Note from the State Executive Director: National Ag Day

Farmers and ranchers are the backbone of America.

Farmers grow food to feed us, fiber to clothe us, and fuel to run our homes and cars. Your hard work and dedication provide economic stability across Michigan and the nation – stability that supports rural economies and creates much-needed jobs in local communities. No matter who we are, where we live, or what we do, we all have a reason every day to celebrate and thank you.

March 14 is designated as National Ag Day. This year’s National Ag Day theme, Agriculture: Food for Life, spotlights the hard work of American farmers and ranchers who diligently work to provide food and fiber for the United States and countries around the world. At USDA, our driving commitment is to support you as you put food on America’s tables.

Michigan farmers face challenges each day, and we’re proud to offer a variety of programs to help you fund your operations, manage risk, conserve natural resources, and recover from natural disasters.

We are here to support you every step of the way. Visit your local service center for one-on-one support with USDA programs and services, or learn more at farmers.gov.

On National Ag Day, and every other day of the year, we celebrate you.
ARC/PLC Supplemental Coverage Option

Producers who purchased or plan to purchase the 2019 Supplemental Coverage Option (SCO) policy should report Agriculture Risk Coverage (ARC) or Price Loss 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.

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 Encourages Producers to Consider NAP 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 NAP. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage.

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.

Producers can determine if crops are eligible for federal crop insurance or NAP by visiting https://webapp.rma.usda.gov/apps/ActuarialInformationBrowser2018/CropCriteria.aspx.

NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production.

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/#.

**CRP Participants Must Maintain Approved Cover on Acreages Enrolled in CRP and Farm Programs**

Conservation Reserve Program (CRP) participants are responsible for ensuring adequate, approved vegetative and practice cover is maintained to control erosion throughout the life of the contract after the practice has been established. Participants must also control undesirable vegetation, weeds (including noxious weeds), insects and rodents that may pose a threat to existing cover or adversely impact other landowners in the area.

All CRP maintenance activities, such as mowing, burning, disking and spraying, must be conducted outside the primary nesting or brood rearing season for wildlife, which for Michigan is May 1 through July 31. However, spot treatment of the acreage may be allowed during the primary nesting or brood rearing season if, left untreated, the weeds, insects or undesirable species would adversely impact the approved cover. In this instance, spot treatment is limited to the affected areas in the field and requires County Committee approval prior to beginning the spot treatment. The County Committee will consult with NRCS to determine if such activities are needed to maintain the approved cover.

Annual mowing of CRP for generic weed control, or for cosmetic purposes, is prohibited at all times.

**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 margin = $1.51 difference

$1.51 times 50 percent of production times 2,500 cwt. (30,000 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 times 50 percent = 1,500,000/100 = 15,000 cwt. times 0.150 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.

Reminder to FSA Direct and Guaranteed Borrowers with Real Estate Security

Farm Service Agency would like to remind farm loan borrowers who have pledged real estate as security for their loans, of key items for maintaining loan collateral. It is required that borrowers must obtain prior consent, or approval, by either FSA, for direct loans, or by a guaranteed lender, for any transaction affecting real estate security. Examples of these transactions include, but are not limited to:

- Leases of any kind
- Easements of any kind
- Subordinations
- Partial releases
- Sales

Failure to meet or follow the requirements set forth in the loan agreement, promissory note, and other security instruments could lead to nonmonetary default which could jeopardize your current and future loans.

It is critical that borrowers keep an open line of communication with their FSA loan staff or guaranteed lender when it comes to changes in their operation. For more information on borrower responsibilities, read Your FSA Farm Loan Compass.

Interest Rates - March 2019

**FSA Farm Loans**
- Farm Operating - Direct: 3.500%
- Farm Ownership - Direct: 4.000%
- Farm Ownership - Direct, Joint Financing: 2.500%
- Farm Ownership - Down Payment: 1.500%
- Emergency Loan - Amount of Actual Loss: 3.750%

**Commodity Credit Corporation**
- CCC Borrowing Rate-Based Interest Charges: 2.625%
- Crop Year Commodity Loan (if less than 1 year): 3.625%
- Farm Storage Facility Loan 3 year: 2.500%
- Farm Storage Facility Loan 5 year: 2.500%
- Farm Storage Facility Loan 7 year: 2.625%
- Farm Storage Facility Loan 10 year: 2.750%
- Farm Storage Facility Loan 12 year: 2.750%

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).