



2000 Quality Loss Program

Background

The Farm Service Agency's (FSA) 2000 Quality Loss Program (QLP) compensates farmers who suffered at least a 20 percent loss in 2000-year crop quality due to weather-related disasters. This program is authorized by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, (P.L. 106-387).

Funding

Congress set no limit on the aggregate amount of money that will be paid to farmers under QLP.

Signup

Signup begins August 13, 2001. The ending date for signup has not yet been set.

Eligibility

Eligible crops are those produced and harvested in the 2000-crop year and which suffered a minimum of 20 percent quality reduction. Unharvested production is not eligible for QLP. All crops are eligible except certain specialty crops, such as ornamental nursery, Christmas trees, aquaculture, honey, turf grass sod, maple sap, and ginseng. Quality losses for apples and potatoes are covered under a separate \$38 million program. See the FSA fact sheet titled "Quality Loss Program for Apples and Potatoes."

"Persons" whose gross revenue exceeded \$2.5 million for the 1999 tax year are ineligible for QLP. Losses on more than one 2000 crop on the same acreage are not eligible, unless there is an established practice on the farm of planting and harvesting two or more crops in the same crop year on the same acreage.

QLP applicants must provide FSA written documentation of the quality of their harvested crop. Examples of acceptable documentation include:

- Grading receipts from a warehouse or licensed grader;
- Sales receipts providing the grade of the crop;
- University recognized test results;
- Sales receipts showing disposition to a secondary market due to poor quality, such as malting barley sold for feed.

Payments

QLP payments are calculated by multiplying 65 percent of the affected production times 65 percent of the loss in value due to quality. For example, a farmer sells 1,000 bushels of a crop whose value was reduced by \$1 per bushel due to poor quality. The payment to this farmer is calculated as follows:

1,000 bushels X 65 percent = 650
\$1 X 65 percent = \$.65
650 X \$.65 = \$422.50 (payment to farmer)

Quality loss payments to farmers may begin soon after they sign up.

The 2000 Crop Disaster Program

The 2000 Crop Disaster Program (CDP) that USDA already paid to farmers included quality payments for many crops. QLP offers an additional payment for crops where the CDP quality payments were inadequate or nonexistent. Quality loss payment earned under CDP will be subtracted from the QLP. Combined total payments issued for QLP and CDP are limited to \$80,000 per "person."

More Information

For more information on this and other USDA programs, contact your local FSA office or USDA Service Center. Or, visit the FSA web site at www.fsa.usda.gov

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