

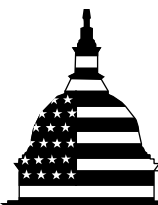
GAO

Report to the Chair, Committee on
Small Business and Entrepreneurship,
U.S. Senate

September 2012

DISASTER ASSISTANCE

USDA and SBA Could Do More to Help Aquaculture and Nursery Producers



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DISASTER ASSISTANCE

USDA and SBA Could Do More to Help Aquaculture and Nursery Producers

Highlights of [GAO-12-844](#), a report to the Chair, Committee on Small Business and Entrepreneurship, U.S. Senate

Why GAO Did This Study

Farmers and other agricultural producers are exposed to natural disasters, such as droughts, floods, hurricanes, and tornadoes. In the aftermath of such events, FSA and SBA disaster assistance programs can provide an important safety net for these producers. However, after past natural disasters, industry groups and others have raised concerns that some small agricultural producers—particularly aquaculture (such as farmed fish and shellfish) and nursery (such as trees and plants) producers—reported being ineligible to obtain this assistance.

GAO was asked to (1) examine FSA and SBA disaster assistance programs and the coverage they provide to small producers; (2) identify the main factors, if any, that may limit small aquaculture and nursery producers' participation in these disaster assistance programs; and (3) examine FSA and SBA efforts to collaborate in providing such assistance to these producers. GAO reviewed the 10 FSA and SBA disaster assistance programs that become available following a natural disaster and that provide direct financial assistance or loans to these producers, interviewed agency officials and industry representatives, and reviewed agency documents and regulations.

What GAO Recommends

GAO recommends that USDA and SBA target outreach to small aquaculture and nursery producers, for example, by building on existing outreach, and develop a strategy to formally collaborate on disaster assistance for such producers. USDA and SBA generally concurred with GAO's recommendations.

View [GAO-12-844](#). For more information, contact Lisa Shames at (202) 512-3841 or shamesl@gao.gov and William B. Shear at (202) 512-8678 or shearw@gao.gov.

What GAO Found

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) and the Small Business Administration (SBA) have 10 disaster assistance programs that small agricultural producers and businesses that support agriculture can use to recover from natural disasters. These programs serve largely different populations but leave few gaps in the disaster assistance available to most small agricultural producers. Aquaculture and nursery producers could be eligible for six of these programs, but their participation is limited by awareness and eligibility issues (see table).

FSA and SBA Disaster Assistance Programs and Types of Losses Covered

Program	Crops	Livestock	Land	Other
FSA Supplemental Revenue Assistance Payments Program ^a	X			
FSA Tree Assistance Program ^a	X ^b			
FSA Livestock Indemnity Program		X		
FSA Livestock Forage Disaster Program		X ^c		
FSA Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program ^a	X ^d	X		
FSA Emergency Conservation Program ^a			X	
FSA Emergency Forest Restoration Program			X	
FSA Emergency Loan Program ^a				X
SBA Economic Injury Disaster Loan Program ^a				X
SBA Business Physical Disaster Loan Program				X

Sources: GAO review of federal disaster assistance program information provided by FSA and SBA.

^aThese programs are available to small aquaculture or nursery producers.

^bFSA's Tree Assistance Program does not cover crop production losses but provides partial cost reimbursement to replant or rehabilitate trees, bushes, and vines.

^cThis refers to the loss of grazing land for livestock.

^dFor the purposes of this table, GAO defines crops to include honeybees and farm-raised fish.

GAO identified three factors that may limit small aquaculture and nursery producers' participation in the 6 disaster assistance programs for which they could be eligible. In particular, the producers are often not aware of the programs, have other options for assistance, or do not qualify because they do not meet certain program requirements. Both FSA and SBA conduct outreach related to their disaster assistance programs, but neither agency has specifically targeted its efforts toward small aquaculture and nursery producers. As a result, eligible producers are missing opportunities to obtain assistance that could help them maintain a viable business after experiencing a natural disaster.

FSA and SBA engaged in some informal efforts to collaborate in providing disaster assistance to small aquaculture and nursery producers. However, the efforts were limited because FSA field staff know little about SBA's disaster assistance programs, and SBA staff know little about the factors that affect whether an agricultural loan will be repaid. GAO has reported that agencies with complementary programs can enhance the value of these programs through interagency collaboration. Without more formal collaboration, small producers may not be consistently referred by one agency to the other, leading to fewer opportunities for these small producers to get assistance for which they otherwise might qualify.

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Abbreviations

ELAP	Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program
FEMA	Federal Emergency Management Agency
FSA	Farm Service Agency
NAP	Noninsured Crop Disaster Assistance Program
RMA	Risk Management Agency
SBA	Small Business Administration
SURE	Supplemental Revenue Assistance Payments Program
TAP	Tree Assistance Program
the 2008 farm bill	Food, Conservation, and Energy Act of 2008
USDA	U.S. Department of Agriculture

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United States Government Accountability Office
Washington, DC 20548

September 11, 2012

The Honorable Mary L. Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate

Dear Madam Chair:

Farmers and other agricultural producers are exposed to natural disasters, such as droughts, floods, hurricanes, and tornadoes. Small agricultural producers, which the U.S. Department of Agriculture (USDA) describes as a diverse group that produces a range of food and fiber and that can include family farms, commodity producers, aquaculture (such as farmed fish and shellfish) producers, nursery producers (such as trees and plants), and other farmers and ranchers. These producers are particularly vulnerable to disasters because they tend to have less control over their economic security than larger producers, and natural disasters can exacerbate this economic insecurity. In the aftermath of such natural disasters, federal disaster assistance programs can provide an important safety net for these producers. However, after past natural disasters, some small agricultural producers, particularly aquaculture and nursery producers, reported challenges in obtaining this assistance. For example, following the Gulf Coast hurricanes in 2005 and 2006 and other natural disasters, some crawfish, oyster, and catfish producers whose operations were severely damaged reported that they did not have the safety net that they expected.

Both USDA, through its Farm Service Agency (FSA), and the Small Business Administration (SBA) are major sources of disaster assistance, but there is little overlap in the populations served by the FSA and SBA programs. Specifically, FSA provides financial assistance in the form of cash payments and reimbursements, as well as loans to help agricultural producers recover from damages sustained in natural disasters. It provides this assistance for producers who have sustained crop and livestock losses resulting from natural disasters through five supplemental disaster assistance programs authorized under Title XV of the 2008 farm

bill, as well as three other programs.¹ These programs only cover losses incurred as a result of a disaster that occurred on or before September 30, 2011, but payments are currently being made for disaster losses incurred from January 1, 2008, through September 30, 2011. A new farm bill was being debated as of August 2012, and the final bill may reauthorize some of these programs and may include retroactive assistance for damages resulting from natural disasters occurring after September 30, 2011. In addition, while SBA disaster loans primarily serve nonagricultural entities, SBA also has authority to and does provide loans to help some small agricultural producers and businesses that support agriculture recover from disasters. However, after past natural disasters, some stakeholders, including certain industry groups and others, raised concerns that some small agricultural producers, including aquaculture and nursery producers, have been found ineligible for both agencies' disaster assistance programs. In addition, it is not clear whether FSA and SBA are collaborating effectively to ensure that these producers are served.

In this context, you asked us to examine the disaster assistance programs available to small agricultural producers. In this report, our objectives were to (1) examine FSA and SBA disaster assistance programs and the coverage they provide small producers; (2) identify the main factors, if any, that may limit small aquaculture and nursery producers' participation in disaster assistance programs from FSA and SBA; and (3) examine FSA and SBA efforts to collaborate in providing disaster assistance to small aquaculture and nursery producers.

To address these objectives, we reviewed the 10 FSA and SBA disaster assistance programs we identified for agricultural producers and businesses that support agriculture that become available following a natural disaster and that provide direct financial assistance in cash payments, reimbursements, or loans to agricultural producers and businesses that support agriculture that have experienced natural disasters. We use the term "agricultural producers" to refer to family farms, commodity producers, aquaculture producers, nursery producers, and other farmers and ranchers. Businesses that support agriculture refers to businesses that provide support activities for agriculture that do

¹Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, § 15101, 122 Stat. 1651, 2246-2262.

not lead to agricultural production. Examples of support activities include such duties as cotton ginning, soil preparation, planting, and breeding services for animals. Our primary focus was on small agricultural producers as described by USDA. We included family farms and other farmers and ranchers whose size makes them particularly vulnerable to natural disasters and in turn to economic insecurity.² We used available FSA- or SBA-established agricultural producer size criteria for program eligibility in our review. To determine the types of small agricultural producers the 10 FSA and SBA programs cover, we reviewed agency documents, authorizing statutes, and implementing regulations to obtain information about each program, including eligibility requirements, and interviewed FSA and SBA officials. When analyzing whether any gaps in coverage exist, we analyzed major categories of agricultural producers involved in the production of food and fiber, including commodities such as wheat, feed grains, cotton, rice, oilseeds, and peanuts; specialty crops such as fruits, vegetables, tree nuts, and nursery crops including floriculture; livestock; and aquaculture. We believe that this analysis of major categories allowed us to reasonably identify where any gaps in coverage may be present. However, we recognize that we may not have detected additional gaps in coverage that may exist. We focused our second objective on the factors limiting small aquaculture and nursery producers' participation in these disaster assistance programs because aquaculture and nursery producers are covered by at least one of the disaster assistance programs offered by both FSA and SBA. Other agricultural producers are not covered by the SBA programs. To identify any factors limiting small nursery and aquaculture producers' participation in these disaster assistance programs, we reviewed the eligibility criteria for the programs that pertain to them and interviewed FSA and SBA officials. We assessed the agencies' outreach policies and practices against our prior reports on reaching a program's intended recipients.³

²For individual borrowers, FSA's definition of "family farm" specifies that the majority of day-to-day, operational decisions and all strategic management decisions be made by the borrower or a relative, and a substantial amount of labor to operate the farm be provided by the borrower or a relative. For corporations, partnerships, or other entities, the majority of day-to-day, operational decisions, and all strategic management decisions must be made, and a substantial amount of labor to operate the farm be provided by the members responsible for operating the farm.

³GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: Jan. 31, 2012) and GAO, *Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress*, [GAO/GGD-00-35](#) (Washington, D.C.: Jan. 26, 2000).

We also interviewed state-level FSA officials and industry representatives in seven selected states about the main factors that may limit participation in disaster assistance programs from FSA and SBA. We selected these states because the nursery and aquaculture industries have a significant presence in them. In selecting them, we also considered the geographic distribution of the states to ensure that a variety of places experiencing different types of natural disasters was included. Because we selected a nonprobability sample of states, the information we collected from them cannot be generalized to all states; however, the information provides useful examples of the factors that may limit participation in disaster assistance programs from FSA and SBA in those states. The states we selected were California, Florida, Louisiana, Michigan, Mississippi, North Carolina, and Washington. To determine how FSA and SBA collaborate to provide disaster assistance to small nursery and aquaculture producers, we reviewed FSA and SBA documents and interviewed national- and state-level agency officials to obtain information about the agencies' policies and practices for collaborating on disaster assistance. We also examined the degree to which the agencies' collaborative efforts reflected key practices we previously identified that can help enhance and sustain collaboration among federal agencies.⁴ Appendix I provides more information on our objectives, scope, and methodology.

We conducted this performance audit from September 2011 to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Natural disasters, such as droughts, floods, hurricanes, and other adverse weather events, pose risks to agricultural producers. The federal government has played an active role in mitigating those risks through a variety of disaster assistance programs. USDA provides a basic safety net of permanently authorized and regularly funded programs to help agricultural producers recover financially from losses resulting from

⁴GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

natural disasters. Congress has historically supplemented these ongoing programs in an ad hoc manner by providing one-time payments through disaster assistance programs that compensate producers for disaster-related crop and livestock losses they sustained. The aquaculture and nursery industries are two growing agricultural industries covered by federal disaster assistance.

Federal Crop Insurance and Noninsured Crop Disaster Assistance Programs Provide a Basic Safety Net for Agricultural Producers

The Federal Crop Insurance Program and the Noninsured Crop Disaster Assistance Program (NAP) offer agricultural producers protection against crop losses if they enroll in the programs prior to experiencing a loss.⁵ Federal crop insurance, administered by USDA's Risk Management Agency (RMA), protects participating farmers against financial losses because of production risks—droughts, floods, and other natural disasters—as well as other risks. Under the Federal Crop Insurance Program, farmers can choose various levels and types of insurance protection: they can insure against losses caused by poor crop yields, declines in crop prices, or both, for each insurable crop they produce. These crops include major crops—such as corn, cotton, soybeans, and wheat, which accounted for three-quarters of the acres enrolled in the program in 2011—as well as nursery crops and certain fruits and vegetables. RMA is also conducting pilot aquaculture crop insurance projects for clams and oysters. For crops for which federal crop insurance is not available, farmers can obtain coverage through FSA's NAP, which provides cash payments to producers when natural disasters are responsible for low crop yields or loss of value or prevent planting from occurring. NAP is limited by statute to include crops for which the catastrophic risk protection level of crop insurance is not available and that are grown for food and fiber, and other crops such as floriculture, ornamental nursery, Christmas tree crops, turfgrass sod, and aquaculture.

Disaster declarations are required to trigger some federal disaster assistance programs. For agricultural disaster assistance programs, disaster declarations can be made by the President, the Secretary of

⁵We previously reported on the costs of the federal crop insurance program. See GAO, *Crop Insurance: Savings Would Result from Program Changes and Greater Use of Data Mining*, [GAO-12-256](#) (Washington, D.C.: Mar. 13, 2012).

Agriculture, or the SBA Administrator.⁶ The Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes the President to issue major disaster or emergency declarations in response to catastrophes in the United States that overwhelm state and local governments. Such declarations result in the distribution of a wide range of federal aid to individuals and families, certain nonprofit organizations, and public agencies (see app. II). The Federal Emergency Management Agency (FEMA), in the Department of Homeland Security, is responsible for coordinating federal response and recovery efforts under presidential disaster declarations. FEMA works with other federal, state, and local agencies to assist individuals after major disasters, and volunteer organizations, such as the American Red Cross, also participate in these efforts.⁷ Following a presidential disaster declaration, FEMA will open disaster recovery centers where individuals can meet with representatives from federal agencies, including FSA and SBA; obtain information about the recovery process; and register for federal disaster assistance.

Federal Disaster Assistance Programs That Become Available to Agricultural Producers and Businesses That Support Agriculture Following a Natural Disaster

In addition to crop insurance and NAP, which are purchased before a disaster, FSA provides eight disaster assistance programs that become available to producers after a natural disaster. Title XV of the Food, Conservation, and Energy Act of 2008 (the 2008 farm bill) established five disaster assistance programs that provide assistance to agricultural producers who suffer crop and livestock losses incurred as a result of a disaster, adverse weather, or other environmental condition that occurred on or before September 30, 2011.⁸ Agricultural producers may apply for this assistance following a natural disaster. USDA's FSA administers these programs and funds them through the Agricultural Disaster Relief

⁶The President can issue a major disaster or emergency declaration in response to a catastrophe that overwhelms state and local governments. The Secretary of Agriculture can make a determination that there has been a natural disaster. The SBA Administrator can declare a disaster because of various physical damages or economic injuries.

⁷Presidentially declared disasters require that FEMA have overall responsibility for coordinating federal assistance, but there are several other types of disaster declarations, such as those made by the Secretary of Agriculture or SBA, that do not involve FEMA. Such declarations instead make various disaster assistance from SBA, FSA, and other state and local authorities available to producers.

⁸We evaluated past ad hoc disaster assistance programs to inform FSA's implementation of the 2008 farm bill disaster assistance programs. See GAO, *USDA Crop Disaster Programs: Lessons Learned Can Improve Implementation of New Crop Assistance Program*, [GAO-10-548](#) (Washington, D.C.: June 4, 2010).

Trust Fund providing approximately \$3.6 billion in assistance through the end of calendar year 2011 to agricultural producers of all sizes.⁹

The five programs are the following:

- The Supplemental Revenue Assistance Payments Program (SURE) provides cash assistance for agricultural producers with crop production losses or crop quality losses.
- The Tree Assistance Program (TAP) provides partial cost reimbursements to orchard and nursery producers for replanting or rehabilitating lost or damaged trees, bushes, or vines.
- The Livestock Indemnity Program provides cash assistance to producers for livestock deaths.
- The Livestock Forage Disaster Program provides cash assistance to livestock producers when their livestock are prevented from grazing due to drought or fire on federally managed land.
- The Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP) provides cash assistance to eligible producers who have losses that are not covered under the other 2008 farm bill programs due to adverse weather and disease, among other things.

FSA also administers three other disaster assistance programs that producers can apply for following a disaster. These programs are generally funded through annual appropriations and are as follows:

- The Emergency Forest Restoration Program, which also was created in the 2008 farm bill, provides payments to eligible owners of nonindustrial private forestland to carry out emergency measures to restore land damaged by a natural disaster. This program was implemented in 2010 to cover disasters starting in January 2010. It has provided \$2 million from fiscal years 2010 through 2011.
- The Emergency Conservation Program provides funding and technical assistance for farmers and ranchers who carry out emergency measures to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. This program provided \$345 million from fiscal years 2008 through 2011.

⁹Funds are appropriated to the Agricultural Disaster Relief Trust Fund from the general fund of the Treasury based on agricultural trade duties.

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- The Emergency Loan Program helps agricultural producers recover from production and physical losses. Unlike FSA's other disaster assistance programs, the Emergency Loan Program is available only to small agricultural producers, which USDA classifies as family-sized farms. FSA obligated \$32 million for the Emergency Loan Program in fiscal year 2011.

By law, SBA is prohibited from providing disaster loans to most agricultural producers. However, SBA has two loan programs that are relevant to agriculture and provided 103 loans totaling about \$15 million in disaster loans to eligible small aquaculture producers, nursery producers affected by drought, and businesses that support agriculture that reported losses to SBA from October 2007 through the end of 2011.¹⁰ The two programs are the following:

- The Economic Injury Disaster Loan Program provides working capital loans for disaster-related needs to meet financial obligations that could have been met had the disaster not occurred. Small businesses or private nonprofit organizations are eligible for these loans if they have suffered substantial economic injury—i.e., the business cannot meet its obligations or pay necessary operating expenses—as a direct result of a declared disaster. Aquaculture producers and nursery producers affected by drought may qualify for these loans.
- The Business Physical Disaster Loan Program provides loans for a business to repair, rehabilitate, or replace damaged property, including real estate, equipment, inventory, and fixtures. Any business, other than an agricultural enterprise, or private, nonprofit organization (large or small) located in a declared disaster area that has incurred damage during the disaster may apply for these loans, including businesses that support agriculture.

Characteristics of Aquaculture and Nursery Industries

The 10 USDA and SBA disaster assistance programs have slightly different definitions for aquaculture. USDA defines aquaculture as the production and rearing of aquatic species under controlled or selected environments. SBA uses a definition from the U.S. Department of Commerce's National Oceanic and Atmospheric Administration, which defines aquaculture as the propagation and rearing of aquatic organisms in controlled or selected aquatic environments for any commercial,

¹⁰SBA provided another 199 loans totaling \$7.7 billion to nonfarm fishing, hunting and trapping businesses over that same time period.

recreational or public purpose. A 2012 Congressional Research Service report stated that, until recently and with a few exceptions, U.S. aquaculture has been considered a minor industry.¹¹ USDA's 2005 Census of Aquaculture reported that U.S. sales of aquaculture products were approximately \$1.1 billion. Aquaculture crops include fish for human consumption, such as catfish, salmon, and trout; crustaceans such as crawfish; mollusks such as oysters and clams; and ornamental fish and baitfish. Fish for human consumption and baitfish are normally grown in freshwater. Crawfish are grown in freshwater, and farm-raised oysters and clams are grown in coastal areas of the United States.

Nursery producers grow a variety of trees and plants, such as oak trees, shrubs, and potted plants, with some producers growing hundreds of varieties. USDA has reported that, since the 1970s, the greenhouse and nursery industry had been growing more rapidly than all other agricultural commodities, in terms of cash receipts. Cash receipts for the top five greenhouse and nursery producing states were nearly \$10 billion in 2006.

Disaster Assistance Programs Leave Few Gaps in Coverage for Small Agricultural Producers

The 10 FSA and SBA disaster assistance programs we identified that small agricultural producers and businesses that support agriculture can use to recover from natural disasters provide assistance that can cover most losses. FSA provides cash assistance to agricultural producers, including small producers, for crop and livestock losses and damages to land. FSA also provides disaster loans to these producers to cover production losses, while SBA provides disaster loans to cover physical damages and economic injury losses to businesses that support agriculture and economic injury to a limited aquaculture sector and for nurseries only when a drought is declared. Together, the FSA and SBA disaster assistance programs are fragmented, but they leave few gaps in the assistance available to most small agricultural producers in the wake of a natural disaster.¹² Table 1 lists the 10 cash assistance and loan programs we identified and the types of losses they cover.

¹¹Congressional Research Service, *Fishery, Aquaculture, and Marine Mammal Issues in the 112th Congress* (Washington, D.C.: May 9, 2012).

¹²Fragmentation refers to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national interest. For more information, see GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*. [GAO-12-342SP](#) (Washington, D.C.: Feb. 28, 2012).

Table 1: 10 FSA and SBA Disaster Assistance Programs and Types of Losses Covered

Program	Crops	Livestock	Land	Other
FSA Supplemental Revenue Assistance Payments Program (SURE)	X			
FSA Tree Assistance Program (TAP)	X ^a			
FSA Livestock Indemnity Program		X		
FSA Livestock Forage Disaster Program		X ^b		
FSA Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP)	X ^c	X		
FSA Emergency Forest Restoration Program			X	
FSA Emergency Conservation Program			X	
FSA Emergency Loan Program				X
SBA Economic Injury Disaster Loan Program				X
SBA Business Physical Disaster Loan Program				X

Sources: GAO review of federal disaster assistance program information provided by FSA and SBA.

^aFSA's Tree Assistance Program does not cover crop production losses but provides partial cost reimbursements to replant or rehabilitate trees, bushes, and vines.

^bThis refers to the loss of grazing land for livestock.

^cFor the purposes of this table, we define crops to include honeybees and farm-raised fish.

FSA Provides Cash Assistance for Crop and Livestock Losses and Damages to Land

Agricultural producers, including small producers, such as family farms, can apply for cash assistance under seven FSA programs that provide cash payments and reimbursements for losses resulting from natural disasters to a wide variety of crops and livestock, as well as damages to farmland and forests (table 2). Qualifying natural disasters generally include adverse weather events such as droughts, floods, hurricanes, and blizzards; however, each program specifies the types of disasters that it covers. Five of the seven programs—(1) SURE, (2) TAP, (3) the Livestock Indemnity Program, (4) the Livestock Forage Disaster Program, and (5) ELAP—were authorized by Title XV of the 2008 farm bill and cover losses and damages resulting from natural disasters that occurred from January 1, 2008, through September 30, 2011.¹³ They have several common eligibility requirements. For example, producers must have purchased crop insurance or enrolled in NAP prior to incurring damages or, for crop years 2008 and 2009, must obtain a waiver from those requirements from USDA to receive benefits under SURE, ELAP, and TAP. However, limited resource (i.e., having limited gross farm sales or

¹³The SURE program covers losses beginning with the 2008 crop year. A crop year is determined by USDA based on when the crop is normally harvested.

household income), socially disadvantaged (i.e., belonging to a racial or ethnic group subject to racial or ethnic prejudice), and beginning farmers and ranchers (i.e., not having operated a farm or ranch for more than 10 consecutive years) may be exempted from this requirement. The other two programs—the Emergency Forest Restoration Program and the Emergency Conservation Program—are authorized in separate legislation and cover losses on an ongoing basis from funds generally made available through the appropriations process.

Table 2: FSA Cash Assistance Programs

Program	Description	Covered losses
SURE ^a	Cash payments for agricultural producers with qualifying crop production losses or crop quality losses.	Crops and some aquaculture
TAP ^a	Partial reimbursement for qualifying orchardists and nursery producers to replant or rehabilitate eligible trees, bushes, and vines.	Orchards and nurseries
Livestock Indemnity Program ^a	Cash assistance for livestock deaths in excess of normal mortality due to adverse weather.	Livestock, including some aquaculture, and honeybees
Livestock Forage Disaster Program ^a	Cash assistance for livestock grazing losses caused by qualifying drought conditions or a fire on federal land used for grazing.	
ELAP ^a	Cash assistance for livestock feed and grazing losses and deaths; honeybee colony, hive and feed losses; and farm-raised fish deaths and feed losses that are not covered by other farm bill disaster assistance programs.	
Emergency Forest Restoration Program	Partial reimbursement for owners of nonindustrial private forest land in order to carry out emergency measures to restore damaged land.	Land
Emergency Conservation Program	Partial reimbursement for agricultural producers to rehabilitate farmland that has been severely damaged.	

Sources: GAO review of federal disaster assistance program information provided by FSA.

^aThese programs, authorized under the 2008 farm bill, cover only losses incurred as a result of disasters that occurred on or before September 30, 2011. Payments are currently being made for disaster losses that occurred from January 1, 2008, through September 30, 2011.

Crop Losses

Two programs cover crop losses:

- SURE covers crops for which federal crop insurance or NAP is available, including corn and other commodities, fresh produce, organic crops, apples and other fruit, and nursery products. Losses to catfish, crawfish, and other aquaculture species are also covered under SURE; however, livestock losses are not covered. Agricultural producers who have suffered a 10 percent crop loss on at least one crop of economic significance on their farm are eligible if they are located in a declared disaster county or a county adjacent to a disaster county.¹⁴ In addition, producers who have lost 50 percent or more of the normal production on their farms from a natural disaster may also qualify for SURE, even if they are not located in a declared disaster county or contiguous county. Reductions in crop quantity and quality due to natural disasters are counted as losses and, in some cases, losses that occur because a natural disaster prevented a producer from planting a crop are also counted. The amount of the SURE payment is a percentage of the difference between the SURE guarantee and the total farm revenue for the producer's entire farm, not the value of lost crops. The SURE guarantee is calculated based on the level of crop insurance or NAP coverage the producer has and historic production or value of lost crops. In general, the more insurance purchased, the higher the SURE payment.
- TAP is a cost-reimbursement program that provides cost-share payments to orchard and nursery producers for replanting or rehabilitating lost or damaged trees, bushes, or vines for commercial purposes. Nursery trees that are produced for commercial sale, including ornamental trees, fruit and nut trees, and Christmas trees, are also covered. Trees used for pulp or timber are not covered. To receive benefits, a producer must have sustained a loss in excess of 15 percent of the trees, bushes, or vines in an individual stand—a contiguous acreage of the same type of plant—after adjusting for normal mortality or damage. TAP reimburses producers for 70 percent of the cost of replanting trees, bushes, and vines, and 50 percent of the costs to remove, prune, or other costs to salvage damaged trees, bushes, and vines, or to prepare the land to plant new ones.

¹⁴Crop of economic significance means any crop that contributed, or is expected to contribute, 5 percent or more of the total expected value of all crops grown by the producer.

Livestock and Livestock-Related Losses

The following three programs cover livestock and livestock-related losses:

- The Livestock Indemnity Program provides cash assistance to livestock producers for the deaths of a wide variety of livestock that are produced or maintained for commercial use, ranging from cattle, poultry, and swine to alpacas and reindeer, among others. Producers who raise poultry and swine under contracts can also receive assistance. Deaths must be in excess of normal mortality for the animal and have been caused by adverse weather, including extreme heat or cold and other weather events. Deaths resulting from drought are not covered.¹⁵ Producers are paid 75 percent of the fair market value of the livestock. The Livestock Indemnity Program does not cover aquaculture.
- The Livestock Forage Disaster Program provides cash assistance to livestock producers when their livestock are prevented from grazing because the land or pasture they normally graze on has been affected by a drought. To be eligible, producers' land must be physically located in a county affected by a qualifying drought during the normal grazing period, as determined by the U.S. Drought Monitor, a joint federal-academic system for classifying drought severity according to a range of abnormally dry to exceptional drought, produced on a weekly basis. Payment for drought-related grazing losses is based on the severity of the drought and the cost of feed. In addition, the Livestock Forage Disaster Program provides cash assistance to producers who have been prevented from grazing on federally managed rangeland because of fire when they normally would have been permitted to. Payment for fire-related grazing losses is calculated by multiplying 50 percent of the monthly feed cost by the number of days the producer is prohibited from grazing, for up to 180 days.
- ELAP provides cash assistance to eligible producers who have losses from disease, adverse weather, or other conditions that are not covered under SURE, the Livestock Indemnity Program, or the Livestock Forage Disaster Program. FSA officials told us it is a catchall program meant to fill gaps left by the other programs. For example, ELAP has covered livestock losses from wolf attacks. According to the officials, livestock being killed by gray wolves that

¹⁵Because feed can be purchased or otherwise obtained in the event of a drought, drought is not an eligible adverse weather event except when anthrax, resulting from drought, causes the death of eligible livestock.

were recently reintroduced into the western United States is fairly common, and producers cannot hunt the wolves because they are a protected species. In addition, honeybee producers are eligible for ELAP if they have colony or hive losses from adverse weather or other eligible loss conditions, including colony collapse disorder, an unexplained phenomenon in which, other than a live queen, there are no other or a low number of adult honeybees present in a hive. ELAP also covers farm-raised fish feed losses and death losses of eligible farm-raised game or sport fish for aquaculture producers and livestock feed and grazing losses that result from natural disasters other than drought or fires on federally managed lands. Depending on the type of loss, payment amounts are calculated based on 75, 60, or 50 percent of the value of the loss. However, the farm bill limits the amount of assistance that can be approved each year under the program to \$50,000,000. FSA may prorate payment amounts to reduce the total expected paid out.

Damages to Land

Two programs cover damages and losses to land. FSA has set a national minimum qualifying restoration cost of \$1,000 for these programs, although FSA state-level offices are authorized to set a higher minimum. However, according to FSA officials, the national qualifying minimum cost of restoration for Emergency Conservation Program participants who claim limited resource status is \$250. These two programs are as follows:

- The Emergency Forest Restoration Program is a cost-reimbursement program that provides payments to owners of nonindustrial private forestland that has been damaged by a natural disaster. The land must have, or had, tree cover immediately before the natural disaster and the damages, if not addressed, must be expected to impair or endanger the natural resources on the land and materially affect its future use. The program is not limited to agricultural producers, but FSA officials told us that many of them participate in it. For example, producers have used it to remove farm equipment and debris that a natural disaster blew off their farmland into their adjacent forestland. The Emergency Forest Restoration Program covers up to 75 percent of the qualifying cost to implement FSA-approved practices to repair damage to natural resources and restore forest health and forest-related resources on the land.
- The Emergency Conservation Program generally reimburses agricultural producers for up to 75 percent of the cost to rehabilitate farmland that has been severely damaged by a natural disaster. Qualified limited resource producers may receive up to 90 percent. Land must be expected to have annual agricultural production, be

used as a windbreak or shelterbelt, or a farm access road. This includes grazing land for commercial livestock production, land used for producing agricultural commodities, and privately owned land used for commercial aquaculture; however, certain types of land, including state-owned coastal waters that aquaculture producers lease, do not qualify. The Emergency Conservation Program also covers commercial orchards, land used for container-grown nursery stock, and Christmas tree farms but does not cover land used for timber production. Land that is subject to frequent damage or susceptible to severe damage is also excluded.

FSA and SBA Disaster Loans Cover Production Losses, Physical Damages, and Economic Losses

FSA provides disaster loans to small agricultural producers that have experienced production losses or physical losses, while SBA provides loans for small businesses, small agricultural cooperatives, and private nonprofit organizations that have suffered substantial economic injury (table 3). Officials from both agencies told us that agricultural producers generally apply for disaster loans only when crop insurance or cash assistance is insufficient or unavailable to cover their losses because, unlike a loan, these other sources of disaster assistance do not have to be repaid. Nonetheless, officials said that the loans are an important source of assistance for those producers who need them. As of July 11, 2012, USDA announced that the interest rate for FSA's Emergency Loan, which is set by the Secretary of Agriculture, would decrease from 3.75 percent to 2.25 percent, which the agency says will make the rates more comparable to other rates in the market. Interest rates for SBA's loans are set when the disaster declaration is made but are capped at 4 percent unless SBA determines that the applicant can obtain a loan from a commercial bank. To prevent duplication of benefits, the FSA and SBA loan programs require that disaster assistance funds received from other sources be deducted from the amount of an applicant's qualified loan amount.

Table 3: FSA and SBA Disaster Loan Programs

Program	Provisions	Covered losses
FSA's Emergency Loan Program	Provides up to \$500,000 to help agricultural producers recover from production and physical losses from drought, flooding, other natural disasters, or quarantine.	Crops, livestock, equipment, and other farm property
SBA's Economic Injury Disaster Loan Program	Provides up to \$2 million in working capital for disaster-related needs until the business recovers. ^a	Working capital for small businesses, including small aquaculture enterprises, small nurseries affected by a drought disaster declaration, small agricultural cooperatives, and businesses that support agriculture
SBA's Physical Disaster Loan Program	Provides up to \$2 million for a business to repair, rehabilitate, or replace damaged property, including real estate, equipment, inventory, and fixtures. ^a	Businesses that support agriculture and nonagricultural components of agricultural businesses (e.g., a processing facility)

Sources: GAO review of federal disaster loan program information provided by FSA and SBA.

^aThe aggregate loan limit for economic injury and physical disaster loans cannot exceed the lesser of the uncompensated economic injury and physical loss or \$2 million. The SBA Administrator may increase the \$2 million loan limit based on appropriate economic indicators for a region.

FSA and SBA disaster loans are a backup option for small agricultural producers and businesses that do not qualify for commercial loans. However, applicants must still demonstrate that they will be able to repay the loans and, with some exceptions, they must provide collateral. In addition, each of the loan programs has additional eligibility requirements.

To qualify for an FSA Emergency Loan, aquaculture and nursery producers must meet the "family farm" size criteria. In addition, the producer must have suffered at least a 30 percent loss in crop production, or any amount of physical loss to real estate or farm property, such as equipment or livestock. The farm or ranch must be located in a declared disaster county or qualifying nearby county. Small aquaculture and nursery producers are eligible for FSA Emergency Loans, provided that they meet the general program requirements.

Small aquaculture and nursery producers are also eligible for SBA's Economic Injury Disaster Loans; however, other types of agricultural producers are not. Under SBA operating procedures, small aquaculture producers whose businesses can be classified as aquaculture enterprises

within the North American Industry Classification System codes and meet the general loan requirements are eligible for Economic Injury Disaster Loans. The North American Industry Classification System is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. However, small nursery producers are only eligible when they are affected by drought disasters designated by the Secretary of Agriculture. Small agricultural cooperatives and businesses that support agriculture, such as planting and animal breeding services, are also eligible for Economic Injury Disaster Loans. SBA's Physical Disaster Loans are not available to agricultural producers, including aquaculture and, according to SBA officials, nurseries that derive at least half of their annual income from producing and selling nursery products. However, if an agricultural producer also has a separate component to the business, such as a processing facility, the separate business may be eligible for assistance.

Gaps in Disaster Assistance Coverage Are Few

There are few gaps in the disaster assistance available to most small agricultural producers after a natural disaster occurs, according to our review of FSA and SBA disaster assistance programs. The agencies' cash assistance and loan programs supplement the assistance provided through the Federal Crop Insurance Program and NAP. In other cases, exclusions or limitations specified in one disaster assistance program may be covered in another disaster assistance program. For example, crawfish, catfish, or many other aquaculture losses are covered by SURE but not other FSA disaster assistance programs because, as previously noted, these programs specify that benefits cannot be duplicated. Similarly, exclusions and limitations that arise in some of the other FSA disaster assistance programs are often covered by another disaster assistance program. For example, agricultural producers whose farms are larger than family farms are not eligible for FSA's Emergency Loans but may still be able to obtain assistance under one of FSA's cash assistance programs, which do not have similar size requirements.

FSA and SBA disaster assistance programs for agricultural producers do not cover all disaster scenarios, however. FSA officials stated that FSA's disaster assistance programs generally only cover losses resulting from natural disasters. For example, according to FSA officials, FSA programs generally will not cover plant and animal diseases and insect infestations unless they were directly caused or exacerbated by a natural disaster. Officials told us that disasters resulting from human error or negligence, such as an oil spill or some wildfires, are also not covered by FSA,

although SBA's disaster loans may cover some of these losses. In addition, FSA's disaster assistance programs do not cover economic losses caused by a decrease in demand for a product, even if the low demand is linked to a natural disaster. Likewise, according to SBA officials, SBA's disaster assistance programs do not cover such losses if the decrease in demand is both temporary and the result of a declared disaster. However, SBA officials said that if a drought decreases demand for a nursery producer's stock because consumers do not want to purchase plants when water is scarce, the lost working capital necessary to pay recurring expenses that the business could have generated had the disaster not occurred is an eligible loss. Furthermore, several of FSA's disaster assistance programs require that agricultural producers experience a minimum level of losses and, according to FSA officials, practice standard farm management practices to qualify for assistance. For example, the Livestock Indemnity Program does not cover poultry deaths when adverse weather causes equipment, such as cooling fans for poultry houses, to fail, and the producer did not follow certain management practices, such as having backup electrical generators in place. However, both FSA and SBA have other loan programs that agricultural producers can use when they do not qualify for disaster assistance and want to restore their operations. Producers can use FSA's Operating Loans to cover farm operating expenses, including farm supplies such as seeds and equipment, to make repairs, and to make essential purchases such as livestock and feed. SBA's 7(a) Loan Guaranty Program is available to small agricultural producers to purchase land, inventory, and supplies, and provide working capital, among other things.¹⁶

FSA programs prohibit payment duplication, preventing producers from receiving multiple payments for the same or similar losses. However, these nonduplication clauses do not prevent producers from enrolling in multiple programs to cover their losses. According to FSA officials, in the event of major disasters, such as hurricanes and tornadoes, producers may obtain assistance through more than one of the eight FSA programs to address all of their damages (see tables 1 through 3 for information on program purposes and covered losses).

¹⁶SBA's 7(a) loan program guarantees loans made by commercial lenders—mostly banks—to small businesses for working capital and other general business purposes.

Awareness and Eligibility Issues Limit Small Aquaculture and Nursery Producers' Participation in Disaster Assistance Programs

Three main factors may limit small aquaculture and nursery producers' participation in the 6 of the 10 disaster assistance programs for which they could be eligible. First, many producers did not apply for the assistance because they were not aware of these programs. Second, some producers did not apply for it because they sought relief through other options, such as other federal grants and private loans. Third, some producers applied but did not qualify because they did not meet certain program requirements. Table 4 shows the six disaster assistance programs—four cash assistance and two loan programs—that small aquaculture and nursery producers could apply for.

Table 4: Disaster Assistance Programs That Cover Aquaculture and Nursery Losses

Program	Aquaculture	Nursery
FSA SURE	X	X
FSA TAP		X
FSA ELAP	X	
FSA Emergency Conservation Program	X	X
FSA Emergency Loan Program	X	X
SBA Economic Injury Disaster Loan Program	X	X

Sources: GAO review of disaster assistance programs.

Small Producers Do Not Apply Primarily Because They Are Not Aware That Assistance Is Available

Many small aquaculture producers and some small nursery producers did not apply for disaster assistance because they were not aware of FSA's or SBA's programs, according to aquaculture and nursery industry representatives and FSA and SBA officials we interviewed. According to most state-level aquaculture industry representatives and, to a lesser extent, nursery industry representatives, aquaculture and nursery producers in their states were generally not aware of FSA's or SBA's disaster assistance programs or that they could be eligible for financial assistance through these programs. For example, a representative of a state-level aquaculture association said its members were either not aware they could be eligible for, or were misinformed about, FSA disaster assistance programs and did not use SBA programs. Several FSA and SBA officials told us that both small aquaculture and nursery producers fall outside of their usual customer bases and may not be aware of their disaster assistance programs. In general, these producers do not have a past or current relationship with FSA or SBA. However, in two states where aquaculture producers also grow other crops and participate in other FSA programs, FSA officials said these producers were more likely

to become aware of FSA's disaster assistance programs. For example, FSA officials in one large aquaculture state told us that some of the state's small aquaculture producers are aware of FSA because they grow other crops covered by FSA's agriculture support programs. In addition, a catfish producer we spoke with had worked with FSA on other issues and was familiar with FSA disaster assistance programs but was not aware of SBA Economic Injury Disaster Loans. In contrast, a representative of a state nursery industry association said that he had not considered going to FSA for nursery-related matters, despite having experience working with FSA on matters affecting other types of agricultural producers. He also said that nursery producers in his state may not be aware of disaster assistance programs and do not identify themselves as agricultural producers, so do not think of FSA as a resource when a disaster occurs.

Participation among small aquaculture and nursery producers was low in certain FSA disaster assistance programs, according to FSA officials, and few aquaculture producers applied for SBA's Economic Injury Disaster Loan Program, according to SBA officials. For example, FSA officials we interviewed in one state with aquaculture and nursery farms numbering in the top 10 compared with other states, as of 2009 and 2007, respectively, reported receiving only 1 aquaculture and 3 nursery applications out of a total of nearly 2,500 applications for SURE between January 2011 and June 2012. In addition, they reported receiving only 2 aquaculture and 2 nursery applications out of a total of nearly 2,750 for Emergency Conservation Program assistance during 2011. FSA national-level loan officials also said that they received few applications for Emergency Loans from aquaculture and nursery producers. For example, FSA officials from a state with large aquaculture and nursery industries reported that they did not receive any Emergency Loan applications from aquaculture producers and only 7 applications from nursery producers in fiscal years 2010 through 2011. Similarly, SBA officials told us, as of July 2012, they had received only 3 Economic Injury Disaster Loan applications from aquaculture producers since the Small Business Jobs Act of 2010 extended eligibility to aquaculture producers.

We have reported that reaching a program's intended recipients is an important measure of program performance.¹⁷ Outreach is one approach

¹⁷GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: Jan. 31, 2012) and GAO, *Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress*, [GAO/GGD-00-35](#) (Washington, D.C.: Jan. 26, 2000).

to increasing awareness of federal programs among intended recipients. Both FSA and SBA conduct outreach related to their disaster assistance programs, but their methods do not help to ensure that small aquaculture and nursery producers are aware of their potential eligibility for the programs. Therefore, aquaculture and nursery producers may be missing opportunities to receive assistance that could help them maintain a viable business after experiencing a natural disaster. Specifically, FSA's outreach activities include notifying local media outlets; minority, civic, and business organizations; and FSA's existing customers about FSA's disaster assistance programs. In addition, FSA national-level officials told us that the public may sign up for disaster assistance e-mail updates on the FSA website. However, FSA national-level officials told us FSA's outreach approach does not directly target aquaculture and nursery industry organizations. In addition, aquaculture and nursery producers are often not in FSA's customer database, so they would not receive FSA newsletters that contain information about disaster assistance. For example, FSA officials in a state with a large nursery industry said that they do not conduct outreach to the nursery industry, although they reach out to other agricultural producers. Therefore, aquaculture and nursery producers may not see all information FSA releases. In addition, those who receive disaster assistance information may not realize they could be eligible for assistance from FSA because some do not identify as a part of the agriculture industry.

Similarly, SBA provides information to disaster victims; current SBA customers; media outlets; Small Business Development Centers; Chambers of Commerce; and federal, state, and local officials about SBA disaster loans. SBA national-level officials told us they have not contacted small aquaculture or nursery producers or their industry representatives directly about SBA disaster loans. While SBA developed postdisaster procedures that include contacting aquaculture industry associations, officials told us that, as of July 2012, they had not contacted any aquaculture industry associations. They told us there has been little disaster activity affecting aquaculture producers since they became eligible for SBA Economic Injury Disaster Loans, but that they would follow these procedures for future disaster declarations. As a result, aquaculture and nursery producers may not be aware they could be eligible for SBA disaster assistance.

FSA and SBA have indicated a willingness to help aquaculture and nursery producers seek disaster assistance when asked. Several representatives of state-level aquaculture and two nursery industry associations said they have requested and received help from FSA field

offices on numerous occasions about disaster assistance eligibility and payment issues. Of these, most noted they have a good relationship with the agency. For example, one state's aquaculture association representative noticed that his producers were not aware they could be eligible for, or were misinformed about, FSA disaster assistance. He requested FSA's help in educating producers about disaster assistance. As a result, FSA may participate in the industry's annual conference to increase producers' familiarity with FSA services. Similarly, SBA national-level officials told us they were interested in helping aquaculture producers obtain access to SBA's Economic Injury Disaster Loans and have taken steps to bring these producers to SBA. For example, SBA's disaster loan announcements specify that aquaculture producers are eligible for their Economic Injury Disaster Loan Program.

Some Producers Do Not Apply for Disaster Assistance Because They Have Other Options

Some small aquaculture and nursery producers may not apply for FSA or SBA disaster assistance programs for which they could be eligible because they have other options for assistance, including other federal grant programs and other federal or private loans, according to FSA officials and industry representatives. FSA national-level officials told us that one reason they had received few applications for ELAP from aquaculture producers to cover disaster-related feed losses was because many aquaculture producers had received assistance for historically high feed costs through FSA's Aquaculture Grant Program, which was active in 2008 and 2009. Aquaculture producers who receive 2008 or 2009 Aquaculture Grant Program payments are not eligible for aquaculture feed losses under ELAP for the same species for which the grant benefits were received because producers cannot receive duplicate payments for the same loss under multiple programs. FSA officials also noted that SURE covers physical losses for the majority of aquaculture species, while ELAP only covers physical losses of game fish and baitfish. Therefore, FSA received few ELAP applications from aquaculture producers. In addition, some small nursery producers in particular do not apply for FSA Emergency Loans or SBA Economic Injury Disaster Loans because they apply for other loans or prefer not to take out a loan, according to most loan officials and several nursery representatives. For example, some FSA officials said that some small nursery producers choose to apply for FSA Operating Loans rather than Emergency Loans. According to FSA national-level officials, Operating Loans may be more attractive to these producers because their interest rates are currently lower than Emergency Loans, and they do not require applicants to document disaster losses. The Operating Loan interest rate has been below the Emergency Loan interest rate since November 2008—1.25

percent as of July 2012 and 3.75 percent since January 1994, respectively. However, as previously noted, USDA announced in July 2012 that the Emergency Loan rate would be reduced to 2.25 percent. The Operating Loan rate is tied to the government's cost of borrowing, and FSA officials told us it is historically low because of the economic downturn. However, FSA officials noted that Emergency Loans remain an important option for some producers who have exhausted their Operating Loan statutory term limits by receiving an Operating Loan in 7 different years or have reached the statutory loan size limit of \$300,000 and need additional funds. SBA officials said that some aquaculture producers' disaster losses may be covered sufficiently by insurance or they may seek out grants rather than loans. In addition, two nursery industry representatives said that small nursery producers affected by disasters may take out private loans because they are familiar with their local banks. Another nursery industry representative said that other small nursery producers do not take out any loans because they do not want to take on more debt.

Some Small Producers Do Not Meet Certain Requirements for Disaster Assistance

Some small aquaculture and nursery producers did not receive disaster assistance from FSA or SBA primarily because (1) their losses were less than the required minimums, (2) they did not meet the crop insurance or NAP coverage requirement, or (3) they did not meet loan eligibility requirements. First, three programs available to aquaculture and nursery producers—SURE, TAP, and the Emergency Loan Program—set minimum loss requirements as a condition of receiving assistance. As a result, some small aquaculture and nursery producers did not experience the required levels of losses. Several FSA officials told us this was primarily because they tend to have more control over their operating conditions relative to other types of agricultural producers, which tends to limit damage from a disaster. For example, FSA officials in a state with a large aquaculture industry told us that catfish ponds tend to experience little damage from flooding. In addition, FSA officials in another state denied five of six SURE applications from nursery and aquaculture producers last year because controlled operating conditions limited disaster losses. Therefore, these applicants did not meet the SURE requirement that they experience at least a 10 percent crop loss on at least one crop of economic significance on their farm if they were located in a declared disaster county or a county adjacent to a disaster county or, at least a 50 percent loss of the normal production on their farms from a natural disaster if they were not located in a declared disaster county or contiguous county. Similarly, FSA national-level officials told us that small nursery producers often do not qualify for TAP because their trees or

plants were damaged but not destroyed in a disaster. Only trees that are destroyed or damaged such that it would be more cost-effective to replace them are considered in determining whether the loss threshold is met and, therefore, whether an applicant will receive a payment. As previously mentioned, to qualify for TAP, a producer must have sustained a loss in excess of 15 percent of the trees, bushes, or vines in an individual stand—a contiguous acreage of the same type of plant—after adjusting for normal mortality or damage.

Furthermore, because aquaculture and nursery producers have more control over their operating conditions compared with other types of agricultural producers, FSA expects these producers to follow certain management practices to decrease their risk of disaster losses. If they fail to do so, FSA may deny a request for assistance. For example, according to FSA officials in one state, they did not approve an application for SURE from a tilapia producer because they determined that the producer could have prevented the tilapia losses. That is, the tilapia died because the water in their tank was too hot, and the producer could have controlled the water temperature. Similarly, FSA disaster assistance programs typically do not cover nursery losses from drought because irrigation is a standard practice for nursery producers. FSA officials in a state with a large nursery industry also told us that nursery producers can control the location of their potted trees and plants. As such, producers could avoid losses from a freeze by moving the pots indoors.

Second, several representatives from state-level nursery industry associations said that small nursery producers often did not receive disaster assistance because they did not enroll in crop insurance. As previously mentioned, enrolling in crop insurance or purchasing NAP are generally prerequisites for several FSA disaster assistance programs. FSA officials in some states in which we conducted interviews also said that nursery producers often do not meet this requirement. FSA national-level officials told us that because crop insurance coverage is widely available to nurseries, there are few instances when nurseries would use NAP. National-level officials from USDA's RMA told us that nursery producers may not enroll in crop insurance because they see little risk of disaster losses because they operate under controlled conditions. In addition, RMA officials told us that both aquaculture and nursery producers continuously plant and harvest their crops, reducing their risk of losing an entire year's crops to a single natural disaster. According to one state's nursery industry representative, some producers do not realize that crop insurance is a prerequisite for receiving disaster assistance under several of the FSA programs. FSA national-level

officials said that because disaster assistance programs only recently included crop insurance or NAP enrollment as a eligibility requirement, many producers are just beginning to see the connection between having crop insurance and obtaining disaster assistance. Small aquaculture producers' participation in crop insurance and NAP tended to vary by state, according to state aquaculture representatives.

Third, some small aquaculture and nursery producers did not meet the requirements of FSA's Emergency Loan or SBA's Economic Injury Disaster Loan Programs. According to most FSA state-level loan officials, small aquaculture and nursery producers did not receive assistance from the Emergency Loan Program primarily because they could not demonstrate an ability to repay the loan. The program requires that applicants submit a farm operating plan as part of their loan application to demonstrate their ability to pay back the loan according to a set schedule. The farm operating plan includes applicants' projected cash flow budget reflecting production, income, expenses, and loan repayment plan. FSA reviews the farm operating plan along with other application documents. If FSA officials determine the plan is not feasible, they will deny the loan request. For example, an FSA loan official in one state with a large nursery industry told us that the small nursery producer applicants who were denied Emergency Loans were often in tenuous financial positions prior to the disaster and, once the disaster hit, did not have the means to repay a loan.

Similarly, SBA national-level officials told us they declined Economic Injury Disaster Loans to some small nursery producers because applicants could not demonstrate the ability to repay the loan. SBA loan officials assess applicants' repayment ability by evaluating financial information submitted by Economic Injury Disaster Loan applicants. In addition, SBA denied two of the three Economic Injury Disaster Loan applications submitted by small aquaculture producers nationwide: one because the business did not meet the small size requirement and the other because it was located in a coastal barrier resource area.¹⁸ Federal law generally prohibits the federal government from lending in a coastal

¹⁸The Coastal Barrier Resources Act of 1982, and later amendments, removed the federal government from financial involvement associated with building and development in undeveloped portions of designated coastal barriers (including the Great Lakes). These areas were mapped and designated as Coastal Barrier Resources System units or "otherwise" protected areas.

barrier resource area. The third application was withdrawn by the applicant before SBA began processing it.

FSA and SBA Efforts to Collaborate on Disaster Assistance to Small Aquaculture and Nursery Producers Are Limited

FSA and SBA engaged in some efforts to collaborate in providing disaster assistance to small aquaculture and nursery producers, but the efforts were limited to referring producers from one agency to the other without identifying the assistance that may be available to these producers. Specifically, FSA officials told us that when they collaborate with SBA, it is at the local level on a disaster-by-disaster basis or when a disaster event is concentrated and losses are immediate. These collaborative efforts generally are limited to presidentially declared disasters, where, both SBA and FSA officials told us, the agencies have participated in multiagency disaster recovery centers established by FEMA. According to SBA officials and as provided by SBA's website, the agency also has taken steps on its own to inform agricultural producers (including small aquaculture and nursery producers) that FSA provides disaster assistance. SBA posts some information on its website showing that FSA administers and manages disaster assistance and loan programs through a network of federal, state, and county offices and that producers eligible for SBA assistance should also consider getting assistance from FSA. SBA also mentions FSA and USDA in the disaster notices it publishes following a Secretary of Agriculture-declared disaster. In addition, according to SBA officials, SBA advises applicants orally and in writing to check with FSA for assistance when they have been declined SBA assistance because their affected businesses were primarily agricultural and not covered by the statutes that extended eligibility to aquaculture and nursery producers. However, SBA typically does not provide producers information about the type of FSA disaster assistance.

We identified one primary reason for FSA's and SBA's limited collaboration. Both FSA national-level officials and state-level Emergency Loan officials told us that FSA field staff know little about SBA's disaster assistance programs, and SBA staff know little about what factors affect whether an agricultural loan will be repaid. According to FSA national-level officials, the FSA Emergency Loan and SBA disaster loan programs have little in common, but FSA's limited knowledge of SBA's programs may reduce the abilities of both agencies to meet the needs of small aquaculture and nursery producers affected by disasters. FSA national-level officials said that their loan officers at the state and county levels may have some general knowledge of SBA's disaster assistance programs, but that those loan officers may not know the programs in enough detail to inform a producer about them. They also said that FSA

does not expect its county officials to be familiar with SBA's disaster assistance programs. Consequently, the national-level FSA officials said that any knowledge their loan officers might have about SBA's programs is likely to occur in local FSA offices that know more about SBA. Similarly, several state-level FSA loan officials we spoke with said that they were aware that SBA had disaster assistance programs but were not necessarily familiar with them. Also, FSA's national-level office has not provided any guidance explaining SBA's programs to its staff. In contrast, SBA national-level officials told us that they and their customer service representatives were generally familiar with FSA's disaster assistance programs; however, they also told us that they have a limited understanding of the factors that might lead small aquaculture and nursery producers to repay their loans, which could make it challenging to serve them. SBA officials also told us that, historically, SBA has not focused on providing disaster assistance to aquaculture and nursery producers because SBA is prohibited by law from providing disaster loans to other agricultural producers.¹⁹ Consequently, the officials told us, SBA has not provided disaster assistance to many small aquaculture and nursery producers. Similarly, the FSA officials said that they and SBA understand the small aquaculture and nursery industries differently, giving them little reason to collaboratively provide assistance. However, both FSA and SBA provide assistance to aquaculture and nursery producers that is complementary, but they have not established compatible policies, procedures, and other means to coordinate their programs. In the absence of such practices, collaboration between FSA and SBA has been informal.

In June 2010, we reported that, by using informal coordination mechanisms, agencies may rely on relationships with individual officials to ensure effective collaboration and that these informal relationships could end once personnel move to their next assignments.²⁰ Without written procedures, agencies' roles and responsibilities are not clearly defined. We reported that agencies can strengthen their commitment to

¹⁹With the enactment of the Small Business Jobs Act of 2010, small enterprises engaged in aquaculture are eligible for Economic Injury Disaster Loans. SBA has implemented this change in the law by allowing aquaculture enterprises that are small businesses to apply for Economic Injury Disaster Loans for economic injury covered under disaster declarations issued on or after the effective date of the act (September 27, 2010).

²⁰GAO, *National Security: Key Challenges and Solutions to Strengthen Interagency Collaboration*, [GAO-10-822T](#) (Washington, D.C.: June 9, 2010).

work collaboratively by articulating their roles and responsibilities in formal documents to facilitate decision making. Such formal documents can include memoranda of understanding, interagency guidance, or interagency planning documents, signed by senior officials in the respective agencies. These documents can clarify which agencies will be responsible for particular activities and how they will organize their joint and individual efforts. As we reported in October 2005, agencies that have complementary programs can enhance the value of these programs through interagency collaboration.²¹ Among the key practices we identified were (1) defining and articulating a common federal outcome; (2) establishing strategies that are mutually reinforcing or joint to help the agencies align their activities, core processes, and resources to accomplish their common outcome; (3) agreeing on roles and responsibilities; (4) establishing compatible policies, procedures, and other means to operate across agency boundaries; and (5) including collaboration competencies in designing performance management systems and set performance expectations for collaboration to reinforce individual accountability for collaborative efforts. In the absence of such practices, collaboration between FSA and SBA has been based on limited information and not guided by any formal collaborative policy, guidance, or process. FSA and SBA have not adopted formal or written memoranda of understanding or interagency policies regarding their collaboration on disaster assistance programs. Both FSA and SBA national-level officials told us that they have no central guidance in place to facilitate collaboration with SBA on implementing their assistance programs. The SBA officials added that they did not see any need for written guidance because, in their view, the FSA and SBA disaster assistance programs do not overlap, and thus there are no “gray” areas that would require formal collaboration.

With limited information and no documented approach or policy to guide their collaboration, FSA and SBA personnel have not consistently referred applicants for disaster assistance to the other agency and, in turn, there has been little opportunity for small aquaculture and nursery producers to get assistance for which they may qualify. FSA national-level officials told us that they have discussed SBA disaster assistance with FSA field staff but have not provided written guidance on when or how its staff should refer producers, including aquaculture and nursery producers, to SBA.

²¹[GAO-06-15](#).

Further, FSA officials from two states said that, while they had referred large agricultural producers to SBA for other assistance, they had not done so for disaster assistance. They also said that because of their limited understanding of SBA's disaster assistance programs and little contact with SBA, they were not clear about the circumstances under which they should refer producers to SBA. Officials from four FSA state offices also told us that such referrals are either few and decreasing or not made in their states. Similarly, SBA national-level officials told us that while their loan officers may advise applicants to check with FSA for assistance, they do not routinely refer applicants to FSA. Consequently, small aquaculture and nursery producers likely have had less of an opportunity to get the disaster assistance for which they may qualify than they would have if FSA and SBA consistently referred producers to the other agency. In addition, several representatives of the aquaculture and nursery industries told us that they were not sure whether or how FSA and SBA coordinated their disaster programs, and a representative from another nursery association was not aware of any nursery producers that had been referred by either agency to the other. However, a representative from another nursery association noted that SBA had referred some producers to FSA, and the representative of another nursery association recalled that FSA had referred producers to SBA. Officials with one FSA state office told us that nursery producers who sought assistance from FSA or SBA could get bounced back and forth between the agencies while they determined whether the producers were eligible for assistance. Without more formal collaboration, applicants for disaster assistance may not be consistently referred by one agency to the other, leading to fewer opportunities for these small producers to get assistance for which they otherwise might qualify, and the value of these disaster assistance programs is diminished for aquaculture and nursery producers.

Conclusions

FSA's and SBA's 10 disaster assistance programs serve largely different populations but can provide an important safety net to help small agricultural producers recover from disasters. However, even though six FSA and SBA disaster assistance programs are open to small aquaculture and nursery producers, these producers are missing opportunities to receive such assistance. Small aquaculture and nursery producers are not using these programs as much as other agricultural producers, in part, because of their unique operations, such as the controlled growing environments that inherently mitigate disaster losses. Furthermore, they are not fully aware of the opportunities that exist. Because they do not apply for and receive assistance for which they could be eligible, small aquaculture and nursery producers' disaster

losses have the potential to significantly affect their ability to maintain a viable business. Both FSA and SBA conduct outreach related to their disaster assistance programs, but their methods do not help to ensure that small aquaculture and nursery producers are aware of their potential eligibility for the programs. In addition, FSA and SBA engaged in some efforts to collaborate in providing disaster assistance to such producers, but the efforts were limited. Moreover, FSA's general lack of awareness about SBA's disaster assistance programs and SBA's limited understanding of the factors that might lead small aquaculture and nursery producers to repay their loans reduce both agencies' abilities to fully serve these producers. Without a more formal collaborative approach between the agencies such as through a memorandum of understanding and further education of staff about the other agency's disaster assistance programs, applicants for disaster assistance may not be consistently referred by one agency to the other, leading to fewer opportunities for these small producers to get assistance for which they otherwise might qualify.

Recommendations for Executive Action

To help ensure that small aquaculture and nursery producers are aware of the disaster assistance programs available to them, we recommend that the Secretary of Agriculture and the Administrator of the Small Business Administration direct FSA and SBA officials to take the following two actions:

- Conduct targeted outreach to small aquaculture and nursery producers, for example, by building on existing agency outreach programs.
- Develop a strategy to better formalize collaboration through means such as developing a memorandum of understanding on interagency collaboration and educating staff about the other agency's disaster assistance programs.

Agency Comments

We provided the Secretary of Agriculture and the Administrator of the Small Business Administration with a draft of this report for review and comment. The departments did not provide official written comments to include in our report. However, in e-mails received August 23, 2012, the USDA and SBA liaisons stated that USDA and SBA generally concurred with our recommendations. USDA and SBA also provided written technical comments, which we incorporated into the report as appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of Agriculture, the Administrator of the Small Business Administration, the appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact Lisa Shames at (202) 512-3841 or shamesl@gao.gov or William B. Shear at (202) 512-8678 or shearw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.

Sincerely yours,



Lisa Shames
Director, Natural Resources and
Environment



William B. Shear
Director, Financial Markets and
Community Investment

Appendix I: Objectives, Scope, and Methodology

Our objectives for this engagement were to (1) examine selected U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) and Small Business Administration (SBA) disaster assistance programs and the types of small agricultural producers that they cover; (2) identify the main factors, if any, that may limit small aquaculture and nursery producers' participation in disaster assistance from FSA and SBA; and (3) examine FSA and SBA efforts to collaborate in providing disaster assistance to small aquaculture and nursery producers.

To address these objectives, we reviewed 10 FSA and SBA disaster assistance programs for agricultural producers and businesses that support agriculture and interviewed the FSA and SBA officials responsible for managing and administering each program. We reviewed these 10 programs because they become available to agricultural producers and businesses that support agriculture following a natural disaster and provide direct financial assistance in the forms of cash payments and reimbursements, as well as loans to agricultural producers and businesses that support agriculture that have experienced losses due to disasters. We use the term "agricultural producers" to refer to family farms, commodity producers, aquaculture producers, nursery producers, and other farmers and ranchers. Businesses that support agriculture refers to businesses that provide support activities for agriculture that do not lead to agricultural production. Examples of support activities include such duties as cotton ginning, soil preparation, planting, and breeding services for animals. Our primary focus was on small agricultural producers. While there is no one definition that covers all small agricultural producers, we included family farms and other farmers and ranchers whose size makes them particularly vulnerable to disasters because they tend to have less control over their economic security in general, and disasters can exacerbate that insecurity.¹ When FSA or SBA established specific size criteria for program eligibility, we used those criteria in our review. FSA administers 8 of the 10 programs, including the 5 disaster assistance programs that were authorized by Title XV of the 2008 farm bill, the Emergency Forest Restoration Program, the

¹For individual borrowers, FSA's definition of "family farm" specifies that the majority of day-to-day, operational decisions and all strategic management decisions be made by the borrower or a relative, and a substantial amount of labor to operate the farm be provided by the borrower or a relative. For corporations, partnerships, or other entities, the majority of day-to-day, operational decisions, and all strategic management decisions must be made, and a substantial amount of labor to operate the farm be provided by the members responsible for operating the farm.

Emergency Conservation Program, and the Emergency Loan Program.² The programs authorized by Title XV of the 2008 farm bill are the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program, the Livestock Forage Disaster Program, the Livestock Indemnity Program, the Supplemental Revenue Assistance Payments Program, and the Tree Assistance Program. SBA administers the remaining two disaster assistance programs, including the Economic Injury Disaster Loan and Physical Disaster Loan Programs. We also reviewed documents about the USDA Risk Management Agency (RMA) crop insurance program and FSA Noninsured Crop Disaster Assistance Program and interviewed RMA and FSA officials about how these programs interact with the disaster assistance programs in our study.

To determine the types of small agricultural producers the FSA and SBA programs cover, we reviewed agency documents, authorizing statutes, and implementing regulations to obtain information about each program, including eligibility requirements, and interviewed FSA and SBA officials. When analyzing whether gaps in coverage exist, we reviewed and analyzed FSA technical program handbooks and SBA program summaries and interviewed FSA and SBA officials. We analyzed major categories of agricultural producers involved in the production of food and fiber, including commodities, specialty crops, orchard and nursery products, and livestock, including aquaculture producers. We believe that this has enabled us to identify gaps in coverage, but we recognize that there could be additional gaps that we did not detect in this analysis.

We focused our second objective on the factors limiting small aquaculture and nursery producers' participation in these disaster assistance programs because aquaculture and nursery producers are covered by both FSA and SBA disaster assistance programs. Other agricultural producers are not covered by the SBA programs. We identified the factors limiting small nursery and aquaculture producers' participation in these disaster assistance programs by reviewing the eligibility criteria for the programs that pertain to them and by interviewing FSA and SBA officials about eligibility criteria and outreach policies and practices. We also interviewed state-level FSA officials and industry representatives in seven states about the factors that may limit small aquaculture and nursery producers' participation in disaster assistance, including program

²Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, 122 Stat. 1651.

participation and outreach practices. We assessed the agencies' outreach policies and practices against prior GAO reports on reaching a program's intended recipients.³ The industry representatives we selected for interviews were heads of aquaculture or nursery industry associations or others who could represent the views of producers in their states. The states we selected were California, Florida, Louisiana, Michigan, Mississippi, North Carolina, and Washington. We selected these states because they have a significant nursery industry or aquaculture industry presence based on the number of nursery and aquaculture farms and annual sales, as reported by the 2007 USDA Census of Agriculture. We also considered the geographic distribution of the states to ensure that a variety of places experiencing different types of natural disasters was included. We did not conduct a nationwide study on this issue.

To determine how FSA and SBA collaborate to provide disaster assistance to small nursery and aquaculture producers, we reviewed authorizing statutes and FSA and SBA documents and interviewed FSA and SBA officials to obtain information about the agencies' policies and practices for collaborating on disaster assistance. We also interviewed state-level FSA officials in seven states and industry representatives about their experience with the agencies' collaboration. We examined the degree to which the agencies' collaborative efforts reflected key practices we previously identified that can help enhance and sustain collaboration among federal agencies.⁴ In addition, we interviewed officials at the Department of Homeland Security's Federal Emergency Management Agency about its role in coordinating disaster assistance.

We conducted this performance audit from September 2011 to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³GAO-12-208G and GAO/GGD-00-35.

⁴GAO-06-15.

Appendix II: Federal Disaster Assistance Programs

Agency and program	Purpose
Department of Agriculture	
Federal Crop Insurance Program	Federally subsidized insurance program that covers crop and livestock losses due to natural disasters as well as other risks.
Disaster Set-Aside Program	Provides producers in disaster counties declared or contiguous to disaster counties who have existing direct loans with FSA and are unable to make loan payments with the opportunity to set aside up to 1 full year's payment to the end of the loan.
Disaster Supplemental Nutrition Assistance Program	Provides food assistance specifically for disaster survivors following a presidentially declared disaster.
Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program ^a	Provides cash assistance for livestock feed losses and deaths that are not covered by other FSA disaster assistance programs, farm-raised fish, and honeybee deaths and feed losses.
Emergency Conservation Program ^a	Provides partial reimbursement for agricultural producers to rehabilitate farmland that has been severely damaged.
Emergency Forest Restoration Program ^a	Provides partial reimbursement for owners of nonindustrial private forestland (including farmers and ranchers) in order to carry out emergency measures to restore damaged land.
Emergency Loan Program ^a	Provides loans up to \$500,000 to help small agricultural producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.
Emergency Haying and Grazing of Conservation Reserve Program	Allows livestock producers enrolled in the program to hay or graze Conservation Reserve Program acreage during an emergency in counties that have suffered a 40 percent or greater loss in normal hay and pasture production due to drought or excessive moisture.
Livestock Forage Disaster Program ^a	Provides cash assistance for livestock grazing losses caused by qualifying drought conditions or a fire on federal land used for grazing.
Livestock Indemnity Program ^a	Provides cash assistance for livestock deaths in excess of normal mortality due to adverse weather.
Noninsured Crop Disaster Assistance Program	Provides coverage for crops for which crop insurance is not available. Results in cash payments to pre-enrolled producers when low yields, loss of inventory, or prevented planting occur due to natural disasters.
Supplemental Revenue Assistance Payments Program ^a	Provides cash assistance for agricultural producers with qualifying crop production losses or crop quality losses.
Tree Assistance Program ^a	Provides partial reimbursement for qualifying orchardists and nursery producers to replant or rehabilitate eligible trees, bushes, and vines.
Department of Health and Human Services	
The Substance Abuse and Mental Health Services Administration Disaster Technical Assistance Center	Provides disaster behavioral health technical assistance grant support to eligible states, territories, and federally recognized tribes; supports FEMA's Crisis Counseling Assistance and Training Program.

Appendix II: Federal Disaster Assistance Programs

Agency and program	Purpose
Department of Homeland Security	
Crisis Counseling Assistance and Training Program	Supports short-term interventions that involve the counseling goals of assisting survivors of a presidentially declared disaster in understanding their current situation and reactions, mitigating stress, assisting survivors in reviewing their disaster recovery options, promoting the use or development of coping strategies, providing emotional support, and encouraging linkages with other individuals and agencies who may help survivors in their recovery process.
Disaster Legal Services	Provides legal assistance to low-income disaster survivors of a presidentially declared disaster. Legal assistance generally includes help with insurance claims, hospital bills, lost property, preparing lost legal documents, and home repairs and contracts.
Individuals and Households Program—Housing Assistance	Provides assistance to individuals and households affected by a disaster to enable them to address necessary expenses and serious needs, which cannot be met through other forms of disaster assistance or insurance. Forms of housing assistance include temporary housing, repair, replacement, and semipermanent/permanent housing construction.
Individuals and Households Program—Other Needs Assistance	Provides assistance to individuals and households affected by a disaster to enable them to address necessary expenses and serious needs, which cannot be met through other forms of disaster assistance or insurance. Forms of other needs assistance include personal property, medical, dental, and funeral.
Department of Housing and Urban Development	
203(h) Mortgage Insurance for Disaster Victims	Helps survivors in presidentially designated disaster areas to obtain mortgages to purchase a new home or rebuild their home that was destroyed or damaged by a disaster.
Community Development Block Grant Disaster Recovery Assistance	Provides grants to states, local governments, American Indian tribes, and other areas as a result of a presidentially declared disaster to rebuild the affected areas and provide seed money to start the recovery process. The grants are to primarily benefit low-income residents.
Department of Labor	
Disaster Unemployment Assistance	Provides unemployment benefits to individuals who have become unemployed as a result of a presidentially declared major disaster and are not eligible for regular unemployment insurance benefits.
Department of the Interior	
Bureau of Indian Affairs Emergency Assistance	Provides cash payments to federally recognized American Indians and Alaska Native tribe members who suffer from a burnout, flood, or other destruction of their homes and loss or damage to personal possessions.
Department of the Treasury	
Internal Revenue Service Disaster Assistance and Emergency Relief Program	Allows taxpayers to deduct nonreimbursed casualty losses in a presidentially declared disaster. Taxpayers may deduct the losses in the year the disaster occurred or file an amended return to deduct the loss in the year preceding the disaster.

Appendix II: Federal Disaster Assistance Programs

Agency and program	Purpose
Savings Bond Redemption and Replacement	Allows bond owners in areas affected by a presidentially declared disaster to redeem bonds prior to the expiration of the initial 12-month holding period.
Small Business Administration	
Economic Injury Disaster Loan Program ^a	Provides working capital loans to small businesses or private, nonprofit organizations for up to \$2 million in working capital to meet financial obligations that could have been met had the disaster not occurred.
Home and Property Disaster Loans	Provides loans to renters and homeowners up to \$40,000 to repair or replace clothing, furniture, cars, appliances, etc. damaged or destroyed in a disaster and loans to homeowners up to \$200,000 to repair or replace their primary residence to its predisaster condition.
Business Physical Disaster Loans ^a	Provides loans up to \$2 million for a business to repair, rehabilitate, or replace damaged property, including real estate, equipment, inventory, and fixtures.

Sources: GAO review of federal disaster assistance programs.

^aThese programs are included in this GAO report and are those that become available to agricultural producers and businesses that support agriculture following a disaster and provide direct financial assistance.

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contacts

Lisa Shames, (202) 512-3841 or shamesl@gao.gov

William B. Shear, (202) 512-8678 or shearw@gao.gov

Staff Acknowledgments

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