

Disaster and Economic Relief for Producers in H.R. 10545, the American Relief Act, 2025, Public Law 118-158

Disaster Assistance for Calendar Year 2023 & 2024 Losses

Funding:

\$20.78 Billion (with certain carve-outs, including \$2 billion for livestock, block-grant authority, etc.)

Timeline:

Disaster bills involving calculations of losses take more time. Recent precedents:

- 2017 WHIP – enacted 2/9/18 – first payments made in the fall of 2018
- 2018/19 WHIP+ – enacted 6/6/19 – first payments made in the fall of 2020
- 2020/21 ERP – enacted 9/30/21 – NOFA published in May 2022 – first payments made in June of 2022
- 2022 ERP – enacted 12/29/22 – first payments made in December of 2023
- 2023/24 Program – enacted 12/21/24 – first payments made TBD

Qualifying Losses:

The purpose of disaster provisions is to help producers who suffered losses due to extreme weather events including droughts, wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze, including a polar vortex, smoke exposure, and excessive moisture while also encouraging greater participation in Crop Insurance going forward. The authorizing language used in each of the programs listed above has been similar, but the programs have changed over time based on statutory and regulatory changes due to lessons learned from previous experiences, changes in Administration priorities, and the amount of funds available.

What can we say for certain about this disaster package?

The Trump Administration will write the rules. The \$20.78 billion provided is a generous sum compared to all previous disaster bills.

What is the best model that the 2023 and 2024 program might be based on?

We believe the program will (and should) land somewhere between WHIP+ (2018/2019), and the original Phase 1 and Phase 2 iteration of ERP (2020/2021) which was very efficient for Phase 1 (using RMA data with pre-filled certifications), had additional resources to improve the coverage enhancements, and returned a portion of crop insurance premiums. Note: A flaw with the 2020/2021 program was USDA abandoned the original “Phase 2” concept for shallow losses and moved to the more complex whole farm revenue calculations. We believe shallow losses (i.e. the farmer who purchased 70% insurance and made 75% of APH) need to be addressed in a manner consistent with those who had losses triggering crop insurance indemnities as was originally contemplated under Phase 2 of the 2020/2021 program.

What was the original formula for ERP 2020/2021?

See the table to the right and formula below. Remember this was subject to a \$125,000 pay limit for each crop year which was increased to \$250,000 if 75% or more of AGI was from agriculture, and could be up to \$900,000 if the 75% or more condition was met and the losses were on specialty or high value crops. These same limits apply for 2023 and 2024 with separate limits for each year.

ERP 2020 & 2021 Payment Calculation:

ERP Payment = (Expected Value x ERP Factor - Actual Value) x Share, - Indemnity Amount, +Producer Premium, +Administrative Fees

Note: The calculated ERP payments were subject to a final payment factor of 78.5%.

Further Note: We provided a one-pager with more details on the original ERP available here.

Final Note: Please contact us with questions/suggestions as the new program is under development.

**For reference only - ERP factors may differ or be unnecessary given the sum of funds available, and the new Administration could decide to change the methodology*

Crop Insurance Coverage	ERP Factor
Catastrophic	75%
<55%	80%
55%	82.50%
60%	85%
65%	87.50%
70%	90%
75%	92.50%
>80%	95%