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Texas FSA Newsletter

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From the State Executive Director

A Cultural Transformation in Texas Agriculture

The U.S. Department of Agriculture (USDA) and Texas Farm Service Agency (FSA) are actively reaching out to meet the needs of all farmers and ranchers. There are many USDA programs designed to support the ever-growing diversity of our producers.

In past months, I have shared information about Bridges to Opportunities (BTO), an FSA search tool that directs customers toward resources and programs suited to their unique needs, including workshops and training that may be tailored to a specific demographic.

We are also doing our part to bring down language barriers. In 2013, more than 61 million individuals in America spoke a language other than English at home. FSA provides language assistance that helps ensure accurate and effective communication with Limited

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English Proficiency (LEP) individuals. This assistance is provided through remote verbal translation as well as translated agency forms and documents.

To learn more about Limited English Proficiency (LEP) assistance, visit the federal interagency website at <http://www.lep.gov>.

To find contact information for your local office go to: www.fsa.usda.gov/tx

Each year, a portion of FSA's loan funds are also set aside to lend to targeted underserved and beginning farmers and ranchers. Farming and livestock production are capital intensive business ventures and FSA is committed to helping producers start, expand, and maintain their agricultural operations.

For farm loan program purposes, targeted underserved groups include women, African Americans, American Indians and Alaskan Natives, Hispanics, and Asians and Pacific Islanders.

Currently, 85 percent of our country's persistent poverty counties are in rural America. USDA's StrikeForce initiative is an effort to address persistent poverty. USDA identifies census tracts with over 20 percent poverty to identify sub-county pockets of poverty. Launched in 2010, more than 1,500 StrikeForce partnerships have already helped USDA support nearly 190,000 projects and invest \$23.5 billion in high-poverty areas in rural America. In Texas' 96 StrikeForce counties during 2015, there were 1,348 StrikeForce projects, totaling \$462 million invested throughout the state.

These are just a few of the many USDA programs available to assist Texas farmers and ranchers looking for ways to venture into production agriculture or grow their existing business. To learn more about FSA programs, visit www.fsa.usda.gov or contact a local FSA county office. To find your local FSA county office, visit <http://offices.usda.gov>.

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

USDA Expands Microloans, Helps Farmers Purchase Farmland, Improve Property

Producers, Including Beginning and Underserved Farmers, Have a New Option to Gain Access to Land

The U.S. Department of Agriculture (USDA) is offering farm ownership microloans, creating a new financing avenue for farmers to buy and improve property. These microloans are especially helpful to beginning or underserved farmers, U.S. veterans looking for a career in farming, and those who have small and mid-sized farming operations.

The microloan program, which celebrates its third anniversary this week, has been hugely successful, providing more than 16,800 low-interest loans, totaling over \$373 million to producers across the country. Microloans have helped farmers and ranchers with operating costs, such as feed, fertilizer, tools, fencing, equipment, and living expenses since 2013. Seventy percent of loans have gone to new farmers.

Now, microloans will be available to also help with farm land and building purchases, and soil and water conservation improvements. FSA designed the expanded program to simplify the application process, expand eligibility requirements and expedite smaller real estate loans to help farmers strengthen their operations. Microloans provide up to \$50,000 to qualified producers and can be

issued to the applicant directly from the USDA Farm Service Agency (FSA).

This microloan announcement is another USDA resource for America's farmers and ranchers to utilize, especially as [new and beginning farmers and ranchers](#) look for the assistance they need to get started. To learn more about the FSA microloan program visit www.fsa.usda.gov/microloans, or contact your local FSA office. To find your nearest office location, please 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.

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 contracts subject to 1-PL regulations.

Fire Management on CRP Acres

Landowners who participate in the Conservation Reserve Program (CRP) are responsible for fire management on their CRP acreage. Fireguard technical practices should be outlined in the Conservation Plan of Operations (CPO).

Landowners must complete the necessary management activities outside of the Primary Nesting Season. In Texas, the Primary Nesting Season is March 1 through June 1 for grazing benefits and March 1 through July 1 for all other activities. The goal is to suppress the amount of fuel in the event of a wildfire while still promoting the diversity of the conservation cover.

FSA encourages producers to be proactive in preventing the spread of wildfire. Fire management includes installing firebreaks, which should be included in the contract support document and installed according to NRCS firebreak standards.

Barren firebreaks will only be allowed in high risk areas, such as transportation corridors, rural communities, and adjacent farmsteads. A conservationist must certify that there will not be an erosion hazard from the barren firebreak. If erosion becomes a problem, remedial action will be taken.

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, 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, 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," the acreage must be reported by July 15

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.

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 or 15 calendar days after the normal harvest date.

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.

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

The Farm Service Agency (FSA) encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program (NAP). 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 perennial grass 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 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 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.

FSA Offers Improved Program to Limit Losses on Forages

Reduced forage quality is now considered a production loss for weather disaster assistance coverage under the new buy-up provisions of the Farm Service Agency (FSA) Noninsured Crop Disaster Assistance Program (NAP).

This safety net is important for cattlemen who produce non-insurable forages for feeding livestock. Previously, FSA only considered a decrease in overall forage tonnage produced when determining if the producer suffered a compensable loss after a qualifying weather event. Under FSA's new NAP buy-up provisions, a decrease in forage quality – such as protein content – is also considered.

To receive coverage for the 2017 crop year, producers must enroll their eligible forage in NAP by end of the coverage period. The coverage period for NAP varies depending on the crop. Producers should contact the FSA office where their farm records are maintained for questions regarding local acreage reporting and final planting dates.

Beginning, limited resource and targeted underserved farmers or ranchers are eligible for a waiver of the NAP service fee and a 50 percent premium reduction in buy-up provisions.

Marketing Assistance Available for Some 2016 Texas Crops

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

In Texas, wheat prices are at a range where LDPs and market gains are applicable, so producers should become familiar with the process to access this assistance.

MALs and LDPs provide financing and marketing assistance for wheat and other commodities such as 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 an MAL, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

To be eligible for an MAL or an LDP, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title to the commodity is maintained. For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer filed [Form CCC-633EZ \(page 1\)](#) in the FSA County Office. For more information, producers should contact their local FSA county office or view the [LDP Fact Sheet](#).

GRAZE-OUT Payments Now Available to Texas Producers

FSA is now accepting applications for 2016 GRAZE-OUT payments for producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity in 2016.

Producers must request graze-out payments by farm and complete form CCC-633 GRAZING. If multiple producers share in the acreage, all signatures must be obtained before the request is considered complete.

The graze-out payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located. This is referred to as the Loan Deficiency Payment (LDP) rate. The graze-out payment will be based on

the LDP rate in effect for the county on the date of the request. Producers may file an application for graze-out any time prior to March 31, 2017.

Dairy Producers Can Protect Milk Production Margins

USDA Farm Service Agency (FSA) reminds dairy producers to enroll for 2017 coverage in the Margin Protection Program for Dairy (MPP-Dairy) by Sept. 30, 2016. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer.

The Margin Protection Program gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment began July 1 and ends on Sept. 30, 2016, for coverage in calendar year 2017. Participating farmers will remain in the program through 2018 and pay a minimum \$100 administrative fee each year. Producers have the option of selecting a different coverage level during open enrollment each year.

USDA has a web tool to help producers determine the level of coverage under the Margin Protection Program that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage needs, based on data projections. The secure site can be accessed via computer, Smartphone or tablet 24 hours a day, seven days a week.

To complete enrollment, producers must make coverage elections during the enrollment period and pay the annual \$100 administrative fee that provides basic catastrophic protection that covers 90 percent of milk production at a \$4 margin coverage level. For additional premiums, operations can protect 25 to 90 percent of production history with margin coverage levels from \$4.50 to \$8, in 50 cent increments. Once enrolled, dairy operations are required to participate through 2018 by making coverage elections each year. Producers can mail the appropriate form to the producer's administrative county FSA office, along with applicable fees without necessitating a trip to the local FSA office. If electing higher coverage for 2017, dairy producers can either pay the premium in full at the time of enrollment or pay 100 percent of the premium by Sept. 1, 2017. Premium fees may be paid directly to FSA or producers can work with their milk handlers to remit premiums on their behalf.

On July 1, 2016, FSA started accepting applications for intergenerational transfers, allowing program participants who added an adult child, grandchild or spouse to the operation during calendar year 2014 or 2015, or between Jan. 1 and June 30, 2016, to increase production history by the new cows bought into the operation by the new family members. For intergenerational transfers occurring on or after July 1, 2016, notification to FSA must be made within 60 days of purchasing the additional cows.

Dairy operations enrolling in the new program must meet conservation compliance provisions and cannot participate in the Livestock Gross Margin Dairy Insurance Program. For more information, visit FSA online at www.fsa.usda.gov/dairy or stop by a local FSA office to learn more about the Margin Protection Program. To find a local FSA office in your area, visit <http://offices.usda.gov>.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).