevented from planting in 2020 and 2021, and harvested adulterated wine grapes), trees, bushes, and vines from qualifying disaster events in 2020 and 2021. Under this authorization, USDA announced Phase 1 of the Emergency Livestock Relief Program[19] (ELRP) in April 2022 and Phase 1 of the Emergency Relief Program[20] (ERP) in May 2022.[21]

ERP provided assistance for losses to crops, trees, bushes, and vines from qualifying natural disaster events that occurred in 2020 or 2021. USDA, Farm Service Agency (FSA) administered the program using a two-phase process, but only Phase 1 was launched in 2022. ERP Phase 1 used a program design similar to 2017 WHIP and WHIP+, with payments calculated using variable rates based on a producer's coverage level under NAP or crop insurance. Eligibility for ERP Phase 1 payments differed slightly from WHIP+ in that WHIP+ required a Presidential or Secretarial disaster declaration for the county in which the loss was incurred or

[15] Determined based on the 2015, 2016, and 2017 tax years.

[16] For more information, see 7 CFR §760.1507.

[17] The final rule was published as the Farm Service Agency, "Agricultural Disaster Indemnity Programs," Federal Register Volume 86, number 3 (January 6, 2021): 439.

[18] See 7 CFR §760.1809.

[19] The notice of funds availability was published as the Farm Service Agency, "Notice of Funds Availability; Emergency Livestock Relief Program (ELRP)," Federal Register Volume 87, number 64 (April 4, 2022): 19465.

[20] The notice of funds availability was published as the Farm Service Agency, "Notice of Funds Availability; Emergency Relief Program (ERP)," Federal Register Volume 87, number 96 (May 18, 2022): 30164.

[21] ERP Phase 2 was launched in January 2023, while ELRP Phase 2 was launched in September 2023. Both are beyond the scope of this report. For further information, see 88 FR 1862 and 88 FR 66366.

documentation indicating that the loss was related to a qualifying event; whereas ERP Phase 1 only required that producers had received crop insurance indemnities or NAP payments from a qualifying disaster event. ERP continued the WHIP+ requirement that stipulated producers receiving assistance were required to purchase crop insurance or carry NAP coverage for the subsequent 2 crop years. Payment limitations were similar to those for WHIP+ but differentiated assistance limits for two groups, including (1) specialty and high-value crops and (2) for all other crops. Persons or legal entities (other than a joint venture or general partnership) that derived less than 75 percent of their AGI from activities related to farming, ranching, or forestry could receive no more than $125,000 in payments for specialty crops and high-value crops and $125,000 in payments for all other crops for each program year.[22] Persons or legal entities deriving at least 75 percent of their AGI from farming, ranching, or forestry-related activities (subject to producing additional documentation), were eligible to receive up to $900,000 for specialty crops and high-value crops combined, and $250,000 for all other crops for combined assistance for each program year.[23]

For the first time in recent years, the Extending Government Funding and Delivering Emergency Assistance Act of 2021 required that a portion of the funding appropriated for assistance ($750 million of the total $10 billion) be directed specifically toward livestock producers. These producers had not been eligible for funding under recent iterations of ad hoc disaster assistance, as program rules[24] indicated that grazing and livestock were sufficiently covered by LIP, ELAP, and LFP. ELRP was developed to fulfill this mandate. ELRP provided payments to livestock producers who faced increased supplemental feed costs as a result of forage losses due to a qualifying drought or wildfire in calendar year (CY) 2021. Phase 1 of ELRP was introduced in 2022.[25] ELRP Phase 1 paid a portion of the increased feed costs, which were based on the number of a producer's animal units and limited by available grazing acreage in eligible drought counties. To expedite assistance, ELRP incorporated the Prevented Planting Supplemental Disaster Payments approach by providing payments directly to eligible producers based on data already submitted for the underlying program with no need for them to apply for that aid. For ELRP, a percentage of the payments made to producers through the LFP program were used as a proxy for increased supplemental feed costs, so producers did not have to resubmit the same information to receive assistance under ELRP Phase 1. The payment limitation for ELRP was set at $125,000 for persons or legal entities that derived less than 75 percent of their average AGI for tax years 2017, 2018, and 2019 from farming, ranching, or forestry. Producers deriving at least 75 percent of their AGI from farming, ranching, or forestry were eligible to receive up to $250,000 in ELRP payments, subject to submission of additional documentation.[26]

At the end of CY 2022, funds were authorized for new agricultural disaster assistance as part of the Consolidated Appropriations Act (CAA), 2023 (Pub. L. 117–328).[27] The 2023 CAA authorized $3.7 billion for "necessary expenses related to losses of revenue, quality or production losses of crops (including milk, on-farm stored commodities, crops prevented from planting in 2022, and harvested adulterated wine grapes), trees, bushes, and vines" from qualifying events (Pub. L. 117–328, Division N, Title I).[28] As was the case with the Extending Government Funding and Delivering Emergency Assistance Act of 2021, the 2023 CAA designated that some of the authorized resources[29] be allocated to livestock producers who incurred losses due

[22] Includes program years 2020, 2021, and 2022. The 2022 crop year is included because a disaster event occurring in CY 2021 may have caused a loss during the 2022 crop year. For more information, see 87 FR 30164.

[23] For more information, see 87 FR 30164.

[24] For more information, see 83 FR 33795 and 84 FR 48518.

[25] ELRP Phase 2 was implemented beginning in September 2023 and is beyond the scope of this report. For more information, see 88 FR 66366.

[26] For more information, see 87 FR 19465.

[27] For more information, see Division N, Title I.

[28] The qualifying events include drought, wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, and excessive moisture.

[29] However, the provision in the Consolidated Appropriations Act, 2023 mandated that up to $494.5 million be used for livestock producers, which is in contrast to the mandate that $750.0 million in assistance be used for livestock producers under of the Extending Government Funding and Delivering Emergency Assistance Act of 2021.

to drought or wildfire.[30] Table 1 contains a summary of the legislation authorizing ad hoc expenditures and programs related to extreme weather events.

Table 1
Legislation authorizing support for damages from extreme weather and the programs launched under those authorizations

Year	Authorizing legislation	Appropriated resources	Years in which damage must have been incurred	Programs under this authorization
2018	Bipartisan Budget Act of 2018 (BBA) (Public Law (Pub. L.) 115–123)[1]	$2.360 billion	Calendar year 2017	▪ 2017 Wildfires and Hurricanes Indemnity Program (WHIP)
2019	Additional Supplemental Appropriations for Disaster Relief Act of 2019 (ASADRA) (Pub. L. 116–20)[2]	$3.005 billion	Calendar years 2018 and 2019	▪ Wildfires and Hurricanes Indemnity Program Plus (WHIP+) ▪ On-Farm Storage Loss Program ▪ WHIP Milk Loss Program ▪ 2017 WHIP Expansion ▪ Prevented Planting Supplemental Disaster Payments
2019	Further Consolidated Appropriations Act, 2020 (Pub. L. 116–94)[3]	Authorized use of resources from ASADRA for quality losses	Calendar years 2018 and 2019	▪ Quality Loss Adjustment (QLA) Program
2021	Extending Government Funding and Delivering Emergency Assistance Act of 2021 (Pub. L. 117–43)[4]	$10.000 billion ($750.0 million of total for livestock producers)	Calendar years 2020 and 2021	▪ Emergency Relief Program (ERP) ▪ Emergency Livestock Relief Program (ELRP) ▪ Milk Loss Program [5]
2022	Consolidated Appropriations Act, 2023 (Pub. L. 117–328)[6]	$3.742 billion ($494.5 million of total was for livestock producers)	Calendar year 2022	▪ ERP 2022 [7] ▪ ELRP 2022 [8] ▪ Milk Loss Program [5]

[1] For more information, see 83 FR 33795.

[2] For more information, see 84 FR 48518.

[3] For more information, see 86 FR 439.

[4] For more information, see 87 FR 30164 and 87 FR 19465.

[5] While the program was authorized under this legislation, it is beyond the scope of this report. For more information, see 88 FR 62285.

[6] For more information, see the Consolidated Appropriations Act, 2023 (Pub. L. 117–328).

[7] While the program was authorized under this legislation, it is beyond the scope of this report. For more information, see 88 FR 74404.

[8] While the program was authorized under this legislation, it is beyond the scope of this report. For more information, see 88 FR 66361

Source: USDA, Economic Research Service compilation based on data from sources cited in footnotes.

[30] This assistance was delivered through the Emergency Relief Program (ERP) 2022 and Emergency Livestock Relief Program (ELRP) 2022. For more information, see 88 FR 74404 and 88 FR 66361.

Recent Programs Related to Other Events

Ad hoc producer assistance is often conceptualized as a response to natural hazard induced disasters, but economic events have also precipitated large assistance packages in recent years. For example, multiple nations imposed retaliatory tariffs on U.S. agricultural goods in 2018, resulting in estimated U.S. agricultural export losses of more than $27 billion (Morgan et al., 2022).[31] In response to these trade actions of foreign governments, USDA launched the Market Facilitation Program (MFP) to provide payments to producers of commodities that were targeted by tariffs. MFP offered multiple rounds of assistance to producers in 2018 and 2019. The first iteration of MFP in 2018 made available up to $12 billion under section 5 of the Commodity Credit Corporation (CCC) Charter Act (15 U.S.C. 714c) for two tranches of temporary assistance for producers of cotton, corn, dairy, hogs, sorghum, soybeans, wheat, shelled almonds, and fresh sweet cherries.[32] Payments under both tranches of MFP 2018 were calculated by multiplying commodity-specific payment rates by 50 percent of the producer's total production of the selected commodity. All persons and legal entities (excluding joint ventures or general partnerships) were limited to receive $125,000 in MFP payments for the 2018 crop year.[33] The program was continued in 2019 under the umbrella of the Trade Mitigation Program (TMP), which authorized up to $14.5 billion in new financial assistance distributed in three tranches in response to continued trade retaliation.[34] MFP 2019 expanded payment eligibility to a wider range of nonspecialty and specialty crops and continued assistance for dairy and hogs. Payment calculations were adjusted for MFP 2019, with payments for nonspecialty crops based on the planted area of eligible commodities multiplied by county-specific payment rates; payments for specialty crops based on the area of bearing plants (or reported acres in the case of ginseng) and commodity-specific payment rates; payments for dairy based on production history and a set payment rate per hundredweight of production; and payments for hogs based on the number of live hogs owned and a set payment rate per head (U.S. Department of Agriculture (USDA), Farm Service Agency (FSA), 2019b). The payment limitation was also raised for MFP 2019. For this program, persons and legal entities (excluding joint ventures and general partnerships) could receive a maximum of $250,000 in MFP payments for each crop year.[35] In total, more than $23 billion in MFP payments were distributed in fiscal years 2018 and 2019.

The emergence of the Coronavirus (COVID-19) in early 2020 was another source of extreme disruption to U.S. producers.[36] To implement provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116–136) targeted at agricultural producers affected by the economic disruption of the pandemic, USDA launched the Coronavirus Food Assistance Program (CFAP)[37] in mid-2020 to help offset losses and increased marketing costs associated with the COVID-19 pandemic. CFAP evolved throughout the course of the pandemic as different sectors were affected and new legislation provided additional program funding. Payments were initially distributed through two rounds, CFAP 1 and CFAP 2. For CFAP 1,[38] in general, producers were eligible for payments if they produced commodities that experienced a 5-percent-

[31] Soybeans accounted for an estimated 71 percent of total export losses, followed by sorghum (6.5 percent), and pork (4.9 percent). For an indepth discussion of the impacts of these tariffs and the associated losses in direct exports, see Morgan et al. (2022).

[32] For more information, see Commodity Credit Corporation. (2018, August 30). Market Facilitation Program. *Federal Register, 83*(169), 44173; Commodity Credit Corporation and U.S. Department of Agriculture, Farm Service Agency. (2018, August 30). Notice of funds availability: Market Facilitation Program payments to producers. *Federal Register, 83*(169), 44257; Commodity Credit Corporation and U.S. Department of Agriculture, Farm Service Agency. (2018, September 25). Notice of funds availability: Market Facilitation Program payments to producers. *Federal Register, 83*(186), 48410; Commodity Credit Corporation and U.S. Department of Agriculture, Farm Service Agency. (2018, December 21). Notice of funds availability: Market Facilitation Program payments to producers. *Federal Register, 83*(245), 65623.

[33] See 83 FR 44173 and 7 CFR §1400.

[34] See Commodity Credit Corporation. (2019, July 29). Trade Mitigation Program. (2019, July 29). *Federal Register, 84*(145), 36456.

[35] For more information, see 84 FR 36456 and 7 CFR §1400.

[36] For more detailed discussions of impacts to the pandemic on the agricultural sector, see Giri et al. (2021), Padilla et al. (2021), and Vaiknoras et al. (2022).

[37] Initial funding for CFAP was authorized in the Coronavirus Aid, Relief, and Economic Stability (CARES) Act (Pub. L. 116–136) and through CCC.

[38] The final rule was published by the U.S. Department of Agriculture, Office of the Secretary. (2020, May 21). Coronavirus Food Assistance Program. *Federal Register, 85*(99), 30825.

or-greater price decline over a certain period early in 2020 (or faced substantial additional marketing costs for inventories). Many commodities were eligible for assistance under CFAP, including certain specialty crops, nonspecialty crops, wool, dairy, aquaculture, nursery crops, cut flowers, eggs, and livestock (USDA, FSA, 2020). The payment limitation for CFAP 1 was $250,000 per person or legal entity. There were special payment limitation rules applied to corporate entities, trusts, and estates, which could receive up to $750,000 based upon the number of shareholders contributing substantial labor or management to the operation.[39]

Additional payments were provided to producers late in 2020 under CFAP 2.[40] These payments were initially split into three categories: (1) price trigger commodities that met a minimum 5-percent price decline over a specified time period; (2) flat-rate commodities that did not meet the 5-percent trigger or did not have the data available to calculate a price change; and (3) sales-based commodities for which payments were made based on producer sales history. The program was amended in January 2021[41] to allow for a fourth payment category that provided assistance for certain swine and poultry contract producers. As with CFAP 1, the payment limitation for CFAP 2 was set at $250,000 per person or legal entity, with a $750,000 limit on corporate entities, trusts, and estates.[42]

Beginning in March 2021, USDA provided additional COVID-related assistance for producers[43] (funded largely through the CARES Act and the Consolidated Appropriations Act (CAA) of 2021 (Pub. L. 116–260)) under the umbrella of the Pandemic Assistance for Producers initiative.[44] This four-part initiative included (1) new pandemic-related assistance programs; (2) additional funding for existing programs;[45] (3) additional appropriations from the 2021 CAA for CFAP 1 and CFAP 2; and (4) reopened signup for CFAP 2 to improve access and outreach to underserved producers. The new programs under Part 1 of the initiative offered assistance for costs or losses that were not covered by previous programs (e.g., livestock depopulation or additional food safety certifications) or were targeted to broader sets of producers than previous pandemic relief programs. A range of new ad hoc producer assistance programs were included under this initiative (table 2).

[39] For more information, see 85 FR 30825 and 85 FR 59380.

[40] For the final rule, see U.S. Department of Agriculture, Office of the Secretary. (2020, September 22). Coronavirus Food Assistance Program. *Federal Register*, 85(184), 59380. CFAP 2 largely utilized Commodity Credit Corporation (CCC) funds under the CCC Charter Act authority rather than pandemic funding, with the exception of payments for tobacco, which used the remaining CARES funding.

[41] For more information, see U.S. Department of Agriculture, Office of the Secretary. (2021, January 19). Coronavirus Food Assistance Program: Additional assistance. *Federal Register, 86*(11), 4877.

[42] For more information, see 85 FR 59380.

[43] Additional COVID-related assistance programs addressed other issues in agricultural supply chains or consumer impacts, including the Farm and Food Workers Relief (FFWR) Grant Program and the Local Food Purchase Assistance Cooperative Agreement Program (LFPA). Because these programs targeted other participants in the supply chain (or the resilience of supply chains themselves), they are beyond the scope of this report. For more information on these programs, see Baldwin et al. (2023a) and Baldwin et al. (2023b).

[44] In addition to the Pandemic Assistance for Producers initiative, some of the financial resources available under the 2021 CAA and American Rescue Plan Act (ARPA; Pub. L. 117-2) were directed toward the broad-based Food System Transformation initiative, which sought to reinforce the resilience of wider agricultural supply chains by building on lessons learned from the COVID-19 pandemic and Russia's invasion of Ukraine. Although programs and activities under the initiative spanned all segments of the food supply chain (i.e., food production, processing, aggregation and distribution, and markets and consumers), it included only one new temporary program that offered direct assistance to producers outside of those already launched under the Pandemic Assistance for Producers initiative: the Transitional and Organic Grower Assistance (TOGA) Program administered by USDA, RMA. TOGA provided organic producers or those transitioning to organic with Federal crop insurance premium assistance for the 2023 crop year. For more information on TOGA, see 87 FR 51960. For more information on the Food System Transformation framework, see USDA's Food Systems Transformation Framework website.

[45] Although the programs themselves were not ad hoc in nature, the additional funding that they received (authorized through the 2021 CAA) was directly attributed to higher costs or other impacts from the COVID-19 pandemic. Producer-facing programs receiving additional resources included the Value-Added Producer Grant (VAPG) Program, Specialty Crop Block Grant Program (SCBGP), the Beginning Farmer and Rancher Development Program (BFRDP), the Local Agriculture Market Program (LAMP), and the Supplemental Dairy Margin Coverage (DMC) Program. For more information, see Baldwin et al. (2023b).

Table 2

New ad hoc programs offering assistance to producers under Part 1 of USDA's Pandemic Assistance for Producers Initiative, through 2022

Initiative	Administering USDA Agency	Description
Dairy Donation Program (DDP)[1 2]	AMS	Reimbursements to eligible dairy organizations for some expenses related to dairy product donations to nonprofit organizations for distribution to recipient individuals and families.
Food Safety Certification for Specialty Crops (FSCSC)[3 4]	FSA	Assistance to specialty crop operations that incurred eligible on-farm food safety program expenses to obtain or renew a food safety certification in 2022 or 2023.
Organic and Transitional Education and Certification Program (OTECP)[5 6]	FSA	Certified operations and transitional operations that incurred eligible expenses (e.g., certification and transitional expenses, educational event registration fees, and soil testing for micronutrient deficiencies) in fiscal years 2020, 2021, and/or 2022 were eligible for partial compensation in light of the economic challenges of obtaining or renewing organic certifications during the Coronavirus (COVID-19) pandemic.
Pandemic Cover Crop Program (PCCP)[1 7 8]	RMA	Initially, producers who insured their spring crop with most insurance policies and planted a qualifying cover crop during the 2021 crop year could receive crop insurance premium support of $5 per acre or no more than the premium owed. The program was subsequently extended to cover the 2022 crop year, with some modifications.
Pandemic Livestock Indemnity Program (PLIP)[1 9]	FSA	Assistance to eligible swine, chicken, and turkey producers who suffered losses due to insufficient access to processing facilities during the COVID-19 pandemic; assistance included financial relief for those losses and for the cost of depopulation and disposal of carcasses.
Pandemic Market Volatility Assistance Program (PMVAP)[5 10]	AMS	Qualified dairy farmers who received a lower value for their product due to market abnormalities caused by the pandemic were reimbursed for 80 percent of the monthly revenue difference for up to 5 million pounds of annual production marketed and on fluid milk sales for July–December 2020.
Pandemic Response and Safety (PRS) Grant Program[1 11 12]	AMS	Small businesses in certain sectors, such as small-scale specialty crop producers and processors, meat and other food processors, distributors, and farmers' markets, were eligible for grants to help protect workers and address supply chain disruptions caused by the COVID-19 pandemic.
Spot Market Hog Pandemic Program (SMHPP)[5 13]	FSA	Assistance to producers who sold hogs through a negotiated sale from April 16, 2020, through September 1, 2020 (i.e., the period in which these producers faced the greatest reduction in market prices due to the COVID-19 pandemic).

AMS = USDA, Agricultural Marketing Service. FSA = USDA, Farm Service Agency. RMA = USDA, Risk Management Agency.

[1] Authorized in the Consolidated Appropriations Act (CAA), 2021 (Pub. L. 116–260).

[2] For more information, see 86 FR 48887.

[3] Authorized by section 5e of the Commodity Credit Corporation (CCC) Charter Act (15 U.S.C. 714c(e)).

[4] For more information, see 87 FR 36816.

[5] Authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (Pub. L. 116–136).

[6] For more information, see 86 FR 61113.

[7] For more information, see 86 FR 29553.

[8] For more information, see 87 FR 7927.

[9] For more information, see 86 FR 37990.

[10] For more information, see Pandemic Market Volatility Assistance Program for Dairy Brochure on the USDA, AMS website.

[11] For more information, see 86 FR 48972 and Funding Opportunity USDA-AMS-TM-PRS-G-21–0011.

[12] Other Pandemic Response and Safety (PRS) Grant Programs focused on processors, including the Seafood Processors Pandemic Response and Safety (SPRS) Block Grant Program and the Tribal Seafood Pandemic Response and Safety (TSPRS) Grant Program. As the focus of these programs is on processors, they are beyond the scope of this report.

[13] For more information, see 86 FR 71003 and 87 FR 15358.

Source: USDA, Economic Research Service compilation based on data from sources cited in footnotes.

Early in 2021, USDA made additional resources available to supplement CFAP 1 and CFAP 2 as part of the Pandemic Assistance for Producers Initiative, including an increased CFAP 1 payment rate for cattle; additional payments of $20 per acre to producers of eligible CFAP 2 price-trigger or flat-rate crops; adjustment of CFAP 2 eligibility and payment formulas for some commodities; and payments to several previously ineligible commodities.[46] Through June 2023, USDA had distributed more than $11.8 billion in assistance under CFAP 1 and more than $19.4 billion under CFAP 2 (USDA, 2022a; USDA, 2022b) (for more information about programs and their allocated resources, see table 3).

Table 3

Programs launched in response to other events, their funding authorities, and budgetary resources

Year	Program	Funding authority	Allocated resources or estimated outlays
2018	Market Facilitation Program (MFP)[1]	Section 5 of the Commodity Credit Corporation (CCC) Charter Act (15 U.S. Code (U.S.C.) 714c)	$12.0 billion
2019	2019 MFP[2]	Section 5 of the CCC Charter Act (15 U.S.C. 714c)	$14.5 billion
2020	Coronavirus Food Assistance Program 1 (CFAP 1)[3]	Coronavirus Aid, Relief, and Economic Stability (CARES) Act (Public Law (Pub. L.) 116–136); Sections 5(b), (d), and (e) of CCC Charter Act (15 U.S.C. 714c(b), (d), and (e))	$9.5 billion through CARES; $6.5 billion through CCC
2020	CFAP 2[4]	Sections 5(b), (d), and (e) of the CCC Charter Act (15 U.S.C. 714c(b), (d), and (e)); CARES Act	$13.21 billion through CCC; $100 million through CARES
2021	Additional pandemic-related assistance[5]	Consolidated Appropriations Act (CAA), 2021 (Pub. L. 116–260)	$11.2 billion

[1] For more information, see 83 FR 44173.

[2] For more information, see 84 FR 36456.

[3] For more information, see 85 FR 30825.

[4] For more information, see 85 FR 59380.

[5] Resources allocated under the 2021 CAA funded assistance under CFAP 1, CFAP 2, other new pandemic-related programs, and additional funding for other existing programs related to impacts from the pandemic.

Source: USDA, Economic Research Service compilation based on data from sources cited in footnotes.

[46] In January 2023, USDA announced that an additional CFAP 2 payment equal to 15 percent of a producer's previous CFAP 2 payment would be made to underserved farmers and ranchers. For more information, see Commodity Credit Corporation and USDA, Farm Service Agency. (2023, January 11). Pandemic assistance programs and agricultural disaster assistance programs. *Federal Register*, *88*(7), 1862.

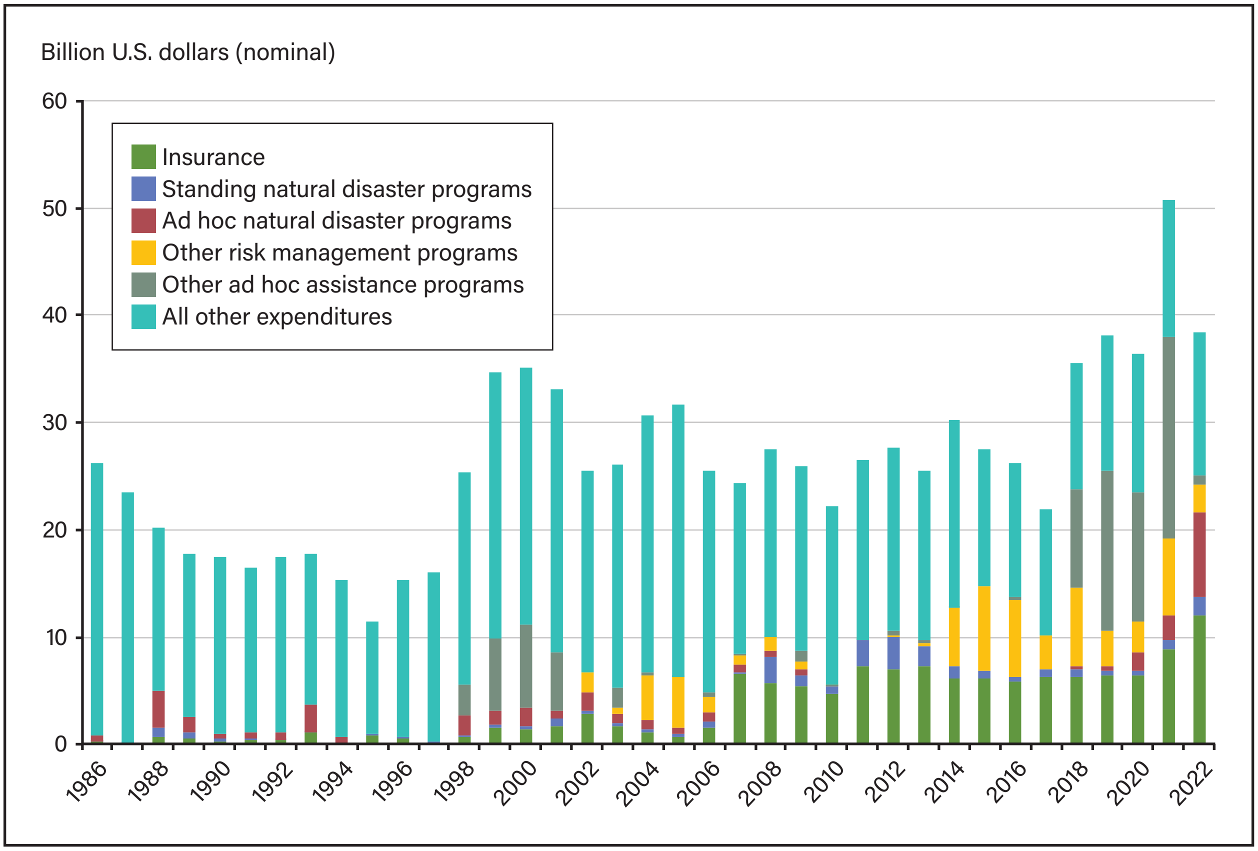
Budgetary Expenditures for Ad Hoc Producer Assistance Programs

Although ad hoc producer assistance programs have occasionally been an important component of farm income, the relative importance of these programs shifted as programs evolved. The line between ad hoc programs and permanently authorized programs has also become less distinct over time. This is partly because elements of previous ad hoc programs are routinely incorporated into subsequent Farm Bills (Swanson et al., 2022; Zulauf et al., 2020) and because the payment formulas for many recent ad hoc programs have been based on standing programs. The relative importance of ad hoc programs (in terms of budgetary expenditures) shifted markedly beginning in 2018 (figure 1). From 2007 to 17, payments for ad hoc producer assistance programs (in response to natural disasters or other events) averaged 5 percent as large as combined budgetary expenditures on insurance,[47] standing natural disaster aid, and other risk management programs.[48] From 2018 to 2022, however, expenditures on ad hoc programs averaged 8 percent higher than combined expenditures on crop insurance, standing natural disaster programs, and other risk management programs. Combined expenditures on ad hoc programs reached a high of $21.3 billion in fiscal year (FY) 2021—equivalent to 42 percent of the total budgetary expenditures on producer support that year. The bulk of ad hoc assistance from 2018 to 2022 was from other ad hoc programs (81 percent), although expenditures on ad hoc natural disaster programs were comparatively large in 2022. Two caveats regarding this budgetary data are worth noting. First, this period includes the COVID-19 pandemic—an event that has no analog in the last century of U.S. agricultural policy and which resulted in significant economywide assistance alongside assistance targeted to the agricultural sector. Second, ad hoc assistance is often delivered at a substantial delay to the underlying event, so budgetary expenditures did not necessarily align with the year in which the loss occurred.

[47] Budgetary expenditures on insurance reflect Government premium subsidies, not indemnities. Accordingly, rising expenditures on insurance over time do not reflect an increase in losses but rather growth in the program in terms of covered liability, which is a reflection of higher crop prices and of an increase in the number of policies sold.

[48] Includes ARC, PLC, and other risk management programs contained in Title I.

Figure 1
Budgetary expenditures on selected programs, 1986–2022



Note: "Insurance" reflects only crop insurance premium subsidies and does not include administrative and operating expenses or underwriting gains. "Standing natural disaster programs" includes Emergency Assistance Loans; feed assistance; Livestock Indemnity Program; Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish; Dairy Disaster payments; Supplemental Revenue Assistance Program (SURE); Non-Insured Crop Disaster Assistance; Tree and Vineyard Disaster payments; and Dairy Indemnity Payment Program. "Ad hoc natural disaster programs" include cottonseed disaster payments; sugar beet disaster payments; tree assistance for pecans; various ad hoc crop disaster payments; 2017 Wildlife and Hurricanes Indemnity Program (WHIP); WHIP+; WHIP+ milk loss assistance; WHIP+ sugar beet loss assistance; Emergency Livestock Relief Program (ELRP); Quality Loss Adjustment (QLA), and Emergency Relief Program (ERP). "Other risk management programs" include Average Crop Revenue Election (ACRE) payments; Margin Protection Program (MPP) for dairy producers; Dairy Margin Coverage program (DMC); Counter-cyclical payments; Price Loss Coverage (PLC) payments; and Agriculture Risk Coverage (ARC) payments. "Other ad hoc assistance programs" include market loss payments; sugar payments in kind; Milk Income Loss Contract (MILC) Program payments; wool and mohair payments; Trade Adjustment Assistance (TAA) program; Dairy Economic Loss Assistance Program; Market Facilitation Program (MFP); Coronavirus Food Assistance Program (CFAP) 1; CFAP 2; Poultry Loss Contract Grant Assistance Program (PGAP); Asparagus Revenue Market Loss Assistance Payment (ALAP) Program; Cotton Ginning Cost Share (CGCS) program; crop market loss assistance; Local Agriculture Market Program (LAMP) Value-Added Producer Grant (VAPG) Program for COVID-19 relief; Food Safety Certification for Specialty Crops Program (FSCSC); Organic and Transitional Education and Certification Program (OTECP); Pandemic Cover Crop Program (PCCP); Spot Market Hog Pandemic Program (SMHPP); Pandemic Market Volatility Assistance Program (PMVAP); and the Pandemic Livestock Indemnity Program (PLIP). All other programs and budgetary expenditures for producer support are reported under "All other expenditures." Insurance subsidies are reported on a crop year, while all other programs are reported on a fiscal year.

Source: USDA, Economic Research Service calculations based on USDA, Office of Budget and Program Analysis; USDA, Farm Production and Conservation Business Center; and budget data accessed through the Organisation for Economic Co-operation and Development, Producer Support Estimate database.

Program Design Considerations for Ad Hoc Producer Assistance Programs

Given the comparative size of expenditures, ad hoc programs have played an important role in supporting farm income in recent years. However, ad hoc producer assistance programs differ from permanently authorized disaster assistance programs in a few key ways. Because ad hoc programs must be authorized, funded, and implemented before assistance can be delivered, farmers sometimes receive such assistance well after the event that triggered the need for assistance, sometimes 2 years after the disaster itself (Swanson et al., 2022). This delay is in contrast to crop insurance indemnities, which are typically received within 30 days after loss adjustment.[49] More recent ad hoc programs have attempted to minimize delays by using existing administrative data to expedite payment disbursement once eligibility criteria have been established without requiring producers to submit data through a signup or application process. For example, ELRP Phase 1 utilized previously submitted data for producers that participated in LFP, while ERP Phase 1 used data from FCIP and NAP. Implementation of ELRP and ERP began on April 4, 2022, and May 18, 2022, respectively and, by the end of FY 2022, more than $600 million had been disbursed under ELRP and more than $7 billion had been disbursed under ERP.

Another aspect of ad hoc producer assistance is that program approval is subject to political negotiation and budget availability, which may mean that assistance may not be available to the same degree for two similar natural or economic events (Deryugina & Kirwan, 2018; Garrett et al., 2006; Glauber et al., 2021). However, payments made through certain permanently authorized risk management programs may also be inconsistent across events depending on program design and how payments are calculated. For example, permanent programs with area or index-based payment triggers (e.g., Agricultural Risk Coverage (ARC) or area-based crop insurance policies) may not provide compensation for an event if the index does not reach the necessary threshold, even though an individual producer may have a substantial loss. Ad hoc programs can also offer an avenue for assistance for growers of commodities that are not covered under the risk management programs contained within the Farm Bill. For instance, ARC or PLC is available for only a limited number of covered commodities,[50] whereas CFAP covered over 300 eligible commodities.

Finally, historical critiques have questioned whether these programs reduced producer incentives to proactively manage their risk, a condition also called "moral hazard," as ad hoc aid covers similar perils to crop insurance policies (Government Accountability Office, 1980; Government Accountability Office, 1989). Some studies found evidence that ad hoc programs may have reduced historical demand for crop insurance (Deryugina & Kirwan, 2018; Goodwin & Rejesus, 2008; Turner & Tsiboe, 2022). However, recent ad hoc programs have mitigated the potential for moral hazard through program design and stipulations that prevent exclusive reliance on ad hoc assistance. As one example, several of the natural disaster ad hoc assistance programs highlighted in this report required aid recipients to purchase crop insurance or NAP coverage for the next 2 crop years.

[49] For instance, the Pandemic Assistance Revenue Program (PARP) was rolled out in 2023, yet provided assistance for producer pandemic losses experienced in calendar year 2020. However, it is worth noting that payments for some farm programs also take time to authorize and remit, although their delays are typically shorter given that the programs do not require additional legislation to be authorized and funded. For programs like ARC and PLC, payments are typically made "after October 1 following the end of the 12-month marketing year for the covered commodity" (7 CFR §1412.52; 7 CFR §1412.53).

[50] ARC and PLC covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, large chickpeas, and peanuts.

Conclusion

This report outlined developments in USDA ad hoc assistance programs for agricultural producers between 2017 and 2022. Although ad hoc assistance is not new, these programs have comprised an increasing share of Federal Government support payments to producers since 2018. Increases in ad hoc producer assistance program expenditures are the result of aid authorized in response to both natural and economic events, including extreme weather, retaliatory tariffs, and the COVID-19 pandemic. The programs implemented over this period incorporated features designed to reduce potential reliance on ad hoc aid at the expense of enrollment in other permanently authorized risk management programs, while also using available data to reduce processing times. Overall, a risk management toolbox that includes a suite of permanently authorized disaster assistance programs offers producers predictable assistance under predetermined conditions. However, recent ad hoc assistance programs have provided important additional financial support to producers in response to recent unforeseen events, including for losses that were not covered by permanently authorized programs.

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