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Weekly Farm Economics: WHIP+: Farm Aid for Losses Due to Natural Disasters

Krista Swanson, Gary Schnitkey, Nick Paulson, Jonathan Coppess

Department of Agricultural and Consumer Economics
University of Illinois

Ben Brown and Carl Zulauf

Department of Agricultural, Environmental and Development Economics
Ohio State University

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Producers who experienced yield losses due to drought or excess moisture in 2019 may be eligible for disaster assistance through the United States Department of Agriculture (USDA) Wildfires and Hurricane Indemnity Program Plus (WHIP+). For Illinois farmers, WHIP+ may provide additional funds in situations where yields were reduced due to excess moisture in 2019. At this point, there are not enough details for a producer to determine a payment rate or whether yield loss on a specific farm would result in a payment. More details on the program will be forthcoming. While signup has begun, no end date has been announced.

Background

A [disaster relief package](#) was passed by Congress and signed by President Trump in June 2019, and provided more than \$3 billion to the USDA for WHIP+. Producers affected by natural disasters in 2018 and 2019 could apply for assistance through the program beginning in September 2019. The relief package built upon the predecessor program, the 2017 WHIP. A feature of the bill was prevented planting supplemental disaster payments for producers who were prevented from planting eligible crops in 2019. For Illinois farmers with prevent plant claims, WHIP+ provided up to a 15% bonus payment on prevent plant crop insurance payments (RP had a 15% bonus payment, YP and RP-HPE had 10% bonus payments). The June 2019 relief package also included new programs to cover losses on milk and farm stored commodities due to eligible disaster events in 2018 and 2019.

The [Further Consolidated Appropriations Act of 2020](#), passed by Congress and signed by President Trump in December 2019, provided an additional \$1.5 billion for the continuation of disaster assistance programs through WHIP+. The appropriations bill expanded qualifying crop losses to include losses due

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to excessive moisture and D3 and D4 drought. Producers who suffered either of these types of losses in 2018 or 2019 can apply for WHIP+ assistance through a local Farm Service Agency (FSA) office. Because livestock losses are covered by other disaster recovery programs offered through FSA, these losses are not eligible for WHIP+. The remainder of this article will focus on the portion of the WHIP+ program funded by the appropriations bill and expanded qualifying crop losses.

Eligibility & Application

As designated disaster areas, all counties in Illinois are eligible for excess moisture claims for 2019. No counties in Illinois are eligible for excess moisture claims in 2018. Nor are any Illinois counties eligible for drought claims in either 2018 or 2019. A [full list of eligible counties](#) across the United States and respective years for eligibility can be found on the USDA website. Producers in counties not eligible due to a respective disaster declaration in a given year can still be eligible with a documented loss from a qualifying disaster.

Although the USDA opened signup on March 23, 2020, county offices are not yet able to process applications and do not have an estimate on when they will be equipped to do so. Farmers can contact county FSA offices to express intent to apply and ask to be notified when applications can be processed. The USDA has not published a sign-up deadline.

Farmers interested in applying can view the [application](#) online. As part of the application process farmers may need to complete or update other FSA forms to identify which individuals or entities are eligible, that conservation compliance provisions are met, and a crop insurance or NAP (Noninsured Crop Disaster Assistance Program) coverage agreement. Farmers will also need to provide verifiable and reliable production records by crop, type, practice, intended use, and acres if not already on file. Crop insurance records can be used.

Although both insured and uninsured farmers are eligible to apply for WHIP+, all farmers who receive payments for crop losses are required to purchase either crop insurance or NAP coverage at a minimum of a 60% coverage level for the next two available crop years. Due to conflicting reports, it is unclear if this requirement applies to the two years following the crop year for which WHIP+ payments were distributed or the two years following the close of the enrollment period.

Payments

Payments are intended to provide assistance for production losses as a result of a qualifying natural disaster. USDA indicates that producers suffering crop losses due to 2019 disasters can expect to initially receive 50% of their calculated WHIP+ payment upon approval and the remaining 50% after January 1, 2020 if sufficient funding remains. Because sign-up for this portion is taking place after that date, it is unclear as to whether initial payments will be 50% of the calculated WHIP+ payment or 100% of the calculated WHIP+ payment. Producers may be subject to payment limitations depending on average adjusted gross income.

The WHIP+ payments are calculated based upon a calculation for the expected value of the crop relative to a calculation for the value of the crop harvested and reduced by insurance indemnity payments received. Following is the WHIP+ payment formula:

WHIP+ Payment = Expected Value of Crop x WHIP Factor – Actual Value of Crop Harvested x Payment Factor – NAP Payment or Crop Insurance Indemnity Payment Received

The WHIP factor is dependent on the level of insurance coverage purchased and ranges from 70% to 95%, as shown in Table 1.

Table 1. WHIP+ Calculation WHIP Factor Scale

WHIP+ Factor	Insurance Coverage Level
70%	Uninsured
75%	CAT/NAP Basic 50/55
77.50%	50% - <55%
80%	55% - <60%
82.50%	60% - <65%
85%	65% - <70%
87.50%	70% - <75%
92.50%	75% - <80%
95%	>= 80%
95%	Supplemental Coverage Option

USDA indicates the payment factor included in the payment equation varies by state and commodity and is set to reflect the decreased costs incurred by producers when the crop is not harvested or is prevented from being planted. USDA has not yet released the payment factor rates. Details on how expected value of crop and actual value of crop harvested are determined are also unknown. Without this information it is difficult to estimate payment rates or determine if a specific farm is eligible for a payment.

There are many details of the program that are unknown at this point.

Summary

Farmers in all counties of Illinois are eligible to apply for WHIP+ for excessive moisture in 2019 provided other eligibility and compliance requirements are met. There are still many unanswered questions around this program, particularly how variables in the payment equation are determined, what unit of assessment payments will be based on, and clarity on crop insurance requirements. However, review of the payment formula indicates that farms will need to have experienced a calculated yield loss value that exceeds crop insurance indemnity payments to receive a WHIP+ payment. Overall the application process seems to be rather simple. Farmers who plan to apply are encouraged to contact their county FSA office to express intent to apply as soon as possible. Procedures from there will likely vary from county to county.

More information on this program will be forthcoming.

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