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U.S. DEPARTMENT OF AGRICULTURE

Colorado USDA Newsletter - December 15, 2023

Farm Service Agency | Natural Resources Conservation Service | Risk Management Agency

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From Colorado FSA's State Executive Director, Kent Peppler

I know FSA's fiscal end has come and gone but I still feel like December is my year end and that's when I do my reflecting on the past 365 days.

I spent last week in DC participating in SED meetings. The meetings were good, and a lot of information was passed along. The Biden- Harris Administration has done an excellent job of putting a USDA team together for us to work with in DC. It doesn't seem to matter what position they are in, we found them to be top quality people who are really trying to do right by all of us. All of you are top quality also. It's true that this administration has invested billions into the rural economy; it also needs to be noted that you all have administered, distributed, and as a producer, participated in the programs in a very professional manner. Cooperation and professionalism have allowed us to all benefit from the different programs. The last two years serving as your SED has been a privilege and you need to be thanked for your part in making CO FSA and rural Colorado successful.

We are so lucky to be able to live here and enjoy the lifestyle equated with our great state. On behalf of CO FSA, I want to wish employees, producers, and all of our partners happy holidays. The best to all of you.

USDA Rural Development Seeks Applications to Advance Economic Development and Create Jobs for People in Rural America

USDA Rural Development is accepting applications to advance economic development and create jobs for people in rural America through the <u>Rural Business Development Grant</u> program. The program supports business opportunities or business enterprise projects in rural communities. Organizations eligible to receive funding include rural towns, communities, state agencies, authorities, nonprofits, federally recognized Tribes, public colleges and non-profit cooperatives.

Projects must be consistent with local community and economic development strategic plans. They must also support other economic development activities in the surrounding community.

Funds may be used to establish business support centers or to finance job training and leadership development in rural areas. They may also be used to repair or modernize buildings; finance feasibility studies or business plans; or purchase equipment to lease to small or emerging businesses.

Applications must be submitted to the nearest USDA Rural Development state office where the project is located by 4:30 p.m. ET on Feb. 28, 2024. For more information, visit <u>Grants.gov</u> or see page 84123 of the Dec. 4, 2023, <u>Federal Register</u>.

For questions on projects in Colorado contact Bill Chester, <u>william.chester@usda.gov</u> or Robert McElroy, <u>robert.mcelroy@usda.gov</u>.

USDA Makes Producer-Friendly Change to 2023 Notice of Loss Requirements for Two Livestock Disaster Assistance Programs

The U.S. Department of Agriculture (USDA) has waived certain notice of loss requirements for 2023 for the Emergency Assistance for Livestock, Honeybees, and Farmraised Fish (ELAP) and Livestock Indemnity Program (LIP). In an effort to streamline assistance to support access to critical 2023 natural disaster recovery assistance, USDA's Farm Service Agency (FSA) is waiving the requirement to submit ELAP or LIP notices of loss within a pre-determined number of days for 2023. Instead, producers have the flexibility to submit 2023 notices of loss as soon as possible, once losses are realized, following a natural disaster event or no later than the established annual program application for payment deadlines for each program. FSA county committees are also being asked to re-evaluate 2023 ELAP and LIP late-filed notices of loss to determine if the waiver applies.

Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish

ELAP provides recovery assistance to eligible producers of livestock, honeybee, and farm-raised fish losses due to an eligible adverse weather or loss condition, including blizzards, disease, water shortages and wildfires. ELAP covers grazing and feed losses, transportation of water and feed to livestock and hauling livestock to grazing acres. ELAP also covers certain mortality losses for livestock including honeybees and farm-raised fish as well as honeybee hive losses. ELAP is designed to address losses not covered by other FSA disaster assistance programs.

For 2023, FSA is waiving the regulatory requirement for producers who are eligible for ELAP to file a notice of loss with FSA within 30 calendar days from when the loss first became apparent for livestock and farm-raised fish and 15 calendar days for honeybees. Under this waiver, notices of loss are to be completed by the eligible producer and submitted to FSA no later than the annual program application deadline of January 30 following the program year in which the loss occurred. Therefore, producers who incurred ELAP-eligible losses in 2023, will need to submit a notice of loss by Jan. 30, 2024.

Livestock Indemnity Program

LIP provides disaster recovery assistance to livestock owners and contract growers who experience livestock deaths, in excess of normal mortality caused by eligible loss conditions including adverse weather, disease and attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. LIP also helps livestock owners who must sell livestock at a reduced price because of an injury from certain loss conditions.

For 2023, FSA is waiving the regulatory requirement for producers who are eligible for LIP to file a notice of loss within 30 calendar days from when the loss first became apparent.

Under this waiver, producers are still required to complete and submit the notice of loss to FSA no later than the annual program payment application date, which is 60 calendar days following the program year in which the loss occurred. The LIP payment application and notice of loss deadline is Feb. 29, 2024, for the 2023 program year.

2023 Disapproved Applications

FSA county committees will review all notices of loss for both ELAP and LIP that were previously disapproved for the 2023 program year due to late filing and re-evaluate them to determine if the waiver applies. To receive ELAP and LIP benefits, producers will still need to file an application for payment by the established program deadline for the 2023 program year. Producers who are unsure about the status of their notice of loss or application for payment, should contact their local FSA county office as soon as possible.

Supporting Documentation

Accurate records and loss documentation are critical following disaster events and are required when filing notices of loss with FSA. Acceptable loss documentation includes:

- Documentation of the number, kind, type, and weight range of livestock that have died, supplemented, if possible, by photographs or video records of ownership and losses.
- Rendering truck receipts by kind, type, and weight important to document prior to disposal.
- · Beginning inventory supported by birth recordings or purchase receipts.
- Documentation from Animal Plant Health Inspection Service, Department of Natural Resources, or other sources to substantiate eligible death losses due to an eligible loss condition.
- Documentation that livestock were removed from grazing pastures due to an eligible adverse weather or loss condition.
- Costs of transporting livestock feed to eligible livestock, such as receipts for equipment rental fees for hay lifts and snow removal.
- Feed purchase receipts if feed supplies or grazing pastures are destroyed.
- Number of gallons of water transported to livestock due to water shortages.

More Information

The improvements to ELAP and LIP build on others made since 2021. This includes ELAP benefits for above normal costs for hauling feed and water to livestock and transporting livestock to other grazing acres during a qualifying drought. FSA also expanded eligible livestock under ELAP, LIP, and the Livestock Forage Disaster Assistance Program, and increased the LIP payment rate for beef, beefalo, bison, and dairy animals less than 250 pounds and most recently beef calves over 800 pounds. Learn about USDA disaster assistance programs on farmers.gov.

On <u>farmers.gov</u>, the <u>Disaster Assistance Discovery Tool</u>, <u>Disaster-at-a-Glance fact sheet</u> and <u>Loan Assistance Tool</u> can help producers and landowners determine <u>disaster protection and recovery</u> program or loan options. For more information about FSA programs, contact your local <u>USDA Service Center</u>.

USDA Now Accepting Applications for Farm Loans Online

The U.S. Department of Agriculture (USDA) has launched an <u>online application for Direct Loan customers</u>. More than 26,000 customers who submit a Direct Loan application each year can now use an online, interactive, guided application that is paperless and provides helpful features including an electronic signature option, the ability to attach supporting documents such as tax returns, complete a balance sheet and build a farm operating plan. This tool is part of a broader effort by USDA's Farm Service Agency (FSA) to streamline its processes, improve customers service, and expand credit access.

The online farm loan application replicates the support an applicant would receive when completing a loan application in person with an FSA Farm Loan Officer, while continuing to provide customers with one-on-one assistance as needed. This tool and other process improvements allow farmers and ranchers to submit complete loan applications and reduce the number of incomplete and withdrawn applications.

Through a personalized dashboard, borrowers can track the progress of their loan application. It can be accessed on farmers.gov or by completing FSA's Loan Assistance Tool at farmers.gov/loan-assistance-tool. To use the online loan application tool, producers must establish a USDA customer account and a USDA Level 2 eAuthentication ("eAuth")) account or a Login.gov account. For the initial stage, the online application tool is only available for producers who will be, or are currently, operating their farm as an individual. FSA is expanding the tools availability to married couples applying jointly and other legal entities in 2024.

Farm Loan Improvement Efforts

FSA has a significant initiative underway to streamline and automate Farm Loan Program customer-facing business processes. For the over 26,000 producers who submit a Direct Loan application to FSA annually, and its 85,000 Direct Loan borrowers, FSA has made improvements this year, including:

- A simplified direct loan paper application, reduced from 29 pages to 13 pages.
- The <u>Loan Assistance Tool on farmers.gov</u> that provides customers with an
 interactive online, step-by-step guide to identifying the Direct Loan products that
 may be a fit for their business needs and to understanding the application process.

More Information

FSA continues to accept and review individual requests for assistance from borrowers who took certain extraordinary measures to avoid delinquency on their direct FSA loans or those who missed a recent installment or are unable to make their next scheduled installment. All requests for assistance must be received by Dec. 31, 2023. For more information, or to submit a request for assistance, producers can contact their local USDA Service Center or visit farmers.gov/inflation-reduction-investments/assistance.

The Inflation Reduction Act, a historic, once-in-a-generation investment and opportunity for agricultural communities, provided \$3.1 billion for USDA to provide relief for distressed borrowers with certain FSA direct and guaranteed loans and to expedite assistance for those whose agricultural operations are at financial risk. Since October 2022, USDA has provided approximately \$1.6 billion in immediate assistance to more than 27,000 financially distressed direct and guaranteed FSA loan borrowers.

USDA Increases Minimum Annual Payment for Conservation Stewardship Program

The U.S. Department of Agriculture (USDA) is increasing the minimum annual payment for agricultural producers participating in the Conservation Stewardship Program (CSP) from \$1,500 to \$4,000 starting in fiscal year 2024. The increase addresses challenges faced by small scale, underserved, and urban producers and improves equity in the program by making participation more financially beneficial for smaller operations.

"Increasing the minimum payment to CSP participants regardless of the size of their operation helps to make participation worthwhile for a larger number of producers," said Clint Evans, State Conservationist for USDA's Natural Resources Conservation Service (NRCS) in Colorado. "By broadening the appeal of CSP, we can further expand implementation of Inflation Reduction Act funding for conservation programs."

CSP offers technical and financial assistance to help agricultural and forest producers take their conservation efforts to the next level. The program is designed to compensate agricultural and forest producers who agree to increase their level of conservation by adopting additional conservation activities and maintaining their baseline level of conservation. Examples of CSP enhancements that are suitable for being adopted by smaller scale and urban producers include:

- Planting multi-species cover crops
- Mulching with natural materials
- · Establishing pollinator habitats
- Soil health crop rotation Inflation Reduction Act and CSP Currently, an unprecedented amount of funding is available for CSP through the Inflation Reduction Act and Farm Bill.

The Inflation Reduction Act provided \$19.5 billion in additional funding for NRCS' oversubscribed programs like CSP for five years. Inflation Reduction Act funds are available to help producers adopt climate-smart practices. NRCS recently announced it increased the number of Climate-Smart Agricultural and Forestry Mitigation Activities eligible for Inflation Reduction Act funding for fiscal year 2024 through CSP, the Environmental Quality Incentives Program (EQIP), and the Regional Conservation Partnership Program (RCPP).

Colorado producers are encouraged to apply for enrollment into CSP. Contact your <u>local NRCS field office</u> to apply and for more information.

RMA Announces Changes to Whole Farm Revenue Protection and Micro Farm Policies

USDA announced that it is improving crop insurance options for small and diversified farmers through improvements to the Whole-Farm Revenue Protection (WRFP) and Micro

Farm insurance plans. These updates are part of USDA's Risk Management Agency (RMA) efforts to increase participation and access to crop insurance.

Improvements to WFRP for the 2024 policy year include:

- Allowing all eligible producers to qualify for 80% and 85% coverage levels.
- Allowing producers to purchase catastrophic coverage level policies for individual crops with WFRP.
- Expanding yield history to a 10-year maximum (from 4 years) for all crops not covered by another federal crop insurance policy.
- · Making the policy more affordable for single commodity producers.
- Allowing producers to customize their coverage by choosing whether WFRP will
 consider other federal crop insurance policies as primary insurance when
 calculating premium and revenue to count during claim time.

Improvements to Micro Farm for the 2024 policy year include:

- Moving the sales closing date to a less busy time of year to help agents dedicate
 time to marketing the program. This is important specifically for producers that are
 purchasing Micro Farm for the first time as it provides additional time for agents to
 assist growers with important risk management decisions.
- · Allowing producers to purchase other Federal crop insurance with Micro Farm.
- · Allowing vertically integrated entities to be eligible for Micro Farm.
- Making the Expanding Operations feature available with Micro Farm.

About WFRP and Micro Farm:

WFRP and Micro Farm policies provide a risk management safety net for all commodities grown on a farm under one policy. Both policy options were designed to meet the needs of specialty, organic (both crops and livestock), or those marketing to local, regional, farmidentity preserved, specialty, or direct markets. The Micro Farm insurance plan is tailored for any farm with up to \$350,000 in approved revenue, and WFRP covers any farm with up to \$17 million in insured revenue. RMA introduced Micro Farm in 2021.

Currently, producers hold 1,784 WFRP policies covering \$2.17 billion in liabilities, and they hold 93 Micro Farm policies covering \$6.15 million in liabilities.

More Information

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. Learn more about crop insurance and the modern farm safety net at rma.usda.gov or by contacting your RMA Regional Office.

USDA to Provide More Than \$3 Billion to Commodity and Specialty Crop Producers Impacted by 2022 Natural Disasters

The U. S Department of Agriculture (USDA) will provide more than \$3 billion to commodity and specialty crop producers impacted by natural disaster events in 2022. Eligible impacted producers can apply for financial assistance through the Emergency Relief <a href="Program (ERP) 2022. The program will help offset the financial impacts of crop yield and value losses from qualifying disasters occurring in 2022.

Background

On Dec. 29, 2022, President Biden signed into law the *Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328)* that provides about \$3.7 billion in financial assistance for agricultural producers impacted by eligible natural disasters that occurred in calendar year 2022.

ERP 2022 covers losses to crops, trees, bushes and vines due to qualifying, calendar year 2022 natural disaster events including wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought and related conditions.

ERP 2022 program benefits will be delivered to eligible producers through a two-track process. FSA intends to make both tracks available to producers at the same time. This two-track approach enables USDA to:

- · Streamline the application process.
- · Reduce the paperwork burden on producers.
- Proactively include provisions for underserved producers who have not been well served by past emergency relief efforts.

 Encourage producer participation in existing risk management programs to mitigate the impacts of future severe weather events.

It's important to note that disaster-impacted producers may be eligible for ERP 2022 assistance under one or both tracks. To avoid duplicative benefits, if a producer applies for both tracks, the Track 2 payment calculation will take into account any payments received through Track 1.

ERP 2022 Application Process - Track 1

ERP 2022 Track 1 leverages existing federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) data as the basis for calculating payments for eligible crop producers who received indemnities through these risk management programs.

Although FSA is sending pre-filled ERP 2022 Track 1 application forms to producers who have crop insurance and NAP data already on file with USDA, producers indemnified for losses resulting from 2022 natural disasters do not have to wait to receive the application before requesting ERP 2022 assistance. Effective Oct. 31, 2023, producers can apply for ERP 2022 benefits whether they have received the pre-filled application or not. Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP 2022 Track 1 payment.

USDA estimates that ERP Track 1 benefits will reach more than 206,000 producers who received indemnities for losses covered by federal crop insurance and more than 4,500 producers who obtained NAP coverage for the 2022 crop year.

ERP 2022 Application Process - Track 2

Track 2 is a revenue-based certification program designed to assist eligible producers who suffered an eligible decrease in revenue resulting from 2022 calendar year disaster events when compared with revenue in a benchmark year using revenue information that is readily available from most tax records. In cases where revenue does not reasonably reflect a normal year's revenue, Track 2 provides an alternative method for establishing revenue. Likewise, Track 2 affords producers of crops that are used within an operation and do not generate revenue from the sale of the crop a method for establishing revenue for the purpose of applying for ERP 2022 benefits. Producers are not required to submit tax records to FSA unless requested by the County Committee if required for an FSA compliance spot check.

Although not required when applying for ERP 2022 Track 2, applicants might find the following documents useful to the process:

- Schedule F (Form 1040)
- Profit or Loss from Farming or similar tax documents for tax years 2018, 2019, 2022 and 2023.

Track 2 targets gaps in emergency relief assistance for eligible producers whose eligible losses were not covered by crop insurance or NAP including revenue losses too small (shallow loss) to be covered by crop insurance.

Producers interested in applying for ERP 2022 Track 2, should contact their local FSA county office. Additional reference resources can be found on FSA's emergency relief website.

Additional Required Forms

For both ERP 2022 tracks, all producers must have certain required forms on file with FSA within 60 days of the ERP 2022 deadline. Producers can apply for ERP 2022 starting Oct. 31, 2023. The application deadline has not yet been determined and will be announced at a later date. If not already on file, producers can update, complete and submit required forms to FSA at any time.

Required forms:

- Form AD-2047. Customer Data Worksheet.
- Form CCC-902, Farm Operating Plan for an individual or legal entity.
- Form CCC-901, Member Information for Legal Entities (if applicable).
- Form FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs (if applicable).
- Form CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, if applicable, for the 2022 program year.
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification) for the ERP producer and applicable affiliates.

Most producers, especially those who have previously participated in FSA programs, will likely have these required forms on file. However, those who are uncertain or want to

confirm the status of their forms can contact their local FSA county office.

Future Insurance Coverage Requirements

All producers who receive ERP 2022 payments must purchase crop insurance, or NAP coverage where crop insurance is not available, in the next two available crop years as determined by the Secretary. Purchased coverage must be at the 60/100 coverage level or higher for insured crops or at the catastrophic coverage level or higher for NAP crops.

More Information

ERP 2022 eligibility details and payment calculation factor tables are available on the emergency relief website, in the ERP Track 1 and ERP Track 2 fact sheets and through your local ESA county office.

Obtaining Payments Due to Deceased Producers

In order to claim a Farm Service Agency (FSA) payment on behalf of a deceased producer, all program conditions for the payment must have been met before the applicable producer's date of death.

If a producer earned a FSA payment prior to his or her death, the following is the order of precedence for the representatives of the producer:

- · administrator or executor of the estate
- · the surviving spouse
- · surviving sons and daughters, including adopted children
- · surviving father and mother
- · surviving brothers and sisters
- heirs of the deceased person who would be entitled to payment according to the State law

For FSA to release the payment, the legal representative of the deceased producer must file a form FSA-325 to claim the payment for themselves or an estate. The county office will verify that the application, contract, loan agreement, or other similar form requesting payment issuance, was signed by the applicable deadline by the deceased or a person legally authorized to act on their behalf at that time of application.

If the application, contract or loan agreement form was signed by someone other than the deceased participant, FSA will determine whether the person submitting the form has the legal authority to submit the form.

Payments will be issued to the respective representative's name using the deceased program participant's tax identification number. Payments made to representatives are subject to offset regulations for debts owed by the deceased.

FSA is not responsible for advising persons in obtaining legal advice on how to obtain program benefits that may be due to a participant who has died, disappeared or who has been declared incompetent.

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