

**Emergency Relief Program (ERP)**  
**Summary Prepared by the National Cotton Council**  
**May 20, 2022**

**Overview**

On May 16, 2022, FSA announced they would make payments to agricultural producers who suffered eligible crop losses due to a qualifying natural disaster event for the 2020 and 2021 crop year.

Qualifying natural disasters include:

- Wildfires
- Hurricanes
- Floods
- Derechos
- Excessive Heat
- Winter Storms
- Freeze
- Smoke Exposure
- Excessive Moisture
- Qualifying Drought (D2 for eight consecutive weeks or D3 or higher intensity within the county)
- Excessive Wind (as a direct result of derecho or tornado, tropical storm, and tropical depression occurring as a direct result of a hurricane as well as excessive wind and blizzard as a direct result of a winter storm).

**ERP Phase 1 Applications**

Beginning the week of May 24, producers who received a crop insurance indemnity in 2020 and/or 2021 will receive via mail an FSA-520 ERP Phase 1 Application which will include pre-filled crop insurance indemnity information.

Producers will receive a separate application for each program year. **Payment rates for ECO, SCO, and STAX for the 2021 crop year have yet to be announced and these producers with an eligible qualifying loss for these policies will receive their 2021 Phase 1 application when ECO, SCO, and STAX payment information becomes available.**

**Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP Phase 1 payment.** Only crop losses related to a qualifying natural disaster listed are eligible. Producers will need to verify, and return completed and signed Phase 1 applications to their local FSA office. Growers who received a crop insurance indemnity in 2020 and 2021 should check with their local FSA office if they do not receive an ERP Phase 1 application by mail. **Producers cannot alter the data in the pre-filled applications. Growers should contact their crop insurance agent if they believe any of the pre-filled application information is incorrect.**

### **ERP Phase 1 Payments**

ERP Phase 1 payments will be prorated by 75% to ensure that total ERP payments do not exceed available funding. FSA will review funding levels during the ERP Phase 2 process to determine whether additional payments will be made above the 75% eligibility level.

Phase 1 payment calculations will be based on the type and level of crop insurance obtained by the producer but using the ERP factor in place of the insurance coverage level. This calculated amount will then be adjusted by subtracting the net crop insurance indemnity already received for losses minus service fees and producer-paid premiums.

The ERP payment percentage for historically underserved producers, including beginning, limited resource, socially disadvantaged and veteran farmers, and ranchers will be increased by 15% of the calculated payment.

### **ERP Factor Tables**

<b>Crop Insurance Level</b>	<b>ERP Factor</b>
CAT	75%
Greater than CAT, < 55%	80%
55% - < 60%	82.5%
60% - < 65%	85%
65% - < 70%	87.5%
70% - < 75%	90%
75% - < 80%	92.5%
At least 80%	95%

### **ERP Revenue Protection (RP) Payment Examples for Upland Cotton**

	<b>ERP 2020</b>	<b>ERP 2021</b>
RP Coverage Level	70%	70%
Projected Price	\$0.68	\$0.83
Harvest Price	\$0.69	\$1.09
APH	700	700
Actual Yield	400	400
Expected Crop Value (max(Projected Price, Harvest Price) * APH)	\$483	\$763
Actual Crop Value (Harvest Price * Actual Yield)	\$276	\$436
RP Guarantee (RP Coverage Level * Expected Crop Value)	\$338	\$534
RP Indemnity (RP Guarantee – Actual Crop Value)	\$62	\$98
RP Producer Premium	\$24	\$30
RP Net Indemnity (RP Indemnity – RP Producer Premium)	\$38	\$68
ERP Coverage Level	90%	90%
ERP Guarantee (ERP Coverage Level * Expected Crop Value)	\$435	\$687
ERP Payment ((ERP Guarantee – Actual Crop Value - RP Net Indemnity) * 75% Pro-Rated Factor)	\$91	\$137

\*Calculations based on NCC interpretation of ERP rule.

\*Examples based on February projected price period and October harvest price period.

\*The structure of payment calculations for WHIP+ and ERP are similar except the ERP expected crop value is calculated using the higher of the projected price and harvest price. WHIP+ only used the projected price to calculate the expected crop value.

### **Payment Limitation & Adjusted Gross Income**

A person or legal entity, other than a joint venture or general partnership, cannot receive more than \$125,000 for specialty crops and \$125,000 for all other crops under ERP (for Phase 1 and Phase 2 combined) per program year. Growers are eligible for \$900,000 payment limit for specialty crops and a \$250,000 payment limit for all other crops per program year if at least 75% of the person or legal entity's adjusted gross income (AGI) is derived for farming. Growers will need an approved FSA-510 on file at their local FSA office to qualify for the higher payment limits. There are no AGI limits for ERP eligibility.

### **Future Insurance Coverage Requirements**

Producers who receive ERP Phase 1 payments are required to purchase crop insurance at a coverage level equal to or greater than the 60% coverage level for the next two available crop years.

### **ERP Phase 2 Payments**

The second phase of ERP programs will fill gaps and cover eligible producers who did not receive payment under Phase 1. This will include producers who had a shallow loss but not at the level to trigger an indemnity for crop insurance.

For additional details, visit the USDA FSA Emergency Relief website:

<https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>