

# Drought Relief Offered

by *Corinne Blender*

**C**ow-calf producers across the drought-stricken United States could be eligible to receive \$18 per head from the Livestock Compensation Program (LCP) approved by the Bush administration. Agriculture Secretary Ann Veneman announced Sept. 19, 2002, that a total of \$752 million in aid will be available. Animals included in the aid package with beef cattle are dairy cattle, buffalo and beefalo (when maintained on the same basis as beef cattle), sheep and goats. Livestock owners must certify ownership, and animals must have been owned 90 days or more before and/or after June 1, 2002, to qualify.

Payments will be offered statewide in seven states, including Arizona, Montana, Nebraska, New Mexico, North Dakota, South Carolina and Utah. Livestock producers in states with counties that have primary disaster designations due to the drought in 2001 and 2002, as well as those with requests pending as of Sept. 19, 2002, will also be eligible. Counties in 30 other states qualify.

Sign-up for the program began Oct. 1. Producers can contact their local Farm Service Agency (FSA) county office or their local U.S. Department of Agriculture (USDA) Service Center to learn what documentation will be required. In general, information that needs to be provided includes documentation of livestock owned as of June 1. Applications will be processed and payments should be received shortly after signing up.

#### Livestock payment factors:

- ▶ beef cows — \$18.00 per head
- ▶ stockers — \$13.50 per head
- ▶ dairy cows — \$31.50 per head
- ▶ buffalo and beefalo — \$18.00 per head
- ▶ sheep — \$4.50 per head
- ▶ goats — \$4.50 per head

Producers are subject to a \$2.5 million gross income limit, and payments will be limited to \$40,000 per person. These are the historical USDA limits. The payments were based on the standard feed consumption of the beef cow, and were indexed against that figure.

In a National Cattlemen's Beef Association (NCBA) news release, Iowa beef producer and NCBA President Wythe Willey said this action is a step towards providing much needed relief to livestock producers struggling after years of drought.

"We have supported legislative fixes to this problem, but the President saw that the time

to act was now, and we appreciate the administration's action on this matter," Willey said. "It's not a long-range forecast for rain, but it is the next best thing."

#### Who was identified?

Drought-affected areas across the country were identified from the U.S. Drought Monitor [a comprehensive monitoring effort of USDA, National Oceanic and Atmospheric Administration (NOAA), National (U.S.) Climatic Data Center (NCDC), and the National Drought Mitigation Center] that classifies climate regions by severity of drought conditions. Severity was measured in four levels — moderate, severe, extreme and exceptional drought areas.

The \$752 million to be offered in aid was determined by the USDA's Economic Research Service (ERS). ERS determines the regular farm income forecasts and follows the same models and procedures to determine the effect of the drought.

Both revenue and operating costs were used to obtain the net income (NI) effect related to livestock production in 2001 and 2002. In drought areas, livestock producers lost \$103 million in gross receipts in 2001 and \$583 million in 2002. Several factors help explain how these numbers were derived, including heat stress, death loss and greater potential for disease. However, the analysis doesn't measure herd liquidations or early sale of cattle in those areas.

Additional expenses that were considered include changes in production practices such

as extra expenses for utilities. These short-run increases in the cost of doing business were estimated to have been \$51 million in 2001 and \$415 million in 2002.

#### Is the problem solved?

Many Democrat and Republican leaders say the LCP is a step in the right direction. However, according to a DTN news release Sept. 20, 2002, farm-state lawmakers continue to press Congress to pass, and President Bush to sign into law, disaster assistance legislation, despite the \$752 million given in direct payments to livestock producers.

In the DTN release, Senate Majority Leader Tom Daschle (D-S.D.) said, "Farmers and ranchers deserve more than a million-dollar solution to a \$6 billion problem."

State livestock associations also welcome the million-dollar assistance that is expected to be made available in a more timely fashion than a congressional appropriation, but still feel other needs should be addressed.

In a Kansas Livestock Association (KLA) news release, KLA Stockgrowers Council Chairman Bill Sproul, a McLouth beef producer said, "This won't totally offset added costs faced by livestock producers experiencing drought, but it's a step in the right direction."

FSA and county offices are fully prepared to assist producers with the sign-up and will provide additional program details. Livestock producers can also visit the USDA Web site at <http://drought.fsa.usda.gov/> to learn more about the program.

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▶ Cow-calf producers could be eligible to receive \$18 per head in states that qualify as disaster areas across the United States due to the extended drought. A total of seven states qualify in their entireties as of Sept. 19, 2002, and others will qualify on a county-by-county basis.

