



The Noninsured Crop Disaster Assistance Program for 2015 and Subsequent Years

OVERVIEW

The Noninsured Crop Disaster Assistance Program (NAP), reauthorized by the 2014 Farm Bill and administered by the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA), provides financial assistance to producers of noninsurable crops to protect against natural disasters that result in lower yields or crop losses, or prevents crop planting.

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. The 2014 Farm Bill specifies that an individual or entity's average adjusted gross income (AGI) cannot exceed \$900,000 to be eligible for NAP payments.

ELIGIBLE CROPS

Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available and be any of the following:

- Crops grown for food;
- Crops planted and grown for livestock consumption, such as grain and forage crops, including native forage;
- Crops grown for fiber, such as cotton and flax (except trees);
- Crops grown in a controlled environment, such as mushrooms and floriculture;
- Specialty crops, such as honey and maple sap;
- Sea oats and sea grass;
- 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.

Producers should 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 should contact the FSA county office where their farm records are maintained.

ELIGIBLE CAUSES OF LOSS

Eligible causes of loss include the following natural disasters:

- Damaging weather, such as drought, freeze, hail, excessive moisture, excessive wind or hurricanes;
- Adverse natural occurrences, such as earthquake or flood; and
- Conditions related to damaging weather or adverse natural occurrences, such as excessive heat, plant disease, volcanic smog (VOG) or insect infestation.

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

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 authorizes 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.

APPLYING FOR COVERAGE

Eligible producers must apply for coverage using form CCC-471, "Application for Coverage," and pay the applicable service fee at the FSA office where their farm records are maintained. The application and service fee must be filed by the application closing date. Application closing dates vary by crop and are established by the FSA State Committee.

Producers who apply for NAP coverage acknowledge that they have received the NAP Basic Provisions, available at FSA county offices and at www.fsa.usda.gov/nap.

SERVICE FEES AND PREMIUMS

For all coverage levels, the NAP 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.

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

- The producer's share of the crop; times
- The number of 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 \$6,562.50 (the maximum payment limitation times a 5.25 percent premium fee).

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." To be eligible for

a service fee waiver or premium reduction, producers must qualify as one of the following:

Beginning farmer – a person who:

- Has not operated a farm or ranch for more than 10 years, and
- Materially and substantially participates in the operation.

For legal entities to be considered a beginning farmer, all members must be related by blood or marriage and must be beginning farmers.

Limited resource farmer – a person or legal entity that:

- Earns no more than \$176,800 in each of the two calendar years that precede the complete taxable year before the program year, to be adjusted upwards in later years for inflation; and
- Has 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 income 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 at www.lrfstool.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.

Socially disadvantaged farmer – these traditionally underserved farmers are a member of a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. Groups include:

- American Indians or Alaskan Natives;
- Asians or Asian Americans;
- Blacks or African Americans;
- Native Hawaiians or other Pacific Islanders;
- Hispanics; and
- Women.

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For legal entities to be considered socially disadvantaged, the majority interest must be held by socially disadvantaged individuals.

COVERAGE PERIOD

The coverage period for NAP varies 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).

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.

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

- 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 with NAP coverage must 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, 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 for NAP-covered crops 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, 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.

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 production for a crop with NAP coverage, or reports fewer than four years of crop production.

Beginning with the 2015 crop year, FSA has changed the production reporting requirements to avoid penalizing producers for years when they do not participate in NAP and do not report their production. Those producers will no longer receive an assigned yield or zero-credited yield in their actual production history (APH) for that year. Producers may also request replacement of assigned yields and zero-credited yields in their APH for the 1995 through 2014 crop years with the higher of 65 percent of the current crop year T-yield or the missing crop year's actual yield.

PROVIDING NOTICE OF LOSS AND APPLYING FOR PAYMENT

When a crop or planting is affected by a natural disaster, producers with NAP coverage 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 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.

Producers of hand-harvested crops and certain perishable crops must notify FSA within 72 hours of when a loss becomes apparent. The crops subject to this requirement will be listed in the NAP Basic Provisions.

To receive NAP benefits, producers must complete form CCC-576, "Notice of Loss and Application for Payment," Parts D, E, F, and G, as applicable, within 60 days of the last day of coverage for the crop year for any NAP covered crop in the unit. 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.

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.

INFORMATION FSA USES TO CALCULATE A PAYMENT

The NAP payment is calculated by unit using:

- Crop acreage;
- Approved yield;
- Net production;
- Coverage level elected by the producer;
- An average market price for the commodity established by the FSA state committee; and
- A payment factor reflecting the decreased cost incurred in the production cycle for a crop that is not harvested or prevented from being planted.

For value loss crops with additional coverage, payments will be calculated using the lesser of the field market value of the crop before the disaster or the maximum dollar value for which the

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producer requested coverage at the time of application.

PAYMENT LIMITATION

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.

COMMENTS AND SUGGESTIONS

FSA also wants to hear from producers and other interested stakeholders who may have suggestions or recommendations on the program. Written comments will be accepted *until Feb. 13, 2015* and can be submitted through www.regulations.gov.

MORE INFORMATION

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

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