

MARKET ADVISOR

by Tim Petry, North Dakota State University Extension Service

USDA Livestock Disaster Assistance Programs

Important USDA livestock disaster programs reauthorized by the 2018 Farm Bill.

The USDA Livestock Indemnity Program (LIP) provides benefits to livestock owners for animal deaths in excess of normal mortality, or injured and sold at a reduced price. Loss must be due to specific eligible loss conditions, which include adverse weather, disease, or from wild animal attacks. The occurrence of an eligible loss is not the determining factor.

The livestock owner must provide evidence acceptable to the USDA Farm Service Agency (FSA) that the eligible cause of loss not only occurred but directly caused death or reduced sale price.

Eligible adverse weather event means extreme out of the ordinary weather. Specific events include: earthquake, hail, lightning, tornado, tropical storm, typhoon, vog (gases and particles released by a volcano), winter storm, hurricanes, floods, blizzards, wildfires, extreme heat or cold, and wind.

Eligible diseases must occur due to adverse weather such as drought. This includes, but is not limited to, anthrax, cyanobacteria and larkspur poisoning. Eligible attacks occur by animals reintroduced into the wild by the federal government or that are protected by federal law, including wolves and avian predators that directly result in losses.

Livestock owners must file a notice

of loss within 30 days at the FSA office serving the county where the loss occurred. Application for payment must be filed within 60 days after the end of the calendar year.

LIP payments to livestock owners are based on national payment rates (75% of market value) as determined by FSA each year. The 2018 payment rate per head for adult bulls was \$1279.02 and adult cows was \$983.90. Non-adult cattle less than 400 pounds (lb.) were paid \$468.92, 400 to 799 lb. received \$653.54, and 800 lb. or more were paid \$1,011.05. Angus producers who sell seedstock at premium prices should be aware that payments are made only at the national market rate.

It is important for livestock producers to document all livestock deaths, even if an adverse event did not occur. Therefore, if an event does occur, the deaths in excess of normal mortality can be determined.

Program for grazing losses


The Livestock Forage Disaster Program (LFP) provides compensation to eligible livestock producers who suffer grazing losses during the normal grazing season due to drought. Compensation may also be available for grazing losses suffered by permitted livestock on federal grazing land due to a qualifying fire.

Each year, FSA calculates monthly

payment rates for grazing losses. Payments are made at 60% of the payment rate for livestock owned or leased, and also calculated using normal carrying capacities as determined by FSA. The actual payment calculation process can be complicated, so North Dakota State University Extension developed a spreadsheet calculator for producers to estimate payments at: www.ag.ndsu.edu/farmmanagement/documents/lfp-calc-2018.

Grazing land must be in a county that has drought status conditions rated by the U.S. Drought Monitor. Livestock in D2 status for eight consecutive weeks receive one monthly payment, D3 at any time get three payments, D3 for four weeks or D4 once collect four, and D4 for four weeks receive the maximum five monthly payments.

Producers can find additional information on LIP and LFP at: www.disaster.fsa.usda.gov/programs-and-services/disaster-assistance-program.

Both abnormal severe weather and drought conditions are occurring in parts of the U.S. in 2019, so livestock producers should keep abreast of these programs to help them “weather the storm.” 

Editor's note: Tim Petry is a livestock marketing economist with the North Dakota State University Extension Service.