USDA United States Department of Agriculture

FARM SERVICE AGENCY

Quality Loss Adjustment Program (QLA)

Overview

USDA is providing critical support to our nation's farmers and ranchers through the Quality Loss Adjustment Program (QLA). QLA aids producers who suffered eligible crop quality losses due to natural disasters occurring in calendar years 2018 and/or 2019.

Both 2018 and 2019 were marked with a variety of natural disasters. This includes excess moisture, which impacted much of the Midwest and Northern Plains; wildfires, which had tremendous impacts in California and the West; and hurricanes, which impacted the pecan and citrus industries in the Southeast.

FSA is accepting applications for QLA from **January 6, 2021** to **March 5, 2021**.



Who is Eligible?

To be eligible for payments, producers (persons or legal entities) must:

- be entitled to an ownership share and be at-risk in the agricultural production and marketing of crops on the farm; and either
  - have an average federal tax adjusted gross income (AGI) of less than $900,000 for tax years 2018 and 2019; or
  - derive at least 75 percent of their AGI from farming, ranching or forestry-related activities;
- have control of the acreage on which the crop was grown at the time of the disaster;
- comply with the provisions of the "Highly Erodible Land and Wetland Conservation" regulations, often called the conservation compliance provisions;
- not have a controlled substance violation; and
- be a citizen of the United States or a resident alien.

Eligible Crops

Eligible crops include those for which Federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage is available, except for grazed crops and honey, maple sap, aquaculture, floriculture, mushrooms, ginseng root, ornamental nursery, Christmas trees and turfgrass sod.

Crops that were sold or fed to livestock or that are in storage may be eligible; however, crops that were destroyed before harvest are not eligible. In addition, quality losses occurring after harvest, due to deterioration in storage, or that could have been mitigated, are not eligible.

A producer's harvested eligible crop must have had at least a 5% quality loss reflected through a quality discount; or for forage crops, a nutrient loss (such as total digestible nutrients).

Qualifying Disaster Events

Losses must have been a result of a qualifying disaster event or related condition that occurred in calendar years 2018 and/or 2019 including:

QLA QUALIFYING DISASTER EVENT (2018 AND/ OR 2019)	RELATED CONDITIONS
Qualifying Drought*	Heat, excessive wind, hot wind
Excessive Moisture	
Flooding	Silt, debris
Hurricane	Excessive wind, excessive rain, flooding, storm surges, tornado, tropical storm, tropical depression
Snowstorm	Blizzard
Tornado	Excessive wind
Typhoon	Hurricanes, excessive wind, excessive rain, flooding, storm surges, tornado, tropical storm, tropical depression
Volcanic Activity	Ash, fire, vog, lava, earthquake
Wildfire	Heavy smoke

*For drought, the loss is eligible if it occurred in an area within a county rated by the U.S. Drought Monitor as having a D3 (extreme drought) or higher intensity level during 2018 or 2019.

To be eligible, losses must have taken place in counties that received a qualifying Presidential Emergency Disaster Declaration or Secretarial Disaster Designation because of one or more of these qualifying disaster events or related conditions. In counties that did not receive a qualifying declaration or designation, producers may still apply for QLA, but they must provide supporting documentation to establish that the crop was directly affected by a qualifying disaster event.

USDA's Farm Service Agency (FSA) considers the total quality loss caused by all qualifying natural disasters when a crop was impacted by multiple events to determine QLA eligibility and payments.

Applying for QLA

To apply, participants must file one application (FSA-898) that includes all eligible crops that suffered a quality loss. Losses sustained in more than one crop year require a separate application for each crop year. When applying, producers must provide verifiable documentation to support claims of quality loss or nutrient loss, in the case of forage crops. For crops that have been sold, grading must have been completed within 30 days of harvest, and for forage crops, a laboratory analysis must have been completed within 30 days of harvest.

Some acceptable forms of documentation include:

- sales receipts from buyers
- settlement sheets
- truck or warehouse scale tickets
- written sales contracts
- similar records that represent actual and specific quality loss information
- forage tests for nutritional values

Where to File Your Application (Form FSA-898)

FSA staff at your local USDA Service Center will work with you to file your applications. Applications may be submitted by mail, fax, hand delivery, or via electronic means. Please call your Service Center prior to sending applications electronically for instructions and assistance. The QLA application and associated forms are available online at **farmers.gov/quality-loss**.

Payment Calculations

FSA calculates QLA payments using formulas for the type of crop (forage or non-forage) and the loss documentation submitted. Payments are based on the producer's individual loss or the county's average loss.

More information about QLA payment calculations is available online at **farmers.gov/quality-loss**.



Payments

FSA will begin issuing payments once the application period ends. If the total amount of calculated QLA payments exceeds available program funding, payments will be prorated.

Payment Limitations

For each year, the maximum amount that a person or legal entity may receive, directly or indirectly, is $125,000. Payments made to a joint operation (including a general partnership or joint venture) will not exceed $125,000, multiplied by the number of persons and legal entities that comprise the ownership of the joint operation.

Future Insurance Coverage Requirements

All producers receiving QLA payments are required to purchase crop insurance or NAP coverage for the next two available crop years at the 60% coverage level or higher. If eligible, QLA participants may meet the insurance purchase requirement by purchasing Whole-Farm Revenue Protection coverage offered through USDA's Risk Management Agency.

For More Information

This fact sheet is for informational purposes only; other restrictions may apply. For more information about the QLA program, visit **farmers.gov/quality-loss** or contact your local FSA office.

To find contact information for your local FSA office, visit **farmers.gov/service-center-locator**.