



Louisiana Conservation and Commodity Updates

September 2020; Issue-9

Changes to Farm Eligibility Rules

The new rule published in the last week of August by the USDA Farm Service Agency made nieces, nephews, and first cousins of farm operators eligible to receive payments. The new rule now requires anyone trying to qualify for receiving federal subsidies must provide either 25% of farms total management hours on an annual basis or at least 500 hours of management annually. Also, the individual has to provide management on a *regular, continual, and substantial* basis. These rules are already required for members of partnerships. The new rule adds further clarification for *the actively engaged* requirement for receiving farm subsidies.

USDA and EPA Clarifies Key Definitions

The USDA added and revised definitions related to *wetland determination* with respect to farmed wetland, and farmed wetland pasture to provide clarity to the program participants. Also, the USDA provides clarity on how wetlands are delineated, determined, and certified.

The EPA and the Army Corps of Engineers (within the Navigable Waters Protection Rule) recently developed their own definition of *Prior Converted Cropland (PC)*. They retained the PC exclusion under the Clean Water Act as long as the PC is not abandoned and remains in agricultural use. The agencies clarified the PC criteria within this Rule and cited several examples. This change is particularly relevant to Louisiana stakeholders because it is easily understandable when a PC would and would not be under the Clean Water Act's jurisdiction.

An extension document will be forthcoming, providing more insight on some of the definitions.

BP Spill Restoration Money for Wetland Restoration

The Coastal Protection and Restoration Authority (CPRA) recently announced that Louisiana would spend \$176 million BP oil spill money to build about two square miles of marshland in the upper Barataria

Basin. This marsh creation project is located in Jefferson Parish between Bayou Lafourche and the Mississippi River. Sediment will be dredged from the Mississippi River about five miles away from the project site.

Damage from Hurricanes

Category 4 Hurricane Laura slammed into the Louisiana Gulf Coast on August 27, 2020. The preliminary estimate of economic loss is nearly \$12 billion but could be worse. From 2005 to present, at least six major hurricanes caused significant losses in Louisiana. one can find the preliminary estimates of losses to Louisiana's agriculture and timber industry here (<https://bit.ly/3chuVCN>). The losses amount to approximately \$525 million and \$1.1 billion, respectively.

Year	Hurricane name	Est. damage in the US
2005	Katrina	\$160 billion
2005	Rita	\$18.5 billion
2008	Ike	\$30 billion
2008	Gustav	\$6 billion
2012	Isaac	\$3.1 billion
2020	Laura	>=\$12 billion*

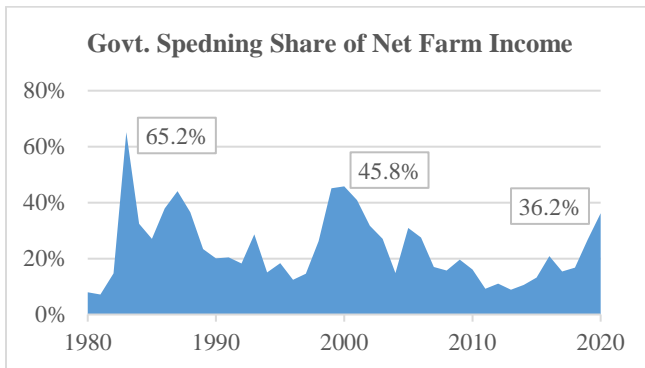
Source: NOAA

The U.S. Geological Survey (USGS) found that the hurricanes of 2005 (Katrina and Rita) and 2008 (Gustav and Ike) caused an estimated 328 square miles of coastal land loss in Louisiana. Louisiana has made significant progress in protecting the coast since Katrina and Rita. A state agency charged with overseeing a unified approach to coastal protection and restoration, i.e., the CPRA, has been created. And a Coastal Master Plan, which strives to ensure the collective effects of restoration project investments reducing storm surge-based flood risk to communities, has been developed.

Farm Income Updates

The USDA update to its national farm income accounting statistics lays bare the extent of the Covid-19 pandemic and trade challenges that have affected prices and sales of agricultural products. The report

shows that farm incomes are expected to increase in 2020 from 2019 but will be accompanied by falling cash receipts, particularly for corn, soybeans, cotton, and wheat. Government payments continue to play an essential role in the farm economy, with spending forecast to account for 36% of net farm income for 2020. Nevertheless, relative government spending is below levels reached in previous farm economy downturns. A signal of some additional resilience in the farm economy now compared to previous downturns. Several positives for farmers accompany the report as production expenses are expected to decrease partially driven by decreases in insecticides, interest expense, and fuel/oil. Additionally, farm real estate assets are expected to have some positive movement, including farmland value.



WASDE Update

Friday, September 11, the USDA released its updated WASDE report. The report is the first with USDA access to field-level data. It comes after drought conditions that affected the Western Corn Belt and the derecho wind storms that affected Iowa and parts of Illinois. Impacts from hurricane Laura are expected in the October WASDE forecast estimates report. Corn and soybean production were reduced compared to the August report. Despite the decrease, the USDA is still projecting a record corn crop. In addition to lowered production for corn, the USDA also lowered corn use. The net effect is ending stocks being lower by 253 million bushels and a decline in the stock-to-use ratio

from 18.7% in August to 17% in September. Lower production and largely unchanged demand for soybeans decreased soybean ending stocks by 150 million bushels to 460 million bushels.

REMINDER!

- September 30 - Deadline to update PLC program yields.
- CFAP applications deadline extended to October 9, 2020, for Louisiana farmers affected by hurricane Laura. The second round of CFAP will include payments for farm losses that occurred after April 15 and include recently added commodities.

Hurricane Laura Relief

The USDA reminds farmers of multiple disaster assistance programs available through the FSA and other USDA agencies for those affected by hurricane Laura. These include the Emergency Conservation Program, Noninsured Crop Disaster Assistance Program, and the Livestock Indemnity Program. Farmers are encouraged to contact their local FSA office once damage evaluations can be made. Producers in parishes with a primary or contiguous disaster designation may be eligible for low-interest emergency loans. NRCS programs include assistance with conservation practices on impacted land and Emergency Watershed Protection (EWP). Additionally, individuals who sustained losses in 18 eligible parishes can apply for FEMA assistance.

[Additional information can be accessed here \(https://www.fema.gov/disaster/4559\).](https://www.fema.gov/disaster/4559)

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