



- USDA
United States Department of Agriculture
- The **Noninsured Crop Disaster Assistance Program (NAP)** provides financial assistance to producers of noninsurable crops to protect against natural disasters that result in lower yields or crop losses, or prevented planting of a crop.
 - The 2014 Farm Bill expanded NAP to include buy-up provisions.
- 2

- USDA
United States Department of Agriculture
- ### Eligible NAP Producer
- Landowner, tenant, or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop
 - Individual or entity whose average adjusted gross income (AGI) does not exceed \$900,000
 - Community Supported Agriculture (CSA) operations
- 3

- USDA
United States Department of Agriculture
- ### Eligible NAP Crops
- Crops grown for food
 - Crops planted and grown for livestock consumption
 - Crops grown for fiber (except trees)
 - Crops grown in a controlled environment
- *In Montana, grass for hay and grazing are the largest NAP crops.*
**In FY'13, FSA paid out more than \$12.7 million in NAP benefits.*
- 4

- USDA
United States Department of Agriculture
- ### Eligible NAP Crops (Continued)
- Crops grown in a controlled environment
 - Honey
 - Sweet sorghum and biomass sorghum
 - Industrial crops

- USDA
United States Department of Agriculture
- ### Eligible NAP Crops (Continued)
- Value loss crops
 - Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production

Eligible NAP Crops (Continued)

Producers should contact:

- Crop insurance agent for questions regarding insurability of a crop in their county.
- FSA for further information on whether a crop is eligible for NAP coverage

Applying for Coverage

- File form CCC-471, "Application for Coverage"
- Pay the applicable service fee at the FSA office where farm records are maintained.

NAP Coverage Levels

NAP provides a catastrophic level (CAT) coverage based on the amount of loss that exceeds 50% of the expected production at 55% of the average market price for the crop.

Under the 2014 Farm Bill, NAP now offers buy-up coverage for the 2015 through 2018 crop years in addition to the basic CAT-level coverage.

- Note: Crops and grasses intended for grazing are excluded from buy-up coverage.

9

Buy-Up Coverage

For value loss crops, buy-up coverage will be based on the maximum dollar value for which the producer requests coverage

Note: Currently Montana does not have any value loss policies. Producers interested in purchasing NAP on value loss crops should contact their local FSA office for more information.

Service Fee & Premium

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.

11

Service Fee & Premium

FSA will waive NAP service fees and reduce buy-up premiums by 50% for:

- **Beginning farmers (BF)** - Has not operated a farm or ranch for more than 10 years, and
- **Limited Resource Farmers (LR)**
- **Targeted Underserved:** Members of underserved groups, specifically American Indians and other minorities and women.

12

Buy-Up Coverage Levels

Yield Level	Price Level
50%	100%
55%	100%
60%	100%
65%	100%

In addition to the service fee, producers who elect buy-up coverage must pay a premium equal to the lesser of:

- 5.25% of the guarantee
- 5.25% of the payment limit

Premium Calculation

Premium is equal to:

Producer's Share
x the number of eligible acres of the NAP crop
x producer's NAP approved yield
x coverage level (50%, 55%, 60%, or 65%)
x 100% of the applicable NAP price
x 5.25% percent factor

Premiums will be calculated by:

- Unit
- FSA administrative county
- Each tax ID number
- Crop definition according to pay group

Calculating Premium Example Yield Based Crop

Crested Wheatgrass Hay Example:

- 100 acres certified
- Current approved yield: 1.50 tons/acre
- NAP Price: \$114/ton
- Coverage Level: 50-65%
- Producer Share: 100%

Calculating Premium Example Yield Based Crop

Crested Wheatgrass Hay Example:

Coverage Level	Premium Calculated
65/100	\$584
60/100	\$539
55/100	\$494
50/100	\$449

Example: NAP Premium Billing

2016 Grass Hay:

- Purchased NAP Buy-Up: 9/1/2015
- Application Closing Date (ACD): *9/30/2015
- Bill Date: 8/1/2016
 - 60 days prior to subsequent year *ACD
- Premium due: 9/1/2016 (30 days)

Premium Payment Options

- Billing for premiums will be generated through automated software applications
- Payments are due 30 days from the date of billing.

Producer payment options:

- Pay the premium any time after premium has been calculated...and by the due date
- NAP payments issued prior to billing will be reduced to satisfy premiums

Loss Requirements

Low Yield If the Elected Coverage Level is...	Then the eligible cause of loss in the coverage period must have reduced the expected unit production by...
50/100	50 percent
55/100	45 percent
60/100	40 percent
65/100	35 percent
Basic 50/55	50 percent
Prevented Planting If the Elected Coverage Level is...	Then the eligible cause of loss in the coverage period must have reduced the planted acres from sum of planted and intended to plant acres by...
Basic 50/55	35 percent
Any Buy-up Level/100	35 percent

19

Payment Calculations

Calculation of NAP Payment Yield Based Crops

Eligible Acres	
x Producer Share	
x Approved Yield	
x Yield Coverage Level	
= Disaster Level	
- Production to Count	
=	Net Production for Payment
x Applicable Price	
x Price Coverage Percentage (Buy-Up 100%, Basic 55%)	
x Payment Factor (Harvested or Unharvested)	
- Salvage Value (if applicable)	
=	Calculated NAP Payment

21

NAP Payment Example 1 Yield Based Crop Buy-Up

Variables		Calculation	
Crop (Type/IU/Prac/Plnt Per)	Corn (Yel/GR/NI/01)	X	Eligible Acres 200
Producer Share	1.000	X	Share 1.000
Acres Certified	200	X	App Yield 50
Approved Yield	50 bu.	X	Yld Coverage Lvl 0.65
Price	\$4.57	=	Disaster Level 6500 bu
Coverage Level	65/100	-	Production 2000 bu
Harvested?	Yes	=	Net Production for Payment 4500 bu
Production	2000 bushels	X	Price \$ 4.57
		X	Price Lvl Coverage 1.000
			\$20,565

22

NAP Payment Example 1 Yield Based Crop- Basic NAP

Variables		Calculation	
Crop (Type/IU/Prac/Plnt Per)	Corn (Yel/GR/NI/01)		Eligible Acres 200
Producer Share	1.000	X	Share 1.000
Acres Certified	200	X	App Yield 50
Approved Yield	50 bu.	X	Yld Coverage Lvl 0.50
Price	\$4.57	=	Disaster Level 5000 bu
Coverage Level	50/55	-	Production 2000 bu
Harvested?	Yes	=	Net Production for Payment 3000 bu
Production	2000 bushels	X	Price \$ 4.57
		X	Price Lvl Coverage 0.55
			\$7,540

23

NAP Payment Example 1 Buy-Up vs. Basic CAT Level Coverage

- Calculated NAP Payment at elected 65/100 Buy-up is \$20,565
- Compare this calculated payment to the same scenario with Basic CAT level
 - Disaster Level= 5000 bushels
 - NAP payment at 50/55= \$7,540
- Buy-up results in significantly higher calculated payment (\$20,565 vs \$7,540)

24

NAP Payment Example 2 Yield Based Crop Buy-Up

Variables		Calculation	
Crop (Type/IU/Prac/PlntPer)	Grass (IGS/FG/NI/01)	X Eligible Acres	200
Producer Share	1.000	X Share	1.000
Acres Certified	200	X App Yield	1.0
Acres Determined	200	X Yld Lvl Coverage	0.65
Approved Yield	1.0 ton	= Disaster Level	130 ton
Price	\$100.00	- Production	60
Coverage Level	65/100	= Net Production for Payment	70 ton
Harvested	Yes	X Price	\$100.00
Production	60	X Price Lvl Coverage	1.000
		\$7,000	

25

NAP Payment Example 1 Yield Based Crop- Basic NAP

Variables		Calculation	
Crop (Type/IU/Prac/Plnt Per)	Grass (IGS/FG/NI/01)	X Eligible Acres	200
Producer Share	1.000	X Share	1.000
Acres Certified	200	X App Yield	1.0
Acres Determined	200	X Yld Coverage Lvl	0.50
Approved Yield	1.0 ton	= Disaster Level	100 ton
Price	\$100.00	- Production	60 ton
Coverage Level	50/55	= Net Production for Payment	40 ton
Harvested	Yes	X Price	\$ 100.00
Production	60	X Price Lvl Coverage	0.55
		\$2,200	

26

Loss Calculation – Grazing Crop

Grazing crop losses are determined as follows:

- Producer Acres (acres x share)
- ÷ Carrying Capacity
- = Animal Acres
- X Grazing Days
- = Expected Animal Unit Days (AUDs)
- X Loss Level (Similar Mechanical or STC Approved)
- = AUD loss (for payment)



27

NAP Payment Example Grazing Loss – Basic NAP

Variables		Calculation	
Crop (Type/IU/Prac/Plnt Per)	Grass (NAG/GZ/NI/01)	Eligible Acres	640
Producer Share	1.000	÷ Carrying Capacity	20.3 ac/AU
Acres Certified	640	x Grazing Period	215 days
AUD Rate	\$1.4130	= Expected AUD's	6778
Coverage Level	50/55	x Grazing loss (over 50%)	20%
County Established Grazing Loss %	70%	= AUD's eligible for payment	1356
Carrying Capacity (set by COC)	20.3	x AUD Rate	\$1.4130
Grazing Period (set by COC)	215 Days	x Price Lvl Cov.	0.55
		\$1,054	

28

Producer Responsibilities

To be eligible for NAP payments, producers must:

- File CCC-471 timely
- Accurately report the acreage and shares for all crops for which CCC-471 is filed
- Certify crop production history for approved yield calculation
- Complete payment eligibility forms (CCC-902, certify AGI, AD-1026, etc.)

29

Producer Responsibilities (Cont.)

To be eligible for NAP payments, producers must:

- Request measurement service, if needed
- File a notice of loss and application for payment timely
- Request a crop appraisal, if applicable
- Inform County Office within 72 hours of completing harvest of hand-harvested crops
- Pay premium, as applicable

30

2016 NAP Application Closing Dates for Montana

September 1, 2015: Value Loss Crops

September 30, 2015: Annual Fall-Seeded Crops, Perennial Forage & Grazing, Mixed Forage crops, Rye, Speltz, Triticale, Wheat and Garlic

December 1, 2015: Honey

March 15, 2016: All Other NAP Crops

31

Additional Statutory Changes

Native Sod :

- New provisions for annual crops planted on native sod acreage:
 - Apply in Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota
 - Apply during the first 4 years of planting
 - Affect approved yields, service fees, and buy-up premiums

32

Additional Statutory Changes (Cont.)

Substitute Yields:

- If a producer was a NAP participant before 2015 and production data was not filed in subsequent years, a one-time substitute of 65% of the T-yield will be made for:
 - All historical years for which there is a zero credited yield included in the approved yield database
 - Assigned yield if there is at least one zero-credited yield included in the approved yield database

33

Additional Statutory Changes (Cont.)

Average Market Prices:

- In advance of a coverage period, when data is available, separate average market prices may be established for:
 - Organic crops
 - Crops marketed directly to consumers

34



35