



November 19, 2008

TO: Chairpersons Senator Gene Fraise and Representative Dolores M. Mertz and Members of the Effects of Flooding on Livestock Industry Study Committee

FROM: Doug Adkisson, Legal Services Division

RE: Background Information

I. GENERAL

A. Precipitation Records. According to the Department of Agriculture and Land Stewardship, in 2008 Iowa experienced the wettest first six months in 136 years since rainfall records were first kept beginning in 1873, with a statewide average precipitation of 24.30 inches (with the previous record set in 1951 when the state received an average precipitation of 23.55 inches).¹ The normal statewide average for the first six months is 16.34 inches.² Moreover, 2008 had the second wettest June of any June for that same 136-year period, with a statewide average precipitation total of 8.86 inches (with June 1947 recording a statewide average precipitation average of 10.33 inches).³ Especially critical was the period between May 29 through June 12, when Iowa experienced exceptional rainfall, with a statewide average of 8.99 inches as compared to the normal statewide average of 2.45 inches.⁴

B. Flooding. Due to exceptional rainfall, a number of areas adjacent to rivers experienced flooding, including along the Cedar River, the Iowa River below the city of Marshalltown, the Mississippi River between the counties of Louisa and Des Moines, and the Des Moines River between the cities of Fort Dodge and Des Moines.⁵ This resulted in record flooding in many areas and especially in the state's eastern region along the Cedar River. The Cedar River crested on June 13 at 19.2 feet above flood stage, which was 11.12 feet higher than the previous records set in 1851 and again in 1929.⁶

II. EFFECTS ON LIVESTOCK PRODUCTION

A. Limited Direct Losses. Most direct livestock losses have been limited to areas surrounding the cities of Columbus Junction and Oakville due to a levee break. The Department of Agriculture and Land Stewardship estimates that approximately 3,100 swine were drowned and an additional 1,000 swine were lost or became feral.⁷ There have been no confirmed cattle losses.⁸ Livestock producers moved more than 37,000 head of livestock in preparation for the flooding.⁹ The Department of Natural Resources estimates that 21 confinement feeding operations, including 14 small animal feeding operations, suffered damage.¹⁰ The United States Department of Agriculture Farm Service Administration allowed producers to move livestock to land contracted under the Conservation Reserve Program without incurring a penalty or a reduction in payments for a 30-day period or until July 27, 2008, in 26 Iowa counties.¹¹ The staff of the Department of Agriculture and Land Stewardship and the Department of Natural Resources cooperated with the United States Department of Agriculture to recover and dispose of livestock carcasses.¹²

B. Feed Costs. According to Kansas State University agricultural economist James Mintert, feed is the single greatest input cost associated with livestock and poultry production (in most years equaling between 60 and 70 percent of total costs).¹³ Moreover, in the last two years, feed costs have increased 40 to 60 percent, depending on whether cattle, swine, or poultry are being fed.¹⁴ On November 10, 2008, the USDA's World Agricultural Supply and Demand Estimates and Crop Production reports were released, projecting the national corn harvest will be 12.02 billion bushels (153.8 bushels per acre), which would be the second largest corn crop on record, and the national soybean yield will be 2.92 billion bushels (39.3 bushels per acre), the fourth largest soybean crop on record.¹⁵ The report indicated that Iowa would also have an above average harvest with a yield of 2.15 billion bushels of corn (172 bushels per acre) and 441.6 million bushels of soybeans (46 bushels per acre).¹⁶ Iowa's recent inclement weather has contributed to a late harvest, with grain having a higher than ideal moisture content requiring careful storage and drying practices, with associated higher fuel costs.¹⁷ As of November 2008, 70 percent of the corn harvest has been completed, more than two weeks behind the five-year average of 95 percent (with a 19 percent moisture content).¹⁸ As of November 17, 2008, the soybean harvest was 98 percent complete. The soybean harvest is normally complete by this date.¹⁹

C. Programs. Eighty-five counties have been designated as disaster areas, entitling producers to emergency relief, including emergency loans.²⁰ A livestock producer may be eligible for federal assistance under a program established in the Food Conservation and Energy Act of 2008 (commonly referred to as the 2008 Farm Bill). The Act supports a Livestock Compensation Program (LCP) to reimburse livestock producers for feed losses resulting from a natural disaster in a county designated as a disaster area by the President or the United States Secretary of Agriculture.²¹ In addition, the Livestock Indemnity Program (LIP) may allow a livestock producer who has incurred livestock losses because of the effects of catastrophe to claim up to 75 percent of the livestock's fair market value prior to the livestock's death.²²

III. CONCLUSION

Individual livestock producers and especially pork producers suffered isolated losses because of the 2008 flood and the wet late-fall weather may contribute to higher feed prices, but the situation for livestock producers could have been worse.

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¹ Memorandum, 2008 Year to Date Weather Summary Department of Agriculture and Land Stewardship (07/01/08). <http://www.iowaagriculture.gov/press/2008Press/press70108.asp>.

² Id.

³ Id.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Agriculture and Environment Task Force, *The Agriculture and Environment Task Force Report to the Rebuild Iowa Advisory Commission*, p. 19 (August 2008).

http://www.rio.iowa.gov/task_forces/ag-enviro/ag-enviro_report_08-2008.pdf.

⁸ Id.

⁹ Id.

¹⁰ Id.

¹¹ United States Department of Agriculture, Fact Sheet, Release No. 0163.08 *Midwest Flood Response Action* (July 1, 2008).

http://www.usda.gov/wps/portal/lut/pl_s.7_0_A7_0_10B?contentidonly=true&contentid=2008/06/0163.xml.

¹² *The Agriculture and Environment Task Force Report to the Rebuild Iowa Advisory Commission*, supra

¹³ Iowa State University Extension Service, *K-State Economist Sees Beef Output Cuts if Production Costs Remain High* (August 5, 2008).

http://www.extension.org/pages/K-State_Economist_Sees_Beef_Output_Cuts_if_Production_Costs_Remain_High.

¹⁴ Id.

¹⁵ Dr. Chad Hart, Center for Agricultural and Rural Development (CARD) Iowa State University Extension Service, *Slight Adjustments in November*, Short No. 811 (November 10, 2008).

<http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/info/info2008/S811.pdf>.

¹⁶ Id.

¹⁷ Dr. Greg Brenneman, Iowa State University Extension Service, *Challenging Corn Drying Season in 2008*.

<http://www.extension.iastate.edu/Pages/eccrops/08GrainDry.htm>.

¹⁸ Department of Agriculture and Land Stewardship, Northey comments on *Iowa Crops and Weather Report* (November 17, 2008).

<http://www.agriculture.state.ia.us/press/cropAndWeather.asp>.

¹⁹ Id.

²⁰ *The Agriculture and Environment Task Force Report to the Rebuild Iowa Advisory Commission*, supra at 19.

²¹ P.L. 110-246, as amended by P.L. 110-161.

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ246.pdf.

See also Ralph M. Chite, Specialist in Agricultural Policy, Resources, Science, and Industry Division, Congressional Research Service (CRS) Report to Congress, *Agricultural Disaster Assistance*, Order Code RS21212, p. CRS-6 (July 3, 2008).

<http://www.nationalaglawcenter.org/assets/crs/RS21212.pdf>.

²² Id. See also United States Department of Agriculture, Farm Service Agency, *Fact Sheet Livestock Indemnity Program (LIP) According to the 2008 Farm Bill* (November 2008).

http://www.fsa.usda.gov/Internet/FSA_File/lip08_new.pdf.