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Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## Kentucky FSA Newsletter

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### Kentucky Farm Service Agency

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### Higher Limits Now Available on USDA Farm Loans

Higher limits are now available for borrowers interested in USDA's farm loans, which help agricultural producers purchase farms or cover operating expenses. The 2018 Farm Bill increased the amount that producers can borrow through direct and guaranteed loans available through USDA's Farm Service Agency (FSA) and made changes to other loans, such as microloans and emergency loans.

Key changes include:

- The Direct Operating Loan limit increased from \$300,000 to \$400,000, and the Guaranteed Operating Loan limit increased from \$ 1.429 million to \$1.776 million. Operating loans help producers pay for normal operating expenses, including machinery and equipment, seed, livestock feed, and more.
- The Direct Farm Ownership Loan limit increased from \$300,000 to \$600,000, and the Guaranteed Farm

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To find contact information for your local office go to [www.fsa.usda.gov/ky](http://www.fsa.usda.gov/ky)

Ownership Loan limit increased from \$1.429 million to \$1.776 million. Farm ownership loans help producers become owner-operators of family farms as well as improve and expand current operations.

- Producers can now receive both a \$50,000 Farm Ownership Microloan and a \$50,000 Operating Microloan. Previously, microloans were limited to a combined \$50,000. Microloans provide flexible access to credit for small, beginning, niche, and non-traditional farm operations.
- Producers who previously received debt forgiveness as part of an approved FSA restructuring plan are now eligible to apply for emergency loans. Previously, these producers were ineligible.
- Beginning and socially disadvantaged producers can now receive up to a 95 percent guarantee against the loss of principal and interest on a loan, up from 90 percent.

### About Farm Loans

Direct farm loans, which include microloans and emergency loans, are financed and serviced by FSA, while guaranteed farm loans are financed and serviced by commercial lenders. For guaranteed loans, FSA provides a guarantee against possible financial loss of principal and interest.

For more information on FSA farm loans, visit [www.fsa.usda.gov](http://www.fsa.usda.gov) or contact your [local USDA service center](#).

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## Communication is Key in Lending

Farm Service Agency (FSA) is committed to providing our farm loan borrowers the tools necessary to be a success. A part of ensuring this success is providing guidance and counsel from the loan application process through the borrower's graduation to commercial lending institutions. While it is FSA's commitment to advise borrowers as they identify goals and evaluate progress, it is crucial for borrowers to communicate with their farm loan staff when changes occur. It is the borrower's responsibility to alert FSA to any of the following:

- Any proposed or significant changes in the farming operation;
- Any significant changes to family income or expenses;
- The development of problem situations;
- Any losses or proposed significant changes in security

In addition, if a farm loan borrower cannot make payments to suppliers, other creditors, or FSA on time, contact your farm loan staff immediately to discuss loan servicing options.

For more information on FSA farm loan programs, visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## USDA Announces Signup for Conservation Reserve Program

USDA opened signup for the Conservation Reserve Program (CRP) on December 9, 2019. The deadline for agricultural producers to sign up for general CRP is February 28, 2020, while signup for continuous CRP is ongoing.

Farmers and ranchers who enroll in CRP receive a yearly rental payment for voluntarily establishing 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 on marginally productive agricultural lands.

CRP has 22 million acres enrolled, but the 2018 Farm Bill lifted the cap to 27 million acres. This means farmers and ranchers have a chance to enroll in CRP for the first time or continue their participation for another term.

By enrolling in CRP, producers are improving water quality, reducing soil erosion, and restoring habitat for wildlife. This in turn spurs hunting, fishing, recreation, tourism, and other economic development across rural America.

### CRP Enrollment Options

#### *General Signup*

CRP general signup will be held annually. The competitive general signup will now include increased opportunities for enrollment of wildlife habitat through the State Acres For Wildlife Enhancement (SAFE) initiative.

#### *Continuous Signup*

While some practices under SAFE will remain available through continuous signup, CRP continuous signup will focus primarily on water quality with the Clean Lakes, Estuaries, and Rivers (CLEAR) Initiative. The 2018 Farm Bill prioritizes water quality practices such as contour grass strips, filter strips, riparian buffers, wetlands and a new prairie strip.

USDA will also be working with Conservation Reserve Enhancement Program (CREP) partners to relaunch CREP continuous options in each state under new statutory provisions. CREP will continue to target high-priority local, state or regional conservation concerns.

#### *Grasslands Signups*

CRP Grasslands signup helps landowners and operators protect grassland, including rangeland, and pastureland and certain other lands while maintaining the areas as grazing lands. A separate CRP Grasslands signup will be offered each year following general signup.

#### *Pilot Programs*

Later in 2020, (FSA will roll out pilot programs within CRP: CLEAR 30, which allows contracts expiring with CLEAR practices to be reenrolled in 30-year contracts and in the Soil Health and Income Protection Program (SHIPP) in the prairie pothole region. More information on these programs will be announced in the new year.

### *Land Transition*

The CRP Transition Incentives Program (TIP) is an option for producers interested in transitioning land to a beginning farmer or rancher or a member of a socially disadvantaged group to return land to production for sustainable grazing or crop production. CRP contract holders no longer need to be a retired or retiring owner or operator to transition their land. TIP participants may have a lease less than five years with an option to purchase, and they have two years before the end of the CRP contract to make conservation and land improvements.

### **Previously Expired Land**

Land enrolled in CRP under a 15-year contract that expired in September 2017, 2018 or 2019, may be eligible for enrollment if there was no opportunity for re-enrollment and the practice under the expired contract has been maintained.

### **CRP Rates and Payments**

FSA recently posted updated soil rental rates for CRP. County average rates are posted on the [CRP Statistics webpage](#). Soil rental rates are statutorily prorated at 90 percent for continuous signup and 85 percent for general signup. The rental rates will be assessed annually. Under continuous signup, producers also receive incentives, including a signup incentive payment and a practice incentive payment.

To enroll in CRP, contact your local FSA county office or visit [fsa.usda.gov/crp](https://fsa.usda.gov/crp). To locate your local FSA office, visit [farmers.gov/service-locator](https://farmers.gov/service-locator).

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## **USDA Safety Net Program Enrollment for 2019 and 2020**

Agricultural producers now can enroll in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs – two U.S. Department of Agriculture (USDA) safety net programs – for the 2019 and 2020 crop year.

ARC provides income support payments on historical base acres when actual crop revenue declines below a specified guaranteed level. PLC provides income support payments on historical base acres when the effective price for a covered commodity falls below its reference price. The 2018 Farm Bill reauthorized and updated both programs.

Signup for the 2019 crop year closes March 15, 2020, while signup for the 2020 crop year closes June 30, 2020. Producers who have not yet enrolled for 2019 can enroll for both 2019 and 2020 during the same visit to an FSA county office.

ARC and PLC have options for the farm operator who is actively farming the land as well as the owner of the land. Farm owners also have a one-time opportunity to update PLC payment yields beginning with crop year 2020. If the farm owner and producer visit the FSA county office together, FSA can also update yield information during that visit.

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.

## 2018 Crop Year ARC and PLC Payments

FSA began processing payments last week for 2018 ARC-County (ARC-CO) and PLC on covered commodities that met payment triggers on enrolled farms in the 2018 crop year. In addition to the \$1.5 billion now in process, FSA anticipates it will issue another \$1 billion in November once USDA's National Agricultural Statistics Service publishes additional commodity prices for the 2018 crop.

Producers who had 2018 covered commodities enrolled in ARC-CO can visit [www.fsa.usda.gov/arc-plc](http://www.fsa.usda.gov/arc-plc) for payment rates applicable to their county and each covered commodity. For farms and covered commodities enrolled in 2018 PLC, the following crops met payment triggers: barley, canola, corn, dry peas, grain sorghum, lentils, peanuts, large chickpeas, sunflower seed, flaxseed, rapeseed, seed cotton, long grain rice, medium/short grain rice and wheat.

Oats, small chickpeas, mustard seed, safflower, crambe, sesame seed and soybeans did not meet 2018 PLC payment triggers.

2018 PLC payment rates for the following covered commodities have not been determined: temperate Japonica rice.

### More Information

For more information on ARC and PLC including two online decision tools that assist producers in making enrollment and election decisions specific to their operations, visit the [ARC and PLC webpage](#).

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## Beginning Farmer Loans

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's average size farm.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

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