

September 2019



Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## Topics for September

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### South Carolina Farm Service Agency

1927 Thurmond Mall  
Suite 100

Columbia, SC 29201  
Phone: 803.806.3820

[www.fsa.usda.gov/sc](http://www.fsa.usda.gov/sc)

#### State Executive Director:

Boone Peeler

#### State Committee:

Anthony Grant, Chairperson

Robert Battle

Bill Sarratt

Landy Weathers

Beth White

### USDA Offers Disaster Assistance for South Carolina Farmers Hurt by 2018, 2019 Disasters

Agricultural producers affected by natural disasters in 2018 and 2019, including Hurricane Dorian, can apply through the Wildfire and Hurricane Indemnity Program Plus (WHIP+). Sign-up for this U.S. Department of Agriculture (USDA) program began Sept. 11.

#### WHIP+ Eligibility

WHIP+ will be available for eligible producers who have suffered eligible losses of certain crops, trees, bushes or vines in counties with a Presidential Emergency Disaster Declaration or a Secretarial Disaster Designation (primary counties only). Disaster losses must have been a result of hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms or wildfires that occurred in 2018 or 2019. Also, producers in counties that did not receive a disaster declaration or designation may still apply for WHIP+ but must provide

**Administrative Officer:** supporting documentation to establish that the crops were directly affected by a qualifying disaster loss.  
Kenn Jameson

**Farm Programs Chief:** A list of counties that received qualifying disaster declarations and designations is available at [farmers.gov/recover/whip-plus](https://farmers.gov/recover/whip-plus). Because grazing and livestock losses, other than milk losses, are covered by other disaster recovery programs offered through FSA, those losses are not eligible for WHIP+.  
Amy Turner

**Farm Programs Chief:** Eligible crops include those for which federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage is available, excluding crops intended for grazing. A list of crops covered by crop insurance is available through USDA's Risk Management Agency (RMA) Actuarial Information Browser at [webapp.rma.usda.gov/apps/actuarialinformationbrowser](https://webapp.rma.usda.gov/apps/actuarialinformationbrowser).  
William Shelley

Producers can contact their [local FSA Office](#) for more information or to schedule an appointment.

**Important Dates and Deadlines:** The WHIP+ payment factor ranges from 75 percent to 95 percent, depending on the level of crop insurance coverage or NAP coverage that a producer obtained for the crop. Producers who did not insure their crops in 2018 or 2019 will receive 70 percent of the expected value of the crop. Insured crops (either crop insurance or NAP coverage) will receive between 75 percent and 95 percent of expected value; those who purchased the highest levels of coverage will receive 95-percent of the expected value.

**September 30, 2019** - NAP Application Closing Date for Annual Grasses, Small Grains (not covered by FCIC), Small Grain/Grass Interseeding, Flax, Garlic

**October 14, 2019** - Offices closed for Columbus Day

At the time of sign-up, producers will be asked to provide verifiable and reliable production records. If a producer is unable to provide production records, WHIP+ payments will be determined based on the lower of either the actual loss certified by the producer and determined acceptable by FSA or the county expected yield and county disaster yield. The county disaster yield is the production that a producer would have been expected to make based on the eligible disaster conditions in the county.

WHIP+ payments for 2018 disasters will be eligible for 100 percent of their calculated value. WHIP+ payments for 2019 disasters will be limited to an initial 50 percent of their calculated value, with an opportunity to receive up to the remaining 50 percent after January 1, 2020, if sufficient funding remains.

Both insured and uninsured producers are eligible to apply for WHIP+. But all producers receiving WHIP+ payments will be required to purchase crop insurance or NAP, at the 60 percent coverage level or higher, for the next two available, consecutive crop years after the crop year for which WHIP+ payments were paid. Producers who fail to purchase crop insurance for the next two applicable, consecutive years will be required to pay back the WHIP+ payment.

Additional information about WHIP+ program eligibility and payment limitations can be found at [farmers.gov/recover](https://farmers.gov/recover) or by contacting your local [USDA Service Center](#).

### **Additional Loss Coverage**

The Milk Loss Program will provide payments to eligible dairy operations for milk that was dumped or removed without compensation from the commercial milk market because of a qualifying 2018 and 2019 natural disaster. Producers who suffered losses of harvested commodities, including hay, stored in on-farm structures in 2018 and 2019 will receive assistance through the On-Farm Storage Loss Program.

Additionally, producers with trees, bushes or vines can receive both cost-share assistance through FSA's Tree Assistance Program (TAP) for the cost of replanting and rehabilitating eligible trees and

WHIP+ will provide payments based on the loss value of the tree, bush or vine itself. Therefore, eligible producers may receive both a TAP and a 2017 WHIP or WHIP+ payment for the same acreage. In addition, TAP policy has been updated to assist eligible orchardists or nursery tree growers of pecan trees with a tree mortality rate that exceeds 7.5 percent (adjusted for normal mortality) but is less than 15 percent (adjusted for normal mortality) for losses incurred during 2018.

Additionally, the disaster relief measure expanded coverage of the 2017 WHIP to include peach and blueberry crop losses that resulted from extreme cold.

### **Prevented Planting**

Agricultural producers faced significant challenges planting crops in 2019 in many parts of the country. All producers with flooding or excess moisture-related prevented planting insurance claims in calendar year 2019 will receive a prevented planting supplemental disaster (“bonus”) payment equal to 10 percent of their prevented planting indemnity, plus an additional 5 percent will be provided to those who purchased harvest price option coverage.

As under 2017 WHIP, WHIP+ will provide prevented planting assistance to uninsured producers, NAP producers and producers who may have been prevented from planting an insured crop in the 2018 crop year and those 2019 crops that had a final planting date prior to January 1, 2019.

For more information on FSA disaster assistance programs, please contact your local [USDA service center](#) or visit [farmers.gov/recover](https://farmers.gov/recover). For all available USDA disaster assistance programs, go to [USDA's disaster resources website](#).

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## **USDA Opens Signup for Market Facilitation Program**

*Enrollment Open through Dec. 6*

Signup is ongoing 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, 2019.

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](https://farmers.gov/mfp), including payment information and a program application.

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## USDA Opens 2019 Enrollment for Agriculture Risk Coverage and Price Loss Coverage Programs

Agricultural producers can now enroll in the [Agriculture Risk Coverage \(ARC\) and Price Loss Coverage \(PLC\) programs](#), two popular safety net programs, for the 2019 crop year. Interested producers must sign up for either program by March 15, 2020.

The 2018 Farm Bill reauthorized and made updates to these two USDA Farm Service Agency (FSA) programs. ARC provides income support payments on historical base acres when actual crop revenue declines below a specified guarantee level. PLC program provides income support payments on historical base acres when the price for a covered commodity falls below its effective reference price.

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 grain rice (which includes short grain rice), safflower seed, seed cotton, sesame, soybeans, sunflower seed and wheat.

Updated provisions in the 2018 Farm Bill allow producers with an interest in a farm to enroll and elect coverage in crop-by-crop ARC-County or PLC, or ARC-Individual for the entire farm, for program year 2019. The election applies to both the 2019 and 2020 crop years. If a 2019 election is not submitted by the deadline of March 15, 2020, the election defaults to the current elections of the crops on the farm established under the 2014 Farm Bill. No payments will be earned in 2019 if the election defaults.

For crop years 2021 through 2023, producers will have an opportunity to make new elections. Farm owners cannot enroll in either program unless they have a share interest in the farm.

Once the 2019 election and enrollment are completed, producers on the farm for 2020 can complete an enrollment contract for the 2020 crop year beginning Oct. 7, 2019 and ending June 30, 2020.

Although 2019 enrollment begins Sept. 3, 2019 and must occur first, a producer waiting until Oct. 7, 2019 to enroll is afforded the opportunity to enroll in either program for both 2019 and 2020 during

the same office visit. During this time, farm owners have a one-time opportunity to update PLC payment yields that takes effect beginning with crop year 2020. If the owner accompanies the producer to the office, the yield update may be completed during the same office visit.

In partnership with USDA, the University of Illinois and Texas A&M University are offering web-based decision tools to assist producers in making informed, educated decisions using crop data specific to their respective farming operations. These decision tools can be found at [fsa.usda.gov/arc-plc](https://fsa.usda.gov/arc-plc).

Producers are reminded that enrolling in ARC or PLC programs can impact eligibility for some forms of crop insurance. Producers who elect and enroll in PLC also have the option of purchasing Supplemental Coverage Option (SCO) through the [USDA Risk Management Agency \(RMA\)](#). Producers of covered commodities who elect ARC are ineligible for SCO on their planted acres.

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. To be eligible for STAX coverage, producers must not enroll their seed cotton base acres into the ARC or PLC programs.

For more information on ARC and PLC, download our [program fact sheet](#) or our [2014-2018 farm bills comparison fact sheet](#), or visit [fsa.usda.gov/arc-plc](https://fsa.usda.gov/arc-plc).

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## USDA Reminds Producers: 2019 Enrollment Deadline for the Dairy Margin Coverage Program Is Sept. 20

The U.S. Department of Agriculture's Farm Service Agency (FSA) reminds dairy producers that the deadline to enroll in the [Dairy Margin Coverage](#) (DMC) program for 2019 is Sept. 20, 2019.

Authorized by the 2018 Farm Bill, the program offers reasonably priced 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.

As the 2019 enrollment period draws to a close, FSA estimates over \$257.7 million in payments to producers who are currently registered. Also, nearly half of the producers are taking advantage of the 25 percent premium discount by locking in for five years of margin protection coverage. FSA has launched a new web visualization of the DMC data, which is [available here](#).

Margin payments have triggered for each month from January through July. Dairy producers who elect higher coverage levels could be eligible for payments for all seven months. Under certain levels, the amount paid to dairy farmers will exceed the cost of the premium.

For example, a dairy operation that chooses to enroll for 2019 an established production history of 3 million pounds (30,000 cwt.) and elects the \$9.50 coverage level on 95 percent of production will pay \$4,275 in total premium payments for all of 2019 and receive \$15,437.50 in DMC payments for all margin payments announced to date. Additional payments will be made if calculated margins remain below the \$9.50/cwt level for any remaining months of 2019.

### Enrollment for 2020

For 2020, dairy producers can sign up for coverage under DMC beginning Oct. 7 through Dec. 13, 2019. At the time of sign-up, dairy producers can choose between the \$4.00 to \$9.50 coverage levels.

DMC offers catastrophic coverage at no cost to the producer, other than an annual \$100 administrative fee. Producers can opt for greater coverage levels for a premium in addition to the administrative fee. Operations owned by limited resource, beginning, socially disadvantaged or veteran farmers and ranchers may be eligible for a waiver on administrative fees. Producers have the choice to lock in coverage levels until 2023 and receive a 25-percent discount on their DMC premiums.



Producers who locked in coverage in the 2019 sign-up must certify the operation is producing and commercially marketing milk and pay the annual administrative fee during the 2020 enrollment period.

To assist producers in making coverage elections, USDA partnered with the University of Wisconsin to develop a [DMC decision support tool](#), which can be used to evaluate various scenarios using different coverage levels through DMC.

### **2019 Retroactive Intergenerational Transfers**

Participating dairy operations who had an intergenerational transfer between 2014 and 2019 will have a one-time opportunity to increase their established production history during the 2019 and 2020 annual coverage election periods. Retroactive payments based on the increased production history will apply for 2019 and not prior years.

A dairy operation may add to their approved production history for an intergenerational transfer when a spouse, child or grandchild join a participating dairy operation. Non-lineal relatives, such as siblings, cousins, nieces or nephews, that join the operation will not be eligible for a production history increase.

The increase to the established production history of the participating dairy operation will be determined based on multiplying both the national rolling herd average data for the current year in effect at the time of the intergenerational transfer and the quantity of cows purchased by the joining family member within 60 days of joining the dairy operation. For an intergenerational transfer to be recognized by FSA, the requesting dairy operation will meet all eligibility requirements including an ownership provision for those entering the business.

Applications for an intergenerational transfer must be submitted by Dec. 6, 2019, for approval by the local FSA county committee, to be eligible for the increased production history effective on January 1, 2019.

For more information, visit [farmers.gov DMC webpage](#) or contact your local USDA service center. To locate your local FSA office, visit [farmers.gov/service-locator](#).

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## **Preauthorized Debit Available for Farm Loan Borrowers**

USDA Farm Service Agency (FSA) has implemented pre-authorized debit (PAD) for Farm Loan Program (FLP) borrowers. PAD is a voluntary and alternative method for making weekly, bi-weekly, monthly, quarterly, semi-annual or annual payments on loans.

PAD payments are pre-authorized transactions that allow the National Financial and Accounting Operations Center (NFAOC) to electronically collect loan payments from a customer's account at a financial institution.

PAD may be useful for borrowers who use nonfarm income from regular wages or salary to make payments on loans or adjustment offers or for payments from seasonal produce stands. PAD can only be established for future payments.

To request PAD, customers, along with their financial institution, must fill out form RD 3550-28. This form has no expiration date, but a separate form RD 3550-28 must be completed for each loan to which payments are to be applied. A fillable form can be accessed on the USDA Rural Development (RD) website at <http://www.rd.usda.gov/publications/regulations-guidelines>. Click forms and search for "Form 3550-28."

If you have a "filter" on the account at your financial institution, you will need to provide the financial institution with the following information: Origination ID: 1220040804, Agency Name: USDA RD DCFO.

PAD is offered by FSA at no cost. Check with your financial institution to discuss any potential cost. Preauthorized debit has no expiration date, but you can cancel at any time by submitting a written request to your local FSA office. If a preauthorized debit agreement receives three payment rejections within a three-month period, the preauthorized debt agreement will be cancelled by FSA. The payment amount and due date of your loan is not affected by a cancellation of preauthorized debit. You are responsible to ensure your full payment is made by the due date.

For more information about PAD, contact your local FSA office. To find a local FSA office, visit <http://offices.usda.gov>

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## Buy-Up Coverage Availability and New Service Fees for Noninsured Crop Coverage Policies

The Non-Insured Disaster Assistance Program provides financial assistance to producers of commercial crops for which insurance coverage is not available in order to protect against natural disasters that result in lower yields or crop losses, or prevent crop planting.

### NAP Buy-Up Coverage Option

The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the “buy-up” option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production.

Buy-up coverage is not available for crops intended for grazing.

### NAP Service Fees

For all coverage levels, the new NAP service fee is the lesser of \$325 per crop or \$825 per producer per county, not to exceed a total of \$1,950 for a producer with farming interests in multiple counties. These amounts reflect a \$75 service fee increase for crop, county or multi-county coverage. The fee increases apply to obtaining NAP coverage for the 2020 crop year.

### NAP Enhancements for Qualified Military Veterans

The 2018 Farm Bill NAP amendments specify that qualified veteran farmers or ranchers are now eligible for a service fee waiver and premium reduction, if the NAP applicant meets certain eligibility criteria.

Beginning, limited resource and targeted underserved farmers or ranchers remain eligible for a waiver of NAP service fees and premium reduction when they file form CCC-860, “*Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification*.”

For NAP application, eligibility and related program information, visit [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) or contact your local USDA Service Center. To locate your local FSA office, visit [www.farmers.gov](http://www.farmers.gov).

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## Communication is Key in Lending

Farm Service Agency (FSA) is committed to providing our farm loan borrowers the tools necessary to be a success. A part of ensuring this success is providing guidance and counsel from the loan application process through the borrower’s graduation to commercial lending institutions. While it is FSA’s commitment to advise borrowers as they identify goals and evaluate progress, it is crucial for

borrowers to communicate with their farm loan staff when changes occur. It is the borrower's responsibility to alert FSA to any of the following:

- Any proposed or significant changes in the farming operation;
  - Any significant changes to family income or expenses;
  - The development of problem situations;
  - Any losses or proposed significant changes in security.
- In addition, if a farm loan borrower cannot make payments to suppliers, other creditors, or FSA on time, contact your farm loan staff immediately to discuss loan servicing options.

For more information on FSA farm loan programs, visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## 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.

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## Maintaining the Quality of Farm-Stored Loan Grain

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

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## Unauthorized Disposition of Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

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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).