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USDA Announces Streamlined Disaster Designation Process with Lower Emergency Loan Rates and Greater CRP Flexibility in Disaster Areas

Agriculture Secretary Tom Vilsack today announced a package of program improvements that will deliver faster and more flexible assistance to farmers and ranchers devastated by natural disasters. Vilsack announced three significant improvements to decades-old USDA programs and processes related to Secretarial disaster designations: a final rule that simplifies the process for Secretarial disaster designations and will result in a 40 percent reduction in processing time for most counties affected by disasters; a reduced interest rate for emergency loans that effectively lowers the current rate from 3.75 percent to 2.25 percent; and a payment reduction on Conservation Reserve Program (CRP) lands qualified for emergency haying and grazing in 2012, from 25 to 10 percent.

"Agriculture remains a bright spot in our nation's economy and it is increasingly important that USDA has the tools to act quickly and deliver assistance to farmers and ranchers when they need it most," said Vilsack. "By amending the Secretarial disaster designation, we're creating a more efficient and effective process. And by delivering lower interest rates on emergency loans and providing greater flexibility for haying and grazing on CRP lands, we're keeping more farmers in business and supporting our rural American communities through difficult times. With these improvements, we're also telling American producers that USDA stands with you and your communities when severe weather and natural disasters threaten to disrupt your livelihood."

A natural disaster designation makes all qualified farm operators in the designated areas eligible for low interest emergency loans. The Secretary of Agriculture is authorized to designate disaster counties to make disaster assistance programs available to farmers and ranchers. Previous to these changes, the process had been in place for more than two decades and regulations had not been substantively revised since 1988.

The final rule for Secretarial disaster designations is amended as follows:

- Nearly automatically qualifies a disaster county once it is categorized by the U.S. Drought Monitor as a severe drought for eight consecutive weeks during the growing season. Effective July 12, 1,016 primary counties in 26 states will be designated as natural disaster areas, making all qualified farm operators in the designated areas eligible for low interest emergency loans from USDA's Farm Service Agency (FSA), provided eligibility requirements are met.

- Streamlines the USDA Secretarial designation process, which is expected to provide better service to farmers and ranchers by reducing by approximately 40 percent the amount of time required for designating a disaster area.

- Removes the requirement that a request for a disaster designation be initiated by a state governor or Indian tribal council, increasing the likelihood that counties will be covered. Indian tribal councils and governors may still submit a request for a designation, but it will not be required in order to initiate a disaster declaration.

- The same criteria currently being used for triggering a disaster designation will apply: a county must either show a 30 percent production loss of at least one crop countywide, or a decision must be made by surveying producers to determine that other lending institutions are not able to provide emergency financing.

During times of need, USDA has historically responded to disasters across the country by providing direct support, disaster assistance, technical assistance, and access to credit. USDA's low-interest emergency loans have helped producers recover from losses due to drought, flooding and other natural disasters for decades. While the current emergency loan interest rate was set in 1993 at 3.75 percent, commercial farm loan and other FSA farm loan interest rates have since been reduced without a corresponding reduction in the emergency loan rate. By reducing the interest rates to 2.25 percent, emergency loans immediately come into line with other rates in the marketplace and provide a much-needed resource for producers hoping to recover from production and physical losses associated with natural disasters.

As part of ongoing efforts to provide greater flexibility in service to American agriculture, USDA also announced that the annual rental payment by producers on CRP acres used for emergency haying or grazing will be reduced to 10 percent in 2012, instead of 25 percent, in response to the seriousness of the drought gripping large portions of the United States.

USDA encourages all farmers and ranchers to contact their crop insurance companies and local USDA Farm Service Agency Service Centers, as applicable, to report damages to crops or livestock loss. In addition, USDA reminds livestock producers to keep thorough records of losses, including additional expenses for such things as food purchased due to lost supplies. More information about federal crop insurance may be found at www.rma.usda.gov. Additional resources to help farmers and ranchers deal with flooding may be found at http://www.usda.gov/disaster.

The Obama Administration, with Agriculture Secretary Vilsack's leadership, has worked tirelessly to strengthen rural America, maintain a strong farm safety net, and create opportunities for America's farmers and ranchers. U.S. agriculture is currently experiencing one of its most productive periods in American history thanks to the productivity, resiliency, and resourcefulness of our producers. A strong farm safety net is important to sustain the success of American agriculture. USDA's crop insurance program currently insures 264 million acres, 1.14 million policies, and $110 billion worth of liability on about 500,000 farms. In response to tighter financial markets, USDA has expanded the availability of farm credit, helping struggling farmers refinance loans. In the past 3 years, USDA provided 103,000 loans to family farmers totaling $14.6 billion. Over 50 percent of the loans went to beginning and socially disadvantaged farmers and ranchers.