U.S. DEPARTMENT OF AGRICULTURE

USDA Monthly Newsletter - October 19, 2022

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A Message from the State Executive Director

Hello farmers, ranchers, and Oklahoma agriculture advocates!

As one season ends, the next begins. The drought across Oklahoma was relentless, in fact, this year, Oklahoma faced the driest year since 1921.

In lieu of the widespread drought, the Emergency Drought Commission approved a proposal by the Oklahoma Conservation Commission to deploy Emergency Drought Relief funds to agriculture producers on a cost-share basis. The funds will be administered by local conservation districts throughout all 77 counties.

More information on the program can be found here and below:

Size of program: $33,000 allocated to each County (not District) – remainder reserved for areas with higher levels of request

Cost share rate: Maximum 80%

Maximum payment: Not to exceed $7,500

Projected Timeline of Program: Guidelines were approved in the Oct. 3, 2022 Conservation Commission meeting initiating the start of the program.

Allocation Period: Oct. 3 – Dec. 2, 2022

Implement Practices: Begins no later than Dec. 2, 2022. Program will be completed by Dec. 2, 2023.

Contact information for each district can be found here: [District Services Division – Oklahoma Conservation Commission]

Additional disaster assistance through the Farm Service Agency includes:

- **Livestock Indemnity Program (LIP):** Compensates producers for livestock death due to natural disasters. Compensation is based on roughly 75percent of the national average price of the livestock by type and age. Report losses within 30 days. Complete applications are due 60 days after the end of the calendar year.
- **Emergency Livestock Assistance Program (ELAP):** Compensates producers for a percentage of the pasture or forage loss on private lands due to natural disasters. Payments are subject to a national payment factor. Report losses within 30 days. Complete applications are due 30 days after the end of the calendar year.
  - There are provisions to this program to assist producers with feed and water hauling and transportation costs.
- **Livestock Forage Disaster Program (LFP):** Compensates producers who suffer pasture or forage loss due to drought or who have federally managed grazing leases but are not allowed to graze the lease because of wildfire. Report losses within 30 days. Complete applications are due 30 days after the end of the calendar year. *72 Oklahoma counties have triggered for LFP.*
- **Emergency Conservation Program (ECP):** is administered by the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA), provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland and conservation structures including fences damaged by natural disasters and implement emergency water conservation measures in periods of severe drought.
- **Non-Insured Crop Disaster Assistance Program (NAP):** Provides compensation to producers who grow uninsurable crops and have purchased NAP coverage by the crop signup dates.
  - ***November 30:*** *Asparagus, Clover– forage, Grass– forage, Honey, Lespedeza, Mixed Forage– forage, Pecans, Plums*

I wish you all a safe and fruitful harvest!

Steve Kouplen

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 Agriculture Risk Coverage (ARC) and Price Loss Coverage programs for the 2023 crop year, two key safety net programs offered by the U.S. Department of Agriculture (USDA). Signup began Monday, 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 web-based decision tools to assist producers in making informed, educated decisions using crop data specific to their respective farming operations. Tools include:

- Gardner-farmdoc Payment Calculator, 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 2021 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 ARC and PLC webpage or contact your local USDA Service Center.

Biden-Harris Administration Makes $500 Million Available to Increase Innovative American-Made Fertilizer Production

U.S. Department of Agriculture (USDA) Secretary Tom Vilsack today announced that the Biden-Harris Administration is making $500 million in grants available to increase American-made fertilizer production to spur competition and combat price hikes on U.S. farmers caused by the war in Ukraine.

The Biden-Harris Administration's Fertilizer Production Expansion Program is part of a whole-of-government effort to promote competition in agricultural markets. The funds are being made available through the Commodity Credit Corporation.

Eligible entities are for-profit businesses and corporations, nonprofit entities, Tribes and Tribal organizations, producer-owned cooperatives and corporations, certified benefit corporations, and state or local governments. Private entities must be independently owned and operated to apply.

The Department will begin accepting applications in the coming days via www.grants.gov. Notably, there will be two opportunities for submission.

Learn more.

Oklahoma Local Agriculture Collaborative Hosts a Workshop to Help Encourage Beginning Producers

Start 'em off early. Direct experience can teach kids a lot. The Farm Service Agency offers an operating loan option to eligible individual young folks ages 10 through 20 to finance income-producing, agriculture-related projects. Projects must be of modest size and educational. Projects must also be initiated, developed, and carried out by youths participating in 4-H clubs, FFA, tribal youth organizations, or similar agricultural-affiliated groups. With the help of an organization advisor, a project would produce sufficient income to repay the loan, and provide practical business and educational experience in agriculture-related skills. Projects are wide ranging and funds are often used to:

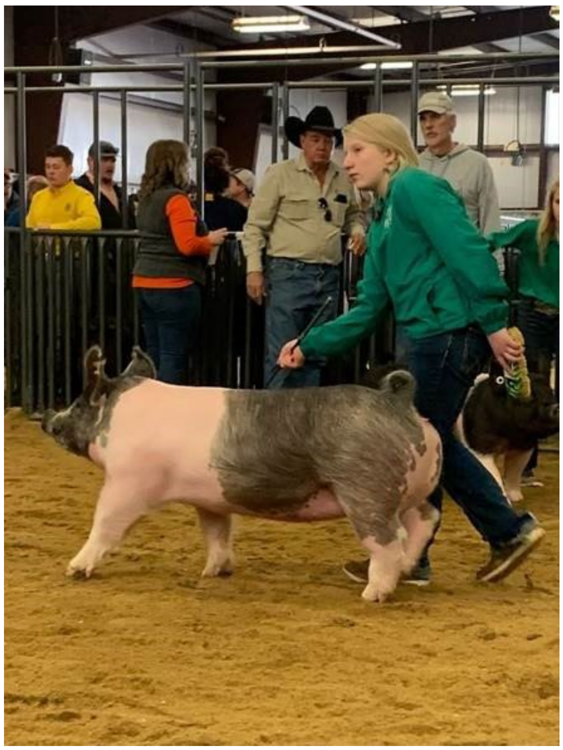
- buy livestock, feed, equipment, or supplies
- buy, rent, or repair needed tools and equipment
- pay operating expenses for the project

There is a loan maximum of $5,000. Repayment schedules vary based on the type of project.

To Apply

A complete plan, budget, and application must be signed by the project advisor and parent or guardian and submitted. [Mattie Alewine](), FSA Outreach Specialist, is a great resource to help with the application process and specific information about applying in your county. For more information visit [the Farm Service Agency]().

The Oklahoma Local Agriculture Collaborative hosted a free regional workshop on October 12th at The Well in Norman, OK. These workshops were created to provide education, resources, and networking opportunities for local producers. A multitude of educational sessions contributed to a successful and informative workshop overall and extends beneficial resources to our partners in agriculture. Other sessions included a Beyond the Farmers Market networking session, where producers were able to connect with local restaurants, food hubs, and markets to learn more about additional sales opportunities outside of the farmers market.



FSA Youth Loan in Action

Jolie Marshall began her journey to a herd of cattle with an FSA youth loan in 2020. The loan provided enough to buy three bred cows and a cow/calf pair. With that start, she has been able to make regular payments on her loan and fund the purchase of show pigs. Her cows continue to have calves and the experience and connections she's gained have given her a head start toward her goal of becoming an ag engineer.

"There are so many skills I've gotten to try out," Jolie said. "My favorite part has been the hands-on experience."

Jolie said the application process was "really easy." She credits the support of her parents, her ag teacher, and FSA for making the process straightforward. The FSA checks in every year to see how her project is going. She shares social support with her friends who participate in the program too. She feels fortunate that no big issues have cropped up, but for “Oklahoma’s crazy weather” which has proved to be the most challenging issue along the way. In spite of the fickle weather, Jolie has found success and credits the FSA Youth Loan for the seed that led to such growth.

FSA is Adjusting to Fit the Situation Facing Livestock Producers

As a former rancher myself, I know the tremendous investments—in time, sweat, and thought—that producers make even before their calves hit the ground. My experiences lead me to firmly believe that, here at the Farm Service Agency (FSA), we must find flexibilities where possible to help our farmers and ranchers best meet the challenges of the day.

In recent meetings with Senator John Hoeven, FSA North Dakota State Executive Director Marcy Svenningsen, and livestock producers in North Dakota impacted by catastrophic 2021 winter storms, it became apparent that our Livestock Indemnity Program (LIP) payment rates were not reflective of the true market value for non-adult beef, beefalo, bison, and dairy animals. It was time for us to pivot.

LIP provides benefits to livestock owners and some contract growers for livestock deaths exceeding normal mortality from eligible adverse weather events, certain predation losses and reduced sales prices due to injury from an eligible loss.

Indemnity payments are made at a rate of 75 percent of the market value of the livestock on the day before the date of death. I don’t mind saying that, under our previous payment rates, cutting a LIP check to a rancher for $150 for a calf in today’s market came nowhere near covering the year-long investment in carrying the cow through pregnancy and carrying the calf from birth to sale.

To better capture ranchers’ investments in their animals, we recently announced increased LIP payment rates for beef, beefalo, bison, and dairy animals less than 250 pounds. These now-updated payment rates are reflective of the substantial increased cost of these non-adult livestock in 2022:

The updated LIP payment rates are effective immediately and will be applied retroactively starting January 1, 2022, for all eligible causes of loss including excessive heat, tornado, winter storms, and other qualifying natural disasters. Producers who have already received LIP payments for 2022 will receive an additional payment, if applicable, commensurate with these updated rates. For details on eligibility and payment rates, you can review our LIP fact sheet.

Other Program Improvements

These LIP policy changes complement enhancements we recently made to our Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish Program (ELAP) – changes that also were derived from the direct input and feedback of producers and the livestock groups.

In addition to paying above normal costs for hauling water to drought-stricken livestock, we also added compensation for hauling feed to livestock and livestock to forage or other grazing acres. And, in 2021, we added fish raised for food as an ELAP-eligible commodity because producers and industry leaders expressed the need.

By continually evaluating how we can deliver our programs in a manner that is meaningful to the farmers and ranchers we serve, we demonstrate our ongoing commitment to stakeholder engagement and our dedication to improving programs for livestock producers first signaled by Agriculture Secretary Tom Vilsack during a Senate Agriculture Committee hearing earlier this year.

It has been said actions speak louder than words, but when it comes to FSA programs that directly affect producers' livelihoods and way of life and ultimately impact food security for all Americans, I believe the two are not mutually exclusive. Rest assured that when producers and producer groups speak, FSA and I, to the extent possible, will do whatever is within our power to turn those words into actions.

Main Messages

- Farm Service Agency must find flexibilities where possible to help our farmers and ranchers best meet the challenges of the day.
- After catastrophic 2021 winter storms, it became apparent that our Livestock Indemnity Program (LIP) payment rates were not reflective of the true market value for non-adult beef, beefalo, bison, and dairy animals.
- LIP provides benefits to livestock owners and some contract growers for livestock deaths exceeding normal mortality from eligible adverse weather events, certain predation losses and reduced sales prices due to injury from an eligible loss.
- To better capture ranchers' investments in their animals, we recently announced increased LIP payment rates for beef, beefalo, bison, and dairy animals less than 250 pounds. These now-updated payment rates are reflective of the substantial increased cost of these non-adult livestock in 2022:
- New rates include:
    - Non-adult Beef, under 250 pounds: **Old Rate** – $175.27 **New Rate** - $474.38
    - Non-adult Beefalo under 250 pounds: **Old Rate** – $235.86 **New Rate** - $559.20
    - Non-adult Buffalo/Bison under 250 pounds: **Old Rate** – $336.84 **New Rate** - $599.15
    - Non-adult Dairy under 250 pounds: **Old Rate** – $45.32 **New Rate** - $255.47
- The updated LIP payment rates are effective immediately and will be applied retroactively starting January 1, 2022, for all eligible causes of loss including excessive heat, tornado, winter storms, and other qualifying natural disasters.
    - Producers who have already received LIP payments for 2022 will receive an additional payment, if applicable, commensurate with these updated rates.
- By continually evaluating how we can deliver our programs in a manner that is meaningful to the farmers and ranchers we serve, we demonstrate our ongoing

commitment to stakeholder engagement and our dedication to improving programs for livestock producers.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

USDA Provides Payments of nearly $800 Million in Assistance to Help Keep Farmers Farming

USDA announced that distressed borrowers with qualifying USDA farm loans have already received nearly $800 million in assistance, as part of the $3.1 billion in assistance for distressed farm loan borrowers provided through Section 22006 of the Inflation Reduction Act (IRA). The IRA directed USDA to expedite assistance to distressed borrowers of direct or guaranteed loans administered by USDA's Farm Service Agency (FSA) whose operations face financial risk.

Today's announcement kicks off a process to provide assistance to distressed farm loan borrowers using several complementary approaches, with the goal of keeping them farming, removing obstacles that currently prevent many of these borrowers from returning to farming, and improving the way that USDA approaches borrowing and servicing. Through this assistance, USDA is focused on generating long-term stability and success for distressed borrowers.

Work has already started to bring some relief to distressed farmers. As of today, over 13,000 borrowers have already benefited from the resources provided under the Inflation Reduction Act as follows:

- Approximately 11,000 delinquent direct and guaranteed borrowers had their accounts brought current. USDA also paid the next scheduled annual installment for these direct loan borrowers giving them peace of mind in the near term.
- Approximately 2,100 borrowers who had their farms foreclosed on and still had remaining debt have had this debt resolved in order to cease debt collections and garnishment relieving that burden that has made getting a fresh start more difficult.

In addition to the automatic assistance already provided, USDA has also outlined steps to administer up to an additional $500 million in payments to benefit the following distressed borrowers:

- USDA will administer $66 million in separate automatic payments, using COVID-19 pandemic relief funds, to support up to 7,000 direct loan borrowers who used FSA's disaster-set-aside option during the pandemic to move their scheduled payments to the end of their loans.
- USDA is also initiating two case-by-case processes to provide additional assistance to farm loan borrowers. Under the first new process, FSA will review and assist with delinquencies from 1,600 complex cases, including cases in which borrowers are facing bankruptcy or foreclosure. The second new process will add a new option using existing direct loan servicing criteria to intervene more quickly and help an estimated 14,000 financially distressed borrowers who request assistance to avoid even becoming delinquent.

More details on each of the categories of assistance, including a downloadable fact sheet, are available on the Inflation Reduction Act webpage on farmers.gov.

Similar to other USDA assistance, all of these payments will be reported as income and borrowers are encouraged to consult their tax advisors. USDA also has resources and partnerships with cooperators who can provide additional assistance and help borrowers navigate the process.

The announcement today is only the first step in USDA's efforts to provide assistance to distressed farm loan borrowers and respond to farmers and to improve the loan servicing efforts at USDA by adding more tools and relaxing unnecessary restrictions. Additional announcements and investments in assistance will be made as USDA institutes these additional changes and improvements.

This effort will ultimately also include adding more tools and relaxing unnecessary restrictions through assistance made possible by Congress through the IRA. Further assistance and changes to the approach will be made in subsequent phases.

Background

USDA provides access to credit to approximately 115,000 producers who cannot obtain sufficient commercial credit through direct and guaranteed farm loans, which do not include farm storage facility loans or marketing assistance loans. With the funds and direction Congress provided in Section 22006 of IRA, USDA is taking action to immediately provide relief to qualifying distressed borrowers whose operations are at financial risk while working on making transformational changes to how USDA goes about loan servicing in the long run so that borrowers are provided the flexibility and opportunities needed to address the inherent risks and unpredictability associated with agricultural operations and remain in good financial standing.

In January 2021, USDA suspended foreclosures and other adverse actions on direct farm loans due to the pandemic and encouraged guaranteed lenders to follow suit. Last week, USDA reiterated this request to guaranteed lenders to provide time for the full set of IRA distressed borrower assistance to be made available before lenders take irreparable actions.

Producers can explore available loan options using the Farm Loan Discovery Tool on farmers.gov (also available in Spanish) or by contacting their local USDA Service Center. Producers can also call the FSA call center at 877-508-8364 between 8 a.m. and 7 p.m. Eastern. USDA has tax-related resources available at farmers.gov/taxes.

Dairy Producers Can Now Enroll for 2023 Signup for Dairy Margin Coverage

Dairy producers can now enroll for 2023 coverage through the Dairy Margin Coverage (DMC) Program, an important safety net program from the U.S. Department of Agriculture (USDA) that helps producers manage changes in milk and feed prices. Last year, USDA's Farm Service Agency (FSA) took steps to improve coverage, especially for small- and mid-sized dairies, including offering a new Supplemental DMC program and updating its feed cost formula to better address retroactive, current and future feed costs. These changes continue to support producers through this year's signup, which begins today and ends Dec. 9, 2022.

DMC is a voluntary risk management program that offers protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer.

So far in 2022, DMC payments to more than 17,000 dairy operations have triggered for August for more than $47.9 million. According to DMC margin projections, an indemnity payment is projected for September as well. At $0.15 per hundredweight for $9.50 coverage, risk coverage through DMC is a relatively inexpensive investment.

DMC offers different levels of coverage, even an option that is free to producers, aside from a $100 administrative fee. Limited resource, beginning, socially disadvantaged or a military veteran farmers or ranchers are exempt from paying the administrative fee, if requested. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the online dairy decision tool.

Supplemental DMC

Last year, USDA introduced Supplemental DMC, which provided $42.8 million in payments to better help small- and mid-sized dairy operations that had increased production over the years but were not able to enroll the additional production. Supplemental DMC is also available for 2023.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds.

For producers who enrolled in Supplemental DMC in 2022, the supplemental coverage will automatically be added to the 2023 DMC contract that previously established a supplemental production history.

Producers who did not enroll in Supplemental DMC in 2022 can do so now. Producers should complete their Supplemental DMC enrollment before enrolling in 2023 DMC. To enroll, producers will need to provide their 2019 actual milk marketings, which FSA uses to determine established production history.

DMC Payments

Additionally, FSA will continue to calculate DMC payments using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa hay rather than 50%. The benefits of these feed cost adjustments were realized in the recent August 2022 margin payment as current high feed and premium hay costs were considered in payment calculations.

More Information

In addition to DMC, USDA offers other risk management tools for dairy producers, including the Dairy Revenue Protection (DRP) plan that protects against a decline in milk revenue (yield and price) and the Livestock Gross Margin (LGM) plan, which provides protection against the loss of the market value of livestock minus the feed costs. Both DRP and LGM livestock insurance policies are offered through the Risk Management Agency. Producers should contact their local crop insurance agent for more information.

For more information on DMC, visit the DMC webpage or contact your local USDA Service Center.

USDA Formalizes Big Game Conservation Partnership with State of Wyoming

USDA will provide a new package of investments in key conservation programs for fiscal year 2023, which includes funding to support increased staffing capacity and the deployment of streamlined program application processes for agricultural producers and landowners. Producers in the Wyoming pilot area will be able to apply for conservation programs that meet their unique needs starting this fall.

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