



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



[Topics](#)

[Data](#)

[Publications](#)

[Newsroom](#)

[Calendar](#)

[Site Map](#) | [A-Z Index](#) | [Advanced Search](#) | [Search Tips](#)

You are here: [Home](#) / [Amber Waves](#) / [Livestock Forage Disaster Program Payments Increase in 2014](#)

Stay Connected



*Finding: Animal Products*

February 02, 2015



## Livestock Forage Disaster Program Payments Increase in 2014

by [Theodore Covey](#) and [Ryan Kuhns](#)



[Amber Waves Home](#)

[All Articles](#)

[About Amber Waves](#)

Share or Save This Article



ERS's current farm income forecast for 2014 includes \$4.4 billion in Livestock Forage Disaster Program (LFP) payments, an over 700-percent increase from total LFP payments made during the previous 5 years combined. LFP, which is accounted for in farm income accounting under "ad hoc and disaster assistance payments," is expected to account for over 41 percent of total direct U.S. Government payments made to farm operators in 2014.

LFP was initially authorized by the Food, Conservation, and Energy Act of 2008, with

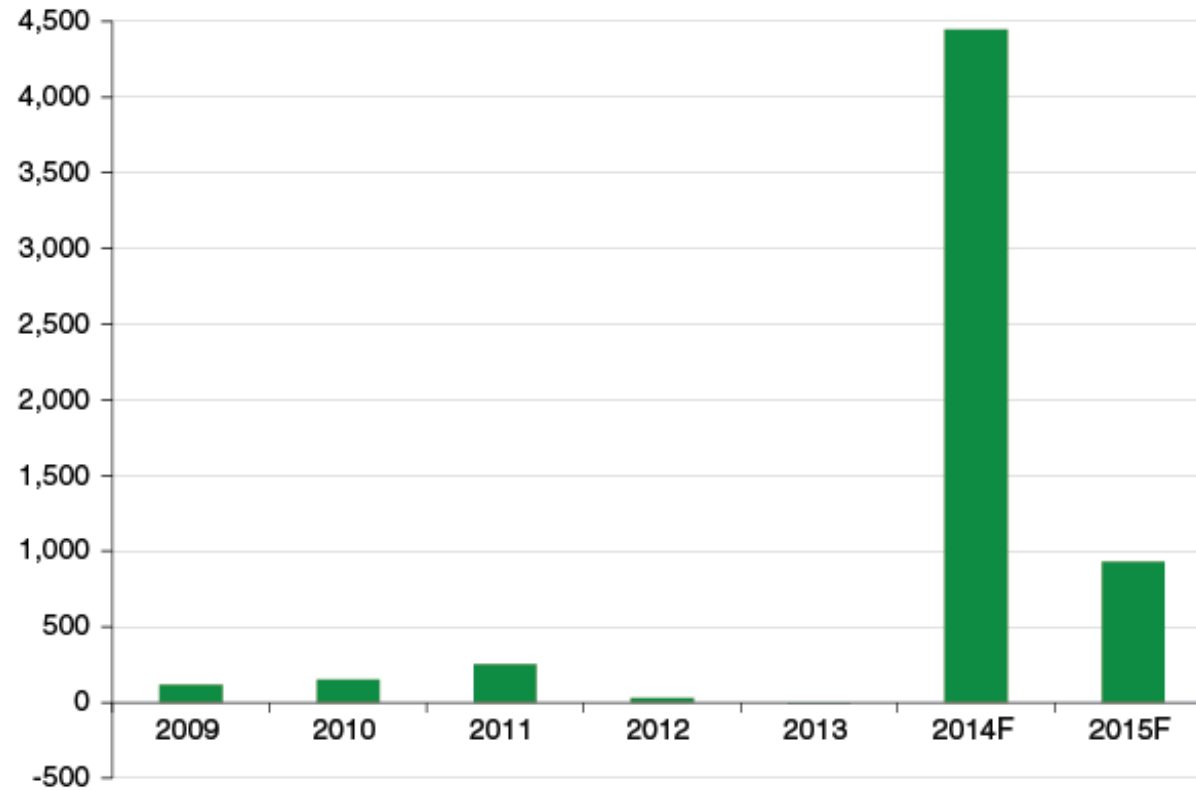
funding through September 30, 2011, to reimburse eligible farmers and ranchers for grazing losses due to a qualifying drought or fire. The 2014 Farm Act amended the LFP provisions slightly and made it retroactive to October 1, 2011. LFP payments to eligible livestock producers depend on the severity and duration of the county's drought (or fire on federally managed rangeland); the type, kind, weight, and number of livestock affected; and the U.S. monthly per head payment rate—based on estimated feed costs—for the year.

The large spike in expected 2014 LFP payments is largely a one-time event. In addition to covering ongoing livestock grazing losses, 2014 LFP payments also cover losses incurred back to October 1, 2011. These retroactive payments account for 84.2 percent of the \$4.4 billion expected to be paid out in 2014. In addition, higher payments in 2014 reflect rising feed costs on retroactive payments (covering losses in 2012-13), while feed costs are expected to decline in 2014. Finally, farmers had an incentive to apply for eligible program payments early to avoid a 7.3-percent sequestration reduction mandated by the Budget Control Act of 2011 on LFP payments requested after September 30, 2014.

However, the 2014 Farm Act included a number of provisions that could permanently raise LFP payments in the years ahead, although not nearly to 2014's payment levels. The 2014 Farm Act increased the maximum number of drought months per year used to determine LFP payments from 3 to 5. The combined individual/entity payment ceiling for LFP, Livestock Indemnity Program, Emergency Assistance for Livestock, Honeybees, and Farm-Raised Catfish, and the Supplemental Revenue Assistance Program (SURE) payments was raised from \$100,000 to \$125,000. Furthermore, SURE was not reauthorized, leaving more room for higher LFP payments under the combined payment ceiling going forward. Under the 2014 Farm Act, an individual or legal entity with an average adjusted gross income exceeding \$900,000 is ineligible for LFP payment—up from the previous cap on average annual adjusted gross *nonfarm* income of \$500,000. Finally, eligible producers are no longer required to purchase risk management coverage under the Federal crop insurance program or Noninsured Crop Disaster Assistance Programs, thereby increasing the potential pool of claimants.

## Livestock Forage Disaster Program (LFP) payments expected to spike in 2014

LFP payments (million \$)



F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 10, 2015.

This article is drawn from...

**Farm Sector Income & Finances**, by Farm Income Team, USDA, Economic Research Service, August 2015



### Amber Waves on Your Tablet

***On the go?*** Stay connected with our *Amber Waves* app for tablets. Subscribe to the monthly magazine on **iTunes** or **Google Play**.

[ERS Home](#) | [USDA.gov](#) | [Careers](#) | [Site Map](#) | [What's New](#) | [E-Mail Updates](#) | [RSS](#) | [Text Only](#) | [Report Fraud](#)  
[FOIA](#) | [Accessibility](#) | [Information Quality](#) | [Privacy Policy & Nondiscrimination Statement](#) | [USA.gov](#) | [White House](#)