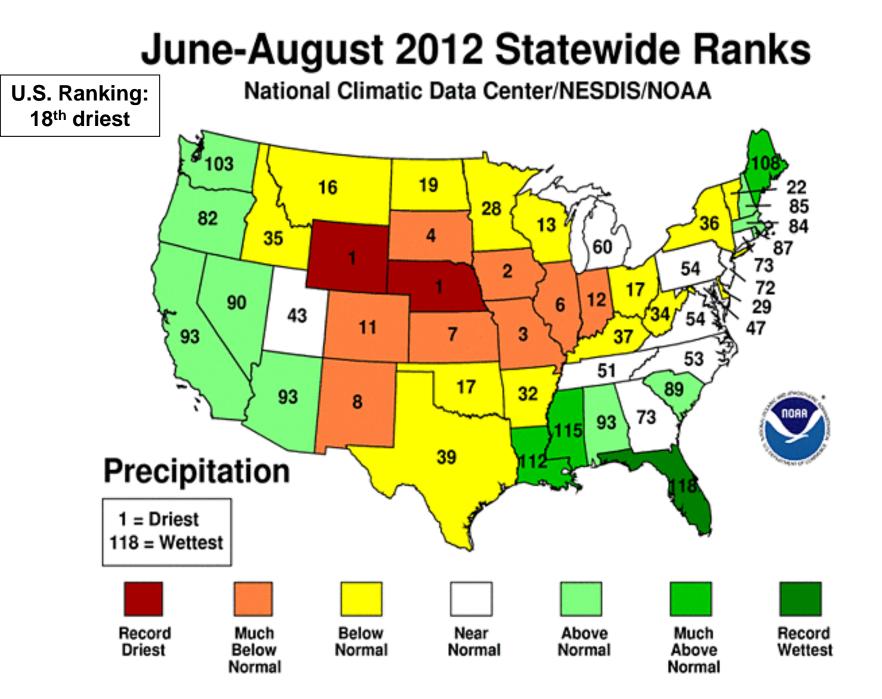
Subcommittee on Disaster Reduction White House Conference Center Lincoln Room October 4, 2012 Washington, D.C.

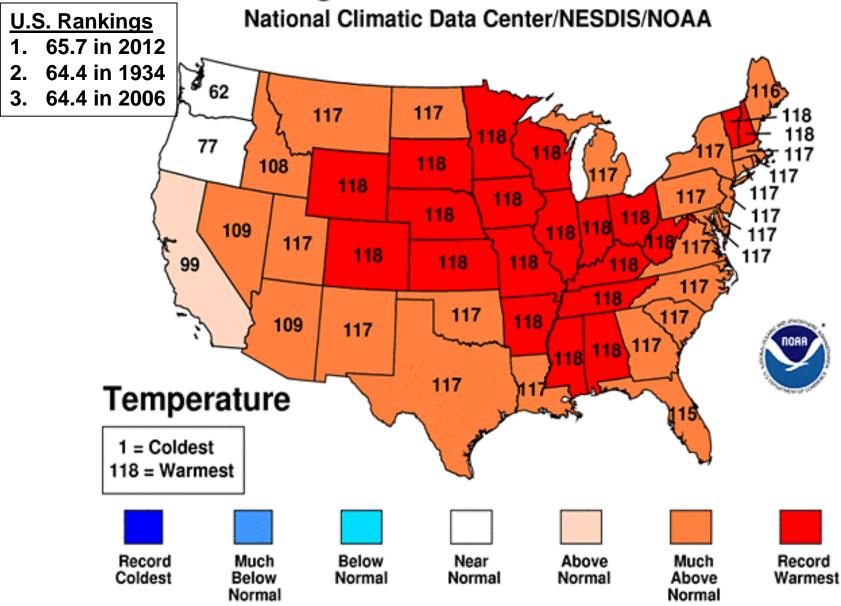


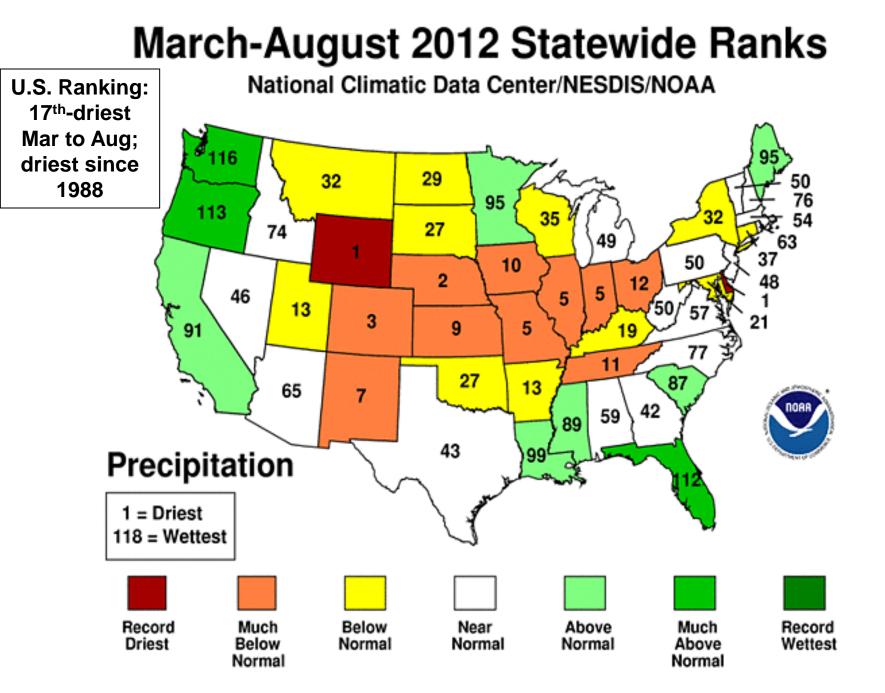
Brad Rippey USDA Meteorologist Washington, D.C.

June-August 2012 Statewide Ranks National Climatic Data Center/NESDIS/NOAA **U.S. Rankings** 74.6 in 1936 1. 74.5 in 2011 2. 74.4 in 2012 3. 2. 110 NORF Temperature 1 = Coldest 118 = Warmest Near Above Record Below Much Record Much Coldest Below Normal Normal Normal Above Warmest Normal Normal

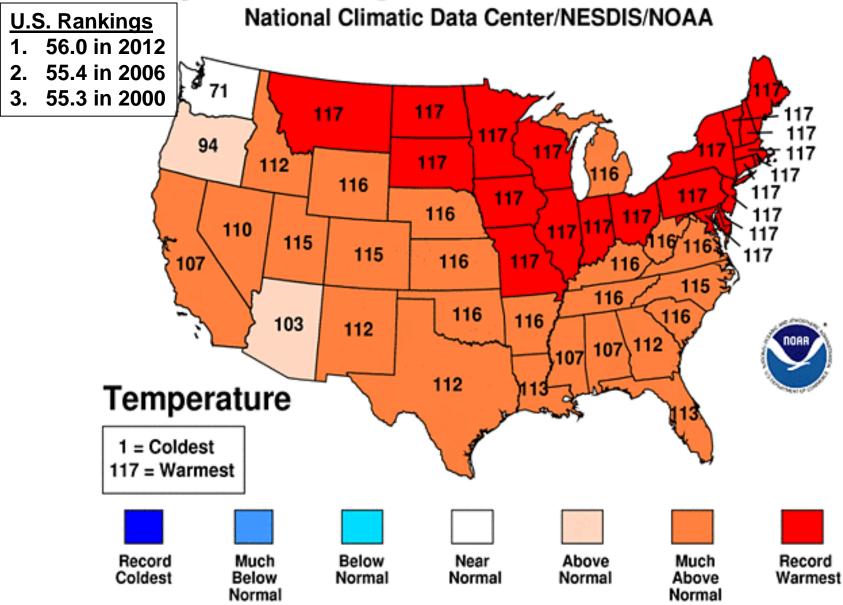


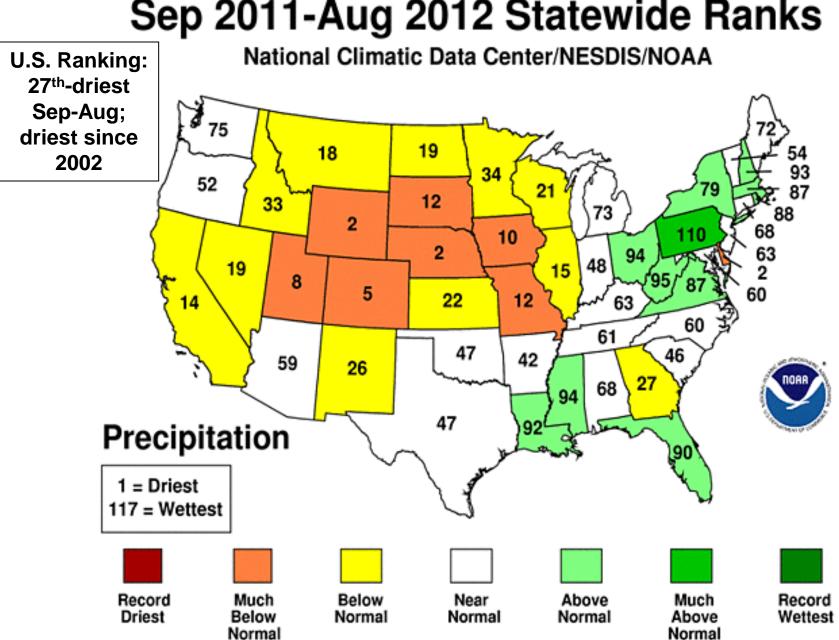
March-August 2012 Statewide Ranks





Sep 2011-Aug 2012 Statewide Ranks

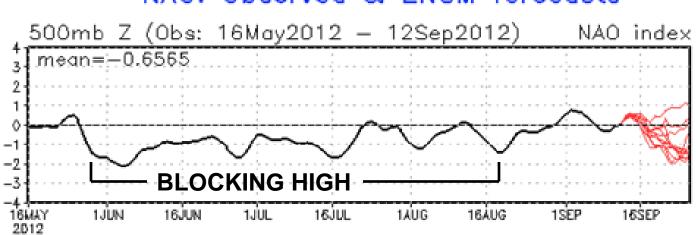




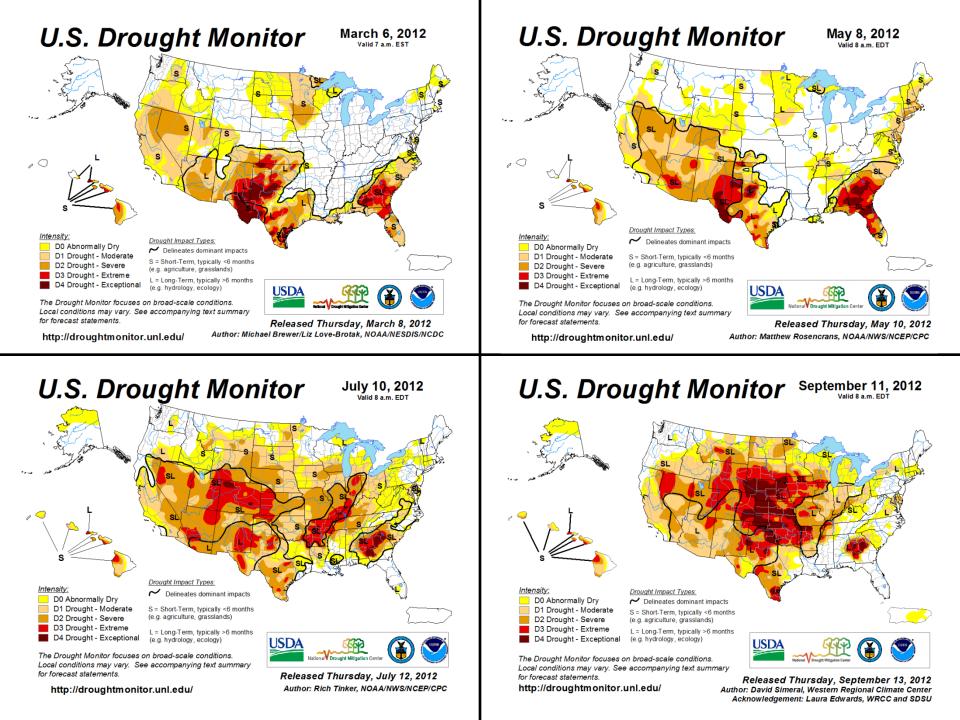
Sep 2011-Aug 2012 Statewide Ranks

Why So Dry?

- La Niña in 2010-11 and 2011-12 contributed to the historic 2011 drought across the southern Plains.
- During the 2011-12 cold season, a strong jet stream across the North Atlantic Ocean drew cold air and moisture away from the U.S.
- Around Memorial Day 2012, a blocking high pressure system in the North Atlantic locked in hot, dry weather.

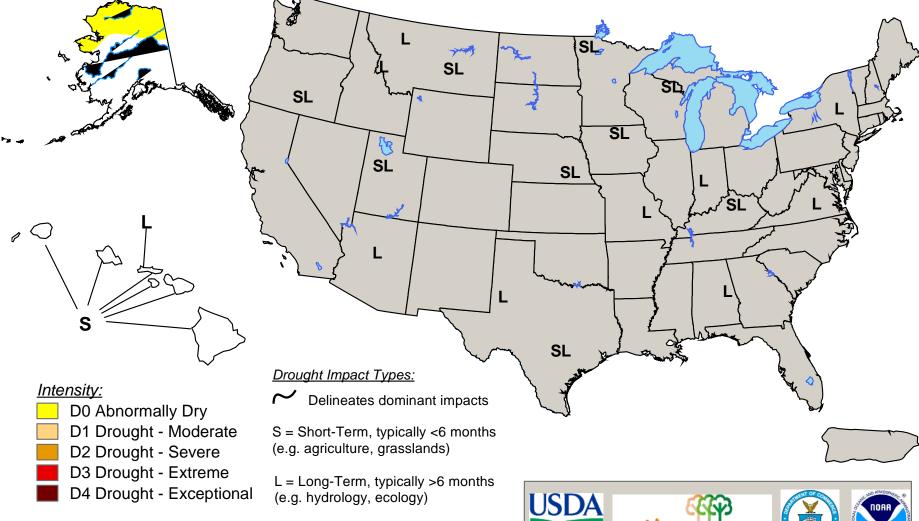


NAO: Observed & ENSM forecasts



U.S. Drought Monitor

September 25, 2012



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

Released Thursday, September 27, 2012 Author: Anthony Artusa, NOAA/NWS/NCEP/CPC

National **V** Drought Mitigation Center

Percentiles and the U.S. Drought Monitor

- Advantages of percentiles:
 - Can be applied to any parameter
 - Can be used for any length of data record
 - Puts drought in historical perspective
- D4, Exceptional Drought:
- D3, Extreme Drought:
- D2, Severe Drought:
- D1, Moderate Drought:
- D0, Abnormally Dry:



once per 50+ years

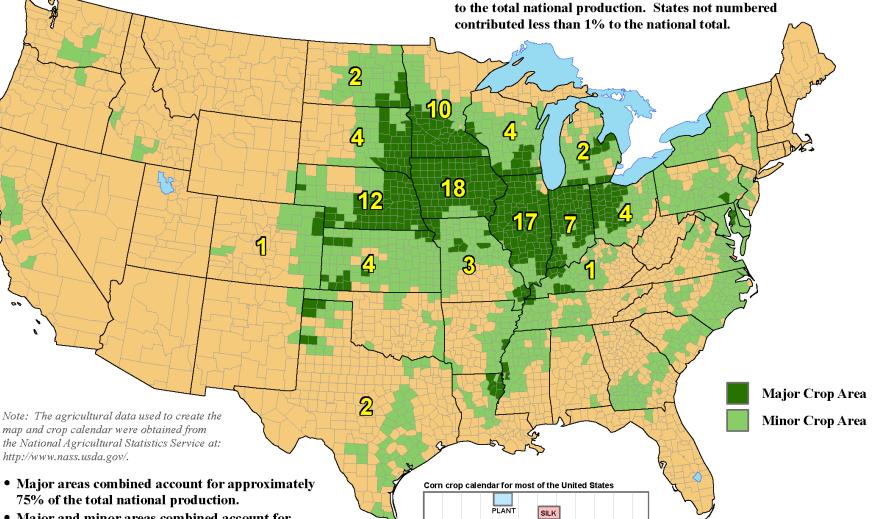


- once per 10 to 20 years
- once per 5 to 10 years

once per 3 to 5 years



United States: Corn



- Major and minor areas combined account for approximately 99% of the total national production.
- Major and minor areas and state production percentages are derived from NASS county- and state-level production data from 2006-2010.

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Crop calendar dates are based upon NASS crop progress data from 2006-2010. The field activities and crop development stages illustrated in the crop calendar represent

the average time period when national progress advanced from 10 to 90 percent.

HARVEST

Yellow numbers indicate the percent each state contributed



Agricultural Weather Assessments World Agricultural Outlook Board

U.S. Corn Areas Experiencing Drought

intensity of drought in any particular location. More

information on the Drought Monitor can be found

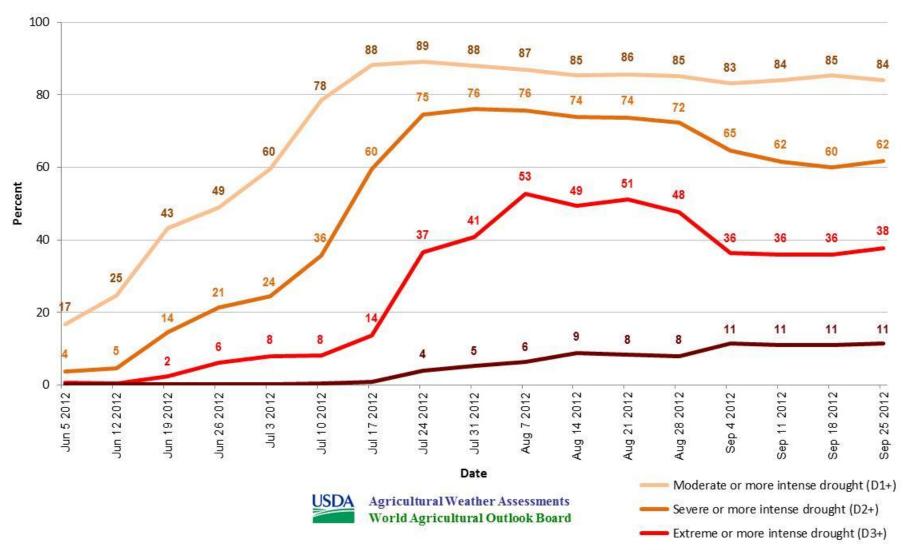
at: http://www.drought.unl.edu/dm/monitor.html.

Approximately 84% of the corn grown in the U.S. Reflects September 25, 2012 is within an area experiencing drought, based on U.S. Drought Monitor data historical NASS crop production data. **Drought Areas Major Growing Area Minor Growing Area** Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: • Major areas combined account for 75% http://www.nass.usda.gov/. of the total national production annually. • Major and minor areas combined account for 99% of the total national production annually. Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the



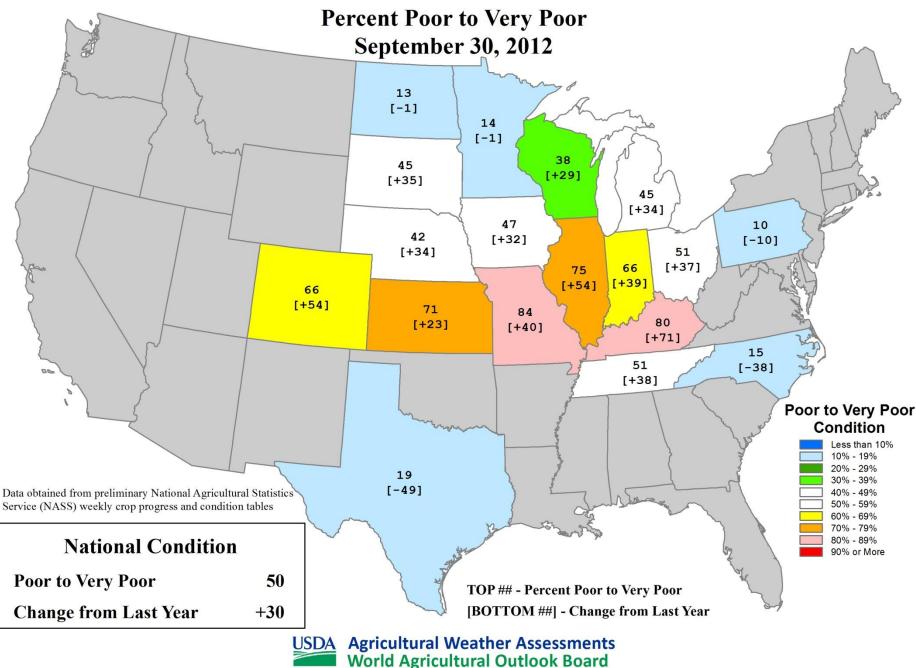
USDA Agricultural Weather Assessments **World Agricultural Outlook Board**

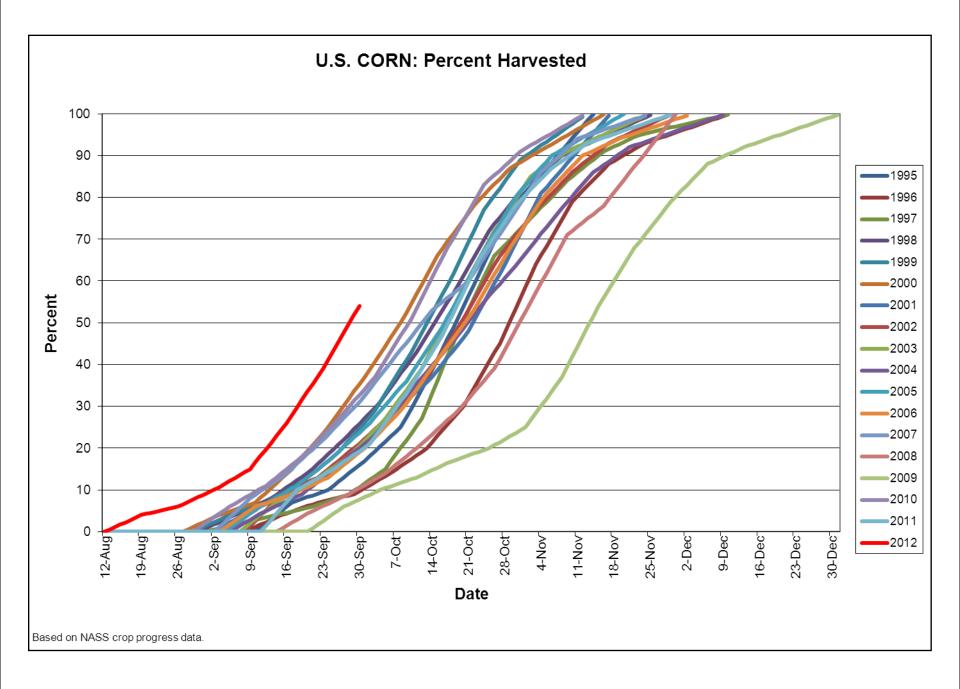
United States Corn Areas Located in Drought



Exceptional drought (D4)

U.S. Corn Conditions





United States: Soybeans

Yellow numbers indicate the percent each state contributed to the total national production. States not numbered contributed less than 1% to the national total.

1

Major Crop Area

Minor Crop Area

Note: The agricultural data used to create the map and crop calendar were obtained from the National Agricultural Statistics Service at: http://www.nass.usda.gov/.

- Major areas combined account for approximately 75% of the total national production.
- Major and minor areas combined account for approximately 99% of the total national production.
- Major and minor areas and state production percentages are derived from NASS county- and state-level production data from 2006-2010.

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

BLOOM

Soybean crop calendar for most of the United States

PLANT

2

Crop calendar dates are based upon NASS crop progress data from 2006-2010. The field activities and crop development stages illustrated in the crop calendar represent the average time period when national progress advanced from 10 to 90 percent.

HARVEST

9

USDA Agricultural Weather Assessments World Agricultural Outlook Board

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U.S. Soybean Areas Experiencing Drought

intensity of drought in any particular location. More

information on the Drought Monitor can be found

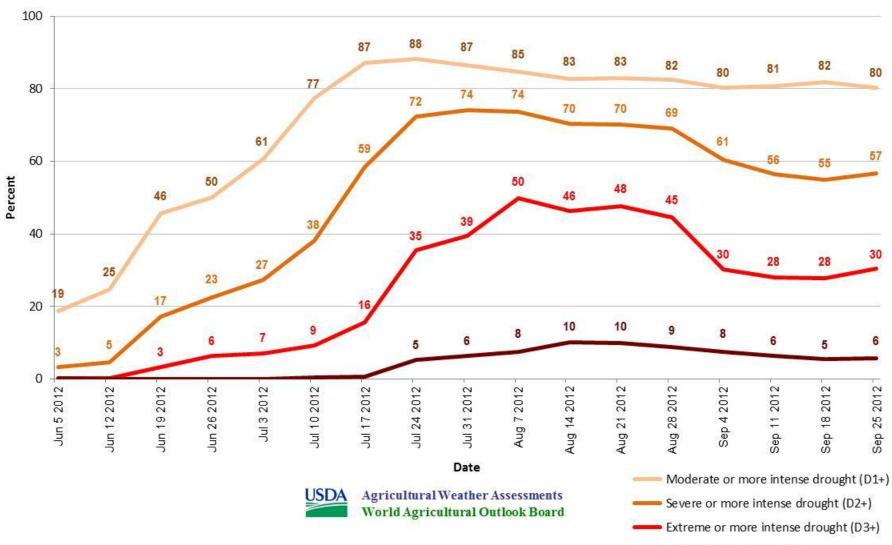
at: http://www.drought.unl.edu/dm/monitor.html.

Approximately 80% of the soybeans grown in the U.S. Reflects September 25, 2012 is within an area experiencing drought, based on U.S. Drought Monitor data historical NASS crop production data. **Drought Areas Major Growing Area Minor Growing Area** Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: • Major areas combined account for 75% http://www.nass.usda.gov/. of the total national production annually. • Major and minor areas combined account for 99% of the total national production annually. Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the



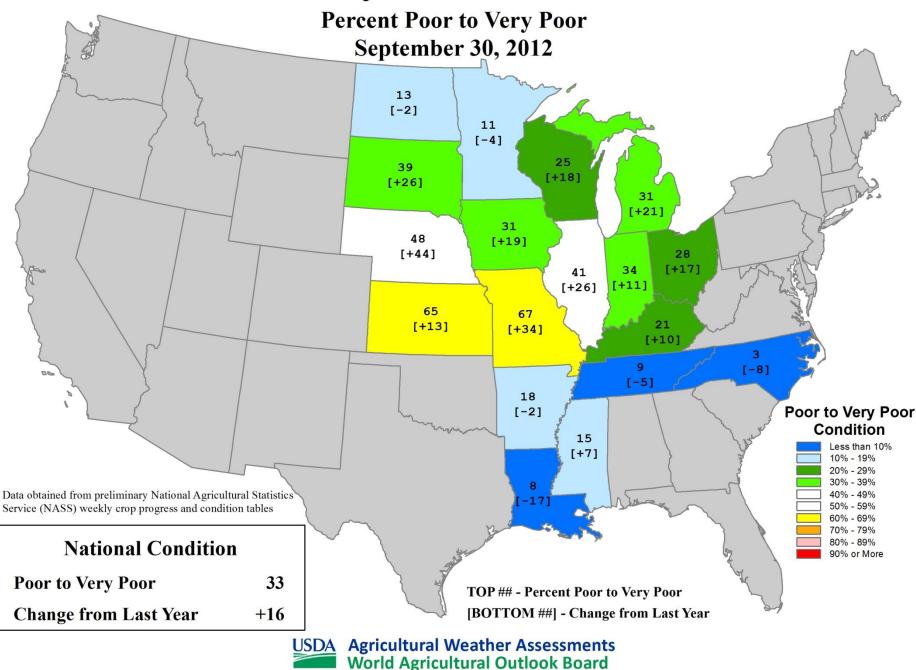
USDA Agricultural Weather Assessments **World Agricultural Outlook Board**

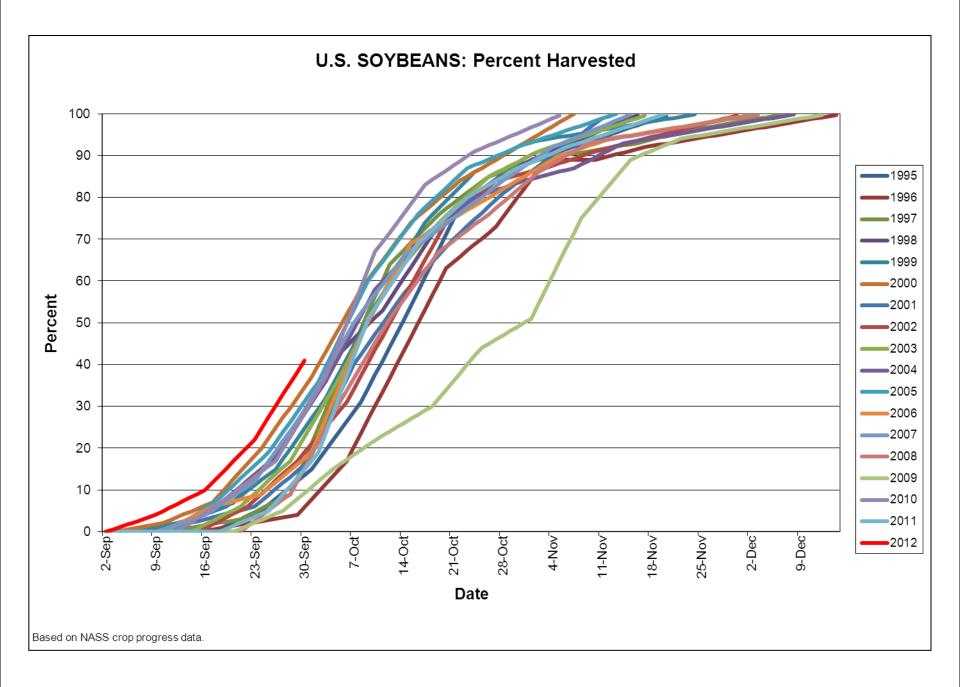
United States Soybean Areas Located in Drought



Exceptional drought (D4)

U.S. Soybean Conditions





U.S. Crop Production Highlights September 12, 2012

- <u>Corn:</u> 122.8 bushels/acre, down 26% from 166.0 bushels/acre in June.
- Soybeans: 35.3 bushels/acre, down 20% from 43.9 bushels/acre in June.
- <u>Sorghum:</u> 48.3 bushels/acre, down 26% from 65.0 bushels/acre in June.

Crop Production Highlights, Continued

- <u>Corn</u>: Production is down nearly 4.1 billion bushels (28%) from June to 10.7 billion bushels.
- <u>Soybeans</u>: Production is down 575 million bushels (18%) from June to 2.63 billion bushels.
- Sorghum: Production is down 89 million bushels (27%) from June to 246 million bushels.

United States: Winter Wheat

Yellow numbers indicate the percent each state contributed to the total national production. States not numbered contributed less than 1% to the national total.

2

Major Crop Area Minor Crop Area

Note: The agricultural data used to create the map and crop calendar were obtained from the National Agricultural Statistics Service at: http://www.nass.usda.gov/.

3

2

- Major areas combined account for approximately 75% of the total national production.
- Major and minor areas combined account for approximately 99% of the total national production.
- Major and minor areas and state production percentages are derived from NASS county- and state-level production data from 2006-2010.

Winter wheat crop calendar for most of the United States PLANT HEAD

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HARVEST Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Crop calendar dates are based upon NASS crop progress data from 2006-2010. The field activities and crop development stages illustrated in the crop calendar represent the average time period when national progress advanced from 10 to 90 percent.



1

5

22

5

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U.S. Winter Wheat Areas Experiencing Drought

Approximately 73% of the winter wheat grown Reflects September 25, 2012 in the U.S. is within an area experiencing drought, U.S. Drought Monitor data based on historical NASS crop production data. **Drought Areas Major Growing Area Minor Growing Area** • Major areas combined account for 75% of the total national production annually.

> • Major and minor areas combined account for 99% of the total national production annually.

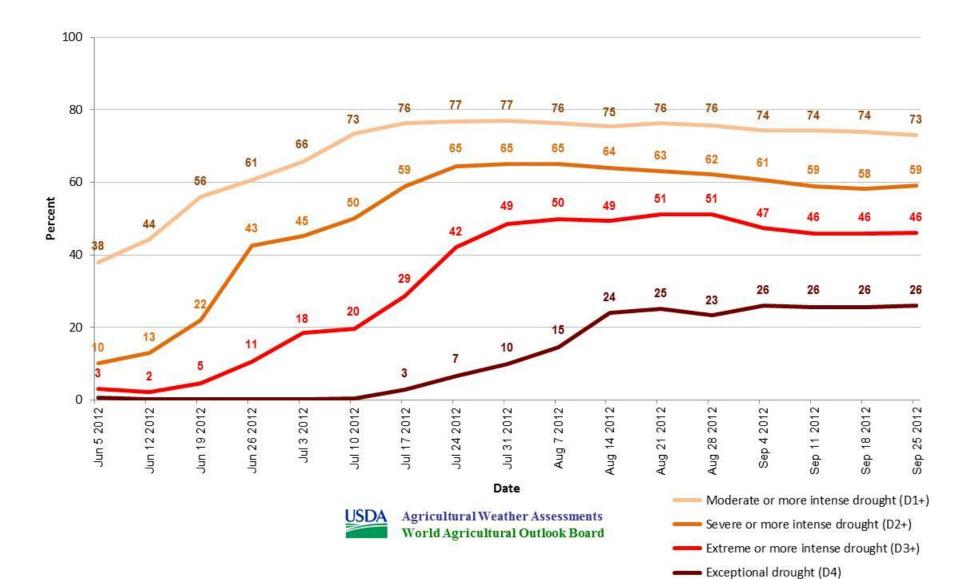


Agricultural Weather Assessments World Agricultural Outlook Board

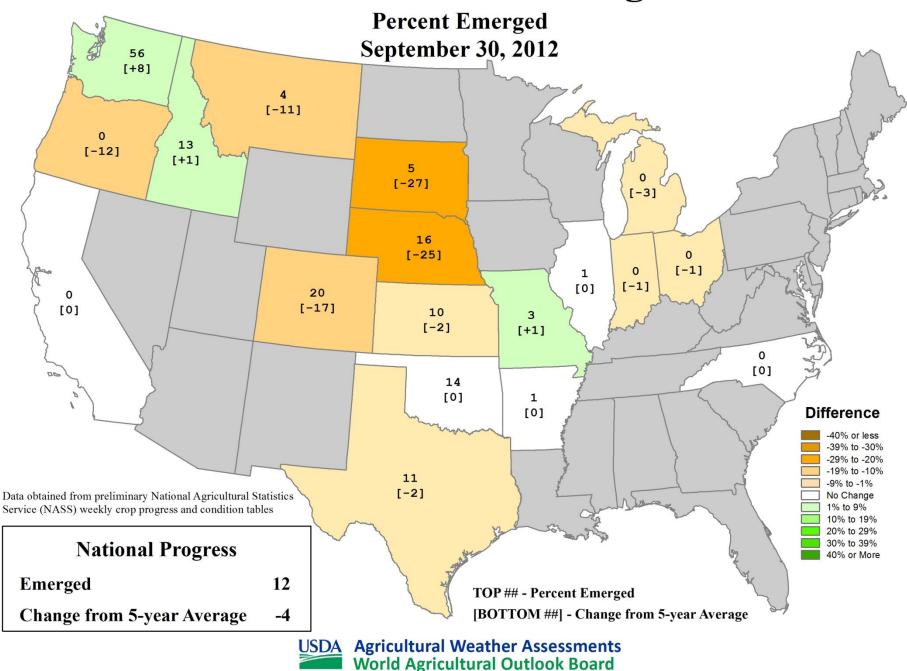
Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: http://www.nass.usda.gov/.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

United States Winter Wheat Areas Located in Drought



U.S. Winter Wheat Progress



U.S. Hay Areas Experiencing Drought

Approximately 69% of the domestic hay acreage Reflects September 25, 2012 is within an area experiencing drought, based U.S. Drought Monitor data on NASS 2007 Census of Agriculture data. **Drought Areas Major Growing Area** Major and minor agricultural areas are based on **Minor Growing Area** NASS 2007 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and hence were not used in delineating the major and minor agricultural areas. Additional • Major areas combined account for 75% information on these agricultural data can be found at: http://www.agcensus.usda.gov/. of the total national acreage. • Major and minor areas combined account

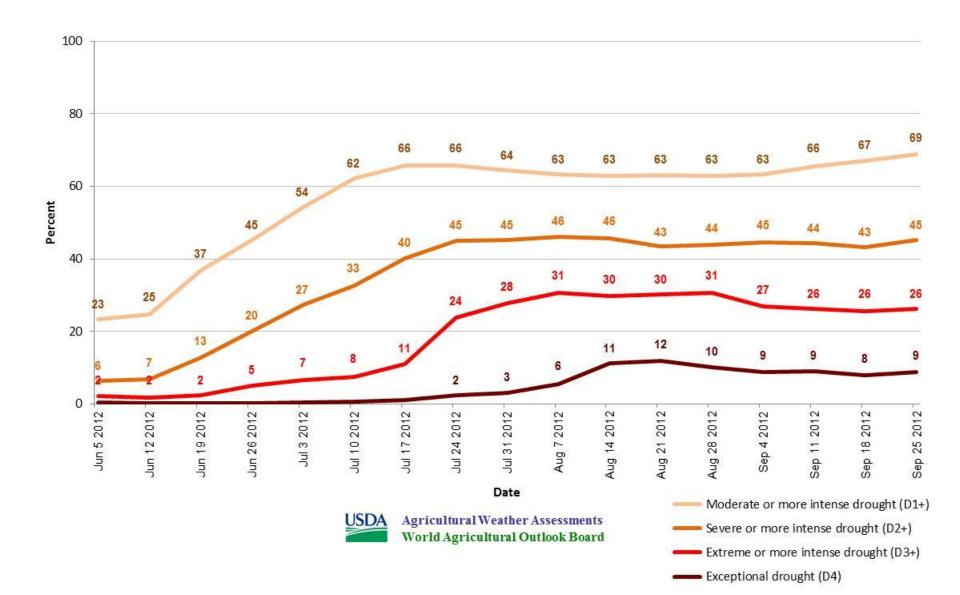
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

USDA

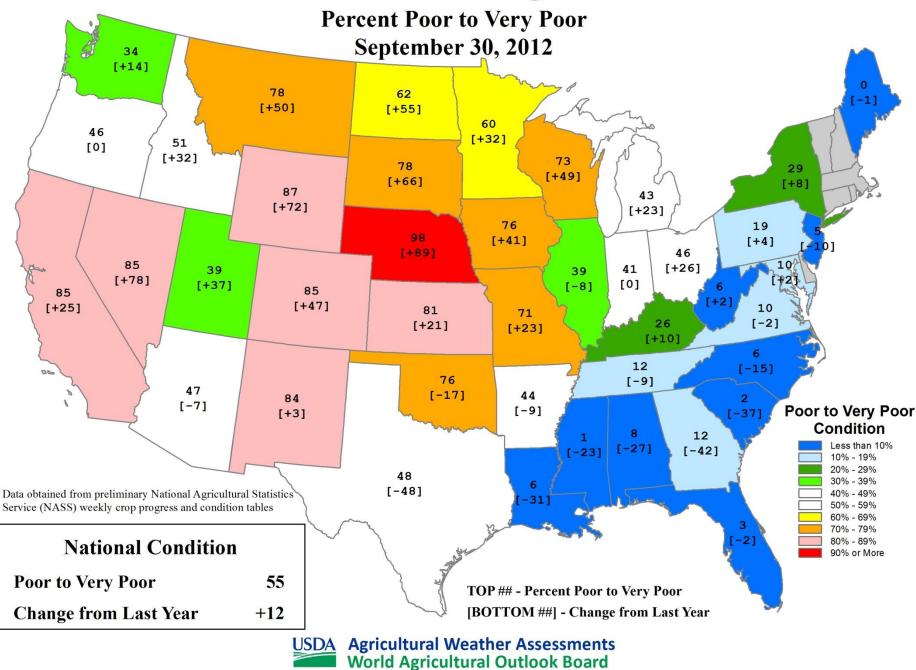
for 99% of the total national acreage.

Agricultural Weather Assessments World Agricultural Outlook Board

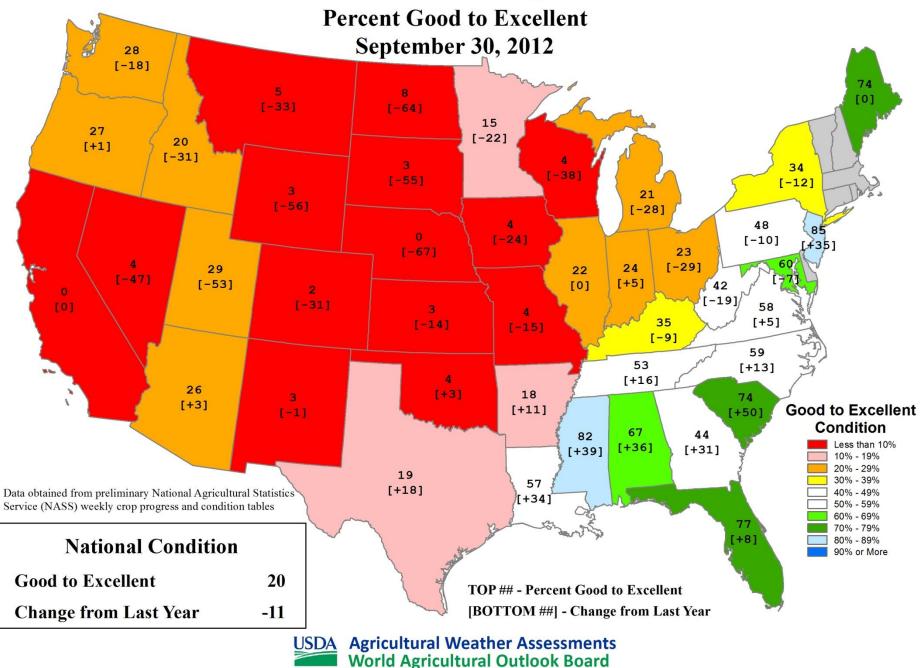
United States Hay Areas Located in Drought



U.S. Pasture and Range Conditions



U.S. Pasture and Range Conditions



U.S. Cattle Areas Experiencing Drought

Reflects September 25, 2012 inventory is within an area experiencing drought, U.S. Drought Monitor data based on NASS 2007 Census of Agriculture data. **Drought Areas Major Livestock Area** Major and minor agricultural areas are based on **Minor Livestock Area** NASS 2007 Census of Agriculture data. Counties shaded in gray contain data that are not published

by NASS, and hence were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: http://www.agcensus.usda.gov/. Mapped drought areas are derived from the U.S.

Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

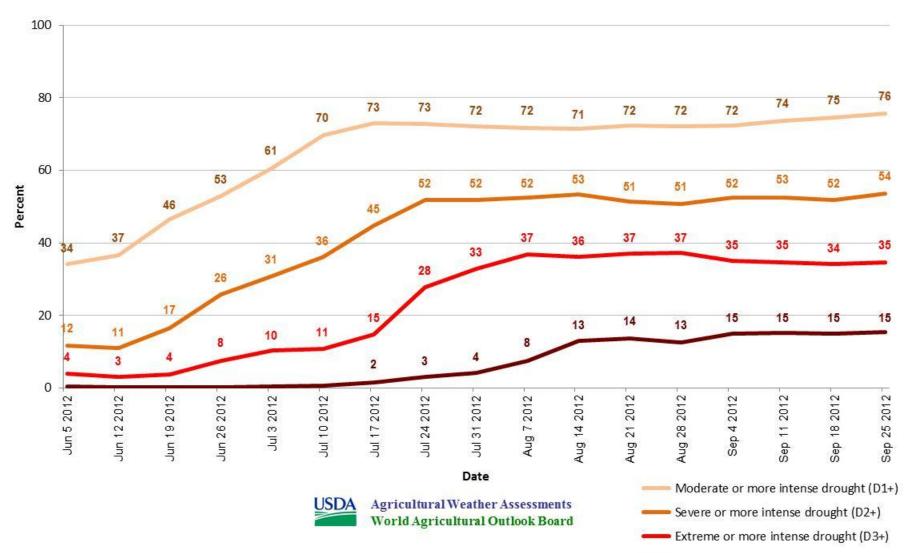
- Major areas combined account for 75% of the total national inventory.
- Major and minor areas combined account for 99% of the total national inventory.

Approximately 76% of the domestic cattle



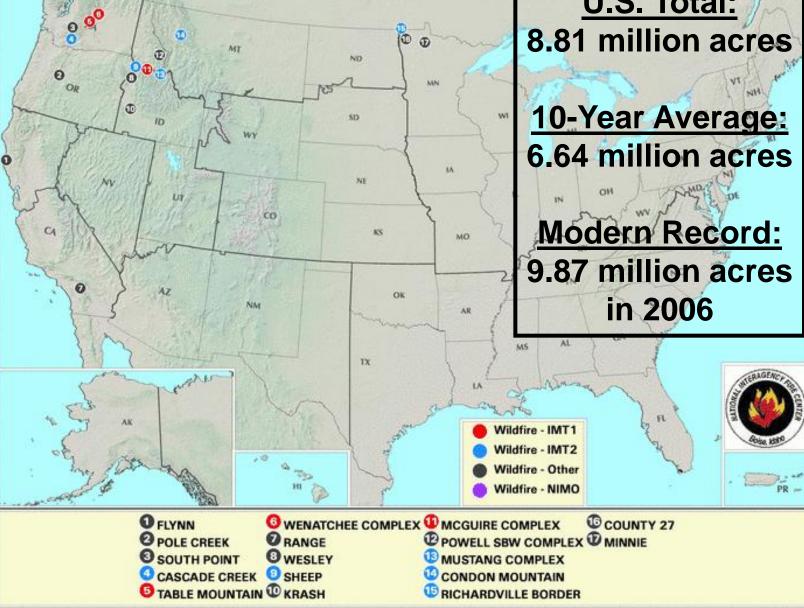
Agricultural Weather Assessments World Agricultural Outlook Board

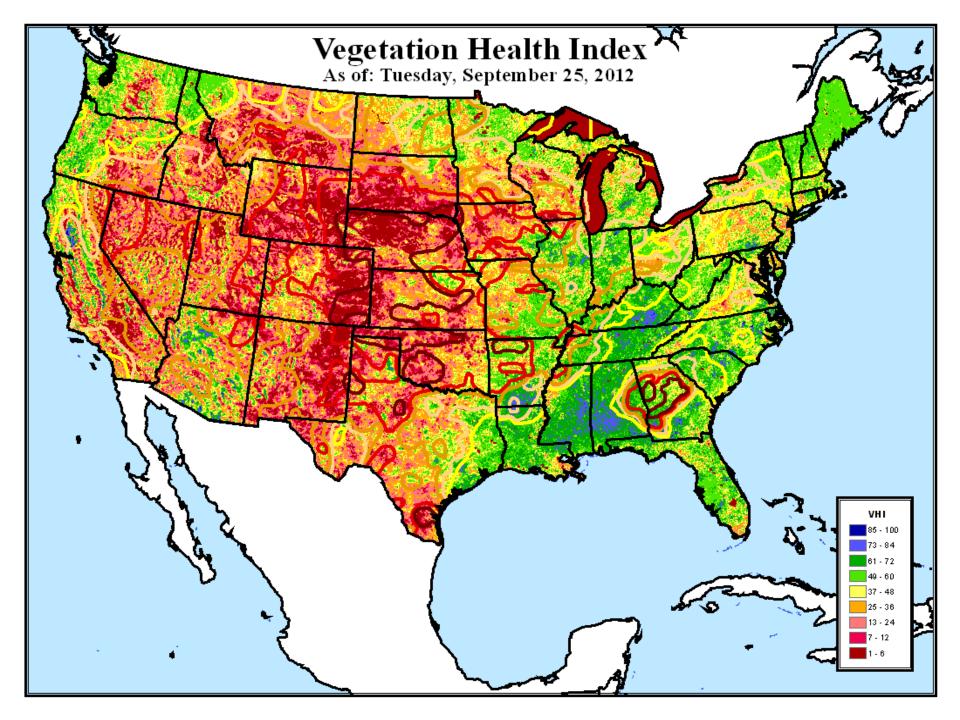
United States Cattle Areas Located in Drought

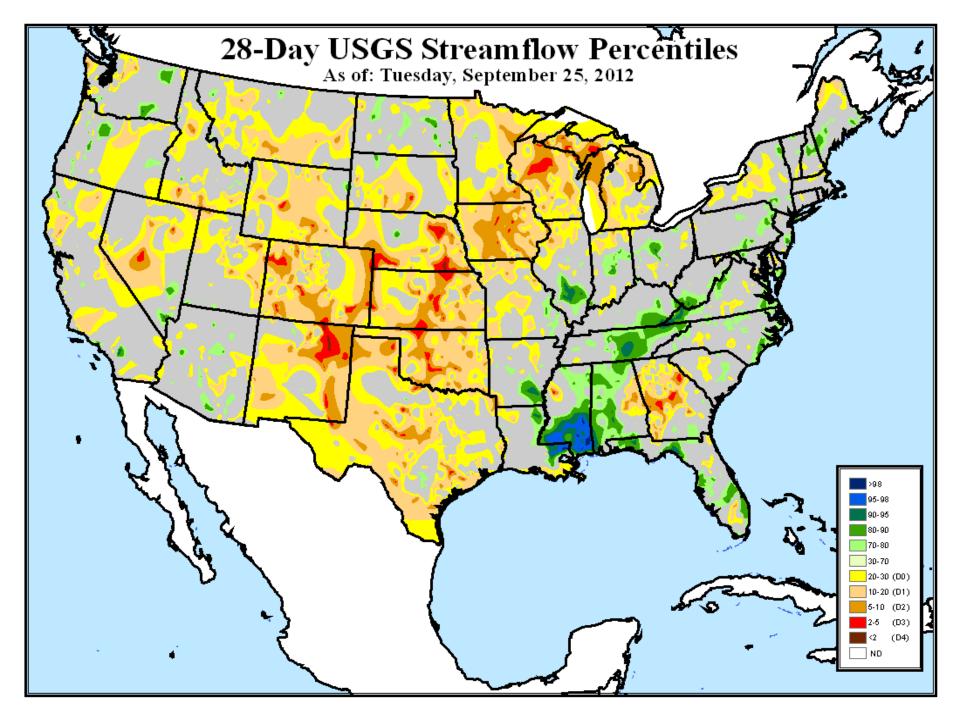


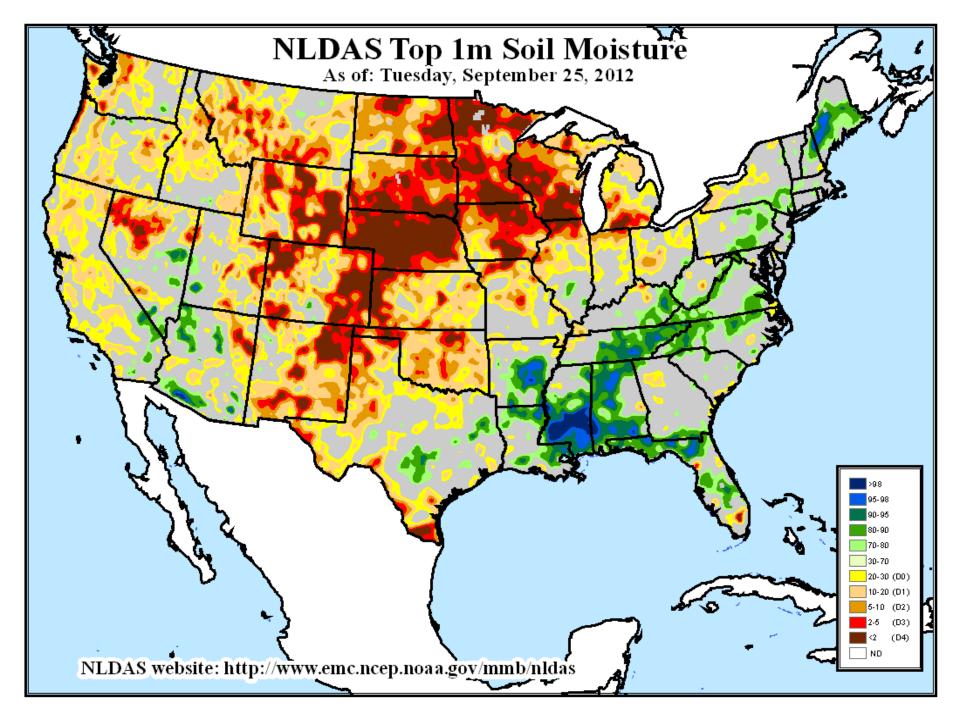
Exceptional drought (D4)











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You are here: Home / USDA Emergency Prepare	edness and Response / Disaster an	nd Drought Assistance	Stay Connected 🛛 🚹	💟 👪 🏹 🔜 🕥		=
Current Drought Response	Drought and Droug	ht Assistance				
> Drought Response Home	This page provides resou	rces and information related to	o the current drought crisis fro	om across the		
> News and Information	Government. Throughout	t much of the country, commu	nities are struggling with one	of the worst		
> USDA Drought Programs	damage to crops partic	S. in decades. The lack of rain cularly those in the Midwest. U	ISDA and other federal agencie			
Related Topics	to help farmers, ranchers	s, and small businesses wrestli	ng with this crisis.			
> Animal Emergencies and Disaster Planning	Drought Code Sprint					
> Crop Insurance Basics - Frequently Asked Questions	• •	ode Sprint we're making the o	all to developers across the co	ountry to use		
 Emergency Farm loans 	publically available gover	rnment information to help far	mers, ranchers, and others to	gain quick and		
> Extension Disaster Education Network Resources	For direct links to key dat	tasets and resources, check ou ht some of the submissions on	ut this blog post . Submit you			
> Farm Service Agencies Disaster Assistance Programs	2012 Drought Disaster		our brought neb pages.			
> Food Assistance Information		Map Updated 9/12/12				
> Haying and Grazing		Drought Disaster Designation Text-only (accessible) versi				
> NAL Food Safety Information Center		Map shows designations due to amended rule. Any county dec	o drought across the country u			
> NAL Rural Information Center		disaster county makes produce				
> Risk Management Agency		aid.				
> Risk Management Agency Prevented Planting	List of Designated Dro	ught Disaster Counties (PDF	F, 495КВ)			
> USDA Service Center Agencies eForms		U.S. Drought Monitor 🖻				
 USDA Service Center Locator 	- Shares of C	Current drought conditions in t	me U.S.			
> Latest News and Transcripts	Ve Maria					
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http://www.usda.gov/drought

USDA Announcements Since July

- Intent to purchase up to \$170 million of pork, lamb, chicken, and catfish for federal food nutrition assistance programs, including food banks, to help relieve pressure on American livestock producers and bring the nation's meat supply in line with demand.
- Allowed emergency loans to be made earlier in the season.
- Intent to file special provisions with the federal crop insurance program to allow haying or grazing of cover crops without impacting the insurability of planted 2013 spring crops.
- Authorized up to \$5 million in grants to evaluate and demonstrate agricultural practices that help farmers and ranchers adapt to drought.
- Granted a temporary variance from the National Organic Program's pasture practice standards for organic ruminant livestock producers in 16 states in 2012.
- Authorized \$16 million in existing funds from its Wildlife Habitat Incentive Program (WHIP) and Environmental Quality Incentives Program (EQIP) to target states experiencing exceptional and extreme drought.

USDA Announcements, Page 2

- Initiated transfer of \$14 million in unobligated program funds into the Emergency Conservation Program (ECP) to help farmers and ranchers rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought.
- Authorized haying and grazing of Wetlands Reserve Program (WRP) easement areas in drought-affected areas where haying and grazing is consistent with conservation of wildlife habitat and wetlands.
- Lowered the reduction in the annual rental payment to producers on CRP acres used for emergency haying or grazing from 25 to 10% in 2012.
- Simplified the Secretarial disaster designation process and reduced the time it takes to designate counties affected by disasters by 40%.
- For 2012, a county is authorized for emergency haying and grazing outside the Primary Nesting Season if the county is designated as level "D0-Abnormally Dry", as of July 19, 2012 or later, according to the U.S. Drought Monitor.

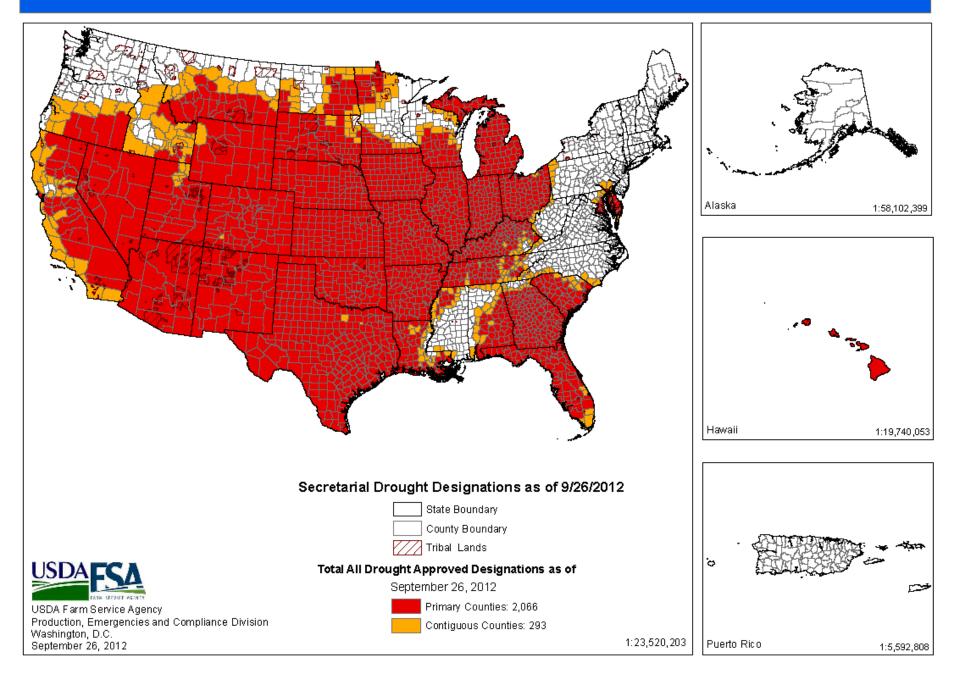
"Fast Track" Secretarial Disaster Designation Process

 The streamlined process provides for nearly an automatic designation for any county in which drought conditions, as reported in the U.S. Drought Monitor (http://droughtmonitor.unl.edu/), when any portion of a county meets the D2 (Severe Drought) drought intensity value for eight consecutive weeks. A county that has a portion of its area in a drought intensity value of D3 (Extreme Drought) or higher at any time during the growing season also would be designated as a disaster area.

"Fast Track" Secretarial Disaster Designation Process

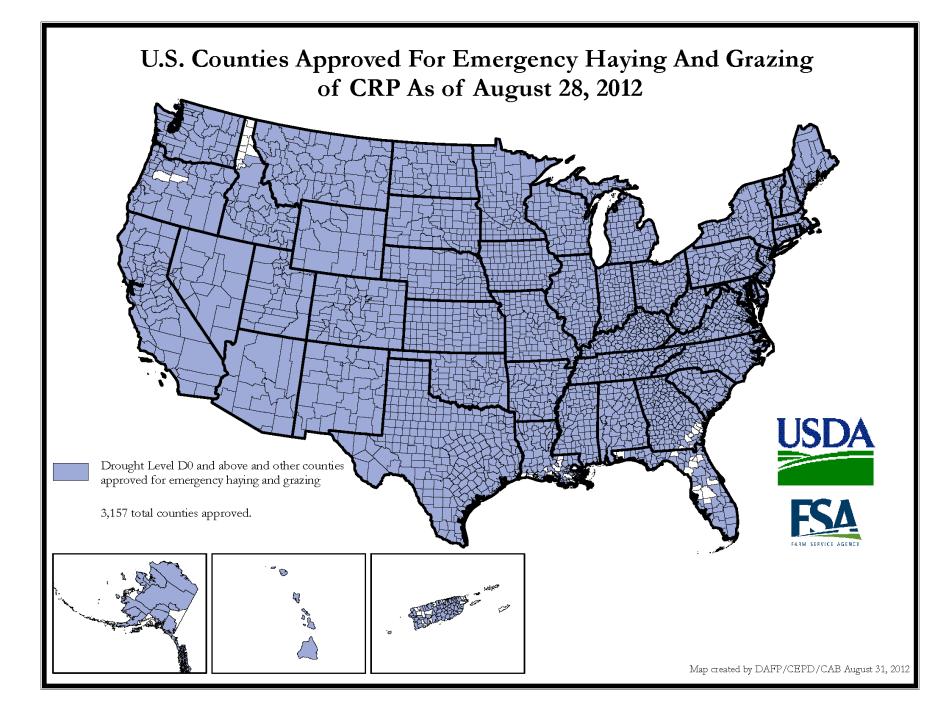
- Streamlines the USDA Secretarial designation process by eliminating steps from the current process;
- A reduced interest rate for emergency loans that effectively lowers the current rate from 3.75 percent to 2.25 percent;
- Preserves the ability of a state governor or Indian Tribal Council to request a Secretarial Disaster Designation;
- Removes the requirement that a request for a disaster designation be initiated only by a state governor or Indian Tribal Council;
- Further streamlines the disaster designation process for severe drought occurrences by utilizing the U.S. Drought Monitor as a tool to automatically trigger disaster areas with no further documentation;
- Does not impose any new requirements on producers or the public.

2012 Secretarial Drought Designations - All Drought



Easing of CRP Restrictions

- Conservation Reserve Program (CRP land): Nearly all counties in the U.S. qualify for emergency grazing and having based on a D0 trigger (previously, qualified with a D3 or D4).
- Emergency grazing extended through November 30, 2012 (normally ends September 30).
- September 2011 expiration of provisions in the 2008 Farm Bill are making disaster relief difficult to deliver to livestock producers.



USDA Disaster Relief and the U.S. Drought Monitor: A Brief History

USDA Announces Implementation of Livestock Disaster Assistance Programs

Beginning Today, Producers May Sign Up to Participate in these Programs

WASHINGTON, Sept. 14, 2009 - Agriculture Secretary Tom Vilsack today announced that producers may begin applying for benefits under the provisions of the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) and the Livestock Forage Disaster Program (LFP). **These permanent disaster programs, authorized in the 2008 Farm Bill**, replace previous ad-hoc disaster assistance programs and are funded through the Agricultural Disaster Relief Trust Fund...

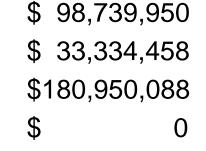
For losses due to drought, qualifying drought ratings are determined using the U.S. Drought Monitor located at <u>www.drought.unl.edu/dm/monitor.html</u>... Producers must have suffered losses that occurred on or after Jan. 1, 2008, and before Oct. 1, 2011.



- U.S. Drought Monitor Usage by FSA
- Food, Conservation, and Energy Act of 2008 ("Farm Bill") authorizes the Livestock Forage Disaster Program (LFP)
 - Grazing loss because of drought on owned or leased grazing land or pastureland that is physically located in a county experiencing:
 - D2 intensity for at least 8 consecutive weeks during normal grazing period will be eligible to receive payment equal to 1 monthly payment
 - D3 intensity during the normal grazing period will be eligible to receive a payment equal to 2 monthly payments
 - D3 intensity for at least 4 weeks or a D4 intensity any time during the grazing period will be eligible to receive a payment equal to 3 monthly payments



- 2008 "Farm Bill" Livestock Forage Disaster Program (LFP) Payouts (financial assistance to producers who suffered grazing losses due to drought or fire on or after January 1, 2008, and before October 1, 2011, during the calendar year in which the loss occurs):
 - 2008 calendar year:
 - 2009 calendar year:
 - 2010 calendar year:
 - 2011 calendar year:
 - 2012 calendar year:
 - LFP total, 2008-11:



\$165,540,837

\$478,565,333



Emergency Programs Administered by the Farm Service Agency

PROGRAM	TRIGGERS	KEY REQUIREMENTS	PAYMENTS AND FUNDING LEVELS
SURE Supplemental Revenue Assistance Payment Program Provides cash payments to eligible producers who have incurred crop production losses or crop quality losses, or both.	Secretarial Designation for the county or contiguous county and at least a 10% crop loss on the farm due to natural disaster. If not in a Secretarial county, producer must suffer at least a 50-percent crop loss.	Producers must obtain crop insurance or NAP coverage for all crops of economic significance for which coverage is available. (Socially Disadvantaged Producers (SDA), Limited Resource Producers or Beginning Farmers or Ranchers are exempt from this requirement).	60 percent of the difference between the SURE guarantee and total farm revenue. Payments are issued soon after application is completed. Unlimited funding for losses on or before Sept. 30, 2011.
LFP Livestock Forage Disaster Program Provides cash payments to eligible producers who suffered grazing losses because of drought. Provides cash payments also for fire on Federally managed land leased by producers.	D2, D3 or D4 Indicator on USDA Drought Monitor for drought. Documentation from Federal agency for fire. EXPIRED , 9/30/2011	Crop insurance or NAP must be obtained on grazing land. (SDA, Limited Resource or Beginning Farmers or Ranchers are exempt from this requirement.)	60 percent of the monthly feed cost for either 1, 2 or 3 months, depending upon the severity of the drought. For a qualifying fire on federally managed rangeland 50 percent of the monthly feed cost for the number of days the rancher is prohibited from grazing, not to exceed 180 days. Payments are issued soon after application is completed. Unlimited funding for losses on or before Sept. 30, 2011.
ELAP Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program Provides emergency relief for losses due to disease, adverse weather or other conditions, including losses due to blizzards and wildfires, which are not adequately addressed by other disaster programs.	Livestock, Honey Bees, Farm-Raised Fish Death or feed losses, and livestock grazing losses, due to an eligible adverse weather or loss condition.	Producers must obtain crop insurance or NAP coverage for all crops for which coverage is available. (SDA, Limited Resource or Beginning Farmers or Ranchers are exempt from this requirement.)	Due to limited funding, payments are issued in the calendar year following the year of the loss. \$50 million funding per year for losses due to an eligible adverse weather or loss condition that occurs on or before Sept. 30, 2011.
LIP Livestock Indemnity Program Provides cash payments to eligible producers for livestock death losses in excess of normal mortality due to adverse weather.	Livestock death due to adverse weather.	Crop insurance or NAP are not required.	75 percent of the fair market value of the livestock for owners and 75 percent of the average income loss sustained for contract growers. Payments are issued soon after application is completed. Unlimited funding for losses on or before Sept. 30, 2011.
TAP Tree Assistance Program Provides cash payments to eligible orchardists and nursery tree growers for qualifying tree losses due to natural disaster.	Tree Loss or damage in excess of 15% mortality (adjusted for normal mortality) due to natural disaster.	Crop insurance coverage or NAP must be obtained for all crops growing on trees, bushes, and vines, if available.	For tree, vine or bush replacement, the payment is equal to 70 percent of the actual cost of the practice. For salvaging existing trees, bushes, or vines, the payment is equal to 50 percent of the actual cost of the practice. Payments are issued after the practices are completed. Unlimited funding for losses on or before Sept. 30, 2011.

Local FSA Service Center: http://offices.USDA.gov

For crop, livestock, honeybee and farm-raised fish losses and damaged farmland due to natural disasters such as drought, floods, hurricanes, freezes, wildfires and disease.



Emergency Programs Administered by the Farm Service Agency

PROGRAM	TRIGGERS	KEY REQUIREMENTS	PAYMENTS AND FUNDING LEVELS
NAP Non-Insured Crop Disaster Assistance Program Provides cash payments to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters.	At least a 50% crop loss due to natural disaster.	Requires producers to purchase NAP coverage (Limited Resource Producers may obtain a waiver).	Pays for production losses in excess of 50 percent at 55 percent of price. Payments are issued soon after application is completed. Unlimited funds available.
ECP Emergency Conservation Program Provides emergency funding for farmers and ranchers to rehabilitate farmland severely damaged by natural disasters.	Severe damage to farmland due to a natural disaster.		75 percent of cost to implement conservation practice, such as removing debris, repairing fences, and providing water for livestock. Payments are issued soon after the practice is completed. Subject to availability of funds.
EM Loans Emergency Loan Program Provides loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.	Damage to crops, livestock, equipment, farmland or real estate improvements caused by a natural disaster as designated by the President, Secretary or FSA Administrator.	Applications must be submitted to the FSA within 8 months of the designation for losses related to the disaster. Suffer a qualifying loss, intend to stay in business, have repayment ability, and be unable to get adequate credit elsewhere, have acceptable credit history and be able to provide adequate security.	Producers can borrow up to 100 percent of the actual production or physical losses minus any disaster related compensation received like insurance, up to a maximum of \$500,000. Loans for crop, livestock and non-real estate losses are normally repaid within 1 to 7 years. Loans for physical losses to real estate are normally repaid within 30 years. Current interest rate 3.75% Subject to availability of funds.
DSA Disaster Set-Aside Provides producers who have existing direct loans with FSA in counties declared or contiguous to counties declared as disasters the opportunity to be considered for Disaster Set-Aside (DSA).	Damage to crops, livestock, equipment, farmland or real estate improvements caused by to a natural disaster as designated by the President, Secretary or FSA Administrator.	As a result of the disaster, a direct loan customer is unable to pay all expenses and make loan payments that are coming due. The borrower must have operated a farm or ranch in a county designated as a disaster area or in a contiguous county.	When an FSA borrower is unable to make the scheduled payments on any Farm Loan Program debt, FSA is authorized to consider DSA. Up to one full year's payment can be moved to the end of the loan.
CRP Haying and Grazing of Conservation Reserve Program Acres Allows producers to hay or graze CRP acreage during an emergency.	Emergency haying or grazing of CRP acres is authorized by the national FSA office or by utilizing the U.S. Drought Monitor.	A county must suffer a 40 percent or greater loss in normal hay and pasture production.	CRP annual rental payments received by contract holders are reduced 25 percent.
	TRIGGER	CHANGED TO D0	FOR 2012

FSA's disaster web page: http://disaster.fsa.usda.gov

For crop, livestock, honeybee and farm-raised fish losses and damaged farmland due to natural disasters such as drought, floods, hurricanes, freezes, wildfires and disease.



Sample of Drought-Relief Activities of Other Agencies

- <u>National Credit Union Administration</u>: Additional 1,000 credit unions able to increase lending to small businesses.
- <u>Small Business Administration</u> (w/ USDA and Dep't of Commerce: Community outreach events.
- <u>Department of Interior</u>: Grazing on federal lands.
- <u>Army Corps of Engineers</u>: Preserving navigation on the nation's waterways (e.g. dredging, release of water from reservoirs).
- <u>Department of Transportation</u>: Emergency exemptions of federal operating requirements to put more commercial drivers on the road.

Farmer participation in crop insurance programs is up significantly since 1988, which should provide a safety net for the majority of crop producers.

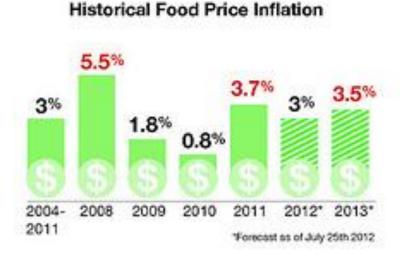
 Crop Insurance Coverage 1988 25% participation rate 2012 85% participation 	State	Percent of corn insured in 2011	Percent of soybeans insured in 2011
rate	Illinois	81	78
	Indiana	74	72
	lowa	90	91
	Kansas	88	78
	Kentucky	80	81
	Missouri	88	80
	Ohio	80	74

Source; RMA, State Profiles, July 2012.



US Drought and Your Food Costs

Note: Graphics represent all food (food at home + food away from home).



What it means: Food price inflation is expected to be close to the historical average this year and just slightly above that next year.



What it means: Commodity prices are just one of many factors affecting retail food prices. Commodities make up about 14% of the average retail food purchase, so even if all commodity prices doubled, retail food prices would increase by about 14%.*

"For additional information, see USDA ERS resources: http:// www.ers.usda.gov/media/131100/err114.pdf and http://www.ers. usda.gov/data-products/tood-price-outlook.aspx.

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Food Inflation Forecast

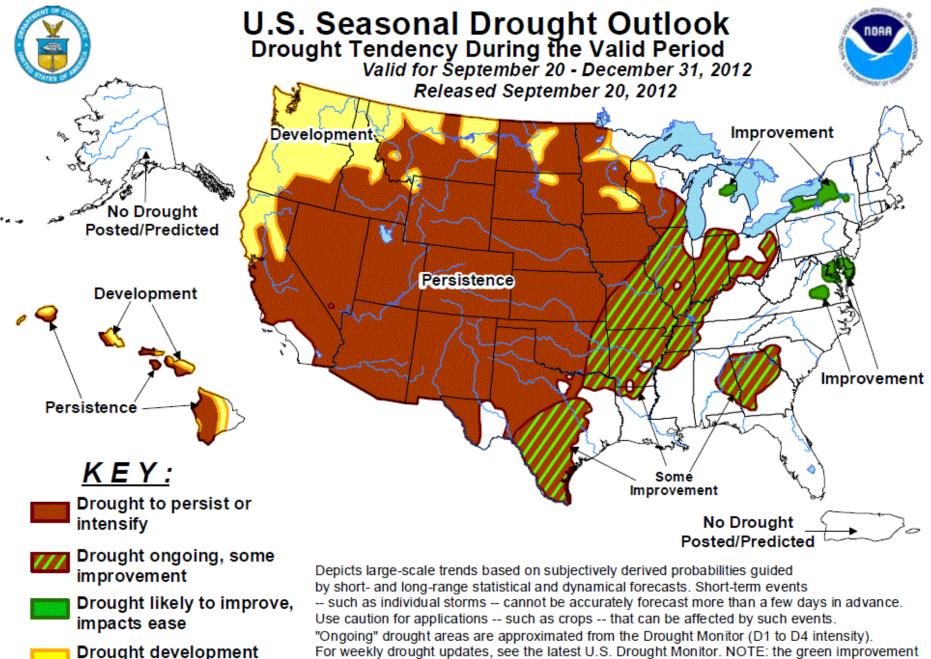
Annual food inflation in 2012 and 2013 are expected to remain near the 8-year average.

In 2012, retail prices are expected to fall relative to 2011.

 In 2013, retail prices are expected to rise slightly.

ltom	Annual	Forecast	Forecast
ltem	2011	2012 ²	2013
Consumer Price Indexes			
All food	3.7	2.5 to 3.5	3.0 to 4.0
Food away from home	1.9	2.0 to 3.0	2.5 to 3.5
Food at home	4.8	2.5 to 3.5	3.0 to 4.0
Meats, poultry, and fish	7.4	3.0 to 4.0	3.0 to 4.0
Eggs	9.2	1.0 to 2.0	3.0 to 4.0
Dairy products	6.8	2.0 to 3.0	3.5 to 4.5
Fats and oils	9.3	4.0 to 5.0	2.0 to 3.0
Fruits and vegetables	4.1	2.0 to 3.0	2.0 to 3.0
Sugar and sweets	3.3	2.0 to 3.0	2.0 to 3.0
Cereals and bakery products	3.9	3.5 to 4.5	3.0 to 4.0
Nonalcoholic beverages	3.2	1.5 to 2.5	2.5 to 3.5
Other foods	2.3	3.0 to 4.0	3.5 to 4.5

Source. USDA-ERS (The most recent forecast was published on July 25th, 2012 and is updated by the 25th of each month).



likely

areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

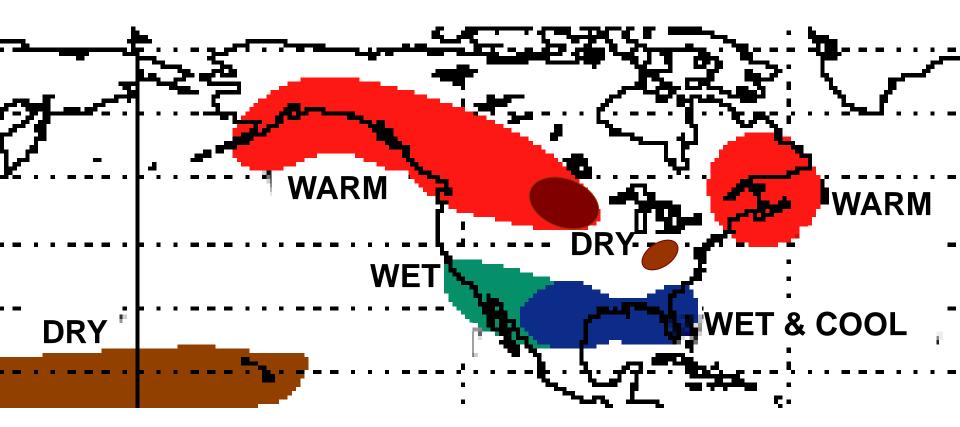
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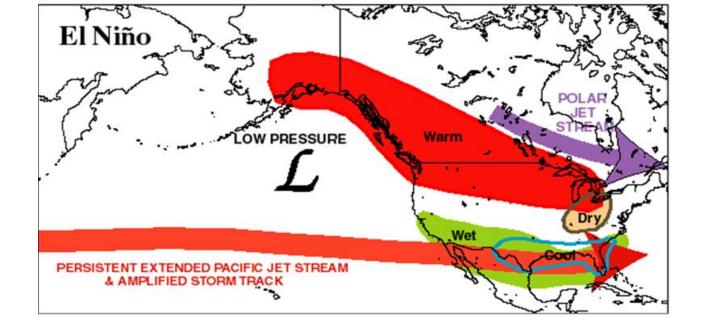
- Contact info
 - e-mail: brippey@oce.usda.gov
 - phone: (202) 720-2397

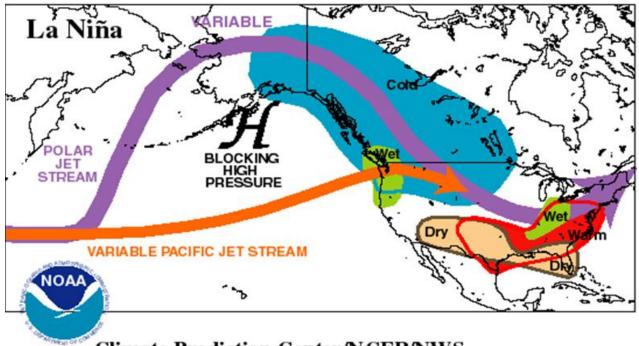
Chase Family Farm, Lewisburg, WV



Expected El Niño Impacts Autumn 2012 – Spring 2013







Climate Prediction Center/NCEP/NWS