



Crop Disaster Program

Overview

The 2003/2004/2005 Crop Disaster Program (CDP), as provided for by the Military Construction and Emergency Hurricane Supplemental Appropriations Act of 2005, reimburses producers for qualifying losses to agricultural commodities (other than sugar cane or cotton seed) due to damaging weather or related conditions. The damages must be in excess of 35 percent for the loss of production or 20 percent for quality losses. The program, administered by the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA), has no set funding limitation.

In addition to the assistance provided under the 2003/2004/2005 CDP, the legislation also authorized \$3 million for 2003 fruit and vegetable losses in North Carolina and \$50 million for 2003 crop losses in Virginia.

Eligibility

CDP covers all crops as follows:

- Insured Crops -- Crops insured by either catastrophic (CAT) or buy-up (coverage of 50/100 or greater) crop insurance;
- Uninsured Crops -- Crops for which crop insurance was available but not purchased; and

- Noninsurable Crops -- Crops for which crop insurance was not available.

Producers must be in compliance with the Highly Erodible Land Conservation and Wetland conservation provisions (sod & swampbuster).

Qualifying crop losses for the 2005 crop are limited to only those losses caused by hurricane or tropical storms of the 2004 hurricane season in counties declared disaster areas by the President of the United States.

Producers who received payments from Section 32 of the Act of August 24, 1935, with respect to 2004 hurricane crop losses are not eligible for payments under this crop disaster program.

Payment Calculation

As required by statute, crop disaster payments will be calculated using the same manner used under the 2000 crop disaster program. This means the prices used to calculate disaster payments for crops insured by Federal Crop Insurance Coverage (FCIC) will be the Actual Production History (APH) prices. For crops not insured by FCIC, 5-year average market prices will be used.

Like the 2001/2002 crop disaster program, crop disaster payments

will be reduced, as required by statute, if the sum of the: 1) disaster payment; 2) the net crop insurance indemnity; and 3) the value of the crop harvested exceeds 95 percent of what the value of the crop would have been in the absence of a loss.

For crops insured by FCIC, the value of the crop harvested and the value of the crop in absence of a loss will both be valued at the higher of the APH price election or the USDA National Agricultural Statistics Service season average price.

CDP provisions are similar to disaster programs authorized for 1998 through 2002 crops, but with a few changes. Producers will have a choice of receiving payments for the 2003, 2004 or 2005 crops (but not more than one year), and the payment rates will be higher than for the previous crop loss program.

Payments will be issued to producers for losses in excess of 35 percent at:

- 65 percent of the established price for insured crops;
- 65 percent of the established price for noninsurable crops; and
- 60 percent of the established price for uninsured crops.

Fact Sheet

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Linkage Requirement

Any producer who elected not to obtain federal crop insurance on an insurable crop for which the producer receives crop loss assistance or for noninsurable crops, elected not to participate in FSA's Noninsured Crop Disaster Assistance Program (NAP) for the year in which benefits will be received, must purchase crop insurance at a level greater than the catastrophic for insurable crops or NAP coverage for uninsurable crops by the final deadline and complete all program requirements including yearly acreage reports for the next two crop years in the administrative county in which the crop was produced or prevented from being produced. If at the time the producer applies for CDP the sales closing date for insurable crops, or for noninsurable crops for which the producer sought benefits has passed, the producer must purchase crop insurance and/or NAP, as applicable, for the following two crop years.

As a condition of receiving benefits under CDP, any producer who fails to purchase crop insurance and/or NAP coverage, shall be required to refund the full amount of the CDP payment for the crop, plus interest. FSA offices have a list of crop insurance agents, or one can be found at www.rma.usda.gov under "Agent Locator."

Payment Limitations

CDP payments are limited to \$80,000 per person. Under the CDP, producers and entities with adjusted gross incomes, as defined

by Section 1001D of the Food Security Act of 1985, with incomes of greater than \$2.5 million are ineligible.

When and Where to Apply

CDP sign-up begins March 14, 2005. Contact your local FSA office to sign up for benefits. Additional information is available at local USDA Service Centers and on FSA's Web site, www.fsa.usda.gov.

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