USDA Announces March Income over Feed Cost Margin Triggers Third 2019 Dairy Safety Net Payment

Dairy Margin Coverage Program Sign-Up Begins June 17

USDA’s Farm Service Agency (FSA) announced this week that the March 2019 income over feed cost margin was $8.85 per hundredweight (cwt.), triggering the third payment for dairy producers who purchase the appropriate level of coverage under the new Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy (MPP-Dairy), 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.

The signup period for DMC opens June 17, 2019. Dairy producers who elect a DMC coverage level between $9 and $9.50 would be eligible for a payment for January, February and March 2019.

For example, a dairy operation that chooses to enroll an established production history of 3 million pounds (30,000 cwt.) and elects the $9.50 coverage level on 95 percent of production would receive $1,543.75 for March.

Sample calculation:

$9.50 - $8.85 margin = $0.65 difference

$0.65 x 95 percent of production x 2,500 cwt. (30,000 cwt./12) = $1,543.75

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 x 95 percent = 2,850,000/100 = 28,500 cwt. x 0.150

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 $8,170 in DMC payments for January, February and March 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 percent 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.

About DMC

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.

Recently, FSA announced the availability of the DMC decision support tool as well as repayment options for producers who were enrolled in MPP-Dairy.

For DMC signup, eligibility and related dairy program information, visit the DMC webpage or contact your local USDA service center. To locate your local FSA office, visit farmers.gov/service-locator.

USDA Acreage Reporting Deadline for Perennial Forage Changes to July 15

USDA Farm Service Agency (FSA) has established a new acreage reporting deadline for perennial forage for 2019 and subsequent years. Previously set in the fall, the new deadline is July 15 for all states, except for Hawaii and Puerto Rico.

Timely and accurate acreage reports for all crops and land uses, including prevented planting or failed acreage, are the foundation for many FSA program benefits, including disaster programs for livestock owners. Producers must report their acreage to maintain program eligibility.

Producers who have coverage for perennial forage under the Noninsured Crop Disaster Assistance Program (NAP) must report their crop acreage by the earlier of any of the following:

- the established acreage reporting date (July 15)
- 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported
- the established normal harvest date for the end of the coverage period.
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.

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, and
- 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.
Double-Cropping

Each year, state committees will review and approve or disapprove county committee recommended changes or additions to specific combinations of crops.

Double-cropping is approved when the two specific crops have the capability to be planted and carried to maturity for the intended use, as reported by the producer, on the same acreage within a crop year under normal growing conditions. The specific combination of crops recommended by the county committee must be approved by the state committee.

Double-cropping is approved in New Mexico on a county-by-county basis. Contact your local FSA Office for a list of approved double-cropping combinations for your county.

A crop following a cover crop terminated according to termination guidelines is approved double cropping and these combinations do not have to be approved by the state committee.

FSA Offers Joint Financing Option on Direct Farm Ownership Loans

The USDA Farm Service Agency's (FSA) Direct Farm Ownership loans are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant’s needs, there are three types of Direct Farm Ownership Loans: regular, down payment and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State program or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a Joint Financing loan is $300,000 and the repayment period for the loan is up to 40 years.

To be eligible, the operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three years out of the 10 years prior to the date the application is submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

For more information about FSA Loan programs, contact your local FSA office or visit www.fsa.usda.gov. To find your local FSA office, visit http://offices.usda.gov.

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).