

A Guide to the USDA Noninsured Crop Disaster Assistance Program (NAP)

For Organic Production, 2018 crop year



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Table of Contents

Introduction	4
Overview.....	4
Crop Insurance for Organic Production.....	5
Whole Farm Revenue Protection.....	5
Noninsured Crop Disaster Assistance Program.....	6
Who Is Eligible?	6
Which Crops Are Eligible?	6
Losses Eligible for NAP Coverage	7
Coverage Levels.....	7
Applying for NAP Coverage.....	9
Costs and Fees.....	10
Benefits for Beginning, Limited Resource, and Underserved Farmers or Ranchers.....	10
Organic Option for Organic Farmers	11
Other Coverage Options	12
Direct Market Price Option.....	12
Historic Market Percentage and Contract Market Percentage Options.....	13
Coverage Periods	13
Annual Crops.....	13
Perennial Crops.....	13
Reporting to FSA	14
Filing a Claim	15
Conclusion.....	16
Appendices	17
Appendix A: Glossary of terms.....	17
Appendix B: Farmer Documentation and Information Needed for NAP	20
Appendix C: FSA Form Checklist	21

Introduction

The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters. The program is offered through the United States Department of Agriculture's Farm Service Agency (USDA-FSA).

This guide is designed to help organic producers and others better manage risk through increased understanding and utilization of the NAP program. The information in this guide is related specifically to the 2018 crop season; some information may vary in subsequent years.

This guide can be used with or without workshops. For additional information, several workshops will be offered related to NAP. See schedule of meetings on the OFRF website, OFRF.org.

Overview

Farming is a business, and just like any business there are inherent risks. Public policy dictates that all farmers deserve access to an adequate safety net to protect against the inherent risks of crop losses due to natural disasters, whether they are growing thousands of acres of corn, a few dozen vegetable crops for their local market, or mixed crops and livestock on a diversified organic farm.

Crop Insurance typically comes in two forms: yield insurance and revenue insurance.

Yield based insurance policies provide indemnity payments when crop yields drop below an insured amount, as long as the reason for the low yield is an insured cause of loss (e.g., natural disasters such as drought, excess rain, etc.). Human causes of loss, such as pesticide or genetic drift are not covered, but sometimes offered through private sector insurers.

Revenue insurance policies are similar to yield insurance, but insure against declines in both crop prices and yields, since prices can drop when yields are high. Revenue insurance guarantees a certain level of revenue rather than just production, based on market prices and the actual farm yield.

USDA's Risk Management Agency (RMA) and the Federal Crop Insurance Corporation (FCIC) develop crop insurance products, set rules and premium rates, and underwrite crop insurance policies for hundreds of crops and livestock in the United States.

Crop insurance policies are sold and serviced by private insurance companies, and vary across the country. Congress subsidizes the costs for farmers and approved insurance providers. Federal policies are administered through private crop insurance agents that sell the policies to individual farmers. For more information on Crop Insurance, please review RMA's Crop Insurance Basics (<https://www.rma.usda.gov/help/faq/basics.html>).

Crop Insurance for Organic Production

Unlike conventional producers, organic farmers and ranchers have not always had the support of a crop insurance safety net tailored to meet their needs. That changed when USDA was directed to establish organic price elects for all organic crops in the 2014 Farm Bill. Although some prices have yet to be established, many organic price elections are now available and RMA has worked to improve crop insurance for organic producers and those transitioning to organic production.

Organic farmers should check with their local crop insurance agent to determine which policies are available in specific states and counties.

For more information on organic price elections, see RMA Organic Price Elects (<https://www.rma.usda.gov/news/currentissues/organics/organicroplist.html>).

In areas where an established crop policy is not available, farmers may request that their RMA Regional Office expand the program to their county in the next crop year. Farmers may also contact their local crop insurance agent to see if a written agreement is available for the current crop year.

Whole Farm Revenue Protection

In addition to traditional crop insurance, USDA-RMA offers Whole Farm Revenue Protection as a crop-neutral revenue insurance product for diversified farming operations. Unlike traditional yield or revenue insurance, Whole Farm Revenue Protection is not intended for a single specific crop, but for all the crops and livestock grown or raised on a given farm.

For organic producers, Whole Farm Revenue Protection provides an insurance option that recognizes the diversification inherent in organic systems and covers both crops and animals on a farm. The program is also available in every state and every county, although eligibility closing dates and required enrollment dates vary by region. Check with your local crop insurance agent to determine which policies are available in your area.

Farmers utilizing RMA's Whole Farm Revenue Protection can also enroll in the Noninsured Crop Disaster Assistance Program (NAP), but cannot collect from both programs when there is a loss.

Noninsured Crop Disaster Assistance Program

The USDA Farm Service Agency (FSA) administers the Noninsured Crop Disaster Assistance Program (NAP), which provides financial assistance to producers of crops not eligible for coverage by RMA crop insurance to protect against natural disasters that result in lower yields, crop losses, or prevented planting.

Who Is Eligible?

An eligible producer is a farmer, landowner, tenant, or sharecropper who shares in the risk of producing an eligible crop and is entitled to a share of that crop. Eligible crops are crops that are not eligible for coverage under a RMA crop insurance policy.

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

Beginning, Limited Resource, and Underserved Farmers or Ranchers may be eligible for NAP at a reduced cost. More information is provided later in this guide.

Which Crops Are Eligible?

An eligible crop for NAP is a commercially produced agriculture commodity crop that is not eligible for crop insurance through the USDA Risk Management Agency (RMA). As previously mentioned, farmers utilizing Whole Farm Revenue Protection may still be eligible for NAP.

Crops Eligible for NAP Coverage:

- 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 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 (including ornamental fish), Christmas trees, ginseng, ornamental nursery and turf-grass sod
- Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production

As a general rule, livestock and their by-products are excluded from NAP coverage.

The NAP Crop Tool (<http://fsa.usapas.com/NAP.aspx>) will allow you to determine whether or not there is RMA crop insurance offered for the crops you are growing. Select your state, county, and crop type to determine if you are eligible for any insurance coverage offered through RMA. If you are not eligible for any

individual crop insurance products based on your crop and location, you may be eligible for NAP.

Due to the changing nature of crop insurance, it is advisable to contact a local insurance agent (<https://www.rma.usda.gov/tools/agent.html>) or one of the insurance companies that sell and service crop insurance policies in your state. RMA also has ten Regional Offices (<https://www.rma.usda.gov/aboutrma/fields/rsos.html>) in various locations across the country that you may contact for information specific to your area. Your local insurance agent can provide you with information about the availability of crop insurance and describe the different insurance products, policy rates, and terms. An agent will help you determine if there is an insurance product for your crop based on your particular farm operation and your risk management and budgetary needs. If there is not crop insurance available for your crop, you may be eligible for NAP coverage.

Crops intended for grazing are not eligible for buy-up coverage. This option is currently only available through the 2014 Farm Bill and expires after 2018.

Losses Eligible for NAP Coverage

For a farmer enrolled in NAP, there must be an eligible cause of loss in order to receive a payment.

Eligible losses include the following:

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

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

If crops are not able to be harvested due to the disaster, FSA also establishes an unharvested factor for each crop, removing the cost of harvest for all unharvested acres.

Coverage Levels

There are several levels of NAP coverage available.

Basic Coverage insures 50 percent of approved yield at 55 percent of the Average Market Price for the crop. Basic NAP coverage only comes into effect after a loss of at least 50 percent of approved yield (expected production). This is the lowest level of protection, similar to catastrophic coverage.

Buy-Up Coverage is available and ranges from 50 to 65 percent of approved yield (expected production), in 5 percent increments, at 100 percent of the Average Market Price. These additional coverage options, also known as buy-up since there is increased cost, 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. Buy-up coverage depends on the amount of coverage obtained.

Different Levels of NAP Coverage and Payment Maximums

	Basic NAP Coverage	50% buy-up	55% buy-up	60% buy-up	65% buy-up
Coverage Level	50% of yields at 55% of price	50% of yields at 100% of price	55% of yields at 100% of price	60% of yields at 100% of price	65% of yields at 100% of price
Maximum NAP Payment	27.5% of crop value	50% of crop value	55% of crop value	60% of crop value	65% of crop value

There are two key variables determining the level of risk protection: % of Approved Yield (how much of your expected crop is covered), and % of Average Market Price (how much of the expected price per unit is covered).

APPROVED YIELD is the calculated yield based on a farmer’s production history approved by Credit Commodity Corporation for making NAP payments. The yield represents a unit’s expected production. Approved yield is determined as an average of a producer’s actual production history for a minimum of 4 to a maximum of 10 crop years (5 years for apples and peaches). To calculate actual production history, FSA divides a producer’s total production by the producer’s crop acreage. If there is not sufficient production history, FSA will use the county expected yield to calculate Approved Yield.

AVERAGE MARKET PRICE is the price or dollar equivalent per bushel, ton, etc., for an eligible crop or commodity. Average Market Prices are determined on a statewide basis, using a 5-year historical average of actual prices received without the inclusion of transportation, storage, processing, packing, marketing, or other post-harvest expenses.

NAP payments received, directly or indirectly, are limited to \$125,000 per crop year, per individual or entity.

Applying for NAP Coverage

To begin the NAP enrollment process, visit the local FSA office to sign up for coverage by the application closing date for the crop/crops. Use the USDA Service Center Locator (<https://offices.sc.egov.usda.gov/locator/app>), to find a local office. Click on State, then County, and be sure to select the Service Center that houses FSA.

At the FSA office, complete form CCC-471, "Application for Coverage," and pay the applicable service fee. This Application for Coverage can be continuous and will remain in effect for each crop year following the acceptance of the original application, as long as the nonrefundable service fee is submitted by the application closing date every year. Crop coverage is only applicable every year during the approved coverage periods for each crop.

Application closing dates vary by crop and are established by the FSA State Committee. Contact your local FSA office to verify application closing dates.

Producers should verify prior to Application Closing Dates every year with their Local Service Center to make sure that no further information or signatures are required.

The main piece of information needed during the initial meeting for coverage application are the crops to be covered with NAP and specific information about production practices. This information will be included on the CCC-471.

Other forms, in addition to the form CCC-471, "Application for Coverage," that can be filed at the initial meeting are:

1. Payment eligibility form (CCC-902)
2. Certification of compliance with wetland and high erodibility land provisions (AD- 1026)
3. Form CCC- 941, which certifies that your adjusted gross income does not exceed the \$900,000 limitation for NAP

These forms are not required at the time of application. However, FSA encourages filing them during the first meeting as they must be filed before a payment is made.

Costs and Fees

Service Fee. For all coverage levels, basic and buy-up, 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. This is an annual fee.

Premiums. If buy-up NAP coverage is elected, there is a cost premium in addition to the service fee.

The premium for each eligible yield based crop is obtained by multiplying:

1. A producer's share of the eligible crop
2. The number of eligible acres devoted to the crop
3. A producer's approved yield
4. The coverage level elected by a producer
5. The average market price or direct market price based
6. A 5.25-percent premium fee ; subject to a maximum amount based on the applicable payment limitation

Premiums are calculated separately for each crop, type, and intended use, as reported or determined on the acreage report.

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

1. A producer's share of the eligible crop
2. Elected Maximum Dollar Value
3. The coverage level elected by a producer
4. A 5.25 percent premium fee (subject to a maximum amount based on the applicable payment limitation)

EXAMPLE OF PREMIUM FEE CALCULATION

Farmer Brown grows 5 acres of peaches, and the approved yield is 181 bushels per acre. The Average Market Price as determined by FSA is \$47.75/bushel. Farmer Brown has elected the highest buy-up NAP coverage (65% of yields at 100% value). Therefore, his total coverage is determined by multiplying 5 acres x 181 bushels/acre x \$47.75/bushel x 0.65 NAP coverage level x 5.25% premium fee = \$1474.67 (this does not include the service fee that Farmer Brown will also have to pay).

Benefits for Beginning, Limited Resource, and Socially Disadvantaged Farmers or Ranchers

Beginning farmers and ranchers, limited resource, and socially disadvantaged farmers and ranchers are eligible to receive a waiver of the service fee and a 50 percent premium reduction. This makes the NAP program especially advantageous and accessible.

Farmers and ranchers looking to take advantage of this provision must provide certification of their status at the time the application for NAP coverage by filing form CCC- 860.

A beginning farmer or rancher is defined as a person or legal entity who:

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

A limited resource farmer or rancher is defined as a person or legal entity that:

- Earns no more than \$173,600 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.

Socially Disadvantaged Farmers or Ranchers are defined as a farmer or a rancher who is 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.

Underserved groups include:

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

Organic Option for Organic Farmers

For organic farmers, there may be an Organic Option on the NAP coverage application.

When applying for the Organic Option there is additional required documentation.

1. A written certification in effect from a certifying agency indicating the name of the entity certified, effective date of certification, certificate number, types of commodities certified, and name and address of the certifying agent (a certificate issued to a tenant may be used to qualify a landlord or other similar arrangement).
2. Records from the certifying agent showing the specific location of certified organic, transitional, and buffer zone acreage, and acreage not subject to organic farming practices according to an organic system plan.
3. A copy of your organic systems plan.

NAP coverage allows farmers to select the Organic Option because there may be a difference in Average Yield and Average Market Price between organic and conventional agriculture. However, the Organic Option is only available if there is an Average Organic Market Price or RMA organic price available. If a producer elects the Organic Option and FSA does not have an approved organic price for the crop, the producer's NAP coverage will be based on the conventional rates and prices.

The Average Organic Market Price is not always available, depending on your location and crop type. Average Organic Market Prices are determined on a statewide basis, using a 5 year historical average of actual organic prices received without the inclusion of transportation, storage, processing, packing, marketing, or other post-harvest expenses.

FSA recognizes organically grown crops under NAP in states where RMA has established a separate organic price. A list of crops for which RMA has established a separate organic price can be viewed on RMA's organic website (<https://www.rma.usda.gov/news/currentissues/organics/>).

If there is no RMA Organic Market Price available, FSA may undertake a review if there are different levels of compensation for organic certified crops marketed in a region. Upon review, FSA may establish organic prices by variety and crop. Any organic market crop price established by FSA must be done 120 days prior to the application closing date for that crop and variety.

For example, the sales closing date for strawberries is December 1. The organic price for strawberries is approved January 31 the following year. That organic price would not be available for the current applications for coverage and would become available the following year.

Other Coverage Options

If the Organic Option is not available there may still be options for NAP coverage at rates that are higher than conventional rates and prices. These include the Direct Market Price Option and Historic and Contract Market Percentage Options on the CCC-471 application for coverage form.

Direct Market Price Option

Farmers selling crops directly to consumers often sell at a higher price than when selling to a processor or distributor. Therefore, FSA established a Direct Market Price Option for direct market farmers. This is only available for crops for when buy-up NAP coverage is elected. Like the Organic Option, farmers can only take advantage of direct market price options where FSA has established a separate price for the direct market crops.

The purpose of this option is to provide potentially increased payments when a farmer has a history of marketing a crop directly to consumers. To qualify for this option, a farmer must provide actual marketing records for the immediately preceding 1 to 3 years, and complete a separate form (CCC-575). If FSA has not established a separate price for the crop sold through direct marketing, NAP coverage will reflect conventional rates and prices. If a farmer would like crops to be added to the direct marketing option, there is an option to discuss this with a local FSA representative.

The Direct Market Price Option, Historical Market Percentage Option, and Contract Market Percentage Option are only available when buy-up NAP coverage is elected.

Historical Marketing Percentage and Contract Marketing Percentage Options

These programs are used to determine payment when the crop is marketed for a use with a lower value than the original use for which the crop was intended (for example, apples that were originally intended to be sold fresh, but end up being sold into processing for less money). In order to be eligible for this, there must be evidence of the actual marketed (final) use of historical production for any year the crop was grown from the 1 to 3 previous consecutive crop years immediately preceding the coverage year. This will be reviewed by FSA and the average of the historical percentage of actual marketed final uses will determine the qualifying prices.

If there is a business contract for the coverage year, FSA will estimate the expected production in comparison to contract expectations for each use and determine a contract marketing percentage.

Historical Market Price and Contract Marketing Percentage do not cover selling organic crops at a conventional price. In order to receive an organic price, a farmer must select the organic option on the application for coverage.

Under the Historical Marketing Percentage and Contract Marketing Percentage options, NAP coverage and premiums are calculated based on a combination of the USDA established average market price(s) for each intended use. Additional information is available from FSA representatives.

Coverage Periods

NAP coverage does not begin automatically upon completion of the application and payment of fees.

Annual Crops

For annual crops, the coverage period **begins** the later of these two dates:

- 30 days after application for coverage is filed and the applicable service fees have been paid
- The date the crop is planted (cannot exceed the final planting date determined by FSA).

The coverage period for an annual crop **ends** the earliest of these dates:

- Date the crop harvest is completed
- Normal harvest date for the crop
- Date the crop is abandoned
- Date the entire crop acreage is destroyed

Perennial Crops

The coverage period for a perennial crop, other than a crop intended for forage, **begins** the later of these two dates:

- 30 days after application closing date; or
- 30 calendar days after application for coverage is filed and the applicable service fees have been paid.

The coverage period for a perennial non forage crops **ends**, the earliest of these dates:

- 10 months from the application closing date
- The date the crop harvest is completed
- The final harvest date for the crop
- The date the crop is abandoned
- The date the entire crop acreage is destroyed.

Local FSA offices can provide information on the coverage periods for perennial forage crops, controlled-environment crops, specialty crops and value loss crops.

Reporting to FSA

After filing a NAP Application and paying NAP fees, the next step is to plant crops and file an Acreage Report (FSA-578) with the local FSA office.

At the meeting, it is important to report the crops, crop type, intended use, irrigation practice, planting dates, and individual share interest in the crop. Additionally, an aerial photo or land map, along with a list of each crop planted in each field or subfield, is required. Local FSA offices may be able to assist with this.

The FSA representative will load this information into their software, provide a numbered map, and print out the acreage report form to sign and date. These reports are made by field number,

Acreage Reports need to be completed in a timely manner for the crop planting year. Please note the timeline will vary and it is important to contact your FSA office to determine specific time requirements. However, a claim cannot be reported before an acreage report is filed, so it is important to report acres shortly after planting to ensure reporting deadlines are not missed and coverage is not lost.

In addition to an Acreage Report, this production information must also be reported to FSA:

1. The quantity of all harvested production of the crop in which the producer held an interest during the crop year;
2. The disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged or used differently than intended; and
3. Verifiable or reliable crop production records when loss occurs or when required by FSA.

Farmers should meet with their FSA representative to file actual production history and approved yield record, form CCC-452. This must be completed 60 days after the normal harvest date for the crop that is covered by NAP. For each harvested crop/commodity with NAP coverage, it is important to provide documented evidence acceptable to FSA of production and the date harvest was completed, including production of crops/commodities planted after the planting period or late planting period.

Contact the local FSA office for information regarding local acreage reporting and final planting dates, as these vary by crop and by region.

This form will be printed and signed at the FSA office.

Failure to report acreage and production information for NAP-covered crops may result in reduced or no NAP assistance. Be aware that acreage reporting and final planting dates vary by crop and by region.

Filing a Claim

To be eligible for a NAP payment, you must have suffered a loss greater than 50 percent of yield or inventory value as the result of a disaster that is an eligible cause of loss, as follows:

1. For yield-based crops/commodities, the loss is calculated based on a yield loss in excess of 50 percent of your approved yield.
2. For value loss crops/commodities, the loss is calculated based on the loss of value in excess of 50 percent of the total value at the time of disaster.
3. For crop acreage intended to be grazed, the loss of Animal Unit Daily Value in excess of 50 percent of your expected Animal Unit Daily value determined on the basis of acreage, carrying capacity, and grazing period (the Animal Unit Daily Value is determined to be the dollar value of 15.7 pounds of corn calculated on the 5-year national Olympic average price per pound of corn).
4. Prevented planting in excess of 35 percent of the intended acres.

When a crop or planting is affected by a natural disaster, the local FSA office where your farm records are maintained must be notified and form CCC-576, "Notice of Loss and Application for Payment" (Part B, Notice of Loss) must be completed within 15 calendar days, of the earliest of:

- A natural disaster occurrence;
- The final planting date as determined by FSA, 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 are listed in the NAP Basic Provisions. This is listed on the USDA-FSA website at the following link: <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/noninsured-crop-disaster-assistance/index>.

The CCC-576 "Notice of Loss and Application for Payment" requires acceptable appraisal information. Applicants must provide evidence of production and note whether the crop was marketable, unmarketable, salvaged or used differently than intended.

This includes:

- The alleged cause of crop damage
- Date the disaster occurred and when the damage or loss first became apparent
- A copy of any existing contract or agreement of guaranteed payment
- The type of loss that occurred
- Farming practices used, for example, irrigated or non-irrigated

For prevented planting:

- Total intended planted acreage of the insured crop
- Total acreage of the crop planted
- Whether seed, chemicals, fertilizer, etc. were purchased, delivered, or an arrangement for purchase or delivery was made
- What land preparation measures were completed and when
- What has been done or will be done with the acreage; for example, abandoned, replanted, etc.

For low yield:

- Total acreage devoted to the crop
- Total acreage of crop impacted
- What land preparation measures and practices were completed before and after the loss, and when
- What will be done with the affected crop acreage; for example, harvested, destroyed, replanted to a different crop abandoned, etc.

Please note, the local FSA authorized representative may require additional information.

To receive NAP benefits, complete the remainder of 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. As this varies by region, it is important to contact a local FSA office for more information about the last day of coverage determinations.

Conclusion

Obtaining any type of crop insurance or support for the first time can seem like a daunting task. This guide provides general information on eligibility and coverage to help farmers determine the best options for coverage. In addition, FSA representatives are available to help in the event of a natural disaster.

Please note that details of the program are subject to change every year. This guide was produced for 2018 and is not a substitute for official information from FSA-USDA.

Appendices

Appendix A: Glossary of Terms

Actual Production - The total of the eligible crop or commodity unit's harvested production and appraised production.

Actual Production History - The actual production history of the crop or commodity used to determine the approved yield for NAP purposes.

Adjusted Gross Income - Total gross income or total income and receipts, minus deductions.

Animal Unit (AU) - A standard expression of livestock based on a daily net energy maintenance requirement equal to 13.6 Megacalorie.

Animal Unit Daily Value - The dollar value of a daily energy requirement equivalent of 15.7 pounds of corn determined on the basis of the 5-year national average price per pound of corn.

Approved Yield - The Actual Production History calculated yield approved by Credit Commodity Corporation for making NAP payments. The yield represents a unit's expected production on a per planted acre basis, or other basis as applicable.

Average Market Price - The price or dollar equivalent per bushel, ton, etc., for an eligible crop or commodity. An average market price is: (a) Used to calculate NAP payments (b) On a harvested basis without the inclusion of transportation, storage, processing, packing, marketing, or other post-harvest expenses (c) Based, in part, on historical data.

Average Yield - The yield, calculated by summing the annual actual, assigned, adjusted, or unadjusted transitional yields and dividing the sum by the number of yields contained in the database, prior to any adjustments, according to FSA approved procedures.

Basic Coverage - NAP coverage equal to fifty percent (50%) of loss at fifty-five percent (55%) of the average market price as established by Credit Commodity Corporation.

Buy-up Coverage - NAP assistance beyond Basic Coverage that is available at an additional fee for certain eligible NAP covered crops (all eligible NAP covered crops other than for crops and grasses intended for grazing).

Catastrophic Risk Protection - The minimum level of coverage offered by the Federal Crop Insurance Corporation (FCIC) of the Federal Crop Insurance Act (7 U.S.C. 1508). Similar coverage level to NAP basic coverage.

Commodity Credit Corporation (CCC) - A government-owned and operated entity that was created to stabilize, support, and protect farm income and prices. CCC also helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution. The CCC Charter Act, as amended, aids producers through loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities. The CCC Charter Act also authorizes the sale of agricultural commodities to other government agencies and to foreign governments and the donation of food to domestic, foreign, or international relief agencies. CCC also assists in the development of new domestic and foreign markets and marketing facilities for agricultural commodities.

Eligible Producer - A landowner, landlord, tenant, or sharecropper who: (a) shares in the risk of producing the crop or commodity; (b) is entitled to share in the crop or commodity available for marketing from the farm or would have shared had the crop or commodity been produced; and, (c) has an average adjusted gross income of less than \$900,000.

Final Planting Date - The last date upon which a normal yield can reasonably be expected, or a date specified by the County Committee for the covered crop/commodity by which the crop/commodity must initially be planted in order to be covered for NAP.

Indemnity Payments - Payments made directly to a farmer as dictated by a crop insurance policy.

Insured Causes of Loss - Damaging weather, adverse natural occurrence, or a condition related to damaging weather or adverse natural occurrence.

Non-Insurable Crops - Crops that are not insurable under any insurance program facilitated by the USDA-Risk Management Agency (other than Whole Farm Revenue Protection).

Organic Option - Organic producers have the option to report their crops as organic. If FSA has approved a different price and yield for organic crops, organic farmers may have the option to receive a higher payment if they select NAP organic coverage. This option is not available nationwide.

Prevented Planting - The inability to plant an eligible crop/commodity with proper equipment by the final planting date for the crop/commodity because of a natural disaster or other issue as determined by CCC.

Price Elections - The value per pound, bushel, ton, carton, or other applicable unit of measure for the purposes of determining premium and indemnity under the policy. A price election is not applicable for crops for which revenue protection is available.

Specialty Crops - Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops (including floriculture). Specialty crops currently eligible for NAP include but are not limited to, mushrooms, flowers, ornamental nursery crops, Christmas trees, turfgrass sod, and ginseng, among other specialty crops. Where there is some overlap between Specialty Crops and Value Loss Crops, they are all eligible for NAP coverage from FSA.

Value Loss Crops - Ornamental nursery, Christmas trees, aquaculture, or other crops/commodities determined by Credit Commodity Corporation that because of their unique nature do not lend themselves to

yield calculations. Eligibility for a crop/commodity categorized a value loss shall be based on a loss of dollar value at the time of the disaster, as determined by FSA. Where there is some overlap between Specialty Crops and Value Loss Crops, they are all eligible for NAP coverage from FSA.

Wetland and High Erodibility Lands Provision - Producers participating in NAP are required to comply with the Highly Erodible Land Conservation and Wetland Conservation provisions. Producers must fill out and sign form AD-1026 certifying they will not plant or produce an agricultural commodity on highly erodible land without following an NRCS approved conservation plan or system; plant or produce an agricultural commodity on a converted wetland; or convert a wetland that makes the production of an agricultural commodity possible. In addition, producers planning to conduct activities that may affect their HEL or WC compliance, such as removing fence rows, conducting drainage activities, or combining fields, must notify FSA by filing form AD-1026.

Appendix B: Farmer Documentation and Information Needed for NAP

Each harvested crop/commodity NAP application for must include documentary evidence acceptable to FSA. This includes production and the date harvest was completed, including production of crops/commodities planted after the planting period or late planting period, as follows.

- Crop type
- Intended use
- Irrigation practice
- Planting dates
- Share interest in the crop.
- Verifiable or reliable crop production records:
 - To report crops and acres, visit your county office with an aerial photo or land map and a list of each crop planted in each field or subfield (the FSA office may be able to assist with this).
 - 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.

For the Organic Option, please provide:

- Documentation to prove organic certification (or exemption)
- Organic systems plan
- Verification of organic acreage of a crop

Appendix C: FSA Form Checklist

All forms are available at your local FSA office.

CCC-471 - Application for Coverage

AD-1026 - Certification of Compliance with Wetland and High Erodibility Land Provisions

CCC-941 - Adjusted Gross Income

CCC-902 - Payment Eligibility Form

CCC- 860 - Beginning Farmers and Ranchers, Limited Resource Farmers and Ranchers, and Socially Disadvantaged Farmers or Ranchers Form

FSA-578 - Acreage Report

CCC-452 - NAP actual production history and approved yield record form)

CCC-576 - Notice of Loss and Application for Payment



Produced under cooperative agreement with USDA-FSA and OFRF.
Grant #FA-DAFP-7041



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