



# Production Risk Management for Wyoming Ranches: The Supplemental Federal Agricultural Disaster Programs

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## Introduction

Wyoming ranchers are involved in risky enterprises and use a wide range of tools to manage risk and reduce the chances that they will suffer financial losses. They are experienced in formulating strategies for their operations and carefully develop and implement their production risk management strategies.

A Wyoming ranch manager is likely to choose among alternative risk management strategies on the basis of the ranch's financial structure and the ranch manager's preference and capacity for taking on or avoiding risk. A ranch manager will use a variety of production techniques to reduce forage and livestock losses; for example, a manager may use rotational grazing, inoculate livestock against disease, and carryover stocks of hay from one year to the next to have sufficient feedstuff. Additionally, ranchers make use of Federal crop insurance products and, supplemental federal disaster programs when the rancher is eligible.

The Food, Conservation and Energy Act of 2008 authorized five standing (or permanent) disaster programs. The most pertinent to Wyoming Livestock ranchers were the Livestock Forage Disaster Program (LFP), the Livestock Indemnity Program (LIP), and the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).

These programs were administered by the Farm Service Agency (FSA), USDA. These supplemental disaster assistance programs were used by ranch managers over the period 2008 to 2011 to address production losses attributable to disaster conditions. Appropriations to implement LFP, LIP and ELAP in fiscal year 2012 were not authorized under the Food, Conservation and Energy Act of 2008. Attempts in 2012 and 2013 made in Congress to reauthorize funding under those three programs for losses incurred in fiscal years 2012 and 2013 were not successful.

The Agricultural Act of 2014, passed February 7, 2014, makes the Livestock Forage Disaster Program, Livestock Indemnity Payments, and Emergency Assistance of Livestock, Honey Bees, and Farm-Raised

Fish permanent and provides for retroactive authority to cover eligible losses back to October 1, 2011.

This retroactive provision reinstates these programs for federal fiscal years 2012 (October 1, 2011 through September 30, 2012) and 2013 (October 1, 2012 through September 30, 2013).

The 2014 farm bill also reauthorizes the Tree Assistance Program for orchard and nursery tree growers, disaster losses, but the Supplemental Revenue Assistance (SURE) program for crops was discontinued as of September 30, 2011.

## The Reauthorized Permanent Supplemental Agricultural Disaster Programs

The **Livestock Forage Program (LFP)** provides compensation to eligible livestock producers who have suffered **grazing losses** because of qualifying **drought** or **fire**. **Drought**, losses eligible for compensation must have occurred because of a qualifying drought during the normal grazing period for a county on land that is native or improved pastureland with permanent vegetative cover, or land planted with a crop specifically for grazing livestock.

For **fire related losses**, the program provides payments to eligible livestock producers who have suffered grazing losses on rangeland managed by a **Federal agency** when the producer is not allowed to graze the normally permitted livestock on the managed rangeland because of a qualifying fire. The eligible grazing losses must occur in the same calendar year for which LFP program benefits are being requested.

Compensation provided under LFP can be used for any purpose by the program participant. In each fiscal year, such funds as necessary from the Commodity Credit Corporation will be used to provide financial assistance to eligible producers suffering an eligible loss under the LFP.

Details on eligible grazing types, eligible grazing lands, eligible covered livestock and eligible livestock

producers are described in a following section of this paper.

A general signup period and ending date are not applicable for LFP. A county FSA office announces that livestock producers in the county may make application for LFP because the county has a **qualifying drought** based on the U.S. Drought Index severity rating. The severity of the index severity rating will also influence the level of payments made to livestock producers. These ratings and payment levels are described.

The **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)** provides disaster aid assistance to eligible producers of livestock, honeybees, and farm-raised fish. Disaster aid under ELAP is provided to producers who have losses due to disease, adverse weather, or other conditions, including losses due to blizzards or wildfire, as determined by the Secretary of Agriculture. The ELAP program provides disaster aid for losses incurred by Wyoming ranches are **not covered** under LFP or LIP.

Historically, ELAP has provided coverage for several types of losses incurred by livestock producers that are not eligible for aid under other disaster aid programs. Among these types are:

- (1) Livestock producers are eligible for ELAP disaster aid if they have grazing losses due to eligible adverse weather or other eligible loss conditions that occurred on eligible grazing lands physically located in a county that experiences the adverse weather or other loss conditions. Eligible adverse weather and loss conditions include, but are not limited to blizzards, floods, hurricanes, wildfires on non-federal lands, and hail.
- (2) Livestock producers of forage or feedstuffs intended for feed for the producer's livestock are eligible for ELAP if feed is damaged or destroyed when the feed is located in a county that experienced the adverse weather or loss conditions.

- (3) Livestock producers are eligible for ELAP to cover a portion of the loss related to additional costs incurred in transporting livestock feed to eligible livestock due to an eligible adverse weather or loss condition.
- (4) Livestock producers are eligible for ELAP to cover a portion of the loss related to the cost of purchasing additional livestock feed above normal quantities to maintain eligible livestock due to adverse weather or eligible loss condition until livestock feed becomes available. The additional feed has to be fed to livestock in the county where the eligible adverse weather or adverse loss condition occurs.
- (5) Livestock producers are eligible for ELAP for losses due to livestock death in excess of normal mortality because of loss condition that is eligible under ELAP but **not** eligible under LIP. ELAP also covers death losses due to other eligible loss conditions.

Details on eligibility criteria and select examples of financial assistance that can be provided to livestock producers are below.

The 2014 Act provides a maximum national funding level of \$20,000,000 per fiscal year to compensate farmers and ranchers for all approved claims under ELAP. This could result in the proration of claim amounts in any fiscal year in which the sum of all approved ELAP claims exceeds the \$20,000,000 funding maximum unless supplemental appropriations are authorized.

The **Livestock Indemnity Program (LIP)** provides payments to eligible livestock owners and contract growers for livestock death loss in excess of normal mortality due to adverse weather and attacks by animals reintroduced into the wild by the Federal government or protected by Federal law including wolves and avian predators.

LIP payments are based on eligible losses incurred by individual owners (or contract growers) because of adverse weather conditions. No Secretarial Disaster

Declaration, Presidential Disaster Declaration, state, county, or other trigger is needed to define eligibility for LIP.

Several forms of adverse weather events may cause livestock deaths eligible for compensation under LIP. These include blizzards, tornadoes, lightning, earthquakes, floods, extreme cold, extreme heat, wildfire, and disease.

Wildfires that cause livestock deaths must be related to an adverse weather event. Drought is generally not an eligible adverse weather event for the cause of livestock death under LIP.

The general indemnity calculation under LIP is 75 percent of the average fair market value of the eligible livestock on the day before death, as determined by FSA.

Details on eligibility criteria and select examples of compensation for livestock death loss are presented in a subsequent section of this paper.

## Select Common Provisions for LFP, ELAP, and LIP

The **eligible livestock producers** for each program as fully described in the FSA Handbooks. One provision common to all programs is that an eligible producer be an individual or entity that is:

- (a) a citizen of the United States
- (b) a resident alien
- (c) a partnership of the United States
- (d) a corporation, limited liability corporation, or other farm organizational structure organized under State law
- (e) any Native American tribe defined in the Indian Self-Determination and Education Assistance Act
- (f) any Native American organization or entity chartered under the Indian Reorganization Act; or
- (g) any economic enterprise under the Indian Financing Act.

**Ineligible** to receive benefits from any of these programs is a legal entity with adjusted gross income (AGI) that exceeds \$900,000.

The **maximum payment** per **person** for LFP, ELAP or LIP in any fiscal year is \$125,000. This is also the combined maximum payment for LFP, ELAP and LIP in a fiscal year.

**Eligible livestock producers** must also comply with those USDA conservation requirements that are applicable to ranch operations including the maintenance of a conservation plan on highly erodible cropland.

## Details of LFP

**Eligibility Requirements for LFP:** To be eligible for the LFP, several conditions must be met. These include eligibility conditions for grazing land, livestock and producers.

**Eligible Grazing Types:** In each county, different types or varieties of pasture and grazing crops shall be grouped into one of the following: improved pasture with permanent vegetative cover (nonirrigated); native pasture with permanent vegetative cover (nonirrigated); and forage sorghum crops planted specifically for the purpose of providing grazing for covered livestock.

**Eligible Grazing Lands:** State and Federal lands are eligible grazing lands if either of the following apply: (1) the land is leased on a long term basis and the Farm Service Agency determines that the lease requires the participant to make a contribution, including but not limited to wells, fences, or other maintenance and upkeep inputs; or (2) pasture or grazing land is leased for cash or a fixed amount for an established grazing period.

Eligible land could be irrigated grazing land that was not irrigated during the current production year because of lack of water for reasons beyond the participant's control.

Privately owned, cash or share leased pasture or rangeland that is used to provide grazing for covered livestock is eligible land.

Livestock producers are responsible for providing documentation such as written leases to the Farm Service Agency to show that their contributions are at risk in the pasture and grazing land for which benefits are requested under LFP.

*Eligible Covered Livestock:* To be considered eligible covered livestock, livestock must meet **all** of the following conditions:

- (1) Be adult and non-adult beef cattle, adult and non-adult buffalo/beefalo, adult and non-adult dairy cattle, alpacas, deer, elk, emus, equine, goats, lamas, poultry, reindeer, sheep, or swine.
- (2) Be livestock that would have normally been grazing the eligible pasture or grazing land in the county on the beginning date:
  - (a) of the qualifying drought during the normal grazing period for the specific pasture or grazing land for the county (but if the producer had to move the livestock to another county for grazing, the livestock would be eligible to be included when calculating the monthly feed cost),
  - (b) when the Federal agency prohibited the eligible livestock producer from using the managed grazing land because of fire.
- (3) Be livestock that the eligible livestock producer:
  - (a) owned, purchased, or leased, anytime in the 60 calendar days before the beginning date of the qualifying drought or fire, or was a contract grower of,
  - (b) sold or otherwise disposed of because of a qualifying drought during:
    - (1) the current production year
    - (2) one or both of the two production years immediately preceding the current production year.
- (4) Maintained for commercial use as part of the producer's farming operation on the beginning date of the qualifying drought or fire.
- (5) Not have been produced or maintained for reasons other than commercial use as part of the producer's farming operation.
- (6) Not been livestock that were or would have been in a feedlot on the beginning date of the qualifying drought or fire as part of the normal business operation of the producer.

*Mitigated livestock* may also be eligible livestock. When livestock are sold or otherwise disposed of because of a qualifying drought during the current production year, or were sold or otherwise disposed of because of a qualifying drought in one or both of the two production years immediately preceding the current production year, and other program requirements are met, they will likely be eligible for financial assistance under LFP.

Some livestock are **ineligible for LFP**. These are primarily livestock produced or maintained for reasons other than commercial use as part of a farming operation. Such animals would include livestock produced or maintained for recreational purposes such as consumption by the owner, hunting, roping, showing, etc. In addition, livestock physically located **in a feedlot** are **not** eligible.

Other **ineligible livestock** include yaks, ostriches, and wild or free-roaming livestock including horses and deer, and **all** beef and dairy cattle, and buffalo and beefalo that weighed **less than 500 pounds** on the beginning date of the qualifying drought or fire.

*Eligible Livestock Producers:* To be considered an eligible livestock producer, the producer must:

- (1) During the 60 calendar days before the beginning date of the qualifying drought or fire, own, cash or share lease, or be a contract grower of covered livestock.
- (2) Provide pastureland or grazing land for covered livestock including cash-rented pastureland that is either:

- (a) physically located in a county affected by a qualifying drought during the grazing period for the county
- (b) rangeland managed by a Federal agency for which the otherwise eligible livestock producer is prohibited by the Federal agency

from grazing the permitted livestock because of a qualifying fire normally.

(3) Certify that the livestock producer has suffered a grazing loss because of a qualifying drought or fire to be eligible for LFP payments

(4) File a timely report of acreage for all grazing land for which a loss is being claimed

(5) Be an individual or entity as described in the common provisions.

**LFP Signup:** For grazing losses, a general signup period and ending date are **not** applicable for LFP. A county Farm Service Agency office will announce that producers in the county may make application for LFP that the county has a **qualifying drought** based on the U.S. Drought Monitor severity rating (but only after the county and state office is notified of the qualifying drought by the national office of the Farm Service Agency).

Alternatively, a producer impacted by grazing losses due to fire on Federally managed grazing land will be expected to notify their county Farm Service Agency office of their losses. Producers will communicate that they were notified by the Federal land management agency that they are prohibited from grazing their normally permitted livestock and/or that their normal grazing days are reduced because of the fire. Local Farm Service Agency personnel shall verify details of such losses with documentation provided by the Federal land management agency.

**Qualifying droughts** are rated by the U. S. Drought Monitor as any of the following:

- (1) **D2** (severe drought) in a county for at least 8 consecutive weeks during the normal grazing

period for the specific type of grazing land or pastureland.

- (2) **D3** (extreme drought) intensity in a county at any time during the normal grazing period for the specific period for the specific type of grazing land or pastureland.

- (3) **D3** (extreme drought) intensity in a county for at least 4 weeks during the normal grazing period (not consecutive weeks) for the specific type of grazing land or pastureland, **or D4** (exceptional drought) intensity in a county at any time during the normal grazing period for the specific grazing land or pastureland.

- (4) **D4** (exceptional drought) intensity in a county for four weeks (consecutive weeks unnecessary) during the normal grazing period for specific type of grazing land or pastureland.

With a qualifying drought in any area of a county, the entire county is eligible and eligible livestock producers who certify a grazing loss are eligible for LFP as long as they meet all other criteria.

An eligible livestock producer may receive assistance for grazing losses because of a **qualifying fire** only if (1) grazing losses occurred on rangeland managed by a Federal agency and (2) the eligible livestock producer is prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland because of a fire. Grazing losses must occur in the calendar year that the benefits are requested.

#### **Beginning Dates for Qualifying Droughts and Fires:**

The national Farm Service Agency office will track the U.S. Drought Monitor and notify applicable state and county Farm Service Agency offices each week about the counties eligible for LFP because of a qualifying drought. The national office will determine the beginning date of a qualifying drought by **pasture type** and notify the applicable state and county Farm Service Agency offices of the beginning date of a D2, D3, or D4 drought intensity rating.

**The normal grazing period for the grazing types native pasture and improved pasture are specified for all Wyoming counties (Table A-1).**

FSA county office personnel shall request documentation from the Federal agency that manages the rangeland to substantiate that a qualifying fire has occurred. They will identify the location of the fire, the cause of the fire, the date the fire started, and whether livestock producers were prohibited from grazing their normal permitted livestock and/or whether grazing days were reduced because of the fire. Based on this information, the local FSA personnel will determine on what date the Federal agency first excluded permitted livestock from grazing.

**LFP Payments:** A livestock producer will be eligible to receive LFP payments for grazing losses because of a **qualifying drought** equal to 1, 3, 4 and 5 times the monthly payment rate (Appendix A-2). Consider the following schedule:

- (1) An eligible livestock producer with grazing land in a county that is rated D2, **severe drought**, for at least 8 weeks for the specific type of grazing land or pastureland will be eligible for a **one month payment**, a payment equal to the monthly feed cost.
- (2) An eligible livestock producer with grazing land or pastureland located in a county that is rated **D3, extreme drought**, at any time during the normal grazing period for the specific type of grazing land or pastureland in the county will be eligible for **3 months payment**.
- (3) An eligible livestock producer with grazing land or pastureland that is physically located in the county that is rated **D3, extreme drought**, for at least **4 weeks** during the normal grazing period for the specific type of grazing land or pastureland, will be eligible for **4 months payment**.

An eligible livestock producer with grazing land or pastureland located in a county that is rated as **D4, exceptional drought**, at any time during the normal grazing period for the specific type

of grazing land or pastureland in the county will be eligible to **receive 4 months payment**.

- (4) An eligible livestock producer with grazing land or pastureland that is located in a county that is rated **D4, exceptional drought** for four weeks, not necessarily consecutive during the normal grazing period will be eligible to **receive 5 months payment**.

The **LFP Payment Rate** for losses because of a **qualifying drought** is calculated at 60 percent of the **smaller** of two alternative measures of the cost of lost feed:

- (1) The monthly payment rate (for a particular kind, type and weight of livestock, presented in Appendix Table A-2) is multiplied by the number of head of eligible livestock. This is done across all applicable kind, type and weights of livestock and the products of these calculations are then summed.
- (2) The number of grazing land or pastureland acres of a specific a specific type of grazing land is divided by the normal carrying capacity per animal unit of the specific type of eligible grazing land or pastureland. This number is then multiplied by 30 days, and multiplied again by the daily feed cost per animal unit, AU.

In case 1, consider a ranch with 100 head of adult beef cattle that in 2014 suffers a forage loss due to drought:

**100 head x \$52.56/head = \$5,256, so the potential aggregate payment for 1 month is: \$5,256 x 0.60 = \$3,154.**

In case 2, consider the ranch has 100 head of adult beef cattle on 1,000 acres of grazing land with had a carrying capacity of 5 acres per AU. The aggregate payment calculation for 1 month is otherwise as follows:

**1,000 acres of grazing land/5 acres per AU normal carrying capacity = 200 AU**

$\$52.56/30 \text{ days} = \$1.7520 \text{ daily feed cost}$   
 $200 \text{ AU} \times 30 \text{ days} \times \$1.7520 \text{ daily feed cost} =$   
 $\$10,512$ , so the potential payment is:  
 $\$10,512 \times 0.60 = \$6,307$ .

The aggregate payment for 1 month would therefore be \$3,154 for loss of grazing for the 100 head of adult beef cattle because that is a lower value obtained from the two calculations. The total loss payment would depend on the drought severity ruling that is a D2 drought rating would yield one monthly payment, whereas D3, D4, and D5 ratings will yield multiple monthly payments.

LFP payments to an eligible livestock producer in a calendar year for grazing losses **because** of a qualifying drought cannot exceed **5** monthly payments for the same livestock.

For a livestock producer who sold or otherwise disposed of covered livestock because of drought conditions in **one or both** of the preceding two production years, the payment rate will be **80** percent of the monthly rate.

Payment calculations are similar when grazing losses occur because of **fire** on **federally managed lands**. The payment begins on the first day the permitted livestock are prohibited from grazing the eligible rangeland and ends on the earlier of either the last day of the Federal lease of the livestock producer or the day that would make the period a 180 day calendar period.

The payment rate is **50 percent** of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland because of the fire, not to exceed 180 days.

Consider a situation where a ranch is permitted for 100 animal units for 100 days. A fire results in 75 fewer animal units being permitted for 100 grazing days.

To determine the payment for grazing loss due to fire, the smaller of two calculations is selected:

- (1) [Permitted AUs x normal grazing days x AU daily rate] x 50 percent = Maximum Payment Amount

$[100 \text{ AUs} \times 180 \text{ calendar days} \times \$1.7520 \text{ daily payment rate}] \times 0.50 = \$15,768$ .

- (2) [Reduced AUs x reduced grazing days x AU daily rate] x 50 percent = Value of Grazing Reduction due to Fire

$[75 \text{ reduced AUs} \times 100 \text{ fewer grazing days} \times \$1.7520 \text{ daily payment rate}] \times 0.50 = \$6,750$ .

In this case the eligible livestock producer would receive \$6,750 because the producer was not permitted to run 75 animal units on the Federally managed rangeland for 100 days of the grazing period.

### A Drought Impacted Wyoming Ranch

A Fremont County ranch annually has 500 cows with calf at side, 20 mature range bulls, 75 un-bred replacement heifers and 6 saddle horses at the beginning of the normal grazing season.

1. The livestock inventory is grazed on 15,000 acres of non-irrigated native range owned and cash leased.

During the 2014 production year a D2 intensity-rated drought occurs in Fremont County. The drought begins on July 15th and continues until September 28th. The normal grazing period in Fremont County, and all Wyoming counties, runs from April 1 through October 15.

In a D2 drought, the rancher will be eligible for a one-month payment equal to 60 percent of the monthly feed cost for the number of his eligible livestock. The rancher will receive the lesser of the following two calculations of the monthly feed cost:

520 Beef, Adult Cows and Bulls at \$52.56 per head = \$27,331.

75 Beef, Non-adult animals at 500 pounds or more at

\$39.42 per head = \$2,957.

6 Horses, all at \$38.90 per head = \$233.

**Total = \$30,521**

**(0.60) x \$30,521 = \$18,313**

Consider the native grass lost: 15,000 acres/ 30 acres per AU = 500 AU x \$52.56 per AU = \$ **26,280**.

Animal unit equivalents by animal type are included in Appendix Table A-3.

**The potential payment is therefore: (0.60) x \$26,280 = \$15,768.**

On this ranch, the payment because of feed loss will be \$15,768, the smaller of the two estimates.

The Agricultural Act of 2014, provides for LFP to be applicable for losses incurred in fiscal years 2012 and 2013. LFP eligibility beginning dates for these years are shown (Appendix Tables A-4 and A-5)

## **A Fire Impacted Wyoming Ranch**

On a second ranch in Fremont County cattle are pastured on grazing land managed by the U.S. Forest Service.

The second ranch has 500 animal units (AUs) of permitted grazing for the maximum of 180 permitted days. A forest fire occurs about a third of the way through the 2014 grazing season and the 350 of the 500 animal units are restricted from the permitted grazing for the remaining 120 days of the permitted grazing period.

To determine the payment for grazing loss due to fire, the smaller of two calculations is selected:

### Calculation 1:

500 permitted animal units x 180 permitted days = 90,000 animal unit days x \$1.7520 animal unit day payment rate = \$157,680, where the animal unit day payment rate is the AUM rate/30 days.

Using calculation 1, the payment would be 50 percent of this amount: that is, **(0.50) x \$157,680 = \$78,840**.

### Calculation 2:

350 lost animal units x 120 lost grazing days from permit = 42,000 total reduced animal unit days x \$1.7520 animal unit day payment rate = \$73,584. Thus in calculation 2, the payment equals **(0.50) x \$73,584 = \$36,792**.

On this ranch the financial assistance for grazing loss due to fire on federally managed land would be therefore \$36,972.

## **Details of ELAP**

**ELAP Payment Rates:** Payments for eligible **livestock feed** losses that the producer incurred in a calendar year will be based on **60 percent of the producer's cost of:** replacing livestock feed that was damaged or destroyed; or, the additional cost incurred for providing or transporting livestock feed; or, the additional cost of purchasing additional livestock feed above normal quantities. If the feed was raised by the livestock producer, the county-level Farm Service Agency committee will determine its fair market value.

Payments for **grazing losses**, not to exceed 90 days, for reasons other than drought or wildfires will be based on the lesser of 60 percent of: the total value of the feed cost for all covered livestock owned by the eligible livestock producer based on the number of grazing days lost; or, the total value of grazing lost for all eligible livestock based the carrying capacity of the eligible grazing land for the number of grazing days lost. Payments for **grazing losses due to wildfires on non-Federal grazing lands** will be based on **50 percent of the value of the lost grazing** based on the carrying capacity of the eligible grazing land, not to exceed 180 days of lost grazing.

**Payments for livestock death losses** due to eligible loss conditions will equal **75 percent of the market value** of the eligible livestock lost in excess of the normal mortality. Market values used for such compensation will be consistent with those specified for LIP payments.

**Example Payment Calculations:** A livestock producer in Fremont County bought alfalfa to supplement the hay he produces on the ranch to feed his beef cows

and replacements during the winter months. An early-September lightning –caused range wildfire that started on nearby BLM rangeland jumped the county road and set fire and totally destroyed 300 tons of alfalfa hay that he had purchased and had delivered to the ranch’s feeding yard.

The rancher discussed the purchased feed loss with personnel in the local Farm Service Agency office and filed a request for reimbursement of his loss of the alfalfa hay. With proper documentation of the value of the purchased feed that was destroyed due to wildfire, it was expected that he would be compensated for 60 percent of the purchase price of the 300 tons of alfalfa. The rancher’s invoice from the trucking firm that delivered the alfalfa showed that he paid \$204 a ton for the feed delivered to the ranch.

The calculation for the compensation for the purchased feed lost is:

$$\text{[(Quantity of Feed Lost) x (Price per Unit of Feed Lost)] x [0.60, the compensation portion] x [Producer’s share] = Compensation for Feed Lost}$$

The expected compensation for the 300 tons of alfalfa lost due to wildfire that the rancher had sole ownership of is:

$$[(300 \text{ tons of alfalfa hay}) \times (\$204/\text{ton delivered})] \times [0.60] \times [1.00] = \$36,720.$$

## Details of LIP

**Triggers:** LIP payments will be based on **individual producers’ eligible losses due to adverse weather conditions**/or livestock losses due to attacks by animals reintroduced into the wild by Federal law including wolves and other predators.

Several adverse weather events may cause livestock deaths that can be compensated. These include blizzards, tornadoes, lightning, earthquakes, floods, extreme cold, extreme heat, wildfire and disease.

Wildfire that causes livestock deaths must be related to an adverse weather event. Disease that causes livestock death must be related to or exacerbated by

an eligible adverse weather event to be an eligible cause of livestock death.

Drought is **not** an eligible adverse weather event for the cause of livestock death except when associated with anthrax.

**Eligibility Considerations:** To be eligible for LIP, livestock must be maintained for **commercial use** as part of a **farming operation**.

An eligible owner must own eligible livestock on the day the livestock died to qualify for **LIP**. Furthermore, the eligible livestock must have died in the calendar year for which **LIP** benefits are requested.

Eligible livestock include many types and weight ranges. The general types of livestock considered eligible are as follows: adult/non-adult beef cattle; adult/non-adult dairy cattle; adult/non-adult buffalo and beefalo; equine (maintained for commercial use as part of a farming operation); elk; reindeer; deer; sheep; alpacas; emus; swine; goats; llamas; and poultry. To be considered eligible livestock for contract growers, the livestock must be poultry or swine and meet certain additional requirements.

**Notice of Loss:** A **notice of loss** can be reported by a producer to the local county Farm Service Agency office by telephone, fax or e-mail. Documentation must be provided in the **notice of loss** that identifies the kind/type/weight range of the livestock and the number of livestock in each category.

Proof of death of livestock must be provided and may include but is not limited to, any or a combination of the following: rendering truck receipts or certificates; national guard receipts for carcass removal; veterinary records; tax assessor records; private insurance documents; or a measurement of loss requested by the producer and completed by the Farm Service Agency. In some cases, third party certification of loss may be accepted.

**LIP Loss and Payment Calculations:** These calculations are initiated by first determining the **Total Eligible Number Lost**. Then the **Net Total LIP Payment** is calculated.

The calculations for the **Total Eligible Number Lost** are:

**Total Eligible Number Lost** = Total Number of Head Lost – **Net Loss Threshold**

**Net Loss Threshold** = **Loss Threshold** – Number of Head Lost due to non-weather related events

**Loss Threshold** = Beginning Inventory X **Normal Mortality Rate** (See Appendix Table A-6)

The calculations for the **Net LIP Payment** are:

**Gross Calculated LIP Payment** = **Total Eligible Number Lost** (by livestock kind/type and weight range) x **Payment Rate** (by livestock kind/type and rate range).

The **Payment Rate** for livestock deaths suffered by a livestock owner is 75 percent of the average market value on the day before the date of livestock death as established by the Farm Service Agency. (See Appendix Table A-7).

**Total Gross Calculated LIP Payment** = Sum of all **Gross Calculated LIP Payments**

**Net Total LIP Payment** = **Total Gross Calculated LIP Payment** – any other compensation from a federal disaster program for the same or similar loss or any other allowable reduction (at this time none are known).

**Example of Livestock Death Loss and LIP Payments.** A ranch in Fremont County was severely impacted by a long-lasting blizzard that began on February 12. Following the blizzard the rancher immediately notified the local Farm Service Agency office that he had suffered death losses in his cow-calf herd. Prior to the storm the rancher had the following livestock inventory:

Mature cows-----500 head  
Mature herd bulls-----16 head  
Replacement heifers  
(400-799 pounds)-----75 head  
Saddle horses-----6 head

The rancher calves in late February so there were no current-year calves in the inventory at the time of the blizzard.

Largely due to drifting snow during the blizzard, the rancher lost 30 mature cows, 1 bull and 15 replacement heifers. No saddle horses were lost because they had been put into stalls during the blizzard.

Consider the calculations for the **Eligible Number Lost** and **Net LIP Payment** for each type and weight range of livestock.

**Loss Threshold** = Beginning Inventory x **Normal Mortality Rate** (Refer to Appendix Table A-6)

Loss Threshold for Mature Cows = 500 head x 2.00% = 500 head x 0.02 = 10 head

Loss Threshold for Mature Bulls = 16 head x 2.00% = 16 head x 0.02 = 0.32 head = 0 Bulls

Loss Threshold for Replacement Heifers = 75 head x 2.00 % = 75 head x 0.020 = 1.5 head = 2 head

Loss Threshold values are rounded to the nearest whole animal using conventional rounding rules. As there were no death losses reported due to non-weather related events, the **Loss Threshold** estimates are also the **Net Loss Threshold** values.

**Total Eligible Number Lost** = Total Number of Head Lost – **Net Loss Threshold**

Total Eligible Number of Mature Cows Lost = 30 cows – 10 head = 20 head of mature cows.

Total Eligible Number of Mature Bulls Lost = 1 bull – 0 bulls = 1 bull.

Total Eligible Number of Replacement Heifers Lost = 15 head – 2 head = 13 head of replacement heifers.

**Gross Calculated LIP Payment** = **Total Eligible Number Lost** x **Payment Rate** (Appendix Table A-6).

LIP Payment for Mature Cows Lost = 20 head x \$1,223.45 = \$ 24,469

LIP Payment for Mature Bulls Lost = 1 head x \$1,590.49 = \$1,590

LIP Payment for Replacement Heifers Lost = 13 head x \$1,149.39 = \$14,942

**Total Gross Calculated LIP Payment**  
= **\$41,001**

## Other LIP Program Details

Drought is not an eligible adverse weather event under LIP because feed can be purchased in the event of drought. Therefore, drought is not an eligible weather event except when anthrax, as related to a condition that occurs as a result of drought, results in the death of eligible livestock.

Livestock deaths because of insufficient or contaminated water or feed during a drought are considered to be the result of management decisions and are **not** eligible for LIP.

**Extreme Heat and Extreme Cold as Eligible Adverse Weather Events:** The state-level offices of the Farm Service Agency are responsible for establishing criteria for livestock deaths because of extreme heat or cold. Farm Service Agency personnel will be required, in each case where extreme heat or extreme cold is the cause of death, to document that the cause of loss was because of extreme heat or extreme cold, that management decisions were not the cause of loss, and that the extreme heat or cold was so abnormal that it could reasonably cause the deaths.

**Livestock Deaths due to Disease:** Participants who apply for livestock deaths caused by disease are required to provide documentation to support how the disease was accelerated or exacerbated by an eligible adverse weather event before an LIP application can be approved.

For example, blackleg is frequently a fatal disease for young cattle. Blackleg is almost entirely preventable

by vaccination; therefore blackleg is **not** an eligible cause of death loss under LIP.

**Ineligible Livestock:** Livestock produced or maintained for reasons other than commercial use as part of a farming operation are ineligible for LIP, including for recreational purposes, home consumption by the owner, hunting, pets, pleasure, roping, and show.

If an animal raised for commercial purposes in a farming operation is pregnant at the time of a death caused by an eligible adverse weather event, the animal that died is eligible for payment under LIP. However, the unborn animal is **not** considered eligible livestock under LIP.

Animals that die before they reach full-term or near full-term and would not normally survive under normal conditions do not qualify for LIP benefits. However, there are conditions under which newborn or stillborn animals are eligible for LIP. Animals that are born full-term or near full-term shall qualify for LIP payments if both of the following conditions apply: (1) the death was directly caused of the eligible adverse weather event, and (2) the birth produced a fully developed carcass that would be expected to survive under normal weather conditions.

## Appendix

**Table A-1: Normal Grazing Period and LFP Start and End Date**

Pasture Type*	Start Date	End Date	County
Native Pasture	April 1	October 15	All Counties
Improved Pasture	April 1	October 15	All Counties

\* All other pasture types are N/A to Wyoming.

**Table A-2: Monthly Feed Cost Payment Rates for Covered Livestock under LFP**

Kind of	Type	Weight Range	Payment Rate Per Head			
			2011	2012	2013	2014
Beef	Adult	Cows and Bulls	\$34.57	\$51.81	\$57.27	\$52.56
	Nonadult	500 pounds or more	\$25.93	\$38.86	\$42.96	\$39.42
Dairy	Adult	Cows and Bulls	\$89.89	\$134.71	\$148.90	\$136.66
	Nonadult	500 pounds or more	\$25.93	\$38.86	\$42.96	\$39.42
Buffalo/	Adult	Cows and Bulls	\$34.57	\$51.81	\$57.27	\$52.56
	Nonadult	500 pounds or more	\$25.93	\$38.86	\$42.96	\$39.42
Sheep	All		\$8.64	\$12.96	\$14.32	\$13.14
Goats	All		\$8.64	\$12.96	\$14.32	\$13.14
Deer	All		\$8.64	\$12.96	\$14.32	\$13.14
Equine	All		\$25.58	\$38.34	\$42.38	\$38.90
Swine		Less than 45 pounds	\$1.03	\$1.55	\$1.72	\$1.56
		45 to 124 pounds	\$2.41	\$3.63	\$4.01	\$3.67
		125 to 234 pounds	\$4.15	\$6.22	\$6.87	\$6.31
	Sow	235 pounds or more	\$14.18	\$21.24	\$23.48	\$21.56
	Boar	235 pounds or more	\$8.31	\$12.43	\$13.74	\$12.63
Elk		Less than 400 pounds	\$7.61	\$11.40	\$12.60	\$11.58
		400 pounds to 799 pounds	\$14.18	\$21.24	\$23.48	\$21.56
		800 pounds or more	\$18.67	\$27.98	\$30.93	\$28.39
Poultry		Less than 3 pounds	\$0.22	\$0.33	\$0.36	\$0.33
		3 pounds to 7.9 pounds	\$0.44	\$0.65	\$0.72	\$0.66
		8 pounds or more	\$0.99	\$1.48	\$1.64	\$1.50
Reindeer		All	\$7.61	\$11.40	\$12.60	\$11.58
Alpacas		All	\$28.48	\$42.68	\$47.18	\$43.30
Emus		All	\$17.69	\$26.52	\$29.31	\$26.90
Llamas		All	\$12.62	\$18.91	\$20.90	\$19.18

**Table A-3: Animal Unit Equivalent by Animal Type**

<b>Animal Type</b>	<b>Unit</b>
Dairy Cow or Bull	2.00
Beef, Buffalo, or Beefalo Adult Cow or Bull	1.00
Equine	1.00
Dairy Cattle, Beef Cattle, Buffalo, or Beefalo 500 lbs. or more	.50
Deer	.25
Sheep or Goats	.25
Lambs or Kids	.14
Reindeer or Elk	.22
Alpaca	.82
Llama	.36
Emu	.51
Swine	.41

**Table A4: Wyoming Normal Mortality Rates for LIP**

<b>County</b>	<b>Start Date</b>	<b>Eligible Months</b>
Albany	D3 - 7/24	4
Big Horn	D3 - 9/4	4
Campbell	D3 - 7/24	4
Carbon	D3 - 6/5	4
Converse	D3 - 7/24	4
Crook	D3 - 7/24	4
Fremont	D3 - 7/10	4
Goshen	D3 - 7/24	5
Hot Springs	D3 - 9/4	4
Johnson	D2 - 07/03	4
Laramie	D3 - 6/26	5
Lincoln	D3 - 6/19	4
Natrona	D2 - 6/26	4
Niobrara	D3 - 7/24	5
Park	D3 - 9/4	4
Platte	D3 - 7/24	5
Sheridan	D3 - 9/4	4
Sublette	D3 - 7/10	4
Sweetwater	D3 - 6/5	
Teton	n/a	n/a
Uinta	D3 - 6/19	4
Washakie	D3 - 9/4	4
Weston	D3 - 7/24	4

**Table A-5: Payment Rates for Eligible Livestock for Livestock Owners**

<b>County</b>	<b>Start Date</b>	<b>Eligible Months</b>
Albany	D3 - 4/1	4
Big Horn	D3 - 4/1	4
Campbell	D3 - 4/16	4
Carbon	D3 - 4/1	4
Converse	D3 - 4/16	4
Crook	D3 - 4/1	4
Fremont	D3 - 4/1	4
Goshen	D3 - 4/16	4
Hot Springs	D3 - 4/1	4
Johnson	D3 - 4/1	4
Laramie	D3 - 4/9	4
Lincoln	D3 - 4/1	4
Natrona	D3 - 4/1	4
Niobrara	D3 - 4/16	4
Park	D3 - 4/1	4
Platte	D3 - 4/16	4
Sheridan	D3 - 4/1	4
Sublette	D3 - 4/1	4
Sweetwater	D3 - 4/1	4
Teton	n/a	n/a
Uinta	D2 - 4/1	1
Washakie	D3 - 4/1	4
Weston	D3 - 4/16	4

**Table A-6: Wyoming Normal Mortality Rates for LIP, 2011 and Subsequent Years**

Kind	Type	Weight Range	Normal Annual Mortality Rates
Alpacas			5.00%
Beef	Non Adult	Less than 400 pounds	3.60%
		400 pounds to 799 pounds	3.60%
		800 pounds or more	1.00%
	Adult	Cow	1.00%
		Bull	1.00%
Buffalo/Beefalo	Non Adult	Less than 400 pounds	3.60%
		400 pounds to 799 pounds	3.60%
		800 pounds or more	1.00%
	Adult	Cow	1.00%
		Bull	1.00%
Chickens	Layers/Roasters		13.70%
	Broilers/Pullets		13.70%
	Chicks		13.70%
Dairy	Non Adult	Less than 400 pounds	3.60%
		400 pounds to 799 pounds	3.60%
		800 pounds or more	1.00%
	Adult	Cow	1.00%
		Bull	1.00%
Deer			Not Established
Ducks	Ducks		6.50%
	Ducklings		10.00%
Elk			2.20%
Emus			Not Established
Equine			5.40%
Geese	Goose		6.50%
	Gosling		10.00%
Goats	Bucks		5.00%
	Nannies		5.00%
	Slaughter Goats/Kids		10.00%
Llamas			5.00%
Reindeer			Not Established
Sheep	Rams		4.90%
	Ewes		4.905
	Lambs		13.60%
Swine	Sows/Boars	Over 450 pounds	2.90%
	Sows/Boars/Barrows/Gilts	151 to 450 pounds	2.90%
	Lightweight Barrows/Gilts	50 to 150 pounds	2.90%
	Feeder Pigs	Under 50 pounds	10.00%
Turkeys	Toms/Fryers/Roasters		6.50%
	Poults		10.00%

**Table A-7: Payment Rates for Eligible Livestock for Livestock Owners, 2011 - 2014**

Kind	Type	Weight Range	Payment Rate Per Head			
			2011	2012	2013	2014
Alpacas			\$280.53	\$262.50	267.87	270.00
Beef	Adult	Bull	\$971.03	\$1,369.17	\$1,381.63	\$1,590.49
		Cow	\$746.95	\$1,053.21	\$1,062.79	\$1,223.45
	Nonadult	Less than 400	\$336.04	\$460.96	\$454.46	\$553.77
		400 to 799 pounds	\$490.68	\$669.14	\$641.18	\$748.34
		800 pounds or more	\$766.03	\$972.47	\$967.99	\$1,149.39
Buffalo/ Beefalo	Adult	Bull	\$1,232.82	\$1,738.30	\$1,754.12	\$2,019.28
		Cow	\$657.50	\$927.09	\$935.53	\$1,076.95
	Nonadult	Less than 400	\$319.24	\$437.91	\$431.73	\$526.08
		400 to 799 pounds	\$466.15	\$635.68	\$609.12	\$710.92
		800 pounds or more	\$727.73	\$923.84	\$919.59	\$1,091.92
Chickens	Broilers/ Pullets		\$2.39	\$2.42	\$2.60	\$2.60
	Chicks		\$0.23	\$0.21	\$0.22	\$0.22
	Layers		\$11.42	\$13.63	\$14.49	\$15.14
	Pullets/ Cornish Hens		\$1.72	\$1.70	\$1.83	\$1.83
	Roasters		\$2.81	\$3.15	\$3.41	\$3.41
Dairy	Adult	Bull	\$997.50	\$1,087.50	\$1,035.00	\$1,080.00
		Cow	\$997.50	\$1,087.50	\$1,035.00	\$1,080.00
	Nonadult	Less than 400	\$249.38	\$271.88	\$258.75	\$270.00
		400 to 799 pounds	\$498.75	\$543.75	\$517.50	\$540.00
		800 pounds or more	\$766.03	\$878.37	\$835.96	\$872.31
Deer			\$412.50	\$412.50	\$420.93	\$429.53
Ducks	Ducklings		\$0.61	\$0.66	\$0.66	\$0.66
	Ducks		\$3.82	\$4.15	\$4.12	\$4.12
Elk			\$572.59	\$572.59	\$584.29	\$596.23
Emus			\$150.00	\$150.00	\$153.07	\$171.34
Equine			\$637.50	\$637.50	\$650.53	\$728.18
Geese	Goose		\$19.35	\$12.88	\$21.31	\$21.31
	Gosling		\$4.06	\$2.70	\$4.47	\$4.47
Goats	Bucks		\$89.91	\$121.17	\$121.97	\$125.58
	Nannies		\$68.15	\$98.51	\$98.54	\$105.55
	Slaughter		\$58.89	\$66.72	\$46.72	\$80.25



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