

December 2015



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## FSA Texas State Newsletter

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### Texas Farm Service

#### Agency

2405 Texas Ave. S.  
College Station, Texas 77840  
[www.fsa.usda.gov/tx](http://www.fsa.usda.gov/tx)

#### State Committee:

Jerry D. Glover  
Debra Barrett  
Armando Mandurjano  
Wesley Ratcliff  
Glen Rod

#### State Executive Director:

Judith A. Canales

### From the State Executive Director

December 2015 marks the 30th Anniversary of USDA's flagship conservation program, the Conservation Reserve Program, or CRP. CRP supports the preservation of our valuable natural resources, and is poised to continue for years to come.

This voluntary FSA program is one of the largest private land conservation programs designed to reduce soil erosion, improve water and air quality, and provide wildlife habitat. Since 1985, CRP has prevented more than eight billion tons of soil from eroding, reduced nitrogen and phosphorous runoff relative to cropland by 95 and 85 percent, respectively, and sequestered 43 million tons of greenhouse gases annually. These results are equal to taking eight million cars off the road.

Currently, more than 14,000 Texas farms participate in CRP on over 3 million acres which represents more enrolled acres than anywhere else in the nation. Texas issued more than \$1.9 million in CRP cost shares for conservation activities during Fiscal Year

**Division Chiefs:**

Ronda Arnett  
Chris Morris  
Darren Owens  
David Sullivan  
Eddie Trevino  
Micky Woodard

2015. To see some great examples of conservation across the nation, visit FSA's commemorative website at [www.fsa.usda.gov/CRPis30](http://www.fsa.usda.gov/CRPis30).

The Agricultural Act of 2014, also known as the 2014 Farm Bill, brought many new changes to CRP. Farmers and ranchers can now apply to help conserve working grasslands, rangeland, and pastureland while maintaining the areas as livestock grazing lands.

Please contact your local FSA Office for questions specific to your operation or county.

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Throughout the nation, 800,000 acres were established for the enrollment of environmentally-sensitive land under the State Acres for Wildlife Enhancement (SAFE) projects, including an additional 27,300 SAFE acres in Texas. FSA continues the open enrollment of acreage under the Continuous CRP Enrollment program, which has enrolled more than 600,000 acres nationally since June 2014.

Our 30-year history of successful stewardship may be viewed as just a beginning. A new CRP general signup began December 1, 2015, and continues through February 26, 2016.

CRP enrollment options are available for nearly any amount of conservation practice acreage, which include filter strips, shelterbelts, shallow water areas for wildlife, and pivot corners. Pivot corner areas offer valuable habitat for quail and other upland birds.

The achievements of the voluntary participation in CRP shows that Texans care about their land and their environment. Thank you for your involvement with USDA and for your sound land stewardship. For more information on USDA's conservation programs, please contact your local FSA Service Center.

Sincerely,  
Judith A. Canales  
Texas Farm Service Agency Executive Director

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## USDA Issues Safety-Net Payments to Texas Farmers Facing Market Downturn

USDA Farm Service Agency (FSA) Texas State Executive Director, Judith A. Canales, announced FSA has begun issuing financial assistance for the 2014 crop year to those agricultural producers who are participating in the new safety-net programs established by the 2014 Farm Bill. The new programs, known as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), are designed to protect against unexpected drops in crop prices or revenues due to market downturns.

"Unlike the old direct payments program, which provided funds in good years and bad years, these new programs only provide financial assistance when prices or revenues drop below normal," said Canales. "For example, nationwide, farms participating in ARC-County that are receiving payments experienced a \$20 billion drop in revenues relative to the historical benchmark. Similarly, lower prices in commodities such as peanuts and rice have triggered PLC assistance."

Funds provided by the ARC-County program can vary from county to county. The 2014 Farm Bill

requires ARC-County payments to be calculated using the national average market year price (which does not vary by county), and the average county yield (which varies by county). This creates county-by-county differences in payment rates. The yield data comes from surveys conducted by the USDA National Agricultural Statistics Service (NASS), the national standard that uses the highest-precision statistical procedures available. Where that data does not exist, the next strongest data is used: county-level crop insurance data from the Risk Management Agency (RMA). If that data does not exist, the next strongest data is used: NASS district data. Where NASS district data doesn't exist, the FSA State Committee provides data.

Canales adds that because the new programs are designed as financial assistance for prices and revenues lower than normal, not all producers will receive a payment, (as occurred with the old direct payments program). ARC/PLC payments are designed to help with unexpected changes in the marketplace, and to supplement other assistance programs, such as crop insurance. Texas-specific ARC-County revenue reference maps for corn, wheat, and soybeans can be obtained at [http://www.fsa.usda.gov/Internet/FSA\\_File/tx\\_arc\\_co\\_maps2015.pdf](http://www.fsa.usda.gov/Internet/FSA_File/tx_arc_co_maps2015.pdf).

To learn more about the data used in calculating payments, how payments are calculated, crop-specific and state-specific information, please visit our website at [www.fsa.usda.gov/arc-plc](http://www.fsa.usda.gov/arc-plc).

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## USDA: \$210 Million to be Invested in Renewable Energy Infrastructure through the Biofuel Infrastructure Partnership

### **21 States and Private Partners Match Federal Funds to Expand Infrastructure and Increase Fuel Options for Consumers**

USDA is partnering with 21 states through the Biofuel Infrastructure Partnership (BIP) to nearly double the number of fueling pumps nationwide that supply renewable fuels to American motorists. In May 2015, USDA announced the availability of [\\$100 million in grants through the BIP](#), and that to apply states and private partners match the federal funding by a 1:1 ratio. USDA received applications requesting over \$130 million, outpacing the \$100 million that is available. With the matching commitments by state and private entities, the BIP is investing a total of \$210 million to strengthen the rural economy.

The 21 states participating in the BIP include Colorado, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nebraska, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Texas, Virginia, West Virginia, and Wisconsin. The amount awarded to each state is available at: [www.fsa.usda.gov/programs-and-services/energy-programs/bip/index](http://www.fsa.usda.gov/programs-and-services/energy-programs/bip/index). The final awards being announced today are estimated to expand infrastructure by nearly 5,000 pumps at over 1,400 fueling stations.

A typical gas pump delivers fuel with 10 percent ethanol, which limits the amount of renewable energy that consumers can purchase. The new partnership will increase the number of pumps, storage and related infrastructure that offer higher blends of ethanol, such as E15, E85, and even intermediate combination blends.

USDA's Office of the Chief Economist just released a comprehensive report on ethanol. The report, titled U.S. Ethanol: An Examination of Policy, Production, Use, Distribution, and Market Interactions, brings clarity to the complex interaction of ethanol production with agricultural markets and government policies. The corn ethanol industry is the largest biofuel producer in the country, with production increasing from about 1.6 billion gallons in 2000 to just over 14 billion gallons in 2014, stimulating economic activity in rural communities. Visit [www.usda.gov/oce/reports/energy/EthanolExamination102015.pdf](http://www.usda.gov/oce/reports/energy/EthanolExamination102015.pdf) to read the complete report.

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## USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine the available U.S. Department of Agriculture (USDA) crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before crops sales deadlines.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program. The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection."

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 forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit [www.fsa.usda.gov/nap](http://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/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

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## USDA Offers Flood Impacted Texas Farmers and Ranchers Immediate Disaster Assistance

Texas Farm Service Agency (FSA) reminds farmers and ranchers across the state of federal farm program benefits that may be available to help eligible producers recover from recent heavy rains and flooding.

FSA offers disaster assistance and low-interest loan programs to assist agricultural producers in their recovery efforts following floods or similar qualifying natural disasters. Available programs and loans include:

- **Non-Insured Crop Disaster Assistance Program (NAP)** - provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters (includes native grass for grazing). Eligible producers must have purchased NAP coverage for 2015 crops.

- **Livestock Indemnity Program (LIP)** - offers payments to eligible producers for livestock death losses in excess of normal mortality due to adverse weather. Eligible losses may include those determined by FSA to have been caused by hurricanes, floods, blizzards, wildfires, tropical storms, tornados lightening, extreme heat, and extreme cold. Producers will be required to provide verifiable documentation of death losses resulting from an eligible adverse weather event and must submit a notice of loss to their local FSA office within 30 calendar days of when the loss of livestock is apparent.

- **Tree Assistance Program (TAP)** – provides assistance to eligible orchardists and nursery tree growers for qualifying tree, shrub and vine losses due to natural disaster.

- **Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)** - provides emergency relief for losses due to feed or water shortages, disease, adverse weather, or other conditions, which are not adequately addressed by other disaster programs. ELAP covers physically damaged or destroyed livestock feed that was purchased or mechanically harvested forage or feedstuffs intended for use as feed for the **producer's** eligible livestock. In order to be considered eligible, harvested forage must be baled; forage that is only cut, raked or windrowed is not eligible. Producers must submit a notice of loss to their local FSA office within 30 calendar days of when the loss is apparent.

ELAP also covers up to 150 lost grazing days in instances when a producer has been forced to remove livestock from a grazing pasture due to floodwaters.

For beekeepers, ELAP covers beehive losses (the physical structure) in instances where the hive has been destroyed by a natural disaster including flooding, high winds and tornadoes.

- **Emergency Loan Program** – Available to producers with agriculture operations located in a county under a primary or contiguous **Secretarial Disaster designation**. These low interest loans help producers recover from production and physical losses due to drought, flooding.

- **Emergency Conservation Program (ECP)** - provides emergency funding for farmers and ranchers to rehabilitate land severely damaged by natural disasters; includes fence loss.

- **HayNet** - is an Internet-based Hay and Grazing Net Ad Service allowing farmers and ranchers to share 'Need Hay' ads and 'Have Hay' ads online. Farmers also can use another feature to post advertisements for grazing land, specifically ads announcing the availability of grazing land or ads requesting a need for land to graze. [www.fsa.usda.gov/haynet](http://www.fsa.usda.gov/haynet).

To establish or retain FSA program eligibility, farmers and ranchers must report prevented planting and failed acres (crops and grasses). Prevented planting acreage must be reported on form FSA-576, Notice of Loss, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA).

For more information on disaster assistance programs and loans visit [www.fsa.usda.gov/](http://www.fsa.usda.gov/) or contact your local FSA Office. To find your local FSA county office, visit <http://offices.usda.gov>.

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## 2016 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit their local FSA office to file an accurate crop certification report by the applicable deadline.

Acreage reporting dates vary by crop and by county so please contact your local FSA office for a list

of county-specific deadlines.

The following exceptions apply to acreage reporting dates:

- If the crop has not been planted by the applicable acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the applicable acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.
- If a perennial forage crop is reported with the intended use of “cover only,” “green manure,” “left standing,” or “seed,” then the acreage must be reported by July 15th.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the applicable dates or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local FSA office.

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## Filing a Notice of Loss

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP), you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

Producers of hand-harvested crops must notify FSA of damage or loss through the administrative County Office within 72 hours of the date of damage or loss first becomes apparent. This notification can be provided by filing a CCC-576, email, fax or phone. Producers who notify the County Office by any method other than by filing the CCC-576 are still required to file a CCC-576, Notice of Loss, within the required 15 calendar days.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

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## MAL and LDP Policy Changes for Crop Years 2015-2018

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes.

Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool and honey. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. A producer who is eligible to obtain a loan,

but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2015 MALs and LDPs for all eligible commodities after harvest.

Before MAL repayments with a market loan gain or LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution.

Additionally, form CCC-902 and CCC-901 must be submitted for the 2014 crop year, if applicable, with a county committee determination and updated subsidiary files.

To be considered eligible for an LDP, producers must have form [CCC-633EZ](#), Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed \$125,000 annually on certain commodities for the following program benefits: price loss coverage payments, agriculture risk coverage payments, marketing loan gains (MLGs) and LDPs. These payment limitations do not apply to MAL loan disbursements.

Adjusted Gross Income (AGI) provisions were modified by the 2014 Farm Bill, which states that a producer whose total applicable three-year average AGI exceeds \$900,000 is not eligible to receive an MLG or LDP. Producers must have a valid CCC-941 on file to earn a market gain of LDP.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## 2011, 2012, 2013 and 2014 Average Adjusted Gross Income Compliance Reviews

The AGI verification and compliance reviews for 2011, 2012, 2013 and 2014 are conducted on producers who the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the average AGI limitation of \$900,000, receivables will be established for payments earned directly or indirectly by the producer subject to the \$900,000 limitation. The Texas FSA Office has begun notifying producers selected for review. If you have any questions about the review process or determinations, please contact the Texas FSA Office at 979-680-5150. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Payment eligibility adverse determinations become administratively final 30 days from the date of the payment eligibility adverse determination letter and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

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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. LDPs will not be paid until all eligible producers, including landowners who share in the crop, have filed a valid CCC-941.

Producers without a valid CCC-941 certifying their compliance with the average adjusted gross income provisions will not receive payments that have been processed. 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 has been issuing 2014 ARC/PLC payments, 2015 LDPs and Market Gains.

FSA can accept the CCC-941 for 2014, 2015 and 2016. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

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## Direct Loans

FSA offers direct farm ownership and direct farm operating Loans to producers who want to establish, maintain or strengthen their farm or ranch. FSA loan officers process, approve and service direct loans.

Direct farm operating loans can be used to purchase livestock and feed, farm equipment, fuel, farm chemicals, insurance and other costs including family living expenses. Operating loans can also be used to finance minor improvements or repairs to buildings and to refinance some farm-related debts, excluding real estate.

Direct farm ownership loans can be used to purchase farmland, enlarge an existing farm, construct and repair buildings, and to make farm improvements.

The maximum loan amount for both direct farm ownership and operating loans is \$300,000 and a down payment is not required. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your local FSA office for more information or to apply for a direct farm ownership or operating loan.

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## Guaranteed Loan Program

FSA guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. Guaranteed loans can be used for both farm ownership and operating purposes.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

FSA can guarantee farm ownership and operating loans up to \$1,399,000. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating

loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your lender or local FSA farm loan office for more information on guaranteed loans.

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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).