

RAFI-USA

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Lessons from Katrina

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Introduction

In the wake of hurricanes Katrina and Rita, RAFI-USA partnered with a group of other non-profit organizations to provide farmers and agricultural technical service providers with training on the range of disaster assistance programs. Trainings were held in Louisiana, Mississippi, Alabama, Florida, and at conferences in other areas.¹

In the winter of 2007 and 2008, RAFI staff interviewed many of the participants in these workshops. We asked three questions. First, what was their current situation in terms of disaster recovery? Second, what were the major lessons that they learned? Third, what do we need to put in place to move forward and respond to the next storm?

Lessons Learned

The following lessons draw directly on these interviews, augmented by experiences with more recent disasters, like the late freeze in May of 2008. The interviews included a wide range of farmers and professionals. Many of the professionals focus on farmers who are historically underserved by federal agricultural programs. These include minority farmers, farmers of diversified small to mid-scale operations, and farmers growing high-value crops for organic and specialty markets. However, participants also included dairy farmers, large-scale row crop farmers, fishers, and others.

Our interviews yielded several conclusions that agree with previously published reports: Assistance was slow in getting there, and was often mired in red tape. Farmer and organizer Ben Burkett stated, “On a scale of 1 to 10, I give the government response a 5. Something needs to be set aside so that it can happen quicker.”

The process of recovery, according to the participants, was far from over. It continued long after the storm and had huge effects on the viability of local farms. Most people spoke of seeing far fewer farmers in their areas, of slowly-recovering farmers markets and of farm infrastructure, like greenhouses and barns, that had yet to be replaced or rebuilt.

All of the participants also stated that in the days following the storms, information about disaster assistance was hard to obtain, confusing, often contradictory and split between different offices and agencies. They said that the workshops were one of the few places where they were able to get reliable information in a clear way, on the range of programs.

According to Ann Baker of the New Orleans Food and Farm Network, “The workshop was great as an educator, teaching other people about farms and the available resources. I now have a very clear understanding of what is out there and where you are screwed.”

While some farmers were able to get information from government agencies such as the Farm Service Agency or Cooperative Extension, many did not have a relationship with those agencies, and were not receiving information reliably or in a useful way.

Beyond these large picture issues, a series of specific and unique lessons came to light. These lessons should be used to guide future disaster response. They raise a significant issue for our agricultural economic infrastructure: Small changes in program regulations or structure can mean a huge difference in how much the program helps or hurts local farmers and their communities. In terms of the effectiveness of public disaster relief programs, the devil truly is in the details. These lessons address the effects of disaster programs on different types of farms and on the economic recovery of communities.

Lesson 1: Different types of farms have access to different levels of assistance.

Disaster programs are currently designed to deliver benefits to farms that produce conventional wholesale commodity crops. The more a farmer varies from this model by what they produce, how they produce it or how they market it, the less helpful programs will be.

For instance, corn producers have access to six crop insurance programs. These programs have been refined to be some of the most cost-effective of the available insurance programs. Corn crop insurance can cover up to 75% and sometimes 85% of anticipated income.

In contrast, many specialty crops, including most fruits and vegetables, are only eligible for the Non-Insured Crop Disaster Assistance Program (NAP). NAP provides coverage when crop insurance is not available. Maximum coverage under NAP is 27% of anticipated income. This coverage is so low that many farmers never sign up for it, because the benefits are not worth the time it would take to apply.

Livestock and dairy producers have even worse coverage than specialty crop producers. Farmers in most of the country cannot get federal production insurance for livestock. Instead, they rely on a series of ad hoc programs. Ad hoc programs must be passed by Congress and implemented after the disaster. Assistance therefore tends to reach livestock producers far later than it reaches other farms.

Livestock and dairy affected by Katrina and Rita found themselves with little assistance, which came far too late. Many of them could not afford these delays. Individuals that we spoke to talked about one area that went from 12 family dairies before the storms to only 4 still in operation.

Since Katrina, the situation has improved slightly. Standing disaster programs were passed as a part of the 2008 farm bill, including several previously ad hoc livestock programs. As of May 2009, these programs have not yet been implemented.

Lesson 2: Disaster program participation reinforces pre-existing disparities in service.

During the Katrina recovery process we found farmers with the least damage were sometimes the best able to participate in disaster relief programs. The days after a disaster are confusing and chaotic. The application process for disaster assistance is complicated and has tight deadlines. It requires people to be very clear and organized at a time when their living situation is at its worst.

After Katrina, the farmers with the most damage focused more on immediate needs at the time when they needed to document farm losses in order to receive the maximum aid. Farmers whose homes and families were in better shape had more time to focus on documenting losses and applying for relief programs. The farmers' capacity to get information and apply, not their level of need, often determined who got aid.

Farmers who have participated in federal commodity programs, crop insurance, or other USDA programs have an advantage. Local offices disseminate information to farms based on their lists. Farms who have not participated in federal programs are less likely to be in those lists. The application process and programs are implemented by local federal employees who are often overwhelmed by the added responsibilities and their own disaster recovery. Often the employees can more easily help farms they know from past work because they know how the programs apply to that farm.

Participating in federal programs also creates a production record in local offices that serves as documentation. This production history has off-site backup to protect it from the effects of a natural disaster and can be accessed quickly and dependably to provide the basis for disaster assistance.

Documenting disaster losses is much more difficult for farmers without an official production history. They have to depend on records at home to prove their production history, which can be difficult if not impossible. Farmers whose homes and farms are destroyed often lose production records, and have trouble applying for assistance.

Getting access to information and navigating the complicated application process are even more challenging for minority farmers who may have had a difficult time with local offices in the past, or farmers for whom English is a second language. Many farmers in discrimination cases find that they had to return to the same offices for disaster assistance. Farmers with language barriers find few language appropriate resources available and have significant difficulty with the application process.

Lesson 3: Ad hoc programs usually serve farmers who already received assistance.

Ad hoc programs, which Congress passes after the disaster, often help the farmers who are already receiving assistance from standing disaster programs. Ad hoc programs typically require prior participation in either crop insurance or NAP as a prerequisite. This requirement encourages participation in these risk management programs, which reduces government costs.

However, risk management programs are not cost effective for all farms. Many specialty-crop farmers do not sign up for risk management programs because the programs cost too much and cover too little of their income to be worthwhile. Without that coverage, they were also ineligible for payments from ad hoc programs.

After Katrina, farmers with crop insurance could receive additional payments that could bring their assistance up to 95% of their documented crop losses. Those who did not have crop insurance or NAP received nothing for their crop losses.

Lesson 4: Many of the most innovative farmers receive the least help.

Many of the most exciting developments in agriculture, including organic farming, farmers markets, specialty meats and specialty crops, were created by innovative farmers. Innovative farmers bring high value back to rural areas. They help drive rural economic development. They also receive the least help following disasters.

Innovative farms are profitable because they are driven by market demand, providing specialized and unique products. These characteristics make it hard for standardized programs and policies to meet their needs. Because of this, innovative farmers are more likely to go out of business after a disaster than conventional farmers.

Federal farm disaster and insurance programs are created based on USDA records of crop production and prices across the country going back decades. These records exist for crops like corn and soybeans that are produced on large scale and have nearly uniform value across the country. There is very little data on sales in direct markets or on the products and prices in specialty markets. With little information, it is very difficult to develop fair, appropriate, and effective federal programs.

Because disaster assistance is fairly standardized and serves farmers that participate in other standardized federal programs, farmers with innovative enterprises are often left with insufficient help after a disaster.

Lesson 5: For specialty farmers, price makes the difference.

Under USDA regulations, no disaster assistance program can compensate farmers for damage at more than the recorded wholesale conventional price. This regulation has far-reaching effects and is one of the core challenges that keep farmers from adopting high-value production and marketing.

The price for specialty-market products is often far higher than the conventional price. For example, according to the USDA, the price premium for organic broccoli ranged between 75% and 400%. The price premium on poultry from 2004 to 2007 was between 250% and almost 400%. Specialty products can require more time and resources, so this price premium is needed for farmers to make a living. Payments based on the conventional price only cover a small part of a farmer's costs or anticipated income.

One of the best examples is the struggle for organic producers to gain access to crop insurance and disaster programs. Under current Risk Management Agency guidelines, organic producers can participate in conventional crop insurance, but they are compensated at the conventional price. Because organic production practices are less well established, RMA requires organic producers to pay a 5% premium surcharge in addition to their regular premiums. Therefore, organic producers pay more to cover a much lower percentage of their anticipated income.

After a disaster, conventional farmers have a much greater percentage of their lost income compensated than their neighbors who produce for specialty markets. The low percentage of coverage for specialty market crops puts these farms at a greater risk of losing their farm.

Lesson 6: Disaster recovery often misses chances to build local assets.

Following Hurricane Katrina, one of the biggest tasks was clearing the millions of downed trees and other debris that clogged ditches, blocked roads and littered neighborhoods. Another major problem was that thousands, if not millions of people were out of work and in desperate need of income.

In areas of Mississippi, FEMA contracted with large, out-of-state companies to clear debris, much to the frustration of local farmers and construction companies who had the equipment and people to do the work.

According to Ben Burkett of the Federation of Southern Cooperatives, “NRCS contracted with big companies to clean out streams and ditches, and had companies coming in from all over the country. All they were doing was pulling it up out of the creeks and burning the debris. All the local farmers have equipment to do that and know the area the best, but they could not get the contract because they had to have a \$5M bond and a certain number of employees. That money could have gone back into the community.”

Because of the contract guidelines, much of the recovery money that went into the area immediately left again. Had NRCS offices been prepared to provide smaller contracts to local farmers or contractors, these funds would have helped rebuilt local businesses and the local tax base and fuel economic redevelopment. Instead the money went to large companies in other areas of the country.

In emergencies, outside agencies and organizations are certainly needed to provide immediate assistance. Hurricanes Katrina and Rita overwhelmed local and state capacity. Outside assistance was critical. But once the initial relief needs waned, funds could have been used in ways that rebuilt local capacity.

Lesson 6: After a disaster, farms are less able to rebound from even minor economic setbacks.

Recovery from a disaster costs farmers time and money. It frequently means an increase in debt and expenses that are often financed by taking out new mortgages and draining savings and retirement accounts.

With greater debts and less in savings, farms have fewer resources to call on when additional crises arise. These crises can be new natural disasters or personal matters like medical emergencies, injuries, equipment failures, and other unanticipated expenses.

In many of the farm loss cases we have seen, the residual financial effects of a disaster are compounded later by an additional financial stress, like medical bills. Disasters affect farms for years afterwards, and farmers need ongoing support as they rebuild their savings.

Lesson 7: High-value markets are more important to farm survival after a disaster than before the disaster.

Many of the farmers who weathered the hurricanes of 2005 were already on the financial edge. They went into the storms with their heads just above water. According to USDA, profit margins for conventional farmers are quite narrow, and the return on investment is usually around one or two percent. The added costs of recovery are often enough to drop a farm below the level of profitability.

One of the major forms of federal disaster assistance is an emergency loan. These loans provide low-interest credit specifically for disaster recovery, but they add to farmers' debt. While their conventional operations were enough to stay afloat before the disaster, many farmers must look to higher value products to pay the bills and service the added debt afterwards.

To stay in business, these operations need to be able to transition to crops and markets that will bring higher rates of return back to the farm. Although producers of higher-value products struggle more in disaster recovery due to the structure of disaster programs, the disaster pushes more farmers into these markets.

Conclusion

As we look back at hurricanes Katrina and Rita, we look back through the lens of a series of more recent disasters. Recent years have seen widespread drought across the southeast, unseasonable spring freezes and a list of additional storms that have had an effect on farmers across the region. The disaster assistance safety net will continue to shape our agricultural landscape.

The long-term economic health of the community and the individual farm is more fragile for years after a disaster. Following a significant natural disaster, the structure of federal disaster assistance programs can determine which farms survive the disaster and which do not. Recent trends in agriculture show huge growth in the types of farms that, in the experience of the farmers and advocates that we interviewed, are least served by disaster assistance programs.

ⁱ These workshops were the result of true collaboration, with organizations providing different pieces of the resource puzzle, resulting in a depth of knowledge that none alone could have provided. RAFI and the Farmers Legal Action Group provided expertise in the specifics of federal disaster assistance programs and what to expect at various stages of the disaster recovery process as the focus shifts from immediate relief to recovery to re-building. The National Family Farm Coalition and the Rural Coalition provided expertise on the political nature of disaster programs in Washington, and how groups of farmers advocate for greater or more effective assistance. A host of organizations, including the Federation of Southern Cooperatives, Florida Organic Growers, Louisiana Interchurch, Farmworker Association of Florida, Southern Mutual Help Association, and others provided the crucial local organizing that connected national resources to the people on the ground who needed it and provided follow-up with individuals who came to the trainings. Farm Aid provided critical coordination and funding to the effort.