August 2019

USDA United States Department of Agriculture

Farm Service Agency Electronic News Service

NEWSLETTER

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Oregon FSA Newsletter

Oregon Farm Service Agency

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A Message from our State Executive Director

August has been a busy travel month to date. From August 5-9, I accompanied five other FSA employees to Phoenix, Arizona for a national training on ARC/PLC, Farm Records and the Noninsured Crop Disaster Assistance Program (NAP). We will have state training for ARC/PLC, (as well as Farm Records) the last week in August so our county offices will have the most up-to-date information and procedures to best assist our farmer and rancher customers in time for ARC/PLC sign up dates.

We continue to move full speed ahead on sign-ups for the Market Facilitation Program (MFP). The addition of some iconic Oregon crops like hazelnuts and alfalfa sparked a lot of interest among growers who haven't always been traditional customers of FSA.

I was fortunate to visit some farms this past weekend, each of which utilize a different program in FSA.

I visited with an alfalfa grower in Harney County regarding mixed forage, alfalfa and its inclusion in MFP. I learned a lot about the

Next STC Meeting:
October 16-17, 2019, STO.

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crop, the inputs, his markets, and how MFP will benefit him and other farmers.

Next, I visited an orchardist and we discussed NAP, the records keeping process he goes through on his own farm and for FSA. We talked about markets, varieties of crops and the value of MFP to crops like cherries.

Along the way I spoke to a cattle producer about the various forage programs and disaster programs that benefit that segment of the industry.

Finally, I visited with a wheat grower in Umatilla County to talk about ARC/PLC and MFP and how they impact his operation.

Without exception, each of them praised their county FSA employees, their professionalism, their commitment and their expertise.

I spent much of Monday at the Umatilla County Office in Pendleton where I visited with the farm programs and loan staff and gained a lot of insight into the responsibilities that they have, the programs they specialize in and their work load. I can also attest to their passion for agriculture and their care and concern for "their farmers" as they so fondly refer to the customers that FSA is committed serving. That same commitment and care is shared by all our offices.

I have spent most of my adult life involved in agriculture and have always had the privilege of working with great people in the private sector and now with FSA and its employees. I am lucky indeed.

I hope the weather is kind to you and your harvest schedules are on track. Please take note of the information about MFP and other program sign up dates in this newsletter and in those from your county offices.

August Interest Rates

90 Day Treasury Bill: 2.250%
Direct Operating Loans: 2.875%
Farm Ownership and Conservation Loans: 3.625%
Farm Ownership Down Payment: 1.500%
Farm Ownership Joint Financing: 2.500%
Emergency Loans Actual Loss: 3.750%
Farm Storage Facility Loan 3 Year: 1.750%
Farm Storage Facility Loan 5 Year: 1.750%
Farm Storage Facility Loan 7 Year: 1.875%
Farm Storage Facility Loan 10 Year: 2.000%
Farm Storage Facility Loan 12 Year: 2.125%

Important Dates

August 23: Deadline to re-enroll or extend expiring CRP Contracts.
September 2: Offices Closed - Labor Day Federal Holiday.
Oct. 31: Organic Certification Cost Share Program (OCCSP) applications due for FY 2019.
December 6: Margin Facilitation Program sign-ups end.
Within 15 Days – earlier of (A) when a disaster occurred or damage to the crop or commodity becomes apparent or (B) normal harvest date for reporting a Notice of Loss for NAP*
Within 30 Days – when loss is apparent for reporting a Notice of Loss for LIP and ELAP.
TAP - Eligible producers should file for TAP assistance by the later of these two dates - 90 days of the disaster or when damages from the disaster are noticed; or 60 days after the regulation is published on the Federal Register later this summer.

USDA Opens Signup for Market Facilitation Program

Enrollment Now Open through Dec. 6

Signup opened July 29 for the Market Facilitation Program (MFP), a U.S. Department of Agriculture (USDA) program to assist farmers who continue to suffer from damages because of unjustified trade retaliation from foreign nations. Through MFP, USDA will provide up to $14.5 billion in direct payments to impacted producers, part of a broader trade relief package announced in late July. **The sign-up period runs through Dec. 6.**

MFP payments will be made to producers of certain non-specialty and specialty crops as well as dairy and hog producers.

Non-Specialty Crops

MFP payments will be made to producers of alfalfa hay, barley, canola, corn, crambe, dried beans, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, upland cotton, and wheat.

MFP assistance for 2019 crops is based on a single county payment rate multiplied by a farm's total plantings to the MFP-eligible crops in aggregate in 2019. Those per acre payments are not dependent on which of those crops are planted in 2019. A producer's total payment-eligible plantings cannot exceed total 2018 plantings. View payment rates by county.

Dairy and Hogs

Dairy producers who were in business as of June 1, 2019, will receive a per hundredweight payment on production history, and hog producers will receive a payment based on the number of live hogs owned on a day selected by the producer between April 1 and May 15, 2019.

Specialty Crops

MFP payments will also be made to producers of almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts. Each specialty crop will receive a payment based on 2019 acres of fruit or nut bearing plants, or in the case of ginseng, based on harvested acres in 2019.

More Information

Payments will be made in up to three tranches, with the second and third tranches evaluated as market conditions and trade opportunities dictate. If conditions warrant, the second and third tranches will be made in November and early January.

MFP payments are limited to a combined $250,000 for non-specialty crops per person or legal entity. MFP payments are also limited to a combined $250,000 for dairy and hog producers and a combined $250,000 for specialty crop producers. However, no applicant can receive more than $500,000. Eligible applicants must also have an average adjusted gross income (AGI) for tax years 2015, 2016, and 2017 of less than $900,000, or 75 percent of the person's or legal entity's average AGI for those tax years must have been derived from farming and ranching. Applicants must also comply with the provisions of the Highly Erodible Land and Wetland Conservation regulations.

More information can be found on farmers.gov/mfp, including payment information and a program application.

USDA Reminds Producers of Aug. 23 Deadline to Re-enroll or Extend Expiring CRP Contracts

Farmers and ranchers with expiring Conservation Reserve Program (CRP) contracts have until August 23, 2019, to re-enroll in certain CRP continuous signup practices or, if eligible, select a one-year contract extension. USDA's Farm Service Agency (FSA) is also accepting offers from landowners who want to enroll for the first time in one of the country's largest conservation programs. CRP signup opened June 3 and ends August 23.

This year's CRP continuous signup includes practices, such as grass waterways, filter strips, riparian buffers, wetland restoration and others. View a full list of practices approved for this signup. Continuous signup contracts last for 10 to 15 years. Soil rental rates are set at 90 percent of 2018 rates. Incentive payments are not offered for these practices.

Producers interested in applying for CRP continuous practices, including those under existing CREP agreements, or who want to extend their contract, should contact their USDA service center by August 23.

To locate your local FSA office, visit www.farmers.gov. More information on CRP can be found at www.fsa.usda.gov/crp.

Filing CCC-941 Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs) because they have not filed form CCC-941, *Adjusted Gross Income Certification*. No program payment can be issued to an eligible producer, including landowners who share in the crop, without a valid CCC-941 on file in the county office.

Producers without a valid CCC-941 on file for the applicable crop year will not receive payments. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form.

FSA can accept the CCC-941 for 2017, 2018, and 2019. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

CRP Payment Limitation

Payments and benefits received under the Conservation Reserve Program (CRP) are subject to the following:

- payment limitation by direct attribution
- foreign person rule
- average adjusted gross income (AGI) limitation

The 2014 Farm Bill continued the $50,000 maximum CRP payment amount that can be received annually, directly or indirectly, by each person or legal entity. This payment limitation includes all annual rental payments and incentive payments (Sign-up Incentive Payments and Practice Incentive Payments). Annual rental payments are attributed (earned) in the fiscal year in which program performance occurs. Sign-up Incentive Payments (SIP) are attributed (earned) based on the fiscal year in which the contract is approved, not the fiscal year the contract is effective. Practice Incentive Payments (PIP) are attributed (earned) based on the fiscal year in which the cost-share documentation is completed and the producer or technical service provider certifies performance of practice completion to the county office.

Such limitation on payments is controlled by direct attribution.

- Program payments made directly or indirectly to a *person* are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Program payments made directly to a *legal entity* are attributed to those persons that have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Payment attribution to a legal entity is tracked through four levels of ownership. If any part of the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity.

Essentially, all payments will be "attributed" to a person's Social Security Number. Given the current CRP annual rental rates in many areas, it is important producers are aware of how CRP offered acreages impact their $50,000 annual payment limitation. Producers should contact their local FSA office for additional information.NOTE: The information in the above article only applies to contracts subject to 4-PL and 5-PL regulations. It does not apply to contacts subject to 1-PL regulations.

Using FSA Direct Farm Ownership Loans for Construction

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.

Amongst other purposes, Direct Farm Ownership Loans can be used to construct, purchase or improve farm dwellings, service buildings or other facilities and improvements essential to an operation.

To do this, applicants must provide FSA with an estimate of the total cost of all planned development that completely describe the work, prior to loan approval and must show proof of sufficient funds to pay for the total cost of all planned development at or before loan closing. In some instances, applicants may be asked to provide certified plans, specifications or contract documents. The applicant cannot incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from FSA funds.

Construction and development work may be performed either by the contract method or the borrower method. Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. An applicant for a direct loan to finance a construction project must obtain a surety bond that guarantees both payment and performance in the amount of the construction contract from a construction contractor.

A surety bond is required when a contract exceeds $100,000, an authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor or a contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

Under the borrower method, the applicant or borrower will perform the construction and development work. The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that the applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily and that such work will not interfere with the applicant's farming operation or work schedule.

In Oregon, the borrower method can only be used if the property is considered non-homestead property under Oregon state laws.

Potential applicants should visit with FSA early in the initial project planning process to ensure environmental compliance.

For more eligibility requirements and 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.

Guaranteed Conservation Loans

Guaranteed Conservation Loans are available for applicants to install a conservation practice. These funds may be used for any conservation activities included in a conservation plan or Forest Stewardship Management plan. A copy of the conservation plan is required to complete the application. These loans are not limited to just family farmers. In some cases, applicants can operate non-eligible enterprises. Loan funds are issued by a participating commercial lender and guaranteed up to 80 percent by FSA or up to 90 percent for beginning and historically underserved producers.