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FY2019 Supplemental Appropriations for Agriculture

On June 3, 2019, Congress passed H.R. 2157 (FY2019 supplemental), which authorized supplemental appropriations for new and existing agricultural programs at the U.S. Department of Agriculture (USDA), among other assistance. The Congressional Budget Office (CBO) estimates that the FY2019 supplemental totals more than $19.1 billion in new budget authority over 10 years. The agriculture title (Title I), including nutrition assistance, is estimated to total $5.37 billion over the same period, or roughly 28% of the total act (see **Table 1**). All of the agriculture portion is designated as emergency spending. In addition to new budget authority, CBO estimates that the act results in additional outlays for existing programs.

Table 1. FY2019 Supplemental Appropriation, Title I
Dollars in millions, FY2019-FY2029

Agency/Program	10-Year Total
Agriculture programs	
Agriculture production losses	3,005
Require purchase of crop insurance	65
Amend AGI for MFP (§103)	15
Crop Insurance for hemp (§107)	10
Cost share and grant assistance	
Emergency Forest Restoration Program	480
Emergency Conservation Program	558
Emergency Watershed Protection	435
Rural Community Facilities Program	150
Food and Nutrition Service	
SNAP: Puerto Rico grant (§104)	600
SNAP: Grants to Commonwealth of the Northern Mariana Island and American Samoa; Puerto Rico study (§§101,105, 106)	48
Total Budget Authority	**5,366**
Estimated Outlays in Addition to New Budget Authority	
Peaches and blueberries (§102)	75
Adulterated grapes	75
Rural definition for California (§108)	98

Source: CBO score of Senate Amendment to H.R. 2157, May 23, 2019.

Notes: SNAP = Supplemental Nutrition Assistance Program. AGI = adjusted gross income.

Funding for Agricultural Losses

Title I of the FY2019 supplemental provides over $3.0 billion to the Secretary of Agriculture to cover crop, tree, bush, and vine losses from 2018 and 2019 natural disasters that were not covered under the Federal Crop Insurance Program (crop insurance) or the Noninsured Crop Disaster Assistance Program (NAP).

The Bipartisan Budget Act of 2018 (P.L. 115-123, BBA18) authorized supplemental assistance of $2.36 billion along similar lines. USDA implemented the BBA18 funding through a program referred to as the Wildfire and Hurricane Indemnity Program of 2017 (WHIP 2017). While language in the FY2019 supplemental is similar to the WHIP 2017, some notable differences exist (see **Table 2**).

The FY2019 supplemental program limits payments to up to 90% of losses, including payments from crop insurance and NAP. For producers who did not purchase crop insurance or NAP in advance of the natural disasters, payments are limited to 70% of losses. These coverage levels are higher than BBA18. All participants are required to purchase crop insurance or NAP for the next two crop years.

The FY2019 supplemental also amends existing disaster assistance program requirements. Under the Tree Assistance Program (TAP), payments are made to orchardists and nursery growers with tree, bush, or vine losses is in excess of 15% after adjustment for normal mortality. The supplemental extends TAP payments to pecan tree losses in excess of 7.5% (adjusted for normal mortality) during calendar year (CY) 2018. For more information on agricultural disaster assistance programs, see CRS Report RS21212, *Agricultural Disaster Assistance*.

Covering the losses of farmers who chose not to purchase insurance, as well as those who did, has the potential to create a moral hazard for future participation. Supplemental appropriations have now provided additional loss payments for three crop years, which may raise questions about the effectiveness of existing agricultural disaster assistance programs, which are permanently authorized to receive such sums as necessary from mandatory funding sources.

Some provisions of the FY2019 supplemental could also increase the total amount of payments received under existing programs for producers that meet its payment criteria. For example, under crop insurance, prevented planting payment rates are approximately 55% for corn and 60% for soybeans. The supplemental could increase the prevented planting rate to up to 90% of loss for all crops. This could potentially affect planting decisions in 2019.

The FY2019 supplemental also includes provisions that may allow for duplicate payments under other existing disaster programs. For example, up to $7 million of the amount for agricultural losses is allowed for payments to producers whose indemnity payment was reduced because of a state-legislated disaster program payment for a 2018 crop loss. This applies to crop insurance whole-farm revenue protection policies.

Table 2. Select Differences Between BBA18 and the FY2019 Supplemental for Agricultural Losses

	BBA18	FY2019 Supplemental
Funding	$2.36 billion	$3.01 billion
Losses	Crop, tree, bush, and vines	Crop (including milk, on-farm stored commodities, crops prevented from being planted in 2019, and harvested adulterated wine grapes), tree, bush, vines, forest restoration, and poultry and livestock.
Events	Hurricane Irma, Hurricane Maria, and other hurricanes, and wildfires	Hurricane Michael, Hurricane Florence, and other hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms, and wildfires
Timing	Calendar year 2017	Calendar years 2018 and 2019
Limit	85% of losses (insured), 65% of losses (uninsured)	90% of losses (insured), 70% of losses (uninsured)

Source: CRS, compiled from P.L. 115-123 and H.R. 2157.

Cost-Share and Grant Assistance

The 2019 supplemental also provides funding for existing assistance programs that typically require supplemental appropriations to operate. Three programs—Emergency Forest Restoration Program (EFRP), Emergency Conservation Program (ECP), and Emergency Watershed Protection (EWP) program—help repair and rehabilitate damaged land following a natural disaster. All three are funded in the supplemental (see **Table 1**) for expenses related to Hurricanes Michael and Florence and wildfires in CY2018, and tornadoes and floods in CY2019. Funding levels for ECP and EWP are consistent with previously appropriated amounts. Due to increased forestry damage, funding for EFRP ($480 million) is significantly higher in the FY2019 supplemental than previous years, which has averaged $9.2 million annually since the program's creation in FY2010. For additional information on EFRP, ECP, and EWP, see CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*.

The FY2019 supplemental also funds the Rural Community Facilities Program account. The program provides loans and grants to support essential community facilities in rural areas with populations of 20,000 or fewer. The supplemental provides $150 million for grants related to Hurricanes Michael and Florence and wildfires in CY2018, and tornadoes and floods in CY2019.

WHIP 2017

The WHIP 2017 was authorized in the BBA18 to make payments for agricultural losses in CY2017 related to Hurricanes Irma and Maria, and wildfires. The FY2019 supplemental (§102) expands the losses that may be covered under this program to include losses from Tropical Storm Cindy, peach and blueberry losses from extreme cold in CY2017, and blueberry productivity losses from extreme cold and hurricanes in CY2018. CBO estimates that this provision could result in $75 million in additional outlays in FY2019, from authority already provided in the BBA18.

Market Facilitation Program (MFP)

On July 24, 2018, USDA announced assistance in response to trade damages from retaliatory tariffs targeting various agricultural commodities. The MFP provides direct financial assistance to producers of commodities that were impacted by the loss of traditional exports. To qualify, USDA required MFP recipients to pass a means test—an average adjusted gross income (AGI) for tax years 2014, 2015, and 2016 of less than $900,000. The supplemental (§103) would amend this requirement to (1) change the tax years used to calculated AGI to 2013, 2014, and 2015, and (2) allow MFP payments for those with AGI more than $900,000 if at least 75% of their AGI came from farming, ranching, or forestry related activities. This could create confusion as previous MFP payments were made based on a different AGI tax period. Also unclear is whether using different tax years could make previously obligated MFP payments ineligible, requiring repayment. For additional information about MFP, see CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*. For more on payment limits, see CRS Report R44739, *U.S. Farm Program Eligibility and Payment Limits*.

Crop Insurance for Hemp

The Agricultural Improvement Act of 2018 (P.L. 115-334) makes hemp an eligible crop under the federal crop insurance program. The supplemental (§107) further requires that whole-farm revenue protection under crop insurance be available for hemp no later than the 2020 reinsurance year.

Assistance in Rural Communities

In addition to funding in the FY2019 supplemental for the Rural Community Facilities Program, USDA also provides assistance to rural areas through a number of annually funded programs. Assistance provided to rural communities varies based on the statutory definition of "rural." The supplemental (§108) allows California's governor to certify an area's population as a rural area if impacted by November 2018 wildfires in California's Butte, Ventura, and Los Angeles counties. This potentially allows these communities to access loans, grants, and technical assistance under USDA's Rural Development programs. CBO estimates that this provision could cost $98 million in additional outlays over 10 years. For additional information on these programs, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

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