



www.agmanager.info
abarnaby@agecon.ksu.edu
(785) 532.1515 (phone)
(785) 532.6925 (fax)

G.A. "Art" Barnaby Jr.

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Agricultural Disaster Assistance: Potential Impact on Kansas and Nebraska

Bradley D. Lubben and G. Art Barnaby¹
University of Nebraska-Lincoln and Kansas State University

Revised July 17, 2006

Summary Points Agricultural disaster assistance legislation for crop losses in 2005, for livestock losses in 2005 and 2006, and for on-going economic losses is included in the 2007 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act current sitting in the Senate. The legislation includes several proposed disaster assistance programs and economic assistance programs which may affect producers in Kansas and Nebraska.

- The impact of major proposed programs highlighted in the study could be significant for Kansas and Nebraska producers. In total, Kansas could expect to receive approximately \$201 million in payments from the six major programs while Nebraska could expect to receive approximately \$183 million in payments from the same programs.
- The Crop Disaster Program would provide assistance to crop producers for losses suffered on the 2005 crop. The program would cover quantity and quality losses below a 65-percent loss threshold at 50 percent of the relevant price for insured acres or 35% for un-insured acres. The analysis suggests Kansas producers would receive over \$50 million in crop disaster payments while Nebraska producers would receive almost \$31 million.
- The Livestock Compensation Program would provide direct payments to beef, dairy, sheep, and goat producers in qualifying counties at a rate equal to 75 percent of the rate used in the 2002

¹The authors are Assistant Professor and Extension Public Policy Specialist at the University of Nebraska-Lincoln and Professor and Extension Specialist at Kansas State University respectively. For further information, contact Lubben at 402.472.2235 or blubben2@unl.edu or Barnaby at 785.532.1515 or barnaby@ksu.edu.

Livestock Compensation Program. Through the program, Kansas producers and Nebraska producers could both expect about \$44 million in payments.

- The Ewe Lamb Replacement and Retention Program would target \$13 million to U.S. sheep producers through per head payments for ewe lambs purchased or retained in 2006. Based on the analysis, Kansas producers could receive \$112 thousand in payments while Nebraska producers could receive \$218 thousand in payments.
- The Supplemental Economic Loss Payments Program would provide payments to producers who received Direct Payments for the 2005 crop year at a rate of 30 percent of the original formula. Based on program information, Kansas producers would receive \$102 million in supplemental payments and Nebraska producers would receive \$103 million in supplemental payments. Additional supplemental payments to eligible recipients of Milk Income Loss Contract payments in 2005 could amount to \$1.3 million for Kansas producers and \$1.2 million for Nebraska producers.
- A program to provide grants to states for the support of the specialty crop and livestock (non-program commodity) industry would commit \$100 million nationwide. Under the program, Kansas could receive \$3.5 million in grants while Nebraska could receive \$4.1 million in grants.

Disaster Assistance Legislation

The *Agriculture, Food and Drug Administration, and Related Agencies Appropriations Act, 2007* was reported out of the Senate Appropriations Committee with proposed agricultural disaster assistance included. The proposed assistance is similar, but not exactly the same as the portion of the proposed agricultural disaster assistance that was eliminated in June during Conference Committee work on the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006*. While language related to agricultural disaster assistance in hurricane-affected regions was kept in that bill, other proposed assistance with an estimated \$3.5 billion cost was deleted. The current proposed legislation was introduced as an amendment to the agricultural appropriations bill with an estimated cost of \$4.2 billion, higher due to some proposed changes and additions in the package and also due to an increase in the number of counties in which producers would be eligible for some of the assistance. Throughout the proposed assistance package, there are several programs that could substantially benefit Kansas and Nebraska producers facing production and economic losses in 2005 and thus far in 2006. A brief description of the agricultural disaster assistance language in the Senate agricultural appropriations bill as it impacts Kansas and Nebraska producers follows below:

The Crop Disaster Assistance section (Sec. 811) would provide assistance to crop producers for quantity and/or quality losses on the 2005 crop caused by damaging weather or related conditions. Losses below a threshold level of 65 percent would be covered at a rate equal to 50 percent of the established price. The established price for insurable crops is the price established by USDA-RMA for crop insurance policies under APH coverage (formerly known as MPC1 coverage). The relevant price for non-insurable crops is established from market price information from USDA-NASS. For producers who did not purchase insurance on insurable crops or sign up for the non-insured assistance program on non-insurable crops, the payment rate would be 35 percent of the established price. The proposed legislation does not include a cap on the total combined proceeds of crop revenue, net crop insurance indemnities, and any disaster payments. While such a cap has been used in recent disaster assistance programs, it is not in the current legislation. Additional crop disaster assistance may come in the provisions of the Sugarcane and Sugar Beet Disaster Assistance (Sec. 814). The proposed legislation would appropriate \$24 million for sugar beet producers suffering production losses in quantity or quality. The assistance would work in the same manner as that earlier provided for the 2001 and 2002 sugar beet crop.

Livestock producers would receive assistance under several programs (Sec. 812), including a Livestock Compensation Program, livestock indemnity payments, and a Ewe Lamb Replacement and Retention Payment Program. The Livestock Compensation Program would provide fixed per head payments to producers of beef cattle, dairy cattle, sheep, and goats in qualifying counties. The rate would be 75 percent of the rate used in the 2002 Livestock Compensation Program. The Ewe Lamb Replacement and Retention Payment Program would make payments to producers of qualifying ewe lambs retained or purchased during the calendar year of 2006. A total of \$13 million would be authorized for this program, so a per head rate is not specifically set. For reference, the payment rate used in the program when offered in 2004 was \$18 per head, subject to funding availability.

The legislation would also provide supplemental economic loss payments (Sec. 822) based on 30 percent of the Direct Payment formula for producers participating in the Direct Payment and Counter-Cyclical Payment Program for the 2005 crop year. In addition, producers qualifying for Milk Income Loss Contract payments during calendar year 2005 would also receive supplemental economic loss payments based on a nationwide total of \$147 million in funding to be prorated out to eligible producers. This proposed assistance for dairy producers is an addition in the current agricultural disaster assistance package relative to the original proposal that was eliminated back in June. Its inclusion now broadens the number and scope of producers that would be eligible for the supplemental economic loss payments.

Another addition to the current disaster assistance package is the funding of \$100 million for replenishment of Section 32 funding in the Commodity Credit Corporation (Sec. 821). This provides for the Secretary of Agriculture to use CCC funds to make grants to states for the support of producers of

specialty crops and livestock. The language explicitly excludes the program commodities of wheat, feed grains, oilseeds, cotton, rice, peanuts, and milk from the formula. Essentially, this proposal targets assistance to the sector of agriculture not touched by the other supplemental economic assistance proposed in Section 822.

An economic analysis of the proposed crop disaster assistance (including the sugar beet assistance), the livestock compensation program, the ewe lamb replacement and retention program, and the supplemental economic loss payments follows below.

Crop Disaster Assistance

The proposed Crop Disaster Program would pay producer for losses on the 2005 crop below a 65-percent loss threshold at a rate equal to 50 percent or 35 percent of the established price based on whether the producer did or did not sign-up for the non-insured disaster assistance program. While an exact calculation of eligible losses on all acres is not possible, we can analyze indemnity payments on the 2005 crop under existing crop insurance programs from USDA's Risk Management Agency. Tables 1 and 2 summarize these calculations for Kansas and Nebraska for selected crops for which insurance indemnity information is available.

Table 1. Crop Insurance Indemnities and Estimated Crop Disaster Program Payments for Selected Crops.*

Selected Crops	Buy-Up Insured Acres	CAT Insured Acres	Insurance Indemnities <i>(adjusted to 65% coverage)</i>	Indemnity Per Insured Acre	Estimated Disaster Payment per Insured Acre	Estimated Disaster Payment per Non-insured Acre
<u>Kansas</u>						
Barley	7,572	418	\$ 131,861	\$ 17.41	\$ 8.71	\$ 6.10
Corn	2,957,193	131,852	27,644,744	9.35	4.67	3.27
Cotton	48,564	11,194	896,834	18.47	9.23	6.46
Dry Beans	10,846	55	192,961	17.79	8.90	6.23
Grain Sorghum	1,990,448	77,554	8,624,491	4.33	2.17	1.52
Oats	11,243	1,139	20,243	1.80	0.90	0.63
Silage Sorghum	18,089	567	315,894	17.46	8.73	6.11
Soybeans	2,135,585	131,121	6,712,268	3.14	1.57	1.10
Sunflowers	214,102	4,848	1,289,420	6.02	3.01	2.11
Wheat	8,313,263	336,627	38,308,784	4.61	2.30	1.61
Selected Total	15,706,905	695,375	\$ 84,137,500	\$ 5.36	\$ 2.68	\$ 1.87
<u>Nebraska</u>						
Corn	7,332,425	206,256	\$ 29,892,790	\$ 4.08	\$ 2.04	\$ 1.43
Dry Beans	168,399	865	2,575,806	15.30	7.65	5.35
Forage Production	73,217	832	112,654	1.54	0.77	0.54
Grain Sorghum	201,406	2,735	521,835	2.59	1.30	0.91
Millet	108,854	782	310,787	2.86	1.43	1.00
Oats	21,811	1,608	42,946	1.97	0.98	0.69
Potatoes	10,862	2,745	49,460	4.55	2.28	1.59
Soybeans	4,051,281	91,020	5,417,039	1.34	0.67	0.47
Sugar Beets	45,846	1,078	1,276,166	27.84	13.92	9.74
Sunflowers	78,474	1,681	516,817	6.59	3.29	2.31
Wheat	1,550,848	36,221	11,188,372	7.21	3.61	2.53
Selected Total	13,643,423	345,823	\$ 51,904,672	\$ 3.80	\$ 1.90	\$ 1.33

* Crop insurance acreage and indemnity information from USDA-RMA.

By adjusting the crop insurance indemnity payments to the standard 65-percent loss threshold and then adjusting the payment rate, one can estimate what crop disaster payments would be per insured acre and non-insured acre (Table 1). Expanding the estimated crop disaster payment per acre to the total insured and non-insured acres of each crop provides an estimate of total crop disaster payments by crop for each state (Table 2)

Table 2. Crop Acres and Estimated Crop Disaster Program Payments for Selected Crops.*

Selected Crops	Total Planted Crop Acres	Calculated Insured Acres	Calculated Non-Insured Acres	Estimated Disaster Payment per Insured Acre	Estimated Disaster Payment per Non-insured Acre	Estimated Total Crop Disaster Payments
<u>Kansas</u>						
Barley	19,000	7,990	11,010	\$ 8.71	\$ 6.10	\$ 136,676
Corn	3,650,000	3,089,045	560,955	4.67	3.27	16,274,061
Cotton	74,000	59,758	14,242	9.23	6.46	643,830
Dry Beans	13,000	10,901	2,099	8.90	6.23	110,040
Grain Sorghum	2,690,000	2,068,002	621,998	2.17	1.52	5,423,542
Oats	100,000	12,382	87,618	0.90	0.63	66,361
Silage Sorghum	60,000	18,656	41,344	8.73	6.11	415,599
Soybeans	2,900,000	2,266,706	633,294	1.57	1.10	4,258,862
Sunflowers	300,000	218,950	81,050	3.01	2.11	830,150
Wheat	10,000,000	8,649,890	1,350,110	2.30	1.61	22,107,536
Selected Total	19,806,000	16,402,280	3,403,720	\$ 2.68	\$ 1.87	\$ 50,266,658
<u>Nebraska</u>						
Corn	8,500,000	7,538,681	961,319	\$ 2.04	\$ 1.43	\$ 16,738,512
Dry Beans	175,000	169,264	5,736	7.65	5.35	1,325,226
Forage Production	2,870,000	74,049	2,795,951	0.77	0.54	1,562,646
Grain Sorghum	340,000	204,141	135,859	1.30	0.91	387,662
Millet	135,000	109,636	25,364	1.43	1.00	181,856
Oats	150,000	23,419	126,581	0.98	0.69	110,290
Potatoes	19,500	13,607	5,893	2.28	1.59	40,371
Soybeans	4,700,000	4,142,301	557,699	0.67	0.47	3,030,370
Sugar Beets	48,400	46,924	1,476	13.92	9.74	667,467
Sunflowers	99,000	80,155	18,845	3.29	2.31	307,382
Wheat	1,850,000	1,587,069	262,931	3.61	2.53	6,388,749
Selected Total	18,886,900	13,989,246	4,897,654	\$ 1.90	\$ 1.33	\$ 30,740,531

* Crop insurance acreage information from USDA-RMA, crop acres from USDA-NASS.

This summary suggests that the proposed crop disaster assistance could amount to approximately \$50 million for Kansas crop producers and \$31 million for Nebraska crop producers. However, this number should be considered a partial estimate. Not all potential qualifying crops are included in the available statistics, thus a loss estimate could not be calculated. In particular, information on forage acres and forage losses is not available for Kansas and could add substantially to the total. Also, these statistics are calculated as potential payments available before any limitations. The numbers are slightly smaller than the estimates for potential assistance under the original proposed provisions (\$53 million for Kansas and \$33 million for Nebraska) due to the lower payment rate now proposed for non-insured acres.

There are certain limitations that could affect eligibility for the crop disaster assistance program. To be eligible for the assistance, individuals are subject to the \$2.5 million adjusted gross income limitation as established in the Farm Security and Rural Investment Act of 2002. The limit requires an individual to have an average adjusted gross income of \$2.5 million or less unless at least 75 percent of the adjusted gross income is from agricultural activities. Also, the legislation calls for implementation of the proposed program in the same manner as the 2000 Crop Disaster Program. That program included a limit of \$80,000 in assistance per individual.

Livestock Compensation Program

The proposed Livestock Compensation Program would provide producers assistance through a direct, fixed payment per head of qualifying beef cattle, dairy cattle, sheep, and goats. The legislation calls for USDA to utilize the 2002 Livestock Compensation Program mechanics to provide compensation for qualifying losses during the 2005-2006 period. The proposed legislation does make a major change in the program by modifying the eligibility guidelines such that all counties declared a disaster county by Presidential designation or Secretary of Agriculture designation and all contiguous counties would be eligible for the program. In 2002, only primary disaster counties were eligible.

The following maps highlight current counties in Kansas and Nebraska that meet the primary or contiguous county guidelines at present. Only a small number of counties in either state (4 in Kansas, 25 in Nebraska) are currently ineligible based on information as of July 17, although some counties could yet be added if subsequent disasters or disaster designations occur that meet the definition of losses during 2006. By contrast, all counties in both states were eligible for the 2002 Livestock Compensation Program based on the primary disaster designation that existed for all counties in both states at the time.

Figure 1. Kansas Eligible Disaster Counties as of July 17, 2006.

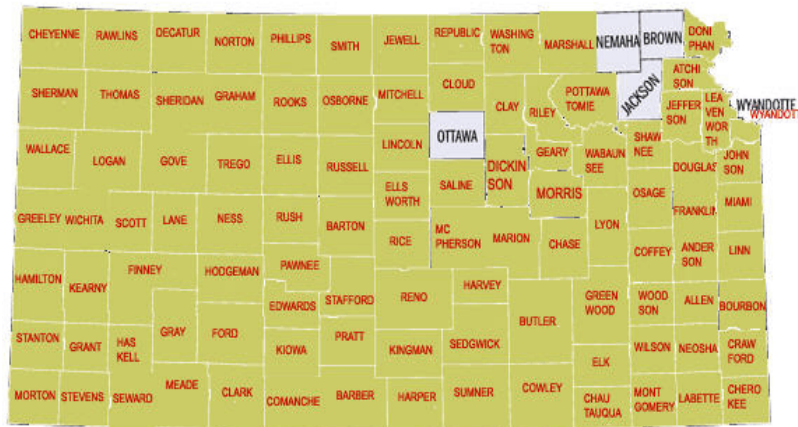
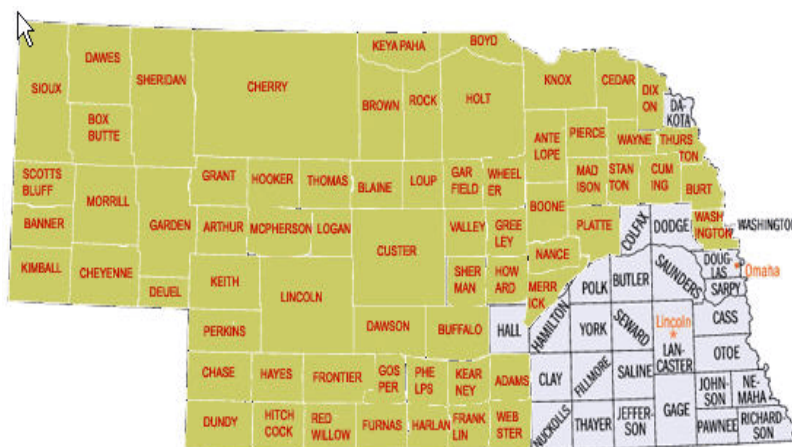


Figure 2. Nebraska Eligible Disaster Counties as of July 17, 2006.



Estimating potential benefits under the proposed Livestock Compensation Program requires several calculations and estimates. While statistics on payments under the 2002 program are available, several factors would change for the program covering the 2005-2006 period. First, the payment rates would change under the proposed legislation to 75 percent of the rate used in the 2002 Livestock Compensation Program. Thus, the rate for adult beef cattle would change from \$18 per head to \$13.50 per head and for qualifying heifers, steers, and bulls, from \$13.50 per head to \$10.13 per head. For dairy cattle, the rate would change from \$31.50 per head to \$23.63 per head. For all sheep and goats, the rate would change from \$4.50 per head to \$3.38 per head.

Second, exact information on livestock inventories that would be eligible for the program is not readily available. Limited data exists on historical livestock inventories by county and current livestock numbers by state, but current numbers in eligible counties are unavailable. In addition, certain livestock are eligible depending on where the base of the operation is, not on where the livestock are physically located. Certain livestock are ineligible for compensation, including cattle owned by packers or commercial feedlot operations. Certain individuals are also ineligible, based on payment eligibility guidelines. The 2002 program included a \$40,000 individual payment limit and an eligibility limit of \$2.5 million of gross revenue. Any individual with more than \$2.5 million in gross revenue would be ineligible for assistance. It is important to note that this is substantially different than the crop disaster assistance, which based eligibility on \$2.5 million of adjusted gross income. The \$2.5 million gross revenue cap is more constraining and could limit the number of livestock producers actually eligible for assistance.

A straight-forward analysis of 2002 livestock inventories and program payments and 2006 livestock inventories offers the best method to estimate potential Livestock Compensation Program payments under the proposed legislation. Table 3 summarizes the relevant inventory data from January 1 of 2002 and 2006, the actual payments from 2002, and the estimated payments for 2005-2006.

Table 3. Livestock Inventories and Livestock Compensation Program Information from 2002 and Estimates for 2005-2006.*

Category	2002	2005-2006
Kansas		
All Cattle (head)	6,600,000	6,650,000
Beef Cattle (head)	1,504,000	1,560,000
Dairy Cattle (head)	96,000	110,000
All Sheep (head)	100,000	95,000
All Goats (head)	25,000 (est.)	26,410
Share of Inventory Eligible (share of cattle inventory in eligible counties)	100%	96.7% (est.)
LCP Payments (dollars)	\$58,130,193	\$43,761,347 (est.)
Nebraska		
All Cattle (head)	6,400,000	6,550,000
Beef Cattle (head)	1,932,000	1,930,000
Dairy Cattle (head)	68,000	60,000
All Sheep (head)	101,000	106,000
All Goats (head)	15,000 (est.)	17,750
Share of Inventory Eligible (share of cattle inventory in eligible counties)	100%	85.5% (est.)
LCP Payments (dollars)	\$66,146,677	\$43,605,834 (est.)

* Livestock inventory numbers from USDA-NASS, Livestock Compensation Program payment information from USDA-FSA.

The data suggest total Livestock Compensation Program payments would be approximately \$44 million in Kansas and \$44 million in Nebraska. The larger reduction in estimated payments relative to the 2002 program for Nebraska is primarily due to the reduced number of counties that are currently eligible. Only 68 of 93 counties in Nebraska currently meet the eligibility guidelines. Those 68 counties have approximately 86 percent of the livestock, leaving about 19 percent of total livestock inventory ineligible for assistance. In Kansas, only 4 of 105 counties do not meet the current guidelines, thus only about 3 percent of livestock inventories would be ineligible. Of note, since the original analysis, Cherry County in Nebraska has been designated a disaster county, increasing the number of eligible counties by one. However, Cherry County is the largest beef cow county in Nebraska and the addition of Cherry County alone increased the estimated percentage of eligible livestock from 81 to over 85 percent. That resulted in increased estimated payments of \$2.3 million to Nebraska livestock producers. Until such time as the assistance package is passed, additional counties could become eligible, adding to the estimated payments in both states.

Ewe Lamb Replacement and Retention Program

The proposed Ewe Lamb Replacement and Retention Program would appropriate \$13 million to make payments to producers for each qualifying ewe lamb retained or purchased during the 2006 calendar year. The program would be carried out under the guidelines of the 2004 program, which made payments to producers of \$18 per head, subject to funding availability. While the proposed qualifying period is still open, we can analyze the potential payments based on January 1, 2005 inventory numbers and 2005 reported replacements and make adjustments for 2006 based on January 1, 2006 numbers. The relevant data follows below in Table 4.

Table 4. Sheep and Lamb Inventories and Estimated Ewe Lamb Replacement and Retention Program Payments.*

Category	2005	2006
<u>Kansas</u>		
All Sheep and Lambs, January 1 (head)	106,000	95,000
Replacement Lambs (head)	7,500	6,722 (est.)
Estimated Program Payment Rate (per head)		\$ 16.65 (est.)
Estimated Program Payments (dollars)		\$ 111,942 (est.)
<u>Nebraska</u>		
All Sheep and Lambs, January 1 (head)	97,000	106,000
Replacement Lambs (head)	12,000	13,113 (est.)
Estimated Program Payment Rate (per head)		\$ 16.65 (est.)
Estimated Program Payments (dollars)		\$ 218,388 (est.)

* Sheep and lamb inventory and replacement numbers from USDA-NASS.

The total appropriation of \$13 million nationwide is down from the \$15 million original proposal. The estimated payment rate, based on an estimated 780,603 replacement ewes nationwide is \$16.65 per head. While the ewe lamb program is a small program relative to the proposed Crop Disaster Program and the proposed Livestock Compensation Program, the program would provide estimated benefits of \$111 thousand to Kansas producers and \$218 thousand to Nebraska producers.

Supplemental Economic Loss Payments

The proposed Supplemental Economic Loss Payments would be paid to producers who receive Direct Payments for the 2005 crop year under the commodity program provisions of the Farm Security and Rural Investment Act of 2005. The proposed legislation would calculate payments based on 30 percent of the formula for direct payments. Thus, the proposed supplemental payments would equal the Direct and Counter-cyclical program crop acreage base multiplied by the Direct Payment program crop yield multiplied by the Direct Payment rate multiplied by 85 percent multiplied by 30 percent.

Of note, the direct payments are limited to \$40,000 per individual. Since the supplemental payments are calculated based on 30 percent of the formula and not 30 percent of the actual payment, the supplemental payments are not actually limited to \$12,000 (30 percent of \$40,000). However, the number of individuals for which the supplemental payment would actually exceed \$12,000 would be the same as the number of producers for which the \$40,000 limit is constraining. Some calculations from previous years suggest the number so affected would be small, generally less than 5 percent of producers.

Based on Direct and Counter-cyclical Program enrollment information from the original program sign-up under the 2002 Act, we can calculate the estimated direct payments and thus the estimated supplemental economic loss payments for both Kansas and Nebraska. There could be minor shifts in enrolled acreage over time that would affect the total payments, but the original enrollment numbers provide a solid estimate. The calculations are shown in Table 5.

Table 5. Direct and Counter-Cyclical Program Information and Estimated Supplemental Economic Loss Payments.*

Program Crop	Direct and Counter-Cyclical Payment Program Base Acres	Direct Payment Program Yield Per Acre	Direct Payment Rate	Estimated Direct Payments	Estimated Supplemental Payments
<u>Kansas</u>					
Wheat	12,283,438.6	34.1 bu	\$0.52/bu	\$ 185,138,443	\$ 55,541,533
Cotton	20,239.8	362.1 lb	0.0667/lb	415,508	124,652
Corn	2,796,755.6	102 bu	0.28/bu	67,894,039	20,368,212
Sorghum	4,324,684	54.5 bu	0.35/bu	70,119,345	21,035,804
Barley	166,298.9	37.3 bu	0.24/bu	1,265,402	379,620
Oats	100,259.6	40.6 bu	0.024/bu	83,039	24,912
Soybeans	1,669,370	22.1 bu	0.44/bu	13,798,011	4,139,403
Sunflowers	111,442.9	1024.5 lb	0.0080/lb	776,378	232,913
Canola	129.1	719.8 lb	0.0080/lb	632	190
Mustard	19.1	140 lb	0.0080/lb	18	5
Sesame	151	147 lb	0.0080/lb	151	45
Peanuts	64	778 lb	36.00/ton	762	229
Total	21,472,852.6			\$ 339,491,728	\$ 101,847,518
<u>Nebraska</u>					
Wheat	2,501,725.6	36.3 bu	\$0.52/bu	\$ 40,139,187	\$ 12,041,756
Cotton	8.2	113 lb	0.0667/lb	53	16
Corn	9,539,286.3	105.8 bu	0.28/bu	240,203,045	72,060,913
Sorghum	1,420,247	71.9 bu	0.35/bu	30,379,439	9,113,832
Barley	75,404.3	39.5 bu	0.24/bu	607,608	182,282
Oats	145,139.6	43.9 bu	0.024/bu	129,981	38,994
Soybeans	2,628,840.9	32.9 bu	0.44/bu	32,346,836	9,704,051
Sunflowers	41,327.9	762.5 lb	0.0080/lb	214,285	64,286
Canola	2.1	788 lb	0.0080/lb	11	3
Safflowers	14.8	488 lb	0.0080/lb	49	15
Flaxseed	65.3	10 lb	0.0080/lb	4	1
Total	16,352,062			\$ 344,020,497	\$ 103,206,149

* Direct and Counter-Cyclical Program information from USDA-FSA.

Based on the available enrollment information and the proposed payment rates, the supplemental economic loss payments would be approximately \$102 million to Kansas producers and \$103 million to Nebraska producers. While not explicitly included in the legislation, producers receiving benefits through this program would also be subject to the \$2.5 million adjusted gross income. Eligibility for these payments would be contingent on receiving 2005-crop Direct Payments. Since the \$2.5 adjusted gross income cap applies for that program, it effectively applies to this proposed program as well.

The current agricultural disaster assistance proposal also includes supplemental economic loss payments for dairy producers. A total of \$147 million would be authorized for payments to producers that were eligible to receive a Milk Income Loss Contract (MILC) payment in calendar year 2005. While specific data for 2005 is not readily available, total potential payments can be estimated by analyzing MILC payment data for calendar year 2003 as a proxy. That information and the resulting estimated payments are shown in Table 6.

Table 6. Milk Income Loss Contract Payments and Estimated Supplemental Economic Loss Payments.*

Category	MILC Payments in 2003		Estimated Supplemental Payments
	Total Payments	Share of U.S. Payments	
Kansas	\$ 8,195,000	0.8976%	\$ 1,319,399
Nebraska	\$7,283,000	0.7977%	\$1,172,566

* Milk Income Loss Contract Program information from USDA-ERS.

The data show a little over \$1 million in supplemental payments to each state's dairy producers, using 2003 payment data as a proxy for estimating each state's share of national payments and prorating the \$147 million appropriation for the supplemental economic loss payment program.

Specialty Crop and Livestock Programs

The proposed agricultural disaster assistance package also expands the targeted commodity sector beyond just the traditional program commodities. A separate section authorizes \$100 million for the replenishment of Section 32 funds of the Commodity Credit Corporation, freeing up like funding for programs targeted at the specialty crop and livestock sector. The assistance in this section would be in the form of grants to states to fund various activities supporting agriculture, including supplementing state food bank programs or other nutrition assistance programs; promoting the purchase, sale, or consumption of agricultural products; providing economic assistance to agricultural producers, giving a priority to the support of specialty crops and livestock; and funding other relevant programs.

The grants to states under this program would be based on two parts. First, \$25 million would be allocated to grants of \$500,000 per state. Second, a total of \$74.5 million would be distributed through a formula based on each state's share of the total value of national specialty crop and livestock production in 2004. The relevant information farm income data from USDA-ERS is summarized to estimate the state grants as shown in Table 7.

Table 7. Specialty Crop and Livestock Assistance.*

Category	Subcategory	Kansas	Nebraska
Value of Production	Crops	\$ 3,293,265,545	\$ 4,746,152,194
	Livestock	6,433,534,064	7,439,090,690
	Total	\$ 9,726,802,610	\$ 12,175,242,884
	Less Program Commodities	3,324,807,000	4,394,409,000
	Non-Program Commodities Total	\$ 6,401,665,610	\$ 7,780,833,884
Share of U.S. Value of Non-Program Commodity Production		4.04%	4.90%
Estimated Grants to States	Base State Grant	\$ 500,000	\$ 500,000
	Formula State Grant	3,006,629	3,654,186
	Total	\$ 3,506,629	\$ 4,154,186

* Value of production information from USDA-ERS.

Based on available data, estimated grants would be approximately \$3.5 million to Kansas and \$4.2 million to Nebraska. While the legislation spells out the formula for distributing this money to states, it provides only the mentioned guidelines for how the money is to be spent. Thus, estimating the potential impact on producers is limited to simply calculating the value of the grants. If the various state programs provide effective assistance or market promotion and development, the potential impact to producers could in fact be greater than the grant amount shown.