Indiana FSA

Indiana Small Farms Conference - Hops

Noninsured Crop Disaster Assistance Program and Other Risk Management Tools

Danville, IN
March 5, 2015
Farm Service Agency - Who We Are

• An agency of USDA
  – 75 local offices throughout Indiana
  – [www.fsa.usda.gov/in](http://www.fsa.usda.gov/in) to locate local Service Center

• Provider of
  – Lending
  – Disaster Assistance
  – Conservation Programs
Farm Service Agency - Why We Are Here

• Expansion of the NAP program
  – Increased coverage options
  – Changes targeted for improved programs to specialty and diversified operations
• Introduce other risk management tools
• Promote USDA agency programs
Non Insured Crop Disaster Assistance Program (NAP)
What is NAP?

NAP is a disaster assistance program available to producers of noninsurable eligible crops.

Noninsurable crops are those crops for which crop insurance is not available.
Are Hops Eligible?

1. Are Hops an eligible crop?
   - Yes

2. Is there a Hops crop insurance program in any Indiana County?
   - No

Therefore, Hops are eligible for NAP in all Indiana counties
What is an eligible cause of loss?

Eligible causes of loss include these examples:

• Damaging weather
  – Drought, freeze, hail

• Adverse natural occurrence
  – Flood

• Condition related to a natural occurrence
  (cannot stand alone as primary)
  – Plant disease, insect infestation, excessive heat

• Combination of these conditions

MUST OCCUR WITHIN CROP’S COVERAGE PERIOD
Historically, all NAP coverage was based on “Catastrophic” or CAT Levels

• 50% of expected production, and
• 55% of average market price (as determined by agency)
Buy-Up Coverage

Beginning Crop Year 2015

In addition to CAT-level coverage NAP will offer buy-up coverage for the 2015 through 2018 crop years

Producer Elects: Coverage between 50% and 65% of expected production
Losses Paid: 100% of price
Buy-Up Coverage (Continued)

Buy-up coverage levels:

<table>
<thead>
<tr>
<th>Elected Coverage Level (Yield/Price)</th>
<th>Loss Trigger</th>
</tr>
</thead>
<tbody>
<tr>
<td>50/100</td>
<td>50 percent</td>
</tr>
<tr>
<td>55/100</td>
<td>45 percent</td>
</tr>
<tr>
<td>60/100</td>
<td>40 percent</td>
</tr>
<tr>
<td>65/100</td>
<td>35 percent</td>
</tr>
<tr>
<td>Basic 50/55</td>
<td>50 percent</td>
</tr>
</tbody>
</table>

Buy Up NAP loss is paid at 100 % of NAP Price
NAP Coverage Basic

Application Service Fee of $250/crop group (not to exceed $750 in county or $1875 in all counties).

Remains the same for Basic CAT level coverage.

Now...
Buy-Up Coverage (Continued)

In addition to the service fee, producers who elect buy-up coverage must pay a premium.

Premium is equal to:
• 5.25% of the guarantee (yield based crops)
• 5.25% of Max Dollar Amount selected (value loss crops)

Total premiums for producer will not exceed $6562.50/year
Service Fee & Premium

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

• Beginning farmers (BF)
• Limited resource farmers (LR)
• Traditionally underserved farmers (SDA), including gender
Service Fee and Premium Policy

• Service fee of $250/crop group is part of application.
  – Paid at time of application

• Premiums billed at later date
  – Cannot calculate until acreage reported and approved yield calculated
  – Billed 60 days prior to next year’s application deadline
Summary of Coverage (SOC)

- Participants will receive quarterly summaries of coverage
- Lists covered crops, reported acres, approved yield, guarantees, reminders, etc.
Producer Responsibilities

• Apply for coverage timely
  – Pay service fee
  – Elect coverages

• Report acreage timely, which is earlier of:
  – 15 days prior to harvest
  – Final acreage reporting date for crop (varies by crop, Hops is July 15)
Producer Responsibilities (cont.)

• Annually report production by deadline
  – Deadline is 60 days after harvest complete
• Maintain acceptable records to support acreage and production
• Notify FSA in the event the actual use of acreage changes after reporting intended use
Producer Responsibilities (cont.)

• In the event of a loss:
  – Timely provide notice of loss
  – Notify FSA if intent to harvest changes
  – If hand-harvested crops, notify FSA of harvest completing to obtain post-harvest appraisal before destruction or gleaning
  – Timely file application for payment with all supporting documentation
### Production Records

- **Must be Verifiable or Reliable**

<table>
<thead>
<tr>
<th>Verifiable</th>
<th>Non-verifiable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can verify thru independent source</td>
<td>Any record not verifiable</td>
</tr>
<tr>
<td>Be dated</td>
<td>Receipts, ledgers, income statements, register tapes, custom harvest invoices, pick records</td>
</tr>
<tr>
<td>Show disposition (with quantity and price)</td>
<td>If nonverifiable, COC must compare to neighboring producers of same crop who have provided records</td>
</tr>
<tr>
<td>Seasonal or crop specific if produced more than once in a calendar year</td>
<td>If production comparable, then can be considered reliable.</td>
</tr>
<tr>
<td>Be provided, if available, when required</td>
<td></td>
</tr>
</tbody>
</table>
NAP Coverage Application Key
Date for Hops

For 2016 Coverage Deadline:

November 20, 2015– Deadline to apply for basic or buy-up coverage for 2016 crop year.
Other FSA Programs

- Farm Loan Programs for:
  - Direct Lending, including Microloans
  - Guaranteed Lending
Other USDA Agencies

- NRCS – tech assistance/conservation practices
- RD – Value-Added Producer Grants
- AMS – Organic certification cost share/Specialty Crop Block Grants
- NIFA – SARE (Sustainable Ag Research and Education) producer grants
Other USDA Agencies

• Risk Management Agency (RMA)
  – Oversees Federal Crop Insurance program and reinsured companies providing insurance
    • Whole Farm Revenue Protection pilot
    • Written Agreements

  – To begin request for crop, submit request thru a crop insurance agent
  (http://www.rma.usda.gov/tools/agent.html)
Contacting FSA

- On the Web:
  - www.fsa.usda.gov
  - Askfsa.custhelp.com

- Local Service Center