Safety Net Programs for Horticulture

Federal risk management programs, like crop insurance, work best for farmers planting row crops with annual harvest cycles but underserve growers in the green industry. A relatively small percentage of greenhouse and nursery operations participate in USDA commodity or crop insurance programs. Compared to other crops, our industry is underinsured because of coverage gaps, application burdens, and because available policies make less financial sense. Enhancing flexibility and affordability in the current suite of crop insurance policies is a top priority.

Under-insurance means growers lean more on programs designed for catastrophic disaster relief. However, these programs also need improvement. While vital for those eligible, affected producers have often waited years for Congress to act before assistance arrived.

Create a permanent disaster relief program.

Policy Recommendation – Create a known permanent structure and payment procedures under any future ad hoc disaster programs. Specialty crop producers should be involved in creating such a statutory structure.

Current Status and Challenges – The severity and frequency of natural disasters led Congress for four of the past five years to enact “ad-hoc” assistance programs

Enhance existing crop insurance options.

Non-insured Crop Assistance Program (NAP) (Title XI, Crop Insurance):

Policy Recommendation – Move NAP from the Farm Service Agency to Risk Management Agency, removing the Adjusted Gross Income (AGI) limitations and improving the program's marketing to growers through crop insurance agents.

Current Status and Challenges – NAP offers financial aid to non-insurable crop producers in natural disasters resulting in inventory loss. Given the restricted availability of risk management instruments for our growers, NAP has served as a temporary solution for many, providing some form of coverage during disasters.

Reform Adjusted Gross Income (AGI) Limitations.

Adjusted Gross Income (Title I, Commodity Programs):

Policy Recommendation – If AGI continues to be utilized as a means test for specialty crop producers, it should revert to the 2002 Farm Bill model, also used for the Coronavirus Food Assistance Program (CFAP). If 75% or 90% of income is derived from farming, no AGI limitation should be applied.

Current Status and Challenges – New climate change programs or bolstered conservation and safety net programs don’t have the impact Congress desires if sectors like ours continue to be ineligible based on AGI. USDA uses AGI as a means test for safety net, conservation, and crop insurance program eligibility. Specifically, producers must have an average AGI of less than $900,000 per year for the previous three tax years to be eligible to apply. Our industry produces high-value crops and faces significant up-front capital expenditures at a time in their operations when their income is low. Therefore, their AGI calculations do not consistently reflect their capital expenditures year-over-year.

The AGI creates limitations that disproportionately prohibit many growers in the green industry from participating in these programs.