EMERGENCY RELIEF PROGRAM PHASE TWO

Revenue Loss Assistance – Determining Crop Value for Wine Grapes and Forage Crops

Overview

FSA's Deputy Administrator for Farm Programs has updated policy for the Emergency Relief Program (ERP) Phase Two to provide a method for valuing losses and accessing program benefits to eligible producers of certain crops . Initially, two crops were approved for this method: grapes grown and used by the same producer for wine production or forage that is grown, stored, and fed to livestock, that do not generate revenue directly from the sale of the crop. The updated policy allows producers to include crop value in calculating allowable gross revenue to demonstrate the loss for approved crops between the benchmark and disaster year.

The Deputy Administrator for Farm Programs has recently approved additional crops for this method:

- fresh apples, cherries, peaches, and plums that producers grow and process into cider and wine as part of their ordinary operation, and
- all eligible crops grown for feed, to be stored, and fed to livestock on the farm, regardless of how the crop was mechanically harvested. This includes barley, corn, and soybeans for grain, as well as forage.

Note: Crops for grazing are still ineligible for ERP and cannot be included in allowable gross revenue.

Wine Grapes

Wine Grapes: any variety of grapes grown and used by the same producer for wine production.

Producers who grow their own wine grapes and process the grapes into wine as part of their ordinary operation and do not have sales from the wine grapes to include in their allowable revenue can now include the value of the crop in their allowable gross revenue for both the benchmark and disaster years. The value of the eligible crop is based on the producer's actual production of the crop and a price for the crop obtained from National Agricultural Statistics Service (NASS) data, and other published prices, such as prices from Risk Management Agency (RMA) and Noninsured Crop Disaster Assistance Program (NAP) and locally published prices based on sales for the applicable year.

Example:

John Doe Wines, LLC is a wine maker that grows PNO grapes to process into wine, they do not sell their grapes. In 2021, John Doe Wines, LLC produced 500 tons of actual production. They are using published pricing from NASS at $552.50/ton to determine the value of the crop at $276,250 for the disaster year.

John Doe Wines, LLC selects 2019 as their benchmark year. In 2019, they produced 800 tons of PNO grapes and are using a published NASS price of $570/ton to determine the value of the crop at $456,000 for the benchmark year.

Forage Crops

Forage Crops: vegetation consisting of annual, biennial, and perennial grasses, legumes, and small grains.

Producers of forage crops who store the crop and feed it to livestock on their farm or ranch and do not have revenue from the sale of the portion of their crop used for this purpose to include in their allowable gross revenue can now include the value of the crop in their allowable gross revenue for both the benchmark and disaster years. The crop value must be based on the producer's actual production of the crop and a price for the crop obtained from NASS data, and other published prices, such as prices from RMA and NAP and locally published prices based on sales for the applicable year.

Example:

Jane Doe Ranch is a forage producer that does not sell production, it is stored and fed to livestock on the ranch as part of their ordinary operation.

In 2021, Jane Doe Ranch produced 2250 tons of forage. They are using NASS published pricing at $68.00/ton to determine the value of the crop for the disaster year at $153,000.

In Benchmark year 2019, Jane Doe Ranch produced 3000 tons of forage. They are using NASS published pricing at $69.17/ton to determine the value of the crop for the benchmark year at $207,510.

Examples for Added Crops

Eligible crops grown for feed

Producers of all eligible crops who grow, store and feed the crop to livestock on their farm or ranch and do not have revenue from the sale of the portion of their crop used for this purpose to include in their allowable gross revenue can now include the value of the crop in their allowable gross revenue for both the benchmark and disaster years. The crop value must be based on the producer's actual production of the crop and a price for the crop obtained from NASS data, and other published prices, such as prices from RMA and NAP and locally published prices based on sales for the applicable year.

Example:

Producer B grows a portion of his corn for grain to store and use as feed as part of his ordinary operation. Producer B does not have revenue from sales for this portion of the corn for grain to include in allowable gross revenue and may include the crop value for the portion of the crop grown for feed in allowable gross revenue.

In 2020, Producer B produced 500 bushels of actual production for feed. He is using RMA pricing of $3.88 per bushel to determine the crop value at $1,940 for the disaster year. Producer B is using 2019 as the benchmark year. He had 800 bushels of actual production in 2019 and is using RMA pricing of $4.00 per bushel to establish the crop value at $3,200 for the benchmark year.

Fresh Apples, Cherries, Peaches, and Plums

Producers of apples, cherries, peaches and plums, who grow and process these crops into cider or wine as part of their ordinary operation and do not have sales from the crops to include in their allowable revenue, can now include the value of the crop in their allowable gross revenue for both the benchmark and disaster years. The value of the eligible crop is based on the producer's actual production of the crop and a price for the crop obtained from National Agricultural Statistics Service (NASS) data, and other published prices, such as prices from Risk Management Agency (RMA) and Noninsured Crop Disaster Assistance Program (NAP) and locally published prices based on sales for the applicable year.

Example:

Producer A grows peaches to process into cider as part of her ordinary operation. Producer A does not have revenue from selling the peaches to include in allowable gross revenue and may include the crop value in her allowable gross revenue.

In 2021, Producer A produced 200 bushels of actual production. She is using NASS pricing of $25.00 per bushel to determine the crop value at $5,000 for the disaster year. Producer A is using 2019 as her benchmark year. She had 350 bushels of actual production in 2019 and is using NASS pricing of $33.00 per bushel to establish the crop value at $11,550 for the benchmark year.

Example:

Producer A grows peaches to process into cider as part of her ordinary operation. Producer A does not have revenue from selling the peaches to include in allowable gross revenue and may include the crop value in her allowable gross revenue.

In 2021, Producer A produced 200 bushels of actual production. She is using NASS pricing of $25.00 per bushel to determine the crop value at $5,000 for the disaster year. Producer A is using 2019 as her benchmark year. She had 350 bushels of actual production in 2019 and is using NASS pricing of $33.00 per bushel to establish the crop value at $11,550 for the benchmark year.

For More Information

For more information, view the **ERP Phase Two Fact Sheet**, **ERP Phase Two application video tutorial** and **myth-buster blog**.

For FSA programs, producers should contact their local **USDA Service Center**.