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California Farm Service Agency

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A Special 2016 Ag Day Message from: Oscar Gonzales, State Executive Director, California Farm Service Agency

National Agriculture Day Honors Stewards of a Healthy Planet

March 15 is National Agriculture Day – a day designated each year by the Agriculture Council of America to celebrate the accomplishments of agriculture. California FSA joins the council in recognizing farmers, ranchers and farm workers for their contributions to the nation's

Oscar Gonzales

outstanding quality of life. This year's theme is **Agriculture: Stewards of a Healthy Planet.**

Farm Program Chief:

Navdeep Dhillon

Agricultural producers are the original stewards of the land. They understand the fragility of the land and are well aware that there are increasingly fewer producers and fewer acres for production. They want to sustain it and protect what they have.

Farm Loan Chief:

John Oosterman

Please contact your local FSA Office for questions specific to your operation or county.

According to the 2012 Agriculture Census, there are 3.2 million farmers and ranchers in the United States. These American farmers and ranchers constantly seek new and sustainable ways to operate. Through these efforts, they preserve wildlife, protect water sources and reduce soil erosion. They also use precision production practices to greatly reduce their footprint on the environment.

Last year, 912 million acres produced food and fiber. Not only are American farmers and ranchers, who represent one percent of the U.S. population, devoted to taking care of the land, but they're committed to feeding the nation and producing imports that help the country balance its trade."

Every year, farmers, ranchers and farm workers face challenges such as natural disasters, downturns in markets and plant disease, which can financially cripple their operations, but they persevere. During such times, FSA provides financial relief through various conservation, disaster assistance, commodity safety-net programs and low interest-rate credit outlined in the 2014 Farm Bill.

The programs provide California's 77,857 agricultural operations with the ability to lead the nation in the production of vegetables, grapes, almonds, rice, cattle and rank among the top ten states in the production of numerous other crop and livestock commodities having a market value of \$42.6 billion.

I am honored to administer programs that enable our producers to manage their risks when the agriculture industry faces hardship. On behalf of the California Farm Service Agency, I would like to thank American farmers, ranchers and farm workers for continuing to feed our nation and the world during every circumstance.

Oscar Gonzales

State Executive Director

USDA Financial Assistance Available to Help Organic Farmers Create Conservation Buffers

USDA is assisting organic farmers with the cost of establishing up to 20,000 acres of new conservation buffers and other practices on and near farms that produce organic crops.

The financial assistance is available from the USDA Conservation Reserve Program (CRP), a

federally funded voluntary program that contracts with agricultural producers so that environmentally sensitive land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving plant species, such as approved grasses or trees (known as “covers”) to control soil erosion, improve water quality and develop wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

For conservation buffers, funds are available for establishing shrubs and trees, or supporting pollinating species, and can be planted in blocks or strips. Interested organic producers can offer eligible land for enrollment in this initiative at any time.

Other USDA FSA programs that assist organic farmers include:

- The Noninsured Crop Disaster Assistance Program that provides financial assistance for 55 to 100 percent of the average market price for organic crop losses between 50 to 65 percent of expected production due to a natural disaster.
- Marketing assistance loans that provide interim financing to help producers meet cash flow needs without having to sell crops during harvest when market prices are low, and deficiency payments to producers who forgo the loan in return for a payment on the eligible commodity.
- A variety of loans for operating expenses, ownership or guarantees with outside lenders, including streamlined microloans that have a lower amount of paperwork.
- Farm Storage Facility Loans for that provide low-interest financing to build or upgrade storage facilities for organic commodities, including cold storage, grain bins, bulk tanks and drying and handling equipment.
- Services such as mapping farm and field boundaries and reporting organic acreage that can be provided to a farm’s organic certifier or crop insurance agent.

Visit www.fsa.usda.gov/organic to learn more about how FSA can help organic farmers. For an interactive tour of CRP success stories, visit www.fsa.usda.gov/CRPis30 or follow #CRPis30 on Twitter. To learn more about FSA programs visit a local FSA office or www.fsa.usda.gov. To find your local FSA office, visit <http://offices.usda.gov>.

FSA Issues Fiscal Year 2015 Impacts Report

2015 marked the 20th anniversary of USDA’s Farm Service Agency, but FSA’s roots date back nearly 80 years, to the days of the Great Depression and the Dust Bowl, when the rural economy was in crisis and America’s farmers and ranchers needed assistance. At that time, Congress empowered USDA to provide a strong safety-net for farm families, helping them navigate the unpredictability of natural disasters and volatile market conditions.

Today, technological advancements in equipment, crop and veterinary sciences, soil and water conservation, and pest and nutrient management, all have resulted in agriculture becoming stronger than we’ve ever known - - certainly far stronger than the days of our grandparents and great-grandparents. But the unpredictability of weather and markets remain. That means the FSA mission

is as important as it's ever been to ensure the domestic agriculture sector continues to deliver an abundant, safe, and affordable food and fiber supply for the American people.

The [FSA Impacts Report](#) shows selected highlights for fiscal year 2015. This report highlights the achievements of FSA and will ensure that the path forward continues to demonstrate our commitment to rural America.

Tree Assistance Program (TAP) Sign-up

Orchardists and nursery tree growers who experience losses from natural disasters during calendar year 2015 must submit a TAP application either 90 calendar days after the disaster event or the date when the loss is apparent. TAP was authorized by the Agricultural Act of 2014 as a permanent disaster program. TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible tree types include trees, bushes or vines that produce an annual crop for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees that are produced for commercial sale. Trees used for pulp or timber are ineligible.

To qualify for TAP, orchardists must suffer a qualifying tree, bush or vine loss in excess of 15 percent mortality from an eligible natural disaster. The eligible trees, bushes or vines must have been owned when the natural disaster occurred; however, eligible growers are not required to own the land on which the eligible trees, bushes and vines were planted.

If the TAP application is approved, the eligible trees, bushes and vines must be replaced within 12 months from the date the application is approved. The cumulative total quantity of acres planted to trees, bushes or vines, for which a producer can receive TAP payments, cannot exceed 500 acres annually.

CRP Payment Limitation

Payments and benefits received under the Conservation Reserve Program (CRP) are subject to the following:

- payment limitation by direct attribution
- foreign person rule
- average adjusted gross income (AGI) limitation The 2014 Farm Bill continued the \$50,000 maximum CRP payment amount that can be received annually, directly or indirectly, by each person or legal entity. This payment limitation includes all annual rental payments and incentive payments (Sign-up Incentive Payments and Practice Incentive Payments). Annual rental payments are attributed (earned) in the fiscal year in which program performance occurs. Sign-up Incentive Payments (SIP) are attributed (earned) based on the fiscal year in which the contract is approved, not the fiscal year the contract is effective. Practice Incentive Payments (PIP) are attributed (earned) based on the fiscal year in which the cost-share documentation is completed and the producer or technical service provider certifies performance of practice completion to the county office. Such limitation on payments is controlled by direct attribution.
- Program payments made directly or indirectly to a person are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal

entity have been reduced by the pro rata share of the person.

- Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Payment attribution to a legal entity is tracked through four levels of ownership. If any part of the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity. Essentially, all payments will be “attributed” to a person’s Social Security Number. Given the current CRP annual rental rates in many areas, it is important producers are aware of how CRP offered acreages impact their \$50,000 annual payment limitation. Producers should contact their local FSA office for additional information. NOTE: The information in the above article only applies to contracts subject to 4-PL and 5-PL regulations. It does not apply to contracts subject to 1-PL regulations.

USDA Offers Help to Fire-Affected Farmers and Ranchers

The [U.S. Department of Agriculture](#) (USDA) reminds farmers and ranchers affected by the recent wildfires in Alaska, California, Idaho, Oregon, Montana and Washington State that USDA has programs to assist with their recovery efforts.

The [Farm Service Agency](#) (FSA) can assist farmers and ranchers who lost livestock, grazing land, fences or eligible trees, bushes and vines as a result of a natural disaster. FSA administers a suite of safety-net programs to help producers recover from eligible losses, including the [Livestock Indemnity Program](#), the [Livestock Forage Disaster Program](#), [the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program](#), and the [Tree Assistance Program](#).

In addition, the FSA [Emergency Conservation Program](#) provides funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. Producers located in counties that received a primary or contiguous disaster designation are eligible for low-interest [emergency loans](#) to help them recover from production and physical losses. Compensation is also available to producers who purchased coverage through the [Noninsured Crop Disaster Assistance Program](#), which protects non-insurable crops against natural disasters that result in lower yields, crop losses or prevented planting.

The [Natural Resources Conservation Service](#) (NRCS) can assist producers with damaged grazing land as well as farmers, ranchers and forestland owners who find themselves in emergency situations caused by natural disasters. The NRCS [Environmental Quality Incentives Program](#) provides financial assistance to producers who agree to defer grazing on damaged land for two years. In the event that presidentially declared natural disasters, such as wildfires, lead to imminent threats to life and property, NRCS can assist local government sponsors with the cost of implementing conservation practices to address natural resource concerns and hazards through the [Emergency Watershed Protection Program](#).

Farmers and ranchers with coverage through the federal crop insurance program administered by the [Risk Management Agency](#) (RMA) should contact their crop insurance agent to discuss losses due to fire or other natural causes of loss. Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available at all USDA Service Centers and online at the RMA [Agent Locator](#).

When wildfires destroy or severely damage residential property, [Rural Development](#) (RD) can assist with providing priority hardship application processing for single family housing. Under a disaster

designation, RD can issue a priority letter for next available multi-family housing units. RD also provides low-interest loans to community facilities, water environmental programs, businesses and cooperatives and to rural utilities.

For the first time in its 110-year history, the [Forest Service](#), part of USDA, is spending more than 50 percent of its budget to suppress the nation's wildfires.

Today, fire seasons are 78 days longer than in the 1970s. Since 2000, at least 10 states have had their largest fires on record. **This year, there have been more than 46,000 fires.** Increasing development near forest boundaries also drives up costs, as more than 46 million homes and more than 70,000 communities are at risk from wildfire in the United States.

For more information on USDA disaster assistance programs, please contact your local USDA Service Center. To find your local USDA Service Center go to <http://offices.usda.gov>

USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program (NAP). The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection."

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at www.fsa.usda.gov/nap that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

USDA Offers Flood Impacted California Farmers and Ranchers Immediate Disaster Assistance

USDA Expands Microloans to Help Farmers Purchase Farmland and Improve Property

Farm Service Agency Stands Ready to Assist Agricultural Producers Slammed by Recent Heavy Rains

California Farm Service Agency (FSA) reminds farmers and ranchers across the state of federal farm program benefits that may be available to help eligible producers recover from recent heavy rains and flooding.

FSA offers disaster assistance and low-interest loan programs to assist agricultural producers in their recovery efforts following floods or similar qualifying natural disasters. Available programs and loans include:

- **Non-Insured Crop Disaster Assistance Program (NAP)** - provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters (includes native grass for grazing). Eligible producers must have purchased NAP coverage for 2016 crops.
- **Livestock Indemnity Program (LIP)** - offers payments to eligible producers for livestock death losses in excess of normal mortality due to adverse weather. Eligible losses may include those determined by FSA to have been caused by hurricanes, floods, blizzards, wildfires, tropical storms, tornados lightening, extreme heat, and extreme cold. Producers will be required to provide verifiable documentation of death losses resulting from an eligible adverse weather event and must submit a notice of loss to their local FSA office within 30 calendar days of when the loss of livestock is apparent.
- **Tree Assistance Program (TAP)** – provides assistance to eligible orchardists and nursery tree growers for qualifying tree, shrub and vine losses due to natural disaster.
- **Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)** - provides emergency relief for losses due to feed or water shortages, disease, adverse weather, or other conditions, which are not adequately addressed by other disaster programs. ELAP covers physically damaged or destroyed livestock feed that was purchased or mechanically harvested forage or feedstuffs intended for use as feed for the **producer's** eligible livestock. In order to be considered eligible, harvested forage must be baled; forage that is only cut, raked or windrowed is not eligible. Producers must submit a notice of loss to their local FSA office within 30 calendar days of when the loss is apparent. ELAP also covers up to 150 lost grazing days in instances when a producer has been forced to remove livestock from a grazing pasture due to floodwaters. For beekeepers, ELAP covers beehive losses (the physical structure) in instances where the hive has been destroyed by a natural disaster including flooding, high winds and tornadoes.
- **Emergency Loan Program** – Available to producers with agriculture operations located in a county under a primary or contiguous **Secretarial Disaster designation**. These low interest loans help producers recover from production and physical losses due to drought, flooding.
- **Emergency Conservation Program (ECP)** - provides emergency funding for farmers and ranchers to rehabilitate land severely damaged by natural disasters; includes fence loss.
- **HayNet** - is an Internet-based Hay and Grazing Net Ad Service allowing farmers and ranchers to share 'Need Hay' ads and 'Have Hay' ads online. Farmers also can use another

feature to post advertisements for grazing land, specifically ads announcing the availability of grazing land or ads requesting a need for land to graze. www.fsa.usda.gov/haynet.

To establish or retain FSA program eligibility, farmers and ranchers must report prevented planting and failed acres (crops and grasses). Prevented planting acreage must be reported on form FSA-576, Notice of Loss, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA).

For more information on disaster assistance programs and loans visit www.fsa.usda.gov or contact your local FSA Office. To find your local FSA county office, visit <http://offices.usda.gov>

USDA Expands Microloans to Help Farmers Purchase Farmland and Improve Property

Producers, Including Beginning and Underserved Farmers, Have a New Option to Gain Access to Land

The U.S. Department of Agriculture (USDA) is offering farm ownership microloans, creating a new financing avenue for farmers to buy and improve property. These microloans will be especially helpful to beginning or underserved farmers, U.S. veterans looking for a career in farming, and those who have small and mid-sized farming operations.

The microloan program, which celebrates its third anniversary this week, has been hugely successful, providing more than 16,800 low-interest loans, totaling over \$373 million to producers across the country. Microloans have helped farmers and ranchers with operating costs, such as feed, fertilizer, tools, fencing, equipment, and living expenses since 2013. Seventy percent of loans have gone to new farmers.

Now, microloans will be available to also help with farm land and building purchases, and soil and water conservation improvements. FSA designed the expanded program to simplify the application process, expand eligibility requirements and expedite smaller real estate loans to help farmers strengthen their operations. Microloans provide up to \$50,000 to qualified producers, and can be issued to the applicant directly from the USDA Farm Service Agency (FSA).

This microloan announcement is another USDA resource for America's farmers and ranchers to utilize, especially as [new and beginning farmers and ranchers](#) look for the assistance they need to get started. To learn more about the FSA microloan program visit www.fsa.usda.gov/microloans, or contact your local FSA office. To find your nearest office location, please visit <http://offices.usda.gov>.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

FSA periodically conducts Direct Loan graduation reviews to determine a borrower's ability to graduate to commercial credit. If the borrower's financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and

partially or fully pay off their FSA debt.

By the end of a producer's operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower's potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a commercial lender rejects the borrower, the borrower must obtain written evidence that specifies the reasons for rejection and submit to their local FSA farm loan office.

If a borrower fails to provide the requested financial information or to graduate, FSA will notify the borrower of noncompliance, FSA's intent to accelerate the loan, and appeal rights.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).