



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2016 Noninsured Crop Disaster Assistance Program (NAP)

According to the Agricultural Act of 2014

September 2015

Background

The Noninsured Crop Disaster Assistance Program (NAP), reauthorized by the 2014 Farm Bill, provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs as the result of natural disasters. NAP provides coverage for crops for which the catastrophic level of insurance is not available.

Eligible Crops

Crops that are noninsurable and eligible for disaster assistance include commercially produced:

- crops grown for food;
- crops planted and grown for livestock consumption, including but not limited to grain, seeded and native forage crops;
- crops grown for fiber, such as cotton and flax, except for trees;
- crops grown under a controlled environment, such as mushrooms and floriculture;
- specialty crops, such as honey and maple sap;
- sweet sorghum and biomass sorghum;
- industrial crops, including crops used in manufacturing or grown as a feedstock for renewable biofuel, renewable electricity, or biobased products;
- value loss crops, such as aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod; and
- Seed crops where the propagation stock is produced

for sale as seed stock for other eligible NAP crop production.

Natural Disasters

Natural disasters include:

- damaging weather, such as drought, hail, freeze, hurricane, excessive moisture or wind;
- an adverse natural occurrence, such as an earthquake or a flood; and
- a condition related to damaging weather or adverse natural occurrence such as excessive heat, disease or insect infestation.

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

Producer Eligibility Requirements

An eligible producer is a landowner, tenant, or sharecropper who shares in the risk of producing a crop that qualifies as noninsurable and is entitled to an ownership share of that crop. The 2014 Farm Bill specifies that an individual or entity's average adjusted gross income (AGI) cannot exceed \$900,000 in order to be eligible for NAP payments.

Note: *If you have questions regarding your eligibility, contact your local Farm Service Agency (FSA) office.*

Coverage Levels

NAP provides catastrophic level (CAT) coverage based on the amount of loss that exceeds 50 percent of expected production at 55 percent of the average market price for the crop.

The 2014 Farm Bill authorized additional coverage levels ranging from 50 to 65 percent of production, in 5 percent increments, at 100 percent of the average market price. Additional coverage must be elected by a producer by the application closing date. Producers who elect additional coverage must pay a premium in addition to the service fee. Crops intended for grazing are not eligible for additional coverage.

Program Eligibility Requirements

Producers must meet all program requirements in order to take advantage of NAP assistance in the event of a disaster. The producer must provide certain information to FSA annually before a disaster occurs. Specifically, producers must:

- certify that they comply with all highly erodible land and wetland conservation requirements;
- report crop losses within 15 calendar days of the earlier of the date disaster occurs, the final planting date if planting is prevented by a natural disaster, the date crop damage becomes apparent, or the normal harvest date;

- producers of hand-harvested crops and certain perishable crops must notify FSA within 72 hours of when a loss becomes apparent;
- request payment within 60 days of the last day of coverage for the crop year for any NAP covered crop in the unit;
- accurately report the acreage and shares for all crops potentially eligible for NAP, certify crop production history, and report current crop year production on or before the required deadline.

If you have questions regarding acreage reporting dates and normal harvest dates, contact your local FSA office.

Determination of Crop Losses

As with crop insurance, FSA allows producers to establish an expected level of production to reflect normal production capabilities.

Except for a few crops that are considered "value loss" crops, the actual history of producing the crop is used to determine the extent of the loss in the disaster year. FSA calculates approved yields by averaging producers' actual production history (APH) for a minimum of 4 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. If a producer does not report production for a crop with NAP coverage, or at least 4 years of acceptable production records are not provided, a producer's approved yield may be calculated using substantially reduced yield data.

Individual crop losses are determined on a unit basis. A unit includes all the eligible acreage of the crop in the administrative county in which the producer has a unique crop interest. A unique crop interest is either:

- 100 percent interest; or

- A shared interest with another producer.

Payment of NAP

FSA compensates eligible producers for:

- losses of noninsurable crops exceeding 50 percent of the expected yield based on 55 percent of the average market price of the commodity for producers with a catastrophic (CAT) level of coverage;
- losses of noninsurable crops exceeding additional buy-up coverage levels ranging from 50 to 65 percent of production, in 5 percent increments, at 100 percent of the average market price;
- prevented planting of more than 35 percent of the intended acreage.

To reflect a decrease in production costs incurred, the payment rate is reduced for any crop that is unharvested or prevented from being planted. NAP payments received, directly or indirectly, will be attributed to the applicable individual or entity and limited to \$125,000 per crop year, per individual or entity. Producers cannot receive assistance for the same loss under more than one USDA program.

For payment calculation examples, please refer to "NAP Payment Examples" on page 5 of the fact sheet.

NAP Coverage

Crop Losses

NAP will be based on individual producer crop losses.

Application for Coverage

Eligible producers must apply for coverage on eligible noninsurable crops. All applications for coverage must be filed and the applicable service fees paid at the local FSA office by the application closing date. State committees establish application-closing dates.

Service Fees

For all coverage levels, eligible NAP producers must pay a service fee of the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed \$1,875 for a producer with farming interests in multiple counties.

Producers who elect additional coverage must also pay a premium equal to:

- the producer's share of the crop; times
- the number eligible acres devoted to the crop; times
- the approved yield per acre; times
- the coverage level; times
- the average market price; times
- a 5.25 percent premium fee.

For value loss crops, premiums will be calculated using the maximum dollar value selected by the producer on form CCC-471, "Application for Coverage."

The maximum premium for a producer is \$6,563 (the maximum payment limitation times a 5.25 percent premium fee).

An online NAP tool has been developed to assist producers in calculating an estimated premium. This tool is available at the following site:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&to pic=nap>

Beginning, limited resource, and traditionally underserved farmers are eligible for a waiver of the service fee and a 50 percent premium reduction when they file form CCC-860, "Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification."

If you have questions regarding beginning, limited resource, and traditionally underserved farmer

definitions and eligibility, please contact your local FSA office.

Coverage Period

The coverage period is the time during which coverage is available against loss of production of the noninsurable crop as a result of a natural disaster. The coverage period varies depending on the type of crop grown, which may be annual, perennial, value loss, etc.

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).

The coverage period for an annual crop ends the earlier of the:

- Date the crop harvest is completed;
- Normal harvest date for the crop;
- Date the crop is abandoned; or
- 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.

Note: *Perennial forage crops, controlled-environment crops, value loss crops, and specialty crops have different coverage periods. For complete information on coverage periods, contact your local FSA office.*

Participant Responsibilities

Eligible producers who participate must:

1. Be aware of program deadlines that apply in the counties where they have farming interests;
2. File an application for coverage **CCC-471**, and pay the applicable service fees at their local FSA office by the application closing date;
3. Request a waiver of service fees if they are a limited-resource producer, beginning farmer or rancher, or traditionally underserved farmer by filing form CCC-860;
4. File Notice of Loss, Part B, **CCC-576** timely and give FSA the opportunity to inspect the acreage;
5. Complete payment eligibility forms;
6. Comply with all other program requirements, including highly erodible land and wetland conservation;
7. Provide documentation to establish actual production history and support most recent year production;
8. Annually report your crop acreage, yield, and production at your local FSA office;
9. Timely file an application for payment in order to receive financial assistance through NAP.

Payment of service fee and premium does not guarantee coverage.

Information Required to Remain Eligible for NAP

To remain eligible for NAP assistance, the producer must report the following crop information annually:

- name of the crop;
- type and variety of the crop;
- location and acreage of the crop;
- share of the crop and the names of other producers with an interest in the crop;

- type of practice used to grow the crop, such as irrigated or non-irrigated;
- date the crop was planted in each field; and
- intended use of the commodity.

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

- 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.

Failure to report acreage and production information may result in reduced or zero NAP assistance.

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, turf-grass 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.

Spring Application Deadline

FSA has set March 15, 2016 as the application sales closing date for all 2016 spring seeded annual NAP crops except mixed forage crops, wheat, rye, speltz, triticale, wheat, garlic, "value loss" and honey.

In Montana, NAP coverage may be available for hay type barley varieties intended for seed. Overage stands of irrigated alfalfa and alfalfa grass mixtures are now eligible for crop insurance coverage.

Crop situations that will not be eligible for NAP coverage include insurable crops planted in unrated map areas, however, those crops will be eligible for crop insurance through written agreements. Contact your Crop Insurance Agent for more information.

NAP Important Dates for 2016

- January 2 -** Final production reporting deadline for 2015 honey
- January 15 -** Final production reporting deadline for 2015 cherries
- March 15 -** NAP application sales closing date for all 2016 spring seeded annual NAP crops except mixed forage crops, wheat, rye, speltz, triticale, wheat, garlic, "value loss" and honey.
- July 15** Final NAP production reports are due for all 2015 crops except perennial forage, fall seeded annual NAP crops, rye, speltz, triticale, wheat, mixed forage crops, perennial fruit, and honey
- Sept. 1** 2017 NAP application sales closing date for value-loss crops
- Sept. 30** 2017 NAP application sales closing date for annual fall-seeded crops, perennial forage and grazing, mixed

forage crops, rye, speltz, triticale, wheat, and garlic

Nov. 15 Final production reporting deadline for 2016 perennial forage, rye, speltz, triticale, wheat, mixed forage crops and fall seeded annual NAP crops

December 1 2017 NAP application sales closing date for honey.

Nap pull-off date – varies by county. Check with your local county FSA office for the exact date.

Notice of Loss – is within 15 calendar days of the earlier of a natural disaster occurrence, the final planting date if planting is prevented by a natural disaster, the date that damage to the crop or loss of production becomes apparent; or the normal harvest date.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: <http://www.fsa.usda.gov/mt>.

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NAP PAYMENT EXAMPLES

NAP is designed to provide some crop loss protection during times of catastrophic losses. The following examples show what a producer with a catastrophic (CAT) level of NAP coverage might receive as a NAP payment in comparison to a 65% buy-up level of coverage when 100 acres of dryland barley hay are timely reported and subsequently lost due to a natural disaster. Remember that the NAP market prices are established by the State Committee (STC). Also shown is a NAP grazing loss payment calculation. Note that NAP coverage on grazing is only available at the CAT level.

Barley intended for Hay with NAP CAT 50/55 coverage:

1.6 T/ac. APH x 50% coverage level = 0.8 T/ac. NAP coverage guarantee
\$114/Ton NAP Price x 55% coverage rate = \$62.70/Ton NAP payment rate
100 planted acres x 0.8 T/ac. = 80 Tons guarantee
80 Tons – 0.0 production to count (appraisal) = 80 Tons for payment
80 T x \$62.70/T x 87% planted but unharvested factor = \$4,364 payment

Barley intended for Hay with 65/100 Buy-up coverage:

1.6 T/ac. APH x 65% coverage level = 1.04 T/ac. NAP coverage guarantee
\$114/Ton NAP Price x 100% coverage rate = \$114/Ton NAP payment rate
100 planted acres x 1.04 T/ac. = 104 Tons guarantee
104 Tons – 0.0 production to count (appraisal) = 104 Tons for payment
104 T x \$114/T x 87% planted but unharvested factor = \$10,315 payment

Native grass for grazing with NAP CAT 50/55 coverage:

20.3 acres per animal unit carrying capacity (set by COC)
215-day grazing period for native range (set by COC)
70% grazing loss (set by COC and approved by STC)
\$1.4130 per animal unit day (AUD) rate (2015 rate set by national office)
640 acres native pasture divided by 20.3 ac/AU times 215 days = 6778 normally expected AUD's
6778 expected AUD's times 20% (grazing loss over 50%) = 1356 AUD's eligible for NAP payment.
1356 pmt AUD's x \$1.4130 x 55% = \$1054 total NAP payment