



Getting Ready For The Big One:

*Rural Coalition Small Farmer's Guide to
Disaster Preparation*

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I. Introduction: Is this Guide for You?

The Rural Coalition and its allies and members have prepared a series of “Train the Trainer” materials to assist socially disadvantaged and other small farmers and ranchers improve the viability and sustainability of their operations and to participate equitably in USDA programs. If you are a small farmer or ranchers, or your organizations represents small farmers and, then yes, this is the guide for you!

This training manual will guide you through the options that are available to you if you have been hit by a natural disaster, or think you might be in the future. Weather-related, natural disasters have devastated crops throughout the US for centuries. Fortunately, there are many measures in place that can help you plan for such a disaster.

This manual will discuss the options available through the federal government’s disaster relief programs, including federal crop insurance and the Non-Insured Assistance Program. We will also give you a brief overview of the disaster programs available from the 2008 Food and Conservation Act, the latest farm bill. We stress the importance of financial record-keeping, and we refer you to our full toolbox, for information on preparing tax forms, such as the Schedule F, which all farmers need to complete. Additionally, this manual will help you in planning your marketing and training programs for the year, and includes a seasonal training planning calendar; a farmer skills tracking tool—which will help you track the trainings your farmers have received; as well as a tool that will facilitate your data collection. Finally, we will be working on adding a chapter on energy conservation for your farm, an important consideration in our current economy.

The most important thing to remember is that most of what is discussed in this manual is preventative: you must do it **BEFORE** a disaster strikes your farm. This includes buying crop insurance, keeping good financial records, and planning your farming activities. This is crucial because, often after a disaster strikes, many doors will be closed to you:

you may not be able to qualify for federal disaster relief or recoup your losses if you have not planned ahead.

II. Preparing for a Disaster: Federal Resources may be available IF

If you have suffered a weather-related disaster on your farm, the federal government can and will help you recoup your losses. The catch is, however, that you must be prepared before a disaster occurs. The 2008 Farm Bill (a.k.a. The Food, Conservation, and Energy Act of 2008) requires every farmer to have either bought crop insurance, or be covered under the Non-Insured Assistance Program (NAP), to be eligible for most of the new disaster relief programs. This means that you must have one of these types of insurance BEFORE a weather-related disaster occurs on your farm if you want the government to reimburse you for lost crops.

A. Federal Crop Insurance

Crop Insurance is insurance you generally buy from private insurance companies that are certified by the Federal Crop Insurance Corporation (FCIC) to sell this type of insurance. When you decide that you want crop insurance, you must find a local private provider in your area, and buy an insurance policy from them. It is important to realize that while the federal government is involved in making sure you have access to fair crop insurance, your contract will be with your private insurance provider, NOT with the government. You and your insurance company will be the only ones involved in issues such as loss claims and contractual obligations.

Catastrophic Risk Protection Act (CAT): is the minimum level of crop insurance available that allows you to participate in federal disaster programs. CAT's benefits are only triggered by major crop losses. CAT only pays out when you have incurred more than 50% losses on your approved yields, and you will only get paid on the portion of your loss that is over 50%. This is the most basic and minimal type of crop insurance.

At the moment, crop insurance is available for about 100 different crops under a variety of plans. This insurance covers crop losses due to drought, flood, or other natural disasters (and the FCIC determines what is a drought, flood or natural disaster). What is not covered under crop insurance are the following: neglect, mismanagement or wrongdoing; failure to reseed the crop if customary; failure to engage in good farming practices (usually conventional or sustainable agricultural practices recognized by experts in your area); as well as other crop-specific exclusions. So, read your insurance policy carefully!

Producers are eligible for crop insurance on specific crops according to certain requirements. Some of these are: insurable interest in a crop (by being owner-operator, landlord, tenant, or crop shareowner; your acreage must be insurable; timely application for insurance must be submitted before FCIC closing date for that crop in that county; must meet deadline for each crop's planting period to be eligible for full insurance; pay administrative fee/premium; submit historical records of that crop's acreage and

production reports; file an annual acreage report on or before acreage reporting date for that crop; and not be delinquent on debt related to crop insurance.

Crops covered under 2008 Crop Insurance Guidelines:

*Almost all of the following crops have special stipulations attached. Please visit USDA's Risk Management Agency at the following address for more information.
<http://www.rma.usda.gov/policies/08croplist.html>

Almonds	Florida Fruit Tree	Pasture, Rangeland, Forage
Apples	* Avocado Trees	Peaches
Avocados	* Carambola Trees	Peanuts
Bananas	* Grapefruit Trees	Pears
Banana Trees	* Lemon Trees	Pecan Revenue
Barley	* Lime Trees	Peppers
Blueberries	* Mango Trees	Plums
Cabbage	* Orange Trees	Popcorn
Canola	* Other Citrus Trees	Potatoes
Cherry (Dollar)	Forage	Prunes
Chile Peppers	Forage Seed	Raisins
Citrus	(Alfalfa)	Rangeland
•Grapefruit	Forage Seeding	Rice
•Lemons	Fresh Market Sweet Corn	Rye
•Limes	Fresh Market Tomatoes	Safflower
•Mandarins	Grain Sorghum	Silage Sorghum
•Murcotts	Grapes	Soybeans
•Oranges	Green Beans for Canning	Stonefruit
•Tangelos	Green Peas	•Apricots
•Tangerines	Hybrid Corn Seed	•Nectarines
Citrus Tree (Texas)	Hybrid Grain Sorghum Seed	•Peaches
Clams	Livestock	Strawberries
Coffee	Macadamia Nuts	Sugar Beets
Coffee Trees	Macadamia Trees	Sugarcane
Corn	Millet	Sunflowers
Cotton	Mint	Sweet Corn for Canning
Cranberries	Mustard	Sweetpotatoes
Cultivated Wild Rice		Table Grapes
Dry Beans	Nursery	Tobacco
Dry Peas	Naval Oranges	Tomatoes (Canning and Processing)

ELS Cotton	Oats	Walnuts
Figs	Onions	Wheat
Flax	Papaya	
	Papaya Trees	

Finding a designated crop insurance provider:

To find a designated crop insurance provider for your state, go to USDA’s Risk Management Agency’s website at:

<http://www3.rma.usda.gov/tools/agents/companies/indexCI.cfm>.

Challenges of insurance:

Rural Coalition has documented that most socially disadvantaged producers lack crop insurance. There is often a mismatch between the insurance products and services for the diverse mix of products many socially disadvantaged producers grow. Not all products are covered; insurance can be costly for multiple crops, and the newer insurance products based on revenue changes require detailed records to secure insurance and to make claims. In addition, there is often a lack of crop insurance agents with strong ties to socially disadvantaged producers who have smaller and sometime more distant operations and require more time and sometimes skills to reach and serve.

B. Non-Insured Assistance Program (NAP)

The NAP is run by USDA’s Farm Service Agency. It provides insurance for crops that are not covered by the crop insurance program (mostly the crops not in the above list). NAP insures crops not able to be insured under Federal Crop Insurance, and provides an equal amount of coverage as the CAT (i.e. minimum protection). More than this amount of coverage is not available under the NAP.

What Kind of Crops are Eligible?

To be eligible, the crop must be a commercial crop or commodity that is produced for food or fiber; and for which CAT coverage is not available. The exceptions to this rule are: livestock are not covered; aquaculture, floriculture, ornamental nursery, Christmas tree, turf grass, seed, industrial crops, sea grasses, and sea oats are all covered (even though they are not food or fiber); and grain and forage crops may be covered. Additionally, if you have a crop that is covered under crop insurance, but that was hit by a natural disaster that is not covered under your insurance policy, this crop is eligible for NAP coverage.

What kind of disasters will the NAP cover?

NAP covers crop losses due to natural disaster during or before the harvest. A natural disaster can be any of the following: drought, hail, excessive moisture, freeze, tornado, hurricane, excessive wind, etc. NAP also covers conditions relating to bad weather,

including heat, insect infestation, or disease. Losses are not covered if they occur due to the following: neglect or unlawful conduct, failure to reseed if customary, failure to follow good farming practices, water from dam or reservoir, failure of an irrigation system/insufficient irrigation, as well as other restrictions. Please refer to your local FSA office for a full list.

What kind of losses are eligible for payment?

you are eligible if you couldn't plant more than 35% of your crop due to disaster
if a disaster made you lose more than 50% of your approved yield for a crop:
-if you lost more than 50% of the pre-disaster value of a crop
-if you lost more than 50% of expected animal unit days for a pasture or forage crop

What do I have to do to be eligible?

To be eligible, you must file with your local FSA office (every year and for each crop that you want NAP coverage): acreage reports (including crop planted, and your share of the crop) and production reports (reporting production, acreage yields, and harvest date)

You must also keep acreage and production records for three years for each NAP covered crop. The other eligibility requirements are that you cannot be making over \$2 million in gross income to take part in the NAP; you cannot violate Highly Erodible Land or Wetland Conservation (as designated by the USDA) provisions; and cannot be found to have engaged in crop insurance fraud. Other eligibility requirements exist—please see you local FSA office.

Is my land eligible?

Your land is eligible for NAP unless you have native sod acreage of more than 5 acres that is tilled for production of an annual agricultural crop for the first time after May 22, 2008. This land is not available for the first 5 crop years of planting. (Native sod is land that has never been tilled on, and that is made up of native grasses, grasslike plants, forbs, or shrubs for grazing and browsing.)

How do I apply for NAP?

To apply for the NAP, you must file an application (Form CCC-471) in your local FSA office (in the county where your farm is located) for each crop that you want insured. For a list of state FSA offices, please visit the FSA website at: www.fsa.usda.gov

C. Disaster Relief Programs

Typically, Disaster Relief Programs have been available only months to years after a disaster hits and Congress has the time to pass a special disaster relief bill. The 2008 Farm Bill authorized a variety of new programs designed to aid farmers and ranchers who have been hit by a disaster. The following programs are only available in disaster counties and bordering counties (as recognized by the President or the Secretary of Agriculture), or if individual producers have lost more than 50% of their production revenue due to weather conditions. These programs are available for disasters occurring before Oct. 1, 2011.

-Supplemental Revenue Assistance Payment Program (SURE): This program gives cash payments to eligible producers who have crop production losses, crop quality losses, or both.

-Livestock Indemnity Program (LIP): This program provides cash payments to producers that had greater than normal livestock death losses due to weather conditions. For this program, you do not need to have purchase crop insurance or NAP.

-Livestock Forage Disaster Program (LFP): This program will provide cash payments to livestock producers who have lost grazing land due to drought or fire.

-Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (EALHF): This program provides emergency relief for losses due to feed or water shortages, disease or weather conditions that are not provided for under other disaster programs.

-Tree Assistance Program (TAP): Provides cash payments to orchardists and nursery tree growers for tree losses due to natural disasters.

D. Related Issues

While it is important to have Crop Insurance and NAP coverage, there are other kinds of insurance that will protect you from legal worries. Here are a few important ones:

-Product Liability Insurance: This protects you from claims related to the sale of your farm products to the public. This insurance is for scenarios in which one of your customers claims losses or injuries that are related to your product.

-Production contracts: An agricultural production contract is when a farmer agrees to sell or deliver a crop to a contractor, and is paid according to a formula established in the contract; or agrees to feed and care for livestock or poultry owned by the contractor in exchange for a payment. A production contract usually specifies what the contractor will provide, the quantity and quality of the crop, what production practices will be used, and how the producer will be paid. These contracts can give you a more stable income allow you to receive technical advice and technology from your contractor, and can often provide a guaranteed market. However, by entering into a production contract that establishes a formula for payment, you may lose the potential for increased profits due to market conditions.¹

E. Disaster Stories – Why you should prepare!

One example of a disaster occurred in Oklahoma during April 2007. A freeze hit Oklahoma and Arkansas that destroyed tomato plants, and affected both livestock and poultry in early April. Then a flood, with about 23 days of rain, followed the early freeze. The flood delayed production for over 45 days, putting some farmers out of business. About 80% of the farms that were totally flooded did not have the Non-Insured Assistance Program. Consequently, they received no federal assistance from the government to help them offset their losses. As a result of the disasters, the affected farmers became much more open to record-keeping and other risk-management strategies. In Arkansas, the Rural Coalition assisted Hmong Poultry farmers in seeking

disaster assistance from federal and private sources due to the freeze. However, the major problem in this instance was that many producers lacked the records to qualify for disaster relief from the federal government.

III. What To Do Just Before and Right After A Disaster

So, a natural disaster is imminent or has hit your farm. It may be something small like an early freeze, or something big like a tornado or hurricane.

There are certain things you should do just before and right after the disaster in order to get your resources together, and lessen the damage.

- 1) Make sure you have copies of any crop insurance or NAP policy, the names and phone numbers and policy numbers for all your farm, home and family insurance agents and policies, and your records! (Scanning these records and sharing them by email with family members in another location is not a bad idea).
- 2) Prepare your farm and buildings in a manner suitable for the particular disaster. Put away machinery, and turn off power anywhere it will not be used during a storm. Consider having a generator and make sure you have adequate fuel and a safe place to operate it.
- 3) Clear waterways of any debris and secure anything that might damage buildings. If you have crops or hay in the field that is near harvest, consider harvesting what you can if you face a predictable disaster.
- 4) Prepare to make insurance claims. **Take pictures to document your production before the storm comes.** You will also need to show your planting records, seed purchases, and other evidence including loan documents and your farm and home plan to show what you planted, so be sure to retain these records. You also need schedule F of your tax return and other sales records to document the value of your crops.
- 5) Keep an inventory (photos, videos and lists) of your house, buildings, vehicles, and valuable equipment and farm BEFORE the disaster occurred. These are very helpful in documenting your claims for insurance purposes. If possible, keep this on a computer and be sure copies are maintained away from your home and farm.
- 6) *Have a plan in place with your family, your friends, and other farmers in the area.* Remember the farmer/s is the most important asset on your farm. Your plan should include the best ways to reach people (i.e. a phone tree) in order to warn each other of a disaster, or provide help to each other.
- 7) Keep your cell phone and other equipment fully charged. Print or copy important phone numbers of family and other key contacts onto a sheet of paper that you carry with you. Remember your cell phone can run out of power and leave you without important contact information.
- 8) Have a plan in place for the care of your animals! The plan should include options to care for animals if you lose electrical power or access to water.
- 9) **You must record the evidence of the destruction to your property (via photos or video).** Make sure everyone in your community knows to do this.

It is crucial because Congress often does not approve disaster aid until long after the disaster--so documentation is essential.

- 10) DO NOT CLEAN UP UNTIL AFTER YOU CONTACT YOUR INSURER AND HAVE A DAMAGE APPRAISAL. Then develop a rapid response team in order to help each other clean up the damage, and keep clear records of the time spent on this activity. Some time and costs may be eligible for reimbursement from the Emergency Conservation Program.
- 11) Emergency Conservation Program: The FSA's Emergency Conservation Program (ECP) provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters, and for carrying out emergency water conservation measures in periods of severe drought. County FSA committees determine land eligibility based on on-site inspections of damage, taking into account the type and extent of damage. ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices. Producers should check with their local county FSA offices regarding ECP sign-up periods, which are set by county FSA committees. For more information, go to the FSA's website at <http://disaster.fsa.usda.gov>

IV. Financial Record Keeping

Keeping good financial records of your farm is one of the most important things you can do to increase productivity and profit. Additionally, records are absolutely essential in order to receive any disaster assistance from the federal government. For example, you will need good records in order to apply for Federal Crop Insurance or for the Non-Insured Assistance Program (NAP), and you must have one of these insurance programs in order to qualify for the federal disaster relief available in the 2008 Farm Bill.

All farmers should consider filling a Schedule F (Profit or Loss from Farming) form with yearly taxes. Because your farm operating costs can be tax write-offs you can save money on your taxes even if you have no profit from your farm! Also, such records can be very important when applying for a loan. Lending institutions will also want to know your financial situation and tax history before they even consider offering you a loan. If you don't have several years' worth of financial records, you might not be eligible for funding. Records and financial management are also important for participating in government programs such as crop insurance, lease agreements, and organic certification.

Simply put, record-keeping means that you will want to track money coming in (revenues) and going out (expenses or cost of production). Be sure to save all receipts, invoices, credit card statements, and make copies of checks. Using specific categories to record your expenses allows you to see how much you are spending in a specific area or enterprise, whereas recording your expenditures by month can give you view of your finances over a specific time frame (month, quarter, or year).

Frequently Asked Questions

In this section, we've included questions that have been raised at several of our training sessions. The answers provided are generic and may not be relevant for your farming operation. Please seek professional advice for your specific questions. To make sure you get the best tax advice it's important that you speak with a tax preparer in your area who has expertise in farm- related tax preparation.

1) I'm not making any money from my farming operation, why should I complete a Schedule F?

Filing a Schedule F, even if you didn't make a dime from farming this year, could actually help you save money on your taxes! Many of your farm expenses are deductible and your equipment eligible for depreciation. The only way to reap these benefits, however, is by keeping careful records throughout the year, saving receipts and filling out a Schedule F along with your other tax forms at tax time. Reporting your income, especially if farming and ranching is your major source of income, also assures you will make adequate payments into social security to protect your future benefits for when you retire.

2) How should I keep my receipts?

The best way to keep receipts is the way that works for you. We've seen zip lock bags attached to the dashboard of trucks, labeled manila envelopes and sophisticated accordion files with typed labels do the trick. The only thing that's really important is that you save ALL receipts (farm and household related) in a safe and dry place. Many farmers find it helpful to group receipts by month which helps them fill out monthly record keeping forms (see enclosed forms).

3) Should I also keep receipts for things that aren't related to farming expenses?

Yes, you should save all receipts related to your farm and home expenses. Many lenders require you to know your family living allowance and saving receipts from everything from groceries to school supplies can help you determine this allowance.

V. MARKETING

While it is important to have a good product, it has become just as important to be able to "sell" the idea of your product to prospective buyers. Marketing is an essential tool in today's world of supermarkets, fast food, and other anonymous food purchases. It is a way for you to develop a name for yourself, and a brand that your customers will know and seek out. There are millions of ways to market your product effectively. The important thing to remember is to be honest with what you claim your product is (or can do), and be original.

Co-operatives

One great example of marketing is through the use of Farmers Co-operatives. The basic premise for a Co-op is that farmers pool their resources to help access more markets, and reap the benefits of buying and selling together. Additionally, cooperatives help your customers invest in your farm (and thereby feel like they have a stake in it). A co-op is

responsible for its members, and the members are responsible for record keeping and certification. A co-op establishes standards for itself and its farmers for all products.

Just as there are many ways to market your products, there are also many types of co-ops. One of the important issues in a co-op is deciding what you stand for. The image you project, and how you brand yourself is crucial. It will either attract customers to you, or repel them. One example of a good marketing plan is the idea of buying “clean” food from a co-op--food that is local, healthy, and keeps resources in the community. The purpose is to develop an audience of non-farmers that are conscious of, and have an interest in, where their food comes from.

Co-ops can also improve the ability of small farmers to connect with institutional buyers (places like schools, prisons, government agencies, hospitals, etc.) that have a tendency to buy large quantities of produce. Since there are usually a number of farmers that are involved in a co-op, they are usually more able to produce the quantities of produce that institutions require.

Additionally, there are all sorts of other marketing techniques you can use to drum up interest in your product or farm. The main point is that you want your customers invested in your product, and you can accomplish this through a wide range of activities. For example, in Oklahoma, a Rural Coalition farm group developed a vegetable demonstration plot so consumers could see the progress of production and see what would become available. The plot also became a demonstration of the impact of disasters – consumers could see it was totally taken out during the flood and had to be replanted- and this taught their consumers about the risks of farming and the availability of products.