

Fact Sheet**Crop Disaster Program****Overview**

The Crop Disaster Program (CDP), as provided for by the Agricultural Assistance Act of 2003, reimburses producers for qualifying losses to agricultural commodities (other than sugar cane, sugar beets or tobacco) due to damaging weather or related conditions. The damages must be in excess of 35 percent for either the 2001 or 2002 crop for loss of production or 20 percent for quality losses. The program, administered by the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA), has no set funding limitation.

Eligible Crops

CDP covers all crops as follows:

- Insured Crops — Crops insured by either catastrophic (CAT) or buy-up (coverage of 50/100 or greater) crop insurance;
- Noninsurable Crops — Crops for which crop insurance was not available;
- Uninsured Crops — Crops for which crop insurance was available but not purchased.

Payment Calculation

As required by statute, 2001 and 2002 crop disaster payments will be calculated using the same formula used for the 2000 crop year. This means the prices used to calculate disaster payments for

crops insured under the Federal Crop Insurance Program will be the Actual Production History (APH) prices. For crops not insured by FCIC, 5-year average market prices will be used.

Unlike the 2000 crop disaster program, 2001 or 2002 crop disaster payments will be reduced, as required by statute, if the sum of the: 1) disaster payment; 2) the net crop insurance indemnity; and 3) the value of the crop not lost exceeds 95 percent of what the value of the crop would have been in the absence of a loss.

For crops insured, the value of the crop harvested and the value of the crop in absence of a loss will both be valued at the higher of the APH price election of the National Agricultural Statistics Service (NASS) season average price. NASS season average prices for the 2001 crops and the estimated prices for the 2002 crops have been published in "Crop Values" of February 2002, which is available at <http://www.usda.gov/nass/pubs/rpts302.htm>.

CDP provisions are similar to disaster programs authorized for 1998 through 2000 crops, but with a few changes. Producers will have a choice of receiving payments for the 2001 or 2002 crops (but not both), and the payment rates will be slightly less

than for the previous crop loss payments.

Payments will be issued to producers for losses in excess of 35 percent at:

- 50 percent of the established price for crops that were covered by crop insurance;
- 50 percent of the established price for crops for which crop insurance was not available; and
- 45 percent of the established price to producers for crops that could have been insured but insurance was not purchased by the producer.

CDP payments are limited to \$80,000 per producer.

Linkage Requirement

Any producer who elected not to obtain crop insurance on an insurable 2001 or 2002 crop for which the producer receives crop loss assistance, or for non-insurable crops, or who elected not to participate in NAP for the year in which benefits will be received, must purchase crop insurance by the final deadline. The insurance must be purchased at a level greater than the catastrophic for insurable crops and/or NAP coverage for uninsurable crops. The applicant must also complete all required program requirements, including yearly acreage reports for

2003 and 2004 in the county in which the crop was produced or prevented from being produced. If at the time the producer applies for CDP, the sales closing date for 2003 insurable crops, or for non-insurable crops for which the producer sought benefits has passed, the producer must purchase crop insurance and/or NAP, as applicable, for the 2004 and 2005 crops.

As a condition of receiving benefits under CDP, any producer who fails to purchase crop insurance and/or NAP coverage, shall be required to refund the full amount of the CDP payment for the crop, plus interest. FSA offices have a list of crop insurance agents, or one can be found at www.rma.usda.gov under "Agent Locator."

When and Where to Apply

CDP sign-up begins June 6, 2003. Contact your local FSA office to sign up for benefits. Additional information is available at local USDA Service Centers and on FSA's Web site, www.fsa.usda.gov.

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