

For: State and County Offices

2018 Farm Bill Amendments Increase NAP Service Fees and Reinstate Buy-up Coverage

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

On December 20, 2018, the Agriculture Improvement Act of 2018 (the 2018 Farm Bill, Pub. L. 115-334) was enacted.

The 2018 Farm Bill amended NAP by:

- increasing administrative service fees from:
 - \$250 to \$325 per crop
 - \$750 to \$825 per county
 - \$1,875 to \$1,950 per producer for all counties.
- making buy-up NAP coverage available
- providing a service fee waiver and premium reduction for eligible veterans.

B Purpose

This notice informs State and County Offices of:

- changes to service fees for any NAP application for coverage filed on or after April 8, 2019
- guidance for 2019 and 2020 CCC-471's filed through April 7, 2019
- instructions on handling any new 2019 and 2020 CCC-471's
- availability of 2019 and 2020 buy-up coverage.

| Disposal Date | Distribution |
|----------------------------|--|
| November 1, 2019 4-4-19 | State Offices; State Offices relay to County Offices |

Notice NAP-197

2 Service Fee Change Authorized in 2018 Farm Bill

A Service Fees for CCC-471's Filed on or After April 8, 2019

The 2018 Farm Bill increased the NAP service fee to \$325 per crop, with a limit of \$825 per producer per county, not to exceed \$1,950 per producer nationwide.

Producers must pay the new service fee amount, subject to the new service fee maximums, if they file a new CCC-471 or add a crop to an existing CCC-471 thereby increasing the level of service fee coverage on or after April 8, 2019.

Producers who reached the previous maximum service fee for either the 2019 or 2020 coverage year and who add additional crops or coverage but who do not cause the level of service to increase beyond the original scope of that previously paid service fee are not responsible for additional fees. For example, a producer who has already paid the previously effective service fee for 2019 NAP coverage that was applicable for a county (\$750) is not responsible for additional service fee in that county if additional crops are added. Further, producers who reached the previous producer maximum service fee for multiple counties (\$1,875) are not required to pay additional service fees if they add NAP crops and coverage or file additional applications for either 2019 or 2020 as applicable.

Modified software will be available on April 8, 2019, to require the payment of the new service fee and apply the new county and producer maximums to all new applications for coverage or crop(s) added to an existing CCC-471.

All 2019 and 2020 NAP applications filed with service fees paid through April 7, 2019, will not require payment of additional fees if no crops are added to the application.

Notice NAP-197

2 Service Fee Change Authorized in 2018 Farm Bill (Continued)

B Adjusting a Manual Collection for Crops Added to an Application for Coverage

If a producer has only 1 crop on a NAP application for coverage filed through April 7, 2019, and later adds 1 additional crop to that application on or after April 8, 2019, the producer will not owe the additional service fee of \$75 for the originally filed crop. The software will show a waiver for that producer and original crop. This waiver is represented in the software on the NAP Application Fee screen as a “manual” transaction of \$75. However, because a new service fee applies to any applications for coverage filed from April 8, 2019, the producer must pay \$325 for the additional crop and a “manual” transaction remains applicable to prevent software from requiring an additional amount of \$75 to be paid on the original covered crop.

| Application Service Fee | | | | |
|---|----------|-----------------|----------|--------|
| Producer Paid Total: \$325.00 | | | | |
| Submitted | Amount | NRRS Receipt ID | Status | Action |
| Florida - Dade, Monroe, \$325.00 | | | | |
| 11/01/2017 | \$250.00 | 672007 | Verified | |
| <i>Wire Transfer, 10/02/2017, \$250.00, 111 MIAMI-DADE COUNTY FARM SERVICE AGENCY, FL</i> | | | | |
| 03/22/2019 | \$75.00 | | Manual | |

In all other cases of added crops, State Offices must remove any waiver (“manual” transaction) auto-recorded by the system before collecting the amount owed by the producer. The service fees owed are dependent on previously paid service fees and the number of crops being added effective from April 8, 2019. The service fee balance due is shown on the NAP Application Fee screen after new crops are added to the existing CCC-471 and system-established waivers are removed.

For multi-county producers, where the producer met the nationwide service fee maximum through April 7, 2019, if crops are added to any application, the producer does not owe additional service fee. The “manual” transaction(s) remain applicable to prevent software from requiring an additional service fee amount of \$75 to be paid to meet the new producer nationwide maximum.

Notice NAP-197

3 Buy-up Provisions for 2019 and Future Years

A Buy-up Coverage Authorized in 2018 Farm Bill

The 2014 Farm Bill authorized buy-up coverage levels for 2015 through 2018 NAP program years only, for all eligible NAP crops other than crops intended to be grazed. For 2019 and future years, NAP provided only basic 50/55 NAP coverage, equivalent to catastrophic risk plan of insurance (CAT level) protection available under section 508(b) of the Federal Crop Insurance Act. For basic 50/55 NAP coverage:

- NAP payments for low yield are calculated based on the amount of loss that exceeds 50 percent of expected production at 55 percent of the average market price for the crop
- a NAP prevented planting payment is calculated based on the eligible approved prevented planted crop acreage in excess of 35 percent of total planted and prevented planted acreage times 55 percent of the average market price of the crop.

The 2018 Farm Bill authorized buy-up coverage for all eligible NAP crops other than crops intended to be grazed. Producers may elect buy-up coverage ranging from 50 to 65 percent of production, in 5 percent increments, and 100 percent of the average market price. If a producer elects buy-up coverage for a crop, prevented planting on that crop will be calculated as it was before, but with 100 percent of the average market price. Payment factors (for acres prevented from being planted, planted and not harvested, and planted and harvested) will continue to apply.

4 Options for Obtaining Buy-up Coverage for 2019 and 2020

A Opportunity for Buy-Up Coverage

Because all 2019 application closing dates and some 2020 application closing dates for NAP crops passed before FSA announced the availability of buy-up coverage, producers can obtain buy-up coverage (or increase coverage level election to buy-up) for the 2019 and 2020 crop years retroactively by submitting a CCC-471 with buy-up coverage elected through the later of the crop's application closing date or **May 24, 2019**.

B Basic 50/55 NAP Coverage

Basic 50/55 NAP coverage for the 2019 and 2020 crop years was available through the application closing date. The availability of Basic 50/55 NAP coverage was not impacted by the 2018 Farm Bill. Therefore, FSA is not extending the deadline to apply for basic 50/55 NAP coverage. Late-filed provisions in 1-NAP (Rev. 2) will apply to any applications for basic 50/55 NAP coverage filed after the application closing date.

5 Veteran Service Fee Waiver and Premium Reduction Authorized in 2018 Farm Bill

A Qualifying for Veteran Service Fee Waiver and Premium Reduction

The 2018 Farm Bill amendments specified that veteran farmers or ranchers are eligible for a service fee waiver and premium reduction, if the producer meets both of the following:

- has served in the Armed Forces (as defined in 38 U.S.C. 101)
- meet at least one of the following criteria:
 - has operated a farm or ranch for not more than 10 years
 - first obtained status as a veteran (as defined in 38 U.S.C. 101) during the most recent 10-year period.

B Implementing Veteran Farmer/Rancher Waiver

Currently software does not account for veteran farmer status, service fee waiver, or premium reduction. At this time, if the limited resource, socially disadvantaged, or beginning farmer/rancher certification is not already applicable to an eligible veteran, County Offices will temporarily select the limited resource producer determination in the NAP software **only**, to temporarily account for the veteran farmer/rancher certification. County Offices must **not** modify the CCC-860 determinations in subsidiary software. County Offices must maintain a record of producers that qualify for the veteran service fee waiver and premium reduction. Once NAP software has been enhanced to allow for the veteran farmer/rancher determination, County Offices must immediately remove any “temporary” limited resource producer determinations and select all veteran farmer/rancher determinations, as applicable. The CCC-860, subsidiary software, and NAP software will be updated to accept this new certification.

Note: A new certification will be required once the CCC-860 form change is finished. Any producer that certifies to the “Veteran Farmer/Rancher” waiver will be required to certify all the dates on a new form.

Producers who previously filed an application for coverage and remitted either CCC-860 or service fee at the time of application are not impacted by this change. The fees (and waivers) that existed at the time of application apply.

Notice NAP-197

6 Service Fee Implementation for 2019 and 2020

A Examples for 2019 and 2020

FSA must impose the increased NAP service fees on any NAP applications filed with service fees paid on or after April 8, 2019. In the following examples, all service fees are assumed to be paid at the time of application.

All crops in these examples are considered to be representative of a pay crop. Any crop added to an existing application that is a new pay crop is considered an added crop. Any crop that is already covered under a pay crop on an existing application with an administrative fee that was paid before April 8, 2019, is considered a covered crop within that pay group and will not require an additional service fee to be paid.

The following are examples of different service fee scenarios.

Example 1: Joe filed a 2019 or 2020 NAP application for coverage before April 8, 2019. Joe paid the previous service fee amount of \$250 per crop, not to exceed \$750 per county and \$1,875 producer maximums. If Joe does not make any changes to his application for coverage, his service fees do not change, and no additional service fee is required.

Application Fee

Year: 2019 **State:** Florida **County:** Dade, Monroe
Producer: SMITH, JOE

LR/SDA/BFR Producer

Is this producer a Limited Resource Producer? Yes No
 Is this producer a Socially Disadvantaged Producer? Yes No
 Is this producer a Beginning Farmer/Rancher? Yes No

[Certification Form](#)

Application Service Fee

Producer Paid Total: **\$325.00**

| Submitted | Amount | NRRS Receipt ID | Status | Action |
|--|----------|-----------------|----------|--------|
| Florida - Dade, Monroe, \$325.00 | | | | |
| 11/01/2017 | \$250.00 | 672007 | Verified | |
| Wire Transfer, 10/02/2017, \$250.00, 111 MIAMI-DADE COUNTY FARM SERVICE AGENCY, FL | | | | |
| 03/22/2019 | \$75.00 | | Manual | |

Actual Application Service Fee Due: **\$0.00**

Smaller of:
 Remaining producer maximum service fee: \$1,950.00-\$325.00=**\$1,625.00**
 Remaining county maximum service fee: \$825.00-\$325.00=**\$500.00**
 Remaining application service fee: \$325.00-\$325.00=**\$0.00**

Notice NAP-197

6 Service Fee Implementation for 2019 and 2020 (Continued)

A Examples for 2019 and 2020 (Continued)

Example 2: Robert filed a new 2019 NAP application for coverage on or after April 8, 2019. Robert must pay the new service fee amount of \$325 per crop, with a limit of \$825 per producer per county, not to exceed \$1,950 nationwide.

Example 3: Robert filed a new 2020 NAP application for coverage on or after April 8, 2019. Robert must pay the new service fee amount of \$325 per crop, with a limit of \$825 per producer per county, not to exceed \$1,950 nationwide. Unless the sales closing date has passed for a 2020 pay group, normal application for coverage rules apply.

Example 4: Brad filed a 2019 or 2020 NAP application for coverage before April 8, 2019, paying the previous service fee rate of \$250 per crop for 1 or 2 crops. On or after April 8, 2019, Brad adds an additional crop(s) to his NAP application for coverage and purchases buy-up coverage on those crops.

The service fee required for the crops on the application for coverage filed before April 8, 2019, does not change; however, the 2018 Farm Bill service fee rate and maximums apply to the additional crops(s). In this case, Brad owes a service fee of \$325 per additional crop, not to exceed \$825.

If Brad's application for coverage filed before April 8, 2019, included only 1 crop with a service fee of \$250, the additional service fee for a second crop added on or after April 8, 2019 is \$325 (totaling \$575 paid by the producer). If Brad adds a third crop, the service fee waiver (\$75) system-generated in the NAP software must be removed and an additional \$575 for the second and third crops is due (totaling \$825, the maximum per county).

If Brad's application for coverage filed before April 8, 2019, included 2 crops with a service fee of \$500 paid, the additional service fee would be \$325 for any additional crops added in that county on or after April 8, 2019 (totaling \$825, the maximum per county). The service fee waiver (\$125) in the NAP software must be removed for the addition of a third crop or more to enable the collection of the full \$325 additional service fee.

6 Service Fee Implementation for 2019 and 2020 (Continued)

A Examples for 2019 and 2020 (Continued)

Example 5: Ronnie is a multi-county producer and filed a 2019 NAP application for coverage before April 8, 2019, paying the previous service fee of \$250 per crop (for the maximum of \$750 per county) for 3 or more crops. On or after April 8, 2019, Ronnie obtains buy-up coverage on additional crop(s) on a new application in a different county.

Because Ronnie met the prior county maximum service fee of \$750 before April 8, 2019, no additional service fees are required in that county. If Ronnie files a new application for coverage in another county, he must pay additional service fees, unless the prior maximum service fee of \$1,875 was paid before April 8, 2019. If Ronnie met both the maximum service fee of \$750 per county and \$1,875 nationwide before April 8, 2019, and adds coverage on a new crop in any county on or after April 8, 2019, no additional service fee is required.

If Ronnie did not meet the old nationwide maximum (\$1,875), Ronnie is subject to the same rules as defined in example 3 and 4 for meeting both the new county maximum (\$825) and the new nationwide maximum (\$1,950). It is possible that one or more county service fee waivers (“manual” system-generated transactions) must be removed to load new service fees (up to the county and/or nationwide maximums).

Example 6: Ronnie is a multi-county producer and filed a 2020 NAP application for coverage before April 8, 2019, paying the previous service fee of \$250 per crop for the maximum of \$750 per county for 3 or more crops. On or after April 8, 2019, Ronnie obtains coverage on additional crop(s) on a new application in a different county.

Because Ronnie met the prior county maximum service fee of \$750 through April 7, 2019, no additional service fees are required in that county. If Ronnie files a new application for coverage in another county, he must pay additional service fees, unless the prior maximum service fee of \$1,875 was paid before April 8, 2019. If Ronnie met both the maximum service fee of \$750 per county and \$1,875 nationwide through April 7, 2019, and adds coverage a new crop in any county on or after April 8, 2019, no additional service fee is required.

If Ronnie did not meet the old nationwide maximum (\$1,875), Ronnie is subject to the same rules as defined in example 3 and 4 for meeting both the new county maximum (\$825) and new nationwide maximum (\$1,950). It is possible that one or more county service fee waivers (“manual” system-generated transactions) must be removed to load new service fees (up to the county and/or nationwide maximums).

Notice NAP-197

6 Service Fee Implementation for 2019 and 2020 (Continued)

A Examples for 2019 and 2020 (Continued)

Example 7: Kelly did not file any 2019 or 2020 applications for coverage through April 7, 2019. Kelly files a new 2019 NAP application for coverage to obtain buy-up coverage on or after April 8, 2019, after the closing date. Kelly must pay \$325 per crop, with a limit of \$825 per producer per county, not to exceed \$1,950 nationwide.

B Multi-County Producers

Implementation of the service fee change is the same for producers with interests in multiple counties as described in this notice for producers with interests in only one county. The new nationwide service fee maximum for multi-county producers is \$1,950.

There will be cases where multi-county producers will be required to pay an additional service fee(s) for crops that are added on or after April 8, 2019, as defined in examples in subparagraph A.

7 Action

A State Office Action

State Offices will:

- ensure County Offices are notified of the contents of this notice
- publicize the new service fees
- publicize the availability of 2019 and 2020 buy-up coverage starting April 8, 2019
- publicize a sign-up deadline of May 24, 2019, for 2019 and 2020 buy-up coverage only on non-grazing crops with an application closing date which has already passed
- direct questions about this notice to Devon Marsden by email to devon.marsden@wdc.usda.gov.

Notice NAP-197

7 Action (Continued)

B County Office Action

County Offices will ensure producers interested in obtaining buy-up coverage for 2019 and/or 2020 are aware buy-up coverage will only be available for non-grazing crops through the later of either of the following:

- the crop's application for closing date
- May 24, 2019, if the crop's application closing date has passed

FSA is not extending the sign-up period for basic 50/55 NAP coverage. Any applications for basic 50/55 NAP coverage filed after the crop's application closing date must follow 1-NAP (Rev. 2) policy about late-filed applications for coverage.