

April 2019



Farm Service Agency **Electronic News Service**

NEWSLETTER

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Maryland FSA Newsletter

Maryland Farm Service Agency

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USDA Outlines Eligibility for 2019 Supplemental Coverage Option Regarding Elections for Agriculture Risk Coverage and Price Loss Coverage **USDA Announces February Income over Feed Cost Margin Triggers Second 2019 Dairy Safety Net Payment**

The U.S. Department of Agriculture's Risk Management Agency (RMA) announced that producers who purchased or plan to purchase the [2019 Supplemental Coverage Option \(SCO\) policy](#) should report Agriculture Risk Coverage (ARC) or Price Loss

State Committee:
Jenny Rhodes, Chairperson
Steve Ernst
Steve Isaacson
Pat Langenfelder
Chris Parker

Coverage (PLC) election intentions to their crop insurance agent by March 15, 2019, or the acreage reporting date, whichever is later.

Producers have the option to elect either ARC or PLC through the Farm Service Agency (FSA) to receive benefits. The 2018 Farm Bill allows producers to make an election in 2019, which covers the 2019 and 2020 crop years.

To find contact information for your local office go to www.fsa.usda.gov/md

The Federal Crop Insurance Act prohibits producers from having SCO on farms where they elect ARC. Because of the timing of the Farm Bill, FSA's ARC/PLC election period will not occur until after the SCO sales closing dates and acreage reporting dates.

Producers who purchased SCO policies with sales closing dates of Feb. 28, 2019, or earlier may cancel their SCO policy by March 15, 2019. This allows producers, particularly those who intend to elect ARC for all their acres, to no longer incur crop insurance costs for coverage for which they will not be eligible.

Producers with SCO coverage now have the option to file an ARC/PLC acreage intention report with their crop insurance agent by the later of the acreage reporting date or March 15, 2019. This report will adjust the acreage report by specifying the intended ARC or PLC election by FSA Farm Number. The number of eligible acres on farms with an intention of PLC will be the number of acres insured for SCO regardless of any actual elections made with FSA. If a producer does not file an ARC/PLC acreage intention report, SCO will cover all acres as though the producer elected PLC.

The existing penalties for misreporting eligible acreage on the SCO endorsement will not apply in 2019.

Additional details about SCO can be found at www.rma.usda.gov.

USDA Announces February Income over Feed Cost Margin Triggers Second 2019 Dairy Safety Net Payment

USDA's Farm Service Agency (FSA) announced this week that the February 2019 income over feed cost margin was \$8.22 per hundredweight (cwt.), triggering the second payment for dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between \$8.50 and \$9.50 would be eligible for a payment for February 2019.

For example, a dairy operation that chooses to enroll an established production history of 3 million pounds (30,000 cwt.) that elects the \$9.50 coverage level on 95 percent of production would receive \$3,040 for February.

Sample calculation:

$\$9.50 - \$8.22 \text{ margin} = \$1.28 \text{ difference}$

$\$1.28 \times 95\text{percent of production} \times 2,500 \text{ cwt. } (30,000 \text{ cwt.}/12) = \$ 3,040$

DMC premiums are paid annually. The calculated annual premium for coverage at \$9.50 on 95 percent of a 3-million-pound production history for this example would be \$4,275.

Sample calculation:

$3,000,000 \times 95 \text{ percent} = 2,850,000/100 = 28,500 \text{ cwt.} \times 0.150 \text{ premium fee} = \$4,275.$

The dairy operation in the example calculation will pay \$4,275 in total premium payments for all of 2019 and receive \$6,626.25 in Dairy Margin Coverage payments for January and February combined. Additional payments will be made if calculated margins remain below the \$9.50/cwt level.

All participants are also required to pay an annual \$100 administrative fee in addition to any premium, and payments will be subject to a 6.2% reduction to account for federal sequestration.

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates. For the example above, this would reduce the annual premium by \$1,068.75

On December 20, 2018, President Trump signed into law the 2018 Farm Bill, which provides support, certainty and stability to our nation's farmers, ranchers and land stewards by enhancing farm support programs, improving crop insurance, maintaining disaster programs and promoting and supporting voluntary conservation. FSA is committed to implementing these changes as quickly and effectively as possible, and today's updates are part of meeting that goal.

Additional details about DMC and other Farm Bill program changes can be found at farmers.gov/farmbill.

USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment

The U.S. Department of Agriculture's Farm Service Agency (FSA) announced that the January 2019 income over feed cost margin was \$7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Agriculture Secretary Sonny Perdue announced that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between \$8.00 and \$9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the \$9.50 coverage level for 50 percent of its production could potentially be eligible to receive \$1,887.50 for January.

Sample calculation:

$\$9.50 - \$7.99 \text{ margin} = \$1.51 \text{ difference}$

$\$1.51 \text{ times } 50 \text{ percent of production times } 2,500 \text{ cwt. } (30,000 \text{ cwt.}/12) = \$1,887.50$

The calculated annual premium for coverage at \$9.50 on 50 percent of a 3-million-pound production history for this example would be \$2,250.

Sample calculation:

$3,000,000 \text{ times } 50 \text{ percent} = 1,500,000/100 = 15,000 \text{ cwt. times } 0.150 \text{ premium fee} = \$2,250$

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

Additional details about DMC and other FSA farm bill program changes can be found at farmers.gov/farmbill.

Opportunity to Request a Referendum: Soybean Promotion, Research, and Information Program

The USDA Agricultural Marketing Service (AMS) announced that soybean producers may request a referendum on the Soybean Promotion and Research Order, as authorized under the Soybean Promotion, Research, and Consumer Information Act. Participation in the Request for Referendum is voluntary, and producers should only participate if they wish to request a referendum on the program.

The results of the Request for Referendum will be published in a notice in the Federal Register. If at least 10 percent of eligible producers, as determined by USDA, participate in the Request for Referendum, a referendum will be held within one year from that determination.

Interested soybean producers may request a referendum during a four-week period beginning on May 6 and ending May 31, 2019. Form LS-51-1, *Soybean Promotion and Research Order Request for Referendum*, may be [downloaded online](#), or obtained by mail, fax, or in person from Farm Service Agency (FSA) county offices during this time.

Completed forms and supporting documentation must be returned to the appropriate county FSA office by fax or in person no later than close of business May 31, 2019, or if returned by mail, must be postmarked by midnight May 31, 2019, and received in the county FSA office by close of business on June 6, 2019.

For detailed information, including eligibility, read the full [AMS announcement](#). To find your local office, visit www.farmers.gov.

Maintaining Good Credit History

Farm Service Agency (FSA) Farm Loan programs require that applicants have a satisfactory credit history. A credit report is requested for all FSA direct farm loan applicants. These reports are reviewed to verify outstanding debts, if bills are paid timely and to determine the impact on cash flow.

Information found on a customer's credit report is strictly confidential and is used only as an aid in conducting FSA business.

Our farm loan staff will discuss options with you if you have an unfavorable credit report and will provide a copy of your report. If you dispute the accuracy of the information on the credit report, it is up to you to contact the issuing credit report company to resolve any errors or inaccuracies.

There are multiple ways to remedy an unfavorable credit score.

- Make sure to pay bills on time. Setting up automatic payments or automated reminders can be an effective way to remember payment due dates.
- Pay down existing debt.
- Keep your credit card balances low.
- Avoid suddenly opening or closing existing credit accounts.

FSA's farm loan staff will guide you through the process, which may require you to reapply for a loan after improving or correcting your credit report.

For more information on FSA farm loan programs, visit www.fsa.usda.gov.

Borrower Training

Borrower training is available for all Farm Service Agency customers. This training is required for all direct loan applicants, unless the applicant has a waiver issued by the agency.

Borrower training includes instruction in production and financial management. The purpose is to help the applicant develop and improve skills that are necessary to successfully operate a farm and build equity in the operation. It aims to help the producer become financially successful. Borrower training is provided, for a fee, by agency approved vendors. Contact your local FSA Farm Loan Manager for a list of approved vendors.

Selected Interest Rates for April 2019

90-Day Treasury Bill	2.500%
Farm Operating Loans - Direct	3.500%
Farm Ownership Loans - Direct	4.000%
Farm Ownership Loans - Down Payment, Beginning Farmer or Rancher	1.500%
Emergency Loans	3.750%

Farm Storage Facility Loans (7 years)	2.500%
Sugar Storage Facility Loans	2.750%
Commodity Loans 1996 - Present	3.500%

Dates to Remember

May 15	Crop reporting deadline for spring forage seeding, peas (green only), and potatoes.
May 27	MD FSA offices closed for Memorial Day.
May 31	Final availability date MALs and LDPs for prior year harvested corn, cotton, soybeans, and other oilseeds, rice, grain, sorghum, and pulse crops.
May 31	NAP crop reporting deadline for ornamental nursery.
June 15	Crop reporting deadline for tomatoes.
July 4	MD FSA offices closed for Independence Day.
July 15	Crop reporting deadline for beans (limas only), cucumbers (planted 4-20 - 6/25 in Caroline, Dorchester, Kent, and Talbot counties). ALL OTHER CROPS.

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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).