

MEDIA RELEASE

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Q And A On The Crop Disaster Program

All crop producers are eligible for the Crop Disaster Program for all crops raised during the 2001 or 2002 crop year, provided they can document adequate reductions in crop production for specific crops in either of those years. Many of the details for the Program are similar to the Crop Disaster Programs of 1998-2000; however, there are a few changes, according to Kent Thiesse, University of Minnesota Extension Service. Sign-up for the Crop Disaster Program started on June 6, 2003, at County Farm Service Agency (FSA) Offices throughout the Nation. No ending date for the sign-up period has been established.

Thiesse offers the answers to some common questions about the Crop Disaster Program :

Q. Should a producer be contacting their County FSA Office immediately regarding sign-up for the Crop disaster program ?

A. --- **Probably not.** Most County FSA Offices will be sending out letters detailing the sign-up procedures. It is probably best to wait until those letters arrive. As mentioned earlier, at this point, no ending date has been established for sign-up.

Q. Can a producer choose 2001 for some crops and 2002 for other crops to file for a potential disaster payment ?

A. --- **No.** A producer may choose either 2001 or 2002 for the Crop Disaster Program, but not both. A producer must choose the same year for all crops and on all farms.

Q. What crops are eligible for the Crop Disaster Program ?

A. --- All crops covered by either Federal Crop Insurance or NAP coverage are eligible, which includes most commonly raised crops, with the exception of sugar beets, which have a separate Sugar Beet Disaster Program.

Q. What level of crop loss is needed to qualify for the Crop Disaster Program ?

A. --- A producer must be able to document a 35 percent yield "reduction from the **“expected production”** for any crop in either 2001 or 2002 in order to be eligible for disaster payments. This is determined by multiplying the planted acres times the **“expected yield”** for a crop. The "expected yield" is the higher of the producer's **“Actual Production History” (APH)** with Federal Crop Insurance or the **“County Average Yield”** for a given year and a given crop.

Q. Which “Farm Units” will be used for disaster payment eligibility ?

- A. --- For producers with Federal Crop Insurance, the “Farm Units” for the Crop Disaster Program will be the same as for Crop Insurance. For producers without Crop Insurance or on non-insurable crops, disaster payment calculations will be based on total production of a crop on all acres for a given year. The FSA “Farm Units” for Farm Program sign-up are not used to calculate disaster payments.

Q. Does a producer need to put documentation together to justify a crop loss, if that producer already filed a Crop Insurance claim in 2001 or 2002 ?

- A. --- **No.** FSA will be able to access all Crop Insurance data for 2001 and 2002 from the USDA Risk Management Agency (RMA). Once this is completed, eligible producers will receive a notice from FSA regarding disaster payment eligibility and will have a chance to review the data before signing the final Disaster Program application. FSA Offices will send out details for verifying crop losses for non-insured crops.

Q. Are “prevented planted” acres eligible for disaster payments ?

- A. --- **Yes.** Prevented planted acres are eligible for disaster payments provided those acres have been properly documented through Crop Insurance claims and FSA Acreage Reports. Payments on prevented planted acres and other non-harvested acres of a crop will be reduced compared to harvested crops. This reduction varies by crop and by State. Contact County FSA offices for more specifics on the reductions.

Q. Are alfalfa and specialty crops eligible for the Disaster Program ?

- A. --- Any crops that are eligible for either Federal Crop Insurance or the NAP (non-insured) Program are eligible for this Disaster Program. Check with County FSA Offices on the eligibility of specific crops.

Q. What types of losses are covered by the Crop Disaster Program ?

- A. --- Crop losses resulting from weather problems, similar to Federal crop Insurance. This includes losses resulting from drought, excessive moisture, hail, excessive heat or wind, frost, or other weather related events. It could also include insect damage, if that resulted from one of the identified weather problems. Crop losses from wildlife damage, herbicide damage, operator error, crime, or other non-weather related activities are not eligible for disaster payments. Losses or damage to grain in storage also are not covered by the Disaster Program.

Q. Are grain “quality losses” eligible for disaster payments ?

A. --- **Yes in many cases.** The qualifications for “quality losses” are similar to the last Disaster Program. A producer with at least a 20 percent “quality loss” may be eligible for potential disaster payments. Hay and forage crops may also be eligible for “quality losses”. Check with County FSA Offices for more details.

Q. What price levels will be used to calculate the disaster payments ?

A. --- For insurable crops, the disaster payment rate is the Federal Crop Insurance APH price for a given crop for the year of the crop loss. For non-insurable crops, the disaster payment rate will be determined by FSA using 1996-2000 average prices for a given commodity. **That rate will be multiplied by .50 for producers with Crop Insurance and times .45 for producers without Crop Insurance.** The APH prices for a given crop or County can be found on the USDA RMA web site at : <http://www3.rma.usda.gov/apps/pricesinquiry>

Q. What is the “95 Percent Rule” ?

A. --- The “**expected value**” of a crop is based on the “expected production” times the higher of the APH price or the NASS average market price for that crop and year. **The “95 Percent Rule” means that the sum of the following can not exceed 95 percent of the “expected value” for that crop in the disaster year :**

- **Value of the Crop Harvested** based on actual production times the higher of the APH price or the NASS average market price for a crop in a given year.
- **Crop Insurance Indemnity Payment** on that crop in a given year. Crop Insurance premiums paid are deducted from this amount.
- **The Crop Disaster Payment** on that crop in a given year.

Q. Does the “95 Percent Rule” penalize producers that purchased Crop Insurance in 2001 or 2002 ?

A. --- **Not likely.** Crop Insurance indemnity payments that were previously received for a given crop in either 2001 or 2002 will not affect potential Crop Disaster payments, unless the “95 Percent Rule” is exceeded. This will not occur in a majority of situations.

Q. Will there be advance payments for the Crop Disaster Program ?

A. --- **No.** Disaster payments should be able to be processed fairly soon after eligibility is determined and the Crop Disaster application is approved by the FSA Office.

Q. Is a producer that receives a disaster payment required to purchase Crop Insurance or NAP coverage in the future ?

A. --- If the producer did not have Crop Insurance or NAP coverage in the year of the Disaster Program application (2001 or 2002), they are then required to purchase either Crop Insurance or NAP coverage, depending on the crop, for 2004 and 2005. Failure to comply with this provision, means that a producer would be required to pay back 100 percent of the disaster payment, plus interest, to the FSA Office.

Q. What happens if a farm changed farm operators from 2001 to 2002 ?

A. --- This would have no bearing on disaster payment eligibility, since only the farm operator in the qualifying year would be eligible for disaster payments. For example, if a producer rented a farm in 2001 and had a crop loss that year, he would be eligible for a disaster payment on that farm, even if another farm operator rented the land for 2002. Again, check with County FSA Offices for answers to specific questions.

Q. Does a producer or farm need to be in a designated “Disaster County” to be eligible for the Crop Disaster Program ?

A. --- **No.** All crop producers that can document at least a 35 percent production loss are eligible for the Crop Disaster Program for 2001 and 2002. The Livestock Compensation Program was restricted to the designated “Disaster Counties”.

Q. What is the payment limit for the Crop Disaster Program ?

A. --- There is a maximum payment limit of \$80,000 per producer for the Crop Disaster Program. Also, persons with a gross revenue exceeding \$2.5 million are not eligible for Disaster Program benefits. This gross revenue is considered from farming only, if more than 50 percent of the gross revenue is generated from farming and ranching. Otherwise it includes all sources of revenue.

Q. Where can I get more information on the Crop Disaster program ?

A. --- County FSA Offices will be sending out information on the Crop Disaster Program very soon. **Details on the Crop Disaster Program and a spreadsheet to calculate potential disaster payments are available at the following web site :**
<http://disaster.fsa.usda.gov>