



UNITED STATES DEPARTMENT OF AGRICULTURE

## FACT SHEET

October 2015

### **Noninsured Crop Disaster Assistance Program (NAP) Coverage for Forage Quality Losses Due to Eligible Natural Disasters – New York**

#### **OVERVIEW**

The 2014 Farm Bill authorized the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) to provide assistance at additional coverage levels under the Noninsured Crop Disaster Assistance Program (NAP) to producers of eligible noninsurable crops for low yields occurring due to a natural disaster.

#### **ADDITIONAL COVERAGE LEVELS AND SERVICE FEES**

The additional coverage levels, referred to as "buy-up", require a premium fee in addition to the NAP service fee.

Payments for the additional levels of assistance will be issued based on 100 percent of the average market price and between 50 and 65 percent of the farm's approved yield. Additional coverage must be elected by a producer by the application closing date. Crops intended for grazing are not eligible for additional coverage levels.

Friday, November 13, 2015 is the application closing date to purchase 2016 NAP buy-up coverage for forage to take advantage of any quality loss adjustment on forage intended for mechanical harvest.

Eligible producers apply for coverage using form CCC-471, "Application for Coverage". Producers must file the application accompanied by the service fee by

November 13, 2015. The service fee is the smaller of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interest in multiple counties.

Qualified limited resource farmers, beginning farmers, and traditionally underserved farmers may request a waiver of the service fee by filing Form CCC-860, "Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification." The request for waiver must be filed on or before the date of filing the application for coverage.

#### **PREMIUM**

A producer who elects buy-up coverage must also pay a premium equal to the product of multiplying the producer's share of the forage crop, the number of eligible acres devoted to the forage crop, the approved yield per acre, the coverage level, the average market price, and a 5.25 percent premium fee. The maximum premium for a producer is \$6,563 (the product of multiplying the applicable payment limitation of \$125,000 times a 5.25 percent premium fee).

Premiums are calculated separately for each crop, type, and intended use. A producer's total premium amount will be the sum of the premiums calculated for each crop and type for which a producer is receiving assistance.

Beginning, limited resource, and socially disadvantaged farmers are eligible for a 50 percent reduction of their calculated premium. To be eligible for a reduced premium, producers who qualify as beginning, limited resource, or socially disadvantaged farmers must certify their status on form CCC-860 on or before the date of application for coverage. If CCC-860 was previously filed for other programs or for waiver of service fee, the premium due will be reduced.

## **PRODUCERS AND NAP UNIT**

An eligible forage producer is a landowner, tenant or sharecropper who is entitled to an ownership share of an eligible forage crop who also shares in the risk of producing that crop. The NAP unit includes all the eligible forage crop acreage in the county where the producer has a unique crop interest. A unique crop interest is either 100 percent interest or a shared interest with another producer.

## **CAUSE OF LOSS**

An eligible cause of loss includes the following:

- Damaging weather, such as drought, freeze, hail, excessive moisture, excessive wind or hurricanes;
- An adverse natural occurrence, such as earthquake or flood; and
- A condition related to damaging weather or an adverse natural occurrence, such as excessive heat, plant disease, volcanic smog, insect infestation.

The natural disaster must have occurred during the coverage period, before or during harvest and must have directly affected the eligible forage crop.

The coverage period for annual planted crops begins the later of 30 calendar days after the application closing date or the date the crop is planted, not to exceed the final planting date for the crop, and ends the earlier of the:

- Date harvest is complete;
- Normal harvest date for the crop;
- Date the crop is abandoned; or
- Date the entire crop acreage is destroyed.

The coverage period for a biennial or perennial forage crop BEGINS the later of:

- 30 calendar days after the application closing date;
- 30 calendar days after the application for coverage is filed; or
- The date following the final harvest date of the previous crop year

The coverage period for a biennial or perennial forage crop ENDS the later of the:

- Final harvest date for the crop; or
- Date crop is abandoned or destroyed.

**Note:** First year seeded perennial forage is ineligible for NAP assistance.

## **ACREAGE REPORT**

The following crop acreage information must be timely reported on a 2016 form FSA-578, Acreage Report, by Monday, November 16, 2015:

- Name of the crop (alfalfa, mixed forage, etc.);
- Crop type (alfalfa grass mixture, etc.);
- Intended use and final use of the commodity (forage, etc.);

- Type of practice used to grow the crop (irrigated or non-irrigated);
- Location and acreage of the crop (field, subfield, etc.);
- Share of the crop and the names of other producers with an interest in the crop and;
- Date the crop was planted in each field.

FSA uses acreage reports to verify existence of the crop and record the number of acres covered by the application. The acreage and the production reports will be used to calculate benefits, premium, and for the actual production history used to calculate an approved yield.

## **YIELD**

An approved yield is used to calculate benefits. For producers who obtain NAP coverage, the approved yield established for their crop will be used to determine the payment amount for assistance.

Producers who have not previously obtained NAP coverage may submit verifiable or reliable records to verify the actual yield(s) produced in immediately preceding crop years.

Form CCC-452, “NAP Actual Production History and Approved Yield Record”, must be signed timely.

In addition, the following production information must be provided by producers:

- The total quantity of all production harvested during the harvest season for the crop;
- The disposition of the harvested crop, such as whether it was marketable, unmarketable salvaged or used differently than intended;

- Verifiable or reliable crop production records as specified by FSA and;
- A copy of the grower contract if the producer is a contract grower.

For forage crops harvested more than once from the same plant during the same crop year, records of production must be summarized and provided for the entire harvest season and be easily understood by the FSA County Committee. Producers are encouraged to contact the FSA office where their farm records are maintained if they have questions regarding acceptable production records. Failure to report acreage and production information for NAP-covered crops may result in reduced or zero NAP assistance.

## **QUALITY LOSSES, ELIGIBILITY, PARTICIPANT RESPONSIBILITY**

Beginning in 2016, NAP producers who elect buy-up NAP coverage for forage can obtain coverage for quality losses if required analysis documentation is provided to FSA. Quality on forage is not a separate program.

When forage is affected by quality due to an eligible cause of loss, the disaster affected harvested production will be adjusted downward for quality losses. This will affect the unit loss and approved yield.

Producers must elect buy-up coverage on forage to be eligible for quality loss adjustments to production. Producers must also have an approved notice of loss on file with an approved eligible cause of loss. Production quality losses must be the result of an eligible cause of loss.

Producers must obtain a forage analysis that includes Relative Feed Value (RFV) from an FSA State Committee approved lab. Forage (hay, silage, green chop, and haylage)

intended use is the only eligible intended use. Forage crops that are marketed as another actual use other than the intended use of forage are not eligible for quality loss adjustment.

Grazed forage is not eligible for quality loss adjustments.

The forage crop must be harvested. If the crop is unharvested, assigned or appraised in the field, the forage is not eligible for a quality loss adjustment.

Ineligible causes of loss cannot be used to prove a quality loss, such as losses:

- Outside the coverage period;
- After harvest;
- During storage or;
- Due to a management decision for anything other than an eligible cause of loss.

When determining affected production:

- Participants must supply written verifiable evidence indicating quality;
- Quality analysis must include RFV from an approved lab;
- The production and RFV must be on a dry matter basis;
- Quality evidence must be precise to the affected quantity;
- Evidence must be specific to a cutting and quantity of production and;
- The evidence must be dated and contain specific information related to quality affected production.

It is the producer's responsibility to obtain quality adjustment forage sampling and analysis for the harvested production. Producers should obtain a sufficient number

of representative samples of the harvested quantity for quality sampling and may work with the forage analysis lab to obtain guidelines on the number of representative samples required. Producers must also provide information to the FSA county committee regarding how the samples were taken, by whom, and when.

All samples must be taken at **time of harvest**. Time of harvest means as close to the date of harvest as practicable. Samples taken after harvest will be rejected. Producers are responsible for all costs associated with samples and analysis.

Producer should make certain the Forage Quality Analysis from an approved lab includes the following:

- Date and/or cutting identification;
- RFV (represented as dry matter);
- Forage type;
- Production total and;
- Location (where the sample was obtained).

Producers must provide the county committee with acceptable production evidence for the quantity affected by the cause of loss on file. All reliable and verifiable production for the unit must be provided.

Forages ranked by RFV are assigned a quality grade ranging from high value through a low value to calculate a loss in production based on quality. Each variety of forage will fall into a category. Any RFV value less than the established high will result in a quality adjustment to harvested production. The quality adjustment will be considered as production "not to count." Unit disaster level must be met to qualify for a NAP payment.

## NATIONAL RFV RANGES FOR CALCULATING QUALITY LOSS

Forage Categories	Low	High
Alfalfa	75	151
Alfalfa Mix	75	151
Other Hay	60	111
Small Grain	78	120
Sorghum Forage	71	109

Production not to count using RFV for each analysis is performed on a dry matter basis. Below is an example of such calculation.

### Alfalfa Example:

1. Producer submits an analysis with alfalfa RFV = 115
2. Production of alfalfa associated to forage analysis = 225 Tons Harvested Dry Matter Production
3. Quality loss is calculated by subtracting the producer's alfalfa quality analysis RFV from the county high RFV for alfalfa (151 minus 115 = 36 quality loss)
4. County RFV range is calculated by subtracting the county low for alfalfa from the county high RFV for alfalfa (151 minus 75 = 76 County RFV range)
5. Percentage of quality loss is calculated by dividing the quality loss by the county RFV range (36 divided by 76 = 47.37 percent)
6. Production not to count is calculated by multiplying the percent of quality loss times the tons of harvested dry matter (47.37% times 225 = 106.58 tons harvested dry matter production "not to count.")

## PROVIDING NOTICE OF LOSS AND APPLYING FOR PAYMENT

When a forage crop or planting is affected by a natural disaster, producers with NAP coverage must notify the FSA county office where their farm records are maintained and complete form CCC-576, "Notice of Loss and Application for Payment Part B (Notice of Loss)." Form CCC-576, Part B must be completed within 15 calendar days of the earlier of the:

- Natural disaster occurrence;
- Date that damage to the crop or loss of production becomes apparent or;
- Normal harvest date.

To receive NAP benefits, producers must complete form CCC-576 parts D, E, F, and G, as applicable, within 60 days of the last day of coverage for the crop year for any NAP covered crop in the unit.

Form CCC-576 requires acceptable appraisal information. Producers must provide evidence of production and note whether the crop was marketed, unmarketable, salvaged, or used differently than intended.

To remain eligible for NAP benefits, producers are responsible for abiding by the terms and conditions outlined in the NAP Basic Provisions available at [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap).

## INFORMATION FSA USES TO CALCULATE PAYMENT

NAP payments are calculated for each crop, type, intended use, and planting period by using:

- The producer's share of the crop;
- Unit crop acreage;
- Unit approved yield;
- Unit net production;

- An average market price for the specific commodity established by the FSA state committee and;
- A payment factor reflecting the decreasing cost incurred in the production cycle for the crop that is harvested or planted but not harvested.

limited to \$125,000 for the crop year, per individual or entity. Additionally, an individual or legal entity is ineligible for payment if the individual's or legal entity's average adjusted gross income (AGI) exceeds \$900,000.

## **PAYMENT LIMITATION**

Payments received, directly or indirectly, by producers eligible for assistance will be attributed to the individual or entity and

## **MORE INFORMATION**

Visit <http://www.fsa.usda.gov/nap> or a local FSA office to learn more about NAP. Visit <http://offices.usda.gov> to locate the nearest FSA county office or USDA Service Center.

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