

Agriculture Secretary Vilsack Announces New Obama Administration Efforts to Assist Farmers and Ranchers Impacted by Drought

Agriculture Secretary Tom Vilsack today announced new flexibility and assistance in the U.S. Department of Agriculture's major conservation programs to get much-needed help to livestock producers as the most wide-spread drought in seven decades intensifies in the United States. Vilsack also announced plans to encourage crop insurance companies to provide a short grace period for farmers on unpaid insurance premiums, as some farming families can be expected to struggle to make ends meet at the close of the crop year.

"President Obama and I are committed to getting help to producers as soon as possible and sustaining the success of America's rural communities through these difficult times," said Vilsack. "Beginning today, USDA will open opportunities for haying and grazing on lands enrolled in conservation programs while providing additional financial and technical assistance to help landowners through this drought. And we will deliver greater peace of mind to farmers dealing with this worsening drought by encouraging crop insurance companies to work with farmers through this challenging period. As severe weather and natural disasters continue to threaten the livelihoods of thousands of our farming families, we want you and your communities to know that USDA stands with you."

The assistance announced uses the Secretary of Agriculture's existing authority to help create and encourage flexibility within four USDA programs: the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program (EQIP), the Wetlands Reserve Program (WRP), and the Federal Crop Insurance Program.

Conservation Reserve Program (CRP)

To assist farmers and ranchers affected by drought, Vilsack is using his discretionary authority to allow additional acres under CRP to be used for haying or grazing under emergency conditions. CRP is a voluntary program that provides producers annual rental payments on their land in exchange for planting resource conserving crops on cropland to help prevent erosion, provide wildlife habitat and improve the environment. CRP acres can already be used for emergency haying and grazing during natural disasters to provide much needed feed to livestock. Given the widespread nature of this drought, forage for livestock is already substantially reduced. The action today will allow lands that are not yet classified as "under severe drought" but that are "abnormally dry" to be used for haying and grazing. This will increase available forage for livestock. Haying and grazing will only be allowed following the local primary nesting season, which has already passed in most areas. Especially sensitive lands such as wetlands, stream buffers and rare habitats will not be eligible.

Environmental Quality Incentives Program (EQIP)

To assist farmers and ranchers affected by drought, Vilsack is using his discretionary authority to provide assistance to farmers and ranchers by allowing them to modify current EQIP contracts to allow for prescribed grazing, livestock watering facilities, water conservation and other conservation activities to address drought conditions. EQIP is a voluntary program that provides financial and technical assistance to agricultural producers on their land to address natural resource concerns on agricultural and forest land. The USDA Natural Resources Conservation Service (NRCS) will work closely with producers to modify existing EQIP contracts to ensure successful implementation of

planned conservation practices. Where conservation activities have failed because of drought, NRCS will look for opportunities to work with farmers and ranchers to re-apply those activities. In the short term, funding will be targeted towards hardest hit drought areas.

Wetlands Reserve Program (WRP)

To assist farmers and ranchers affected by drought, Vilsack is using his discretionary authority to authorize haying and grazing of WRP easement areas in drought-affected areas where such haying and grazing is consistent with conservation of wildlife habitat and wetlands. WRP is a voluntary conservation easement program that provides technical and financial assistance to agricultural producers to restore and protect valuable wetland resources on their property. For producers with land currently enrolled in WRP, NRCS has expedited its Compatible Use Authorization (CUA) process to allow for haying and grazing. The compatible use authorization process offers NRCS and affected producers with the management flexibility to address short-term resource conditions in a manner that promotes both the health of the land and the viability of the overall farming operation.

Federal Crop Insurance Program

To help producers who may have cash flow problems due to natural disasters, USDA will encourage crop insurance companies to voluntarily forego charging interest on unpaid crop insurance premiums for an extra 30 days, to November 1, 2012, for spring crops. Policy holders who are unable to pay their premiums in a timely manner accrue an interest penalty of 1.25 percent per month until payment is made. In an attempt to help producers through this difficult time, Vilsack sent a letter to crop insurance companies asking them to voluntarily defer the accrual of any interest on unpaid spring crop premiums by producers until November. In turn, to assist the crop insurance companies, USDA will not require crop insurance companies to pay uncollected producer premiums until one month later.

Thus far in 2012, USDA has designated 1,297 counties across 29 states as disaster areas, making all qualified farm operators in the areas eligible for low-interest emergency loans. Increasingly hot and dry conditions from California to Delaware have damaged or slowed the maturation of crops such as corn and soybeans, as well as pasture- and range-land. Vilsack has instructed USDA subcabinet leaders to travel to affected areas to augment ongoing assistance from state-level USDA staff and provide guidance on the department's existing disaster resources. To deliver assistance to those who need it most, the Secretary recently reduced the interest rate for emergency loans from 3.75 percent to 2.25 percent, while lowering the reduction in the annual rental payment to producers on CRP acres used for emergency haying or grazing from 25 percent to 10 percent. Vilsack has also simplified the Secretarial disaster designation process and reduced the time it takes to designate counties affected by disasters by 40 percent.

USDA agencies have been working for weeks with state and local officials, as well as individuals, businesses, farmers and ranchers, as they begin the process of helping to get people back on their feet. USDA offers a variety of resources for states and individuals affected by the recent disasters. For additional information and updates about USDA's efforts, please visit www.usda.gov/drought.

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.