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February: Colorado USDA Newsletter

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Colorado FSA Newsletter - February 2023

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

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CSU Extension Annual Custom Rates Survey is Live!

Show your love for Colorado Agriculture by completing Colorado State University's annual Custom Rates Survey. Take just 10 minutes to complete the survey before March 10, 2023.

https://colostate.az1.qualtrics.com/jfe/form/SV 41qDxgGhWWi6fOK

What is the Custom Rates Survey?

Colorado State University Extension conducts an annual survey of custom rates charged for various crop and livestock operations and lease arrangements in Colorado in the preceding year. Data is collected from agricultural producers, landowners and managers, lenders, agricultural consultants, machine operators, and Extension agents. Results of the survey are used by producers, ag lenders, county assessors, the Colorado Department of Agriculture, land appraisers, and more. <u>Custom Rates in Colorado</u> is one of the most widely used publications available from the CSU Agriculture and Business Management Team.

Why should I complete the survey?

- The Custom Rates Report will allow you to advertise custom services or locate and hire custom service operators in your area.
- More responses ensure more accurate data and a more complete list of rates for today's practices. These determined rates influence land appraisal values, your property taxes, and more.
- Information about Custom Rates is used by elected officials to inform federal, state, and local policy, including crop insurance.
- · Your responses are safe and anonymous.

When and where can I access the survey?

 The Custom Rates Survey will be available February 14 – March 10, 20223 through Colorado State University: https://colostate.az1.qualtrics.com/jfe/form/SV-41qDxgGhWWi6fOK

What if I have questions about the survey?

Your CSU Extension Agriculture and Business Management Team is here to answer your questions. Learn more at https://abm.extension.colostate.edu/meet-the-team/

USDA Announces Conservation Reserve Program Signup for 2023

Agriculture Secretary Tom Vilsack announced that agricultural producers and private landowners can begin applying for the Conservation Reserve Program (CRP) General signup starting **February 27 through April 7, 2023**. CRP is a cornerstone voluntary conservation program offered by the U.S. Department of Agriculture (USDA) and a key tool in the Biden-Harris administration's effort to address climate change and help agricultural communities invest in the long-term well-being of their land and natural resources.

"The Conservation Reserve Program is one of the largest private lands conservation programs in the United States, offering a range of conservation options to farmers, ranchers and landowners," Vilsack said. "CRP has and continues to be a great fit for farmers with less productive or marginal cropland, helping them re-establish valuable land cover to help improve water quality, prevent soil erosion, and support wildlife habitat. Under this administration, we have made several updates to the program to increase producer interest and enrollment, strengthen the climate benefits of the program and help ensure underserved producers can find a pathway to entry into CRP."

Producers and landowners enrolled more than 5 million acres into CRP through signups in 2022, building on the acceptance of more than 3.1 million acres in the <u>largest Grassland CRP signup in history</u>. There are currently 23 million acres enrolled in CRP, with 1.9 million set to expire this year. USDA's Farm Service Agency (FSA) is aiming to reach the 27-million-acre cap statutorily set for fiscal year 2023.

General CRP

General CRP helps producers and landowners establish long-term, resource-conserving plant species, such as approved grasses or trees, to control soil erosion, improve water quality and enhance wildlife habitat on cropland. Additionally, General CRP includes a Climate-Smart Practice Incentive to help increase carbon sequestration and reduce greenhouse gas emissions by helping producers and landowners establish trees and permanent grasses, enhance wildlife habitat, and restore wetlands.

Continuous CRP

Under Continuous CRP, producers and landowners can enroll in CRP throughout the year. Offers are automatically accepted provided the producer and land meet the eligibility requirements and the enrollment levels do not exceed the statutory cap. The Climate-Smart Practice Incentive is also available in the Continuous signup.

FSA offers several additional enrollment opportunities within Continuous CRP, including the Clean Lakes Estuaries and Rivers Initiative (CLEAR30), the State Acres for Wildlife Enhancement (SAFE) Initiative, the Farmable Wetlands Program (FWP), and the Conservation Reserve Enhancement Program (CREP). The CLEAR30 Initiative, which was originally piloted in twelve states in the Great Lakes and Chesapeake Bay watershed, has been expanded nationwide, allowing producers and landowners to enroll in 30-year CRP contracts for water quality practices. Under this administration, FSA also moved SAFE practices back to the Continuous CRP signup, giving producers and landowners more opportunities to participate in the initiative. Through the FWP, producers and landowners can enroll land in CRP as part of their efforts to restore previously farmed wetlands and wetland buffers, to improve both vegetation and water flow.

This administration has also made significant improvements to CREP, which leverages federal and non-federal funds to target specific State, regional or nationally significant conservation concerns. Specifically, USDA made significant improvements to CREP to reduce barriers and make the program more accessible to a broad range of producers and new types of partners. These updates included flexibility for partners to provide matching funds in the form of cash, in-kind contributions, or technical assistance, along with an investment in additional staff to work directly with partners. Through CREP, for the first time ever, three Tribal Nations are now partnering with USDA to help conserve, maintain, and improve grassland productivity, reduce soil erosion, and enhance wildlife habitat.

Grassland CRP

FSA will announce the dates for Grassland CRP signup in the coming weeks. Grassland CRP is a working lands program, helping landowners and operators protect grassland, including rangeland and pastureland and certain other lands, while maintaining the areas as working grazing lands. Protecting grasslands contributes positively to the economy of many regions, provides biodiversity of plant and animal populations, and provides important carbon sequestration benefits to deliver lasting climate outcomes.

How to Sign Up

Landowners and producers interested in CRP should contact their local <u>USDA Service</u> <u>Center</u> to learn more or to apply for the program before their deadlines.

Producers with expiring CRP acres can use the Transition Incentives Program (TIP), which incentivizes producers who sell or enter a long-term lease with a beginning, veteran, or socially disadvantaged farmer or rancher who plans to sustainably farm or ranch the land.

More Information

Signed into law in 1985, CRP is one of the largest voluntary private-lands conservation programs in the United States. It was originally intended to primarily control soil erosion and potentially stabilize commodity prices by taking marginal lands out of production. The program has evolved over the years, providing many conservation and economic benefits.

USDA touches the lives of all Americans each day in so many positive ways. Under the Biden-Harris administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit usda.gov.

CRP Environmental Requirements

The National Environmental Policy Act (NEPA) and other environmental regulations require FSA to conduct and complete environmental reviews BEFORE any activity is conducted on land enrolled in the Conservation Reserve Program (CRP) if the activity includes any soil disturbance below the previously disturbed depth. This includes, pipelines, fences, wells, wind towers and other projects. Failure to contact the FSA County Office and obtain clearance PRIOR to beginning the project may result in termination of the contract, assessment of liquidated damages, and the refund of all payments received. The CRP contract holder will be required to pay fees associated with the environmental review and required reviews may take several months to complete. Contact your administrative FSA Office with all information as early as possible before beginning any activity.

Rolling Out Revenue Based Disaster and Pandemic Assistance Programs (ERP and PARP)

Beginning January 23, 2023, agricultural producers can begin to apply for two new important programs for revenue losses, from 2020 and 2021 natural disasters or the COVID-19 pandemic. Both programs equitably fill gaps in earlier assistance.

First, you may be eligible for assistance through the Emergency Relief Program (ERP)

Phase Two if you experienced revenue losses from eligible natural disasters in 2020 and 2021. ERP Phase Two is for producers who didn't receive assistance from ERP Phase One

You may also be eligible for the <u>Pandemic Assistance Revenue Program (PARP)</u> if you experienced revenue losses in calendar year 2020. PARP is addressing gaps in previous pandemic assistance, which was targeted at price loss or lack of market access, rather than overall revenue losses.

Applications for both new programs are due June 2, 2023, and you can apply for both programs during your same appointment with USDA's Farm Service Agency (FSA).

Historically, FSA programs have been designed to make direct payments to producers based on a single disaster event or for a single commodity loss. For many of you, this may be the first revenue-based program that you've applied for with FSA.

Why revenue-based programs?

ERP Phase Two and PARP take a much more holistic approach to disaster assistance, ensuring that producers not just make it through a single growing season but have the financial stability to invest in the long-term well-being of their operations and employees.

In general, ERP Phase Two payments are based on the difference in allowable gross revenue between a benchmark year, representing a typical year of revenue for the producer and the disaster year – designed to target the remaining needs of producers impacted by qualifying natural disasters and avoid duplicative payments. ERP Phase Two revenue loss is based on tax years.

For PARP, an agricultural producer must have been in the business of farming during at least part of the 2020 calendar year and had a decrease in revenue for the 2020 calendar year, as compared to a typical year. PARP revenue loss is based on calendar years.

How to Apply

FSA employees have been and continue to be restricted in giving any casual advice for any program. In addition, employees will not be allowed to provide assistance in completing the ERP and PARP applications. Producers must complete the ERP and PARP applications on their own or with the assistance of their accountant or tax professional. FSA will provide upon request a copy of the 1099-G to assist producers with prior years payments from FSA.

In preparation for enrollment, producers should gather supporting documentation including:

Schedule F (Form 1040); and

 Profit or Loss from Farming or similar tax documents for tax years 2018, 2019, 2020, 2021 and 2022 for ERP and for calendar years 2018, 2019 and 2020 for PARP.

Producers should also have, or be prepared to have, the following forms on file for both ERP and PARP program participation:

- Form AD-2047, Customer Data Worksheet (as applicable to the program participant);
- Form CCC-902, Farm Operating Plan for an individual or legal entity;
- Form CCC-901, Member Information for Legal Entities (if applicable); and
- Form AD-1026 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification.
- FSA-941 Average Gross Income Statement
- Form CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, as certain existing permanent and ad-hoc disaster programs provide increased benefits or reduced fees and premiums.

ERP Application Forms needed before deadline of June 2, 2023:

- FSA-521 ERP Phase 2 Application
- FSA-521-A ERP Phase 2 Allowable Gross Income Worksheet
- FSA-522 Crop Insurance/NAP Coverage Agreement
- Supporting documentation within 30 days if requested by COC

PARP Application Forms needed before deadline of June 2, 2023:

- FSA-1122
- FSA-1122-A
- Supporting Documentation within 30 days if requested by COC

Most producers, especially those who have previously participated in FSA programs, will likely have some of these required forms on file. However, those who are uncertain or want to confirm should contact FSA at their local USDA Service Center.

Other Resources

FACTSHEETS available: <u>FSA ERP Phase2 Factsheet</u>, <u>FSA PARP Factsheet</u>, <u>FSA PARP and ERP 2 comparison Factsheet</u>

Please visit your local USDA Service Center for more information on ERP Phase Two, PARP and our full portfolio of conservation, prices support, safety-net, credit and disaster assistance programs.

Farmers Can Now Make 2023 Crop Year Elections, Enroll in Agriculture Risk Coverage and Price Loss Coverage Programs

Agricultural producers can now change election and enroll in the <u>Agriculture Risk</u> <u>Coverage (ARC) and Price Loss Coverage</u> programs for the 2023 crop year, two key safety net programs offered by the U.S. Department of Agriculture (USDA). Signup began Oct. 17, 2022, and producers have until March 15, 2023, to enroll in these two programs. Additionally, USDA's Farm Service Agency (FSA) has started issuing payments totaling more than \$255 million to producers with 2021 crops that have triggered payments through ARC or PLC.

2023 Elections and Enrollment

Producers can elect coverage and enroll in ARC-County (ARC-CO) or PLC, which provide crop-by-crop protection, or ARC-Individual (ARC-IC), which protects the entire farm. Although election changes for 2023 are optional, producers must enroll through a signed contract each year. Also, if a producer has a multi-year contract on the farm and makes an election change for 2023, they must sign a new contract.

If producers do not submit their election by the March 15, 2023 deadline, their election remains the same as their 2022 election for crops on the farm. Farm owners cannot enroll in either program unless they have a share interest in the farm.

Covered commodities include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium and short grain rice, safflower seed, seed cotton, sesame, soybeans, sunflower seed and wheat.

Web-Based Decision Tools

In partnership with USDA, the University of Illinois and Texas A&M University offer webbased decision tools to assist producers in making informed, educated decisions using crop data specific to their respective farming operations. Tools include:

- <u>Gardner-farmdoc Payment Calculator</u>, a tool available through the University of Illinois allows producers to estimate payments for farms and counties for ARC-CO and PLC.
- ARC and PLC Decision Tool, a tool available through Texas A&M that allows
 producers to obtain basic information regarding the decision and factors that should
 be taken into consideration such as future commodity prices and historic yields
 to estimate payments for 2022.

2021 Payments and Contracts

ARC and PLC payments for a given crop year are paid out the following fall to allow actual county yields and the Market Year Average prices to be finalized. This month, FSA processed payments to producers enrolled in 2021 ARC-CO, ARC-IC and PLC for covered commodities that triggered for the crop year.

For ARC-CO, producers can view the <u>2021</u> ARC-CO Benchmark Yields and Revenues online database, for payment rates applicable to their county and each covered commodity. For PLC, payments have triggered for rapeseed and peanuts.

For ARC-IC, producers should contact their local FSA office for additional information pertaining to 2021 payment information, which relies on producer-specific yields for the crop and farm to determine benchmark yields and actual year yields when calculating revenues.

By the Numbers

In 2021, producers signed nearly 1.8 million ARC or PLC contracts, and 251 million out of 273 million base acres were enrolled in the programs. For the 2022 crop year signed contracts surpassed 1.8 million, to be paid in the fall of 2023, if a payment triggers.

Since ARC and PLC were first authorized by the 2014 Farm Bill and reauthorized by the 2018 Farm Bill, these safety-net programs have paid out more than \$34.9 billion to producers of covered commodities.

Crop Insurance Considerations

ARC and PLC are part of a broader safety net provided by USDA, which also includes crop insurance and marketing assistance loans.

Producers are reminded that ARC and PLC elections and enrollments can impact eligibility for some crop insurance products.

Producers on farms with a PLC election have the option of purchasing Supplemental Coverage Option (SCO) through their Approved Insurance Provider; however, producers on farms where ARC is the election are ineligible for SCO on their planted acres for that crop on that farm.

Unlike SCO, the Enhanced Coverage Option (ECO) is unaffected by an ARC election. Producers may add ECO regardless of the farm program election.

Upland cotton farmers who choose to enroll seed cotton base acres in ARC or PLC are ineligible for the stacked income protection plan (STAX) on their planted cotton acres for that farm.

More Information

For more information on ARC and PLC, visit the <u>ARC and PLC webpage</u> or contact your local USDA Service Center.

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