



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

August 2011

Noninsured Crop Disaster Assistance Program (NAP) for 2011 and Subsequent Years

Overview

USDA's Farm Service Agency's (FSA) Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory or prevented planting occur due to a natural disaster.

Eligible Producers

An eligible producer is a landowner, tenant or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop. As authorized by the Food, Conservation, and Energy Act of 2008 (2008 Act), an individual's or entity's average nonfarm adjusted gross income (AGI) limitation cannot exceed \$500,000 to be eligible for NAP.

Eligible Crops

Eligible crops must be commercially produced agricultural commodity crops for which the catastrophic risk protection level of crop insurance is not available and be any of the following:

- Crops grown for food;
- Crops planted and grown for livestock consumption, including, but not limited to grain and forage crops, including native forage;
- Crops grown for fiber, such as cotton and flax (except for trees);
- Crops grown in a controlled environment, such as mushrooms and floriculture;
- Specialty crops, such as honey and maple sap;
- Value loss crops, such as aquaculture, Christmas trees, ginseng, ornamental nursery

- and turfgrass sod;
- Sea oats and sea grass and;
- Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production.

Producers must contact a crop insurance agent for questions regarding insurability of a crop in their county.

For further information on whether a crop is eligible for NAP coverage, producers must contact the FSA county office where their farm records are maintained.

Eligible Natural Disaster

An eligible natural disaster is any of the following:

- Damaging weather, such as drought, freeze, hail, excessive moisture, excessive wind or hurricanes;
- An adverse natural occurrence, such as earthquake or flood; A condition related to damaging weather or an adverse natural occurrence, such as excessive heat, plant disease, volcanic smog (VOG), insect infestation or;
- Any combination of these conditions.

The natural disaster must occur during the coverage period, before or during harvest and must directly affect the eligible crop.

Applying for Coverage

Eligible producers must apply for coverage of noninsurable crops using Form CCC-471, "Application for Coverage," and pay the applicable service fee at the FSA office where their farm records are main-

tained. The application and service fee must be filed by the application closing date as established by the FSA State Committee.

The service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties. This fee is authorized by the 2008 Act.

Limited resource producers may request a waiver of the service fee. To qualify for an administrative service fee waiver, the producer must meet both of the following criteria:

- Earn no more than \$100,000 gross income in farm sales from each of the previous two years (to be increased starting in FY 2004 to adjust for inflation, using the prices paid by farmers index as compiled by the National Agricultural Statistics Service (NASS);
- Have a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household for both of the previous two years.

Limited resource producer status may be determined using the USDA Limited Resource Farmer and Rancher Online Self Determination Tool located on the Limited Resource Farmer and Rancher - (LRF/R) home page at www.lrftool.sc.egov.usda.gov/. The automated system calculates and displays adjusted gross farm sales per year and the higher of the national poverty level or county median household income.

Coverage Period for NAP

The coverage period for NAP may vary depending on the crop.

The coverage period for an annual crop begins the later of:

- 30 days after application for coverage and the applicable service fees have been paid or;
- The date the crop is planted (cannot exceed the final planting date) and ends the earlier of:
 1. The date the crop harvest is completed;
 2. The normal harvest date for the crop;
 3. The date the crop is abandoned or;
 4. The date the entire crop acreage is destroyed.

The coverage period for a perennial crop, other than a crop intended for forage, begins 30 calendar days after the application closing date and ends the earlier of:

- 10 months from the application closing date;
- The date the crop harvest is completed;
- The normal harvest date for the crop;
- The date the crop is abandoned or;
- The date the entire crop acreage is destroyed.

Contact a local FSA office for information on the coverage periods for perennial forage crops, controlled-environment crops, specialty crops and value loss crops.

Information Required to Remain Eligible for NAP

To remain eligible for NAP assistance, the following crop acreage information must be reported annually:

- Name of the crop (lettuce, clover, etc.);
- Type and variety (head lettuce, red clover, etc.);
- Location and acreage of the crop (field, sub-field, etc.);
- Share of the crop and the names of other producers with an interest in the crop;
- Type of practice used to grow the crop (irrigated or non-irrigated);
- Date the crop was planted in each field and;
- Intended use of the commodity (fresh, processed, etc.).

Producers should report crop acreage shortly after planting (early in the risk period) to ensure reporting deadlines are not missed and coverage is not lost.

In addition, producers must annually provide the following production information:

- The quantity of all harvested production of the crop in which the producer held an interest during the crop year;
- The disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged or used differently than intended and;
- Verifiable or reliable crop production records (when required by FSA).

When those records are required by FSA, producers must provide them in a manner that can be easily understood by the FSA county committee. Producers should contact the FSA office where their farm records are maintained for questions regarding acceptable production records.

Failure to report acreage and production information may result in reduced or zero NAP assistance. Be aware that acreage reporting and final planting dates vary by crop and by region. Producers should contact the FSA office where their farm

records are maintained for questions regarding local acreage reporting and final planting dates.

For aquaculture, floriculture and ornamental nursery operations, producers must maintain records according to industry standards, including daily crop inventories. Unique reporting requirements apply to beekeepers and producers of Christmas trees, turfgrass sod, maple sap, mushrooms, ginseng and commercial seed or forage crops. Producers should contact the FSA office where their farm records are maintained regarding these requirements.

FSA Use of Reported Acreage and Production

FSA uses acreage reports to verify the existence of the crop and to record the number of acres covered by the application. The acreage and the production reports are used to calculate the approved yield (expected production for a crop year). The approved yield is an average of a producer's actual production history (APH) for a minimum of four to a maximum of 10 crop years (five years for apples and peaches). To calculate APH, FSA divides a producer's total production by the producer's crop acreage.

A producer's approved yield may be calculated using substantially reduced yield data if the producer does not report acreage and production or reports fewer than four years of crop production.

Applying for NAP Assistance When a Natural Disaster Strikes

When a crop or planting is affected by a natural disaster, producers must notify the FSA office where their farm records are maintained and complete Part B, (the Notice of Loss portion) of Form CCC-576, Notice of Loss and Application for Payment. This must be completed

FACT SHEET

Noninsured Crop Disaster Assistance Program

August 2011

within 15 calendar days of which-ever occurs earlier:

- Natural disaster occurrence;
- Final planting date if planting was prevented by a natural disaster;
- Date damage to the crop or loss of production became apparent;
- The normal harvest date.

To receive NAP benefits, producers must complete Form CCC-576, Notice of Loss and Application for Payment, Parts D, E, and F as applicable, and certify in Part G, no later than the immediately subsequent crop year acreage reporting date for the crop. The CCC-576 requires acceptable appraisal information. Producers must provide evidence of production and note whether the crop was marketable, unmarketable, salvaged or used differently than intended.

Amount of Production Loss to Receive a NAP Payment

The natural disaster must have either:

- Reduced the expected unit production of the crop by more than 50 percent or;
- Prevented the producer from planting more than 35 percent of the intended crop acreage.

Expected production is the amount of the crop produced in the absence of a natural disaster. FSA compares expected production to actual production to determine the percentage of crop loss.

Defining a NAP Unit

The NAP unit includes all the eligible 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.

How Much Loss NAP Covers

NAP covers the amount of loss greater than 50 percent of the expected production based on the approved yield and reported acreage.

Information FSA Uses to Calculate Payment

The NAP payment is calculated by unit using:

- Crop acreage;
- Approved yield;
- Net production;
- 55 percent of an average market price for the specific commodity established by the FSA state committee;
- A payment factor reflecting the decreasing cost incurred in the production cycle for the crop that is harvested, unharvested or prevented from being planted.

Payment Limitation

NAP payments received, directly or indirectly, will be attributed to the applicable individual or entity and limited to \$100,000 per crop year, per individual or entity.

Risk Management Purchase Requirement for Other Programs

Noninsurable commodities on a farm, except forage crops intended for grazing, are required to have NAP coverage in order for producers on that farm to be eligible for the Supplemental Revenue Assistance Payments (SURE) Program, Tree Assistance Program (TAP) and the Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish Program (ELAP).

Producers are required only to have NAP coverage on the forage crop acreage intended for grazing and for

which benefits are being requested to be eligible for the Livestock Forage Disaster Program (LFP).

More Information

Further information on NAP is available from your local FSA office or on FSA's website at www.fsa.usda.gov/nap.

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