April 2019

USDA United States Department of Agriculture

Farm Service Agency Electronic News Service

NEWSLETTER

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April 2019 Topics

Virginia FSA State Newsletter

State Farm Service Agency

Virginia FSA State Office

Nivin A. Elgohary
State Executive Director

Sharon Rust
Executive Assistant

State Executive Director Message

Reminder of Changes on the Buy-Up Coverage Availability and New Service Fees for Noninsured Crop Coverage

Nivin A. Elgohary, State Executive Director of Virginia, encourages farmers to take advantage of the higher levels of coverage through the Noninsured Crop Disaster Assistance Program (NAP), a popular safety net program, beginning April 8, 2019 and ending May 24, 2019. The 2018 Farm Bill also increased service fees and made other changes to the program, including service fee waivers

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

for qualified military veterans interested in obtaining NAP coverage.

Many of our producers have signed up for text alerts, which is a great way to keep up with those critical FSA deadlines.   To sign up, text VACounty (insert your own county name) to 372669. Another excellent resource is farmers.gov/farmbill, which is updated regularly with the latest information on FSA, RMA, and NRCS programs.

USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment

The U.S. Department of Agriculture's Farm Service Agency (FSA) announced that the January 2019 income over feed cost margin was $7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers 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.

Agriculture Secretary Sonny Perdue announced that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between $8.00 and $9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the $9.50 coverage level for 50 percent of its production could potentially be eligible to receive $1,887.50 for January.

Sample calculation:

$9.50 - $7.99 margin = $1.51 difference

$1.51 times 50 percent of production times 2,500 cwt. (30,000 cwt./12) = $1,887.50

The calculated annual premium for coverage at $9.50 on 50 percent of a 3-million-pound production history for this example would be $2,250.

Sample calculation:

3,000,000 times 50 percent = 1,500,000/100 = 15,000 cwt. times 0.150 premium fee = $2,250

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

Additional details about DMC and other FSA farm bill program changes can be found at farmers.gov/farmbill.

USDA Outlines Eligibility for 2019 Supplemental Coverage Option Regarding Elections for Agriculture Risk Coverage and Price Loss Coverage

The U.S. Department of Agriculture's Risk Management Agency (RMA) announced that producers who purchased or plan to purchase the 2019 Supplemental Coverage Option (SCO) policy should report Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) election intentions to their crop insurance agent by March 15, 2019, or the acreage reporting date, whichever is later.

Producers have the option to elect either ARC or PLC through the Farm Service Agency (FSA) to receive benefits. The 2018 Farm Bill allows producers to make an election in 2019, which covers the 2019 and 2020 crop years.

The Federal Crop Insurance Act prohibits producers from having SCO on farms where they elect ARC. Because of the timing of the Farm Bill, FSA's ARC/PLC election period will not occur until after the SCO sales closing dates and acreage reporting dates.

Producers who purchased SCO policies with sales closing dates of Feb. 28, 2019, or earlier may cancel their SCO policy by March 15, 2019. This allows producers, particularly those who intend to elect ARC for all their acres, to no longer incur crop insurance costs for coverage for which they will not be eligible.

Producers with SCO coverage now have the option to file an ARC/PLC acreage intention report with their crop insurance agent by the later of the acreage reporting date or March 15, 2019. This report will adjust the acreage report by specifying the intended ARC or PLC election by FSA Farm Number. The number of eligible acres on farms with an intention of PLC will be the number of acres insured for SCO regardless of any actual elections made with FSA. If a producer does not file an ARC/PLC acreage intention report, SCO will cover all acres as though the producer elected PLC.

The existing penalties for misreporting eligible acreage on the SCO endorsement will not apply in 2019.

Additional details about SCO can be found at www.rma.usda.gov.

USDA Fruit, Vegetable and Wild Rice Planting Rules Unchanged from Previous Farm Bill

Farm Service Agency (FSA) has announced fruit, vegetable and wild rice provisions that affect producers who intend to participate in certain programs authorized by the Agricultural Act of 2014 as amended by the Agricultural Improvement Act of 2018.

Producers who intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs are subject to an acre-for-acre payment reduction when fruits and nuts, vegetables or wild rice are planted on the payment acres of a farm. Payment reductions do not apply to mung beans, dry peas, lentils or chickpeas. Planting fruits, vegetables or wild rice on acres that are not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits, vegetables and wild rice for that year but will not receive ARC/PLC payments for that year. Eligibility for succeeding years is not affected.

Planting and harvesting fruits, vegetables and wild rice on ARC/PLC acreage is subject to the acre-for-acre payment reduction when those crops are planted on more than 15 percent of the base acres of a farm enrolled in ARC using the county coverage or PLC, or more than 35 percent of the base acres of a farm enrolled in ARC using the individual coverage.

Fruits, vegetables and wild rice that are planted in a double-cropping practice will not cause a payment reduction if the farm is in a double-cropping region as designated by the USDA’s Commodity Credit Corporation.

Update Your Records

FSA is cleaning up our producer record database. If you have any unreported changes of address, zip code, phone number, email address or an incorrect name or business name on file they need to be reported to our office. Changes in your farm operation, like the addition of a farm by lease or purchase, need to be reported to our office as well. Producers participating in FSA and NRCS programs are required to timely report changes in their farming operation to the County Committee in writing and update their CCC-902 Farm Operating Plan.

If you have any updates or corrections, please call your local FSA office to update your records.

Reporting Organic Crops

Producers who want to use the Noninsured Crop Disaster Assistance Program (NAP) organic price and selected the "organic" option on their NAP application must report their crops as organic.

When certifying organic acres, the buffer zone acreage must be included in the organic acreage.

Producers must also provide a current organic plan, organic certificate or documentation from a certifying agent indicating an organic plan is in effect. Documentation must include:

- name of certified individuals
- address

- telephone number
- effective date of certification
- certificate number
- list of commodities certified
- name and address of certifying agent
- a map showing the specific location of each field of certified organic, including the buffer zone acreage

Certification exemptions are available for producers whose annual gross agricultural income from organic sales totals $5,000 or less. Although exempt growers are not required to provide a written certificate, they are still required to provide a map showing the specific location of each field of certified organic, transitional and buffer zone acreage.

For questions about reporting organic crops, contact your local FSA office. To find your local office, visit http://offices.usda.gov.

Storage and Handling Trucks Eligible for Farm Storage Facility Loans

Farm Storage Facility Loans (FSFL) provide low-interest financing so producers can build or upgrade facilities to store commodities. Some storage and handling trucks are eligible for the FSFL. These include:

- **Cold Storage Trucks-**A van or truck designed to carry perishable freight at specific temperatures. Cold storage trucks can be ice-cooled or equipped with any variety of mechanical refrigeration systems.
- **Flatbed Trucks-**Truck with an open body in the form of a platform with no side walls for easy loading and unloading. These trucks can be categorized into different sizes which range from light, medium, or heavy duty, compact or full-size, or short and expandable beds.
- **Grain Trucks-**A piece of farm equipment specially made to accommodate grain products and are traditionally truck chassis units with a mounted grain “dump” body where grain commodities are transported from a field to either a grain elevator or a storage bin.
- **Storage Trucks with a Chassis Unit-**Commonly referred to as a box truck, box van or straight truck, is a truck with a cargo body mounted on the same chassis with the engine and cab.

To be eligible for FSFL, the storage and handling truck must be less than 15 years old and have a maximum of four axles with a gross weight rating of 60,000 pounds or less. Pick-up trucks, semi-trucks, dump trucks, and simple insulated and ventilated vans are ineligible for FSFL.

FSFL for storage and handling trucks must be $100,000 or less. FSFL-financed storage and handling trucks must be used for the purpose for which they were acquired for the entire FSFL term.

Eligible commodities include grains, oilseeds, pulse crops, hay, honey, renewable biomass commodities, fruits and vegetables, floriculture, hops, maple sap, milk, cheese, yogurt, butter, eggs, meat/poultry (unprocessed), rye and aquaculture.

For more information or to apply for a FSFL, contact your local FSA Service Center.

Reminder to FSA Direct and Guaranteed Borrowers with Real Estate Security

Farm Service Agency would like to remind farm loan borrowers who have pledged real estate as security for their loans, of key items for maintaining loan collateral. It is required that borrowers must obtain prior consent, or approval, by either FSA, for direct loans, or by a guaranteed lender, for any transaction affecting real estate security. Examples of these transactions include, but are not limited to:

- Leases of any kind;
- Easements of any kind;
- Subordinations;
- Partial releases, and
- Sales

Failure to meet or follow the requirements set forth in the loan agreement, promissory note, and other security instruments could lead to nonmonetary default which could jeopardize your current and future loans.

It is critical that borrowers keep an open line of communication with their FSA loan staff or guaranteed lender when it comes to changes in their operation. For more information on borrower responsibilities, read Your FSA Farm Loan Compass.

FSA Offers Joint Financing Option on Direct Farm Ownership Loans

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.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State program or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a Joint Financing loan is $300,000 and the repayment period for the loan is up to 40 years.

To be eligible, the operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three years out of the 10 years prior to the date the application is submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

For more 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.

Selected Interest Rates for April 2019

90-Day Treasury Bill	2.375%
Farm Operating Loans — Direct	3.5%
Farm Ownership Loans — Direct	4.0%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.5%
Emergency Loans	3.75%
Farm Storage Facility Loans- (3 years)	2.500%
Farm Storage Facility Loans - (5 years)	2.500%
Farm Storage Facility Loans - (7 years)	2.500%
Farm Storage Facility Loans - (10 years)	2.625%
Farm Storage Facility Loans - (12 years)	2.750%
Commodity Loans 1996-Present	3.500%

Dates to Remember

May 1	Deadline to submit production evidence and sign in Part C for MFP benefits to your local FSA County Office.
May 24	Deadline to elect 2019 NAP buy up coverage at your local FSA County Office.
May 31	Deadline to request 2018 crop stored corn, soybean, grain sorghum and cotton marketing assistance loans at your local FSA County Office.
Jun. 22	Deadline for enrollment in the limited 2018 MPP for Dairy for producers that stopped commercially marketing milk before or during the 2018 re-enrollment period. Contact your local FSA County Office for more details.
Jul. 15	2019 acreage reporting deadline for hay/pasture (acreage not enrolled in NAP), corn, cotton, cover crop, CRP, grain sorghum, peanuts, soybeans, tobacco, vegetables and cover crop to their local FSA County Office.

Conti-nuous	Producers should notify their local FSA County Office as a first point of contact by filing their AD-1026 prior to conducting land clearing, cropping a field without a highly erodible land (HEL) determination or drainage type projects to ensure the proposed actions meet compliance criteria such as clearing any trees to create new cropland, then these areas will need to be reviewed to ensure such work will not risk your eligibility for federal farm program benefits.
Conti-nuous	Producers with NAP coverage are reminded that a NAP covered crop must be reported to their local FSA County Office 15 days prior to beginning of harvest or grazing.
Conti-nuous	Timely report changes in your farming operation to your local County FSA Office to update your payment eligibility and your CCC-902 Farm Operating Plan for 2019.

For more information on bulletin subjects or details regarding your GovDelivery subscription with the Virginia FSA State Office, contact Diane Lenoir-Giles at diane.lenoir-giles@va.usda.gov or call at 804-287-1537.
