

AUGUST 2008

2008 Noninsured Crop Disaster Assistance Program

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 occurs due to natural disasters.

Eligible Producers

An eligible producer is a landowner, tenant or sharecropper who shares in the risk of producing an eligible crop. The annual gross revenue of the eligible producer, or the annual gross revenue of any individual or entity combined as one "person" with the eligible producer, cannot exceed \$2 million.

Eligible Crops

To be eligible for NAP assistance, crops must be noninsurable crops and agricultural commodities for which the catastrophic risk protection level of crop insurance is not available, and must be any of the following commercially produced crops:

- 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 under 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.

Please contact a crop insurance agent if you have questions regarding whether a crop is insurable in your county. For further information on whether a crop is eligible for NAP coverage, please contact your local FSA office.

Eligible Natural Disasters

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; or
- a condition related to damaging weather or an adverse natural occurrence, such as excessive heat, disease or insect infestation.

The natural disaster must occur 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 fees at their local FSA office. The application and service fees must be filed by the application closing date as established by the producer's 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 per producer with farming interests in multiple counties. This fee is authorized by the 2008 Farm Bill and is effective as of May 22, 2008. It replaces the previous service fee of the lesser of \$100 per crop or \$300 per producer per administrative county, not to exceed a total of \$900 per producer with farming interest in multiple counties.

Limited resource producers may request a waiver of service fees. 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 2009 to adjust for the inflation using price paid by farmer index

as compiled by the National Agricultural Statistics Service (NASS); or

- 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 in both of the previous two years.

Limited resource producer status can be determined using the USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>. 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 whether the producer grows annual, perennial or value-loss crops.

The coverage period for annual crops 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 and does not exceed the final planting date

and ends the earlier of:

- 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.

The coverage period for perennial crops, other than those 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.

Please contact your 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.).

It benefits producers to 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).

Producers must provide production information in a manner that can be easily understood by the FSA county committee. Questions regarding acceptable production records should be directed to your local FSA office.

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. Contact your local FSA office for your local 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. Please contact your local FSA office for 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 report and the production report are combined to calculate the approved yield (expected production for a crop year). The approved yield is the average of your actual production history (APH) for a minimum of 4 to a maximum of 10 crop years (5 years for apples and peaches). To calculate your APH, FSA divides your total production by your crop acreage.

The approved yield may be calculated by using substantially reduced yield data if you do not report acreage and production, or report less than 4 years of crop production.

Applying for NAP Assistance When a Natural Disaster Strikes

When a crop or planting is affected by a natural disaster, you must notify your local FSA office and complete Part B, (the Notice of Loss portion) of the application, which is Form CCC-576, the Notice of Loss and Application for Payment. This must be completed within 15 calendar days of the:

- natural disaster occurrence;
- final planting date if your planting was prevented by a natural disaster;
- date damage to the crop or loss of production becomes apparent to you.

To receive NAP benefits, producers must complete Form CCC-576, Notice of Loss and Application for Payment, parts D, E, F as applicable, and G, no later than the immediately subsequent crop year acreage reporting date for the crop. The CCC-576 requires producers to 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 the specific crop acreage in the county in which the producer has a unique crop interest. A unique crop interest is either:

- 100 percent interest; or
- a shared interest with other producers.

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.

More Information

Further information on NAP is available from your local FSA office or on FSA's Web site at: www.fsa.usda.gov.

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