July 2016

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Virginia FSA State Newsletter

Virginia FSA State Office

Jewel Hairston Bronaugh, Ph.D.
State Executive Director

1606 Santa Rosa Rd
Suite 138
Richmond, VA 23229

804-287-1503
855-621-5866 fax

Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

State Office Staff
Pete Adamson, Chief
Farm Loans

Brent L. Whitlock, Chief
Farm Programs

Connie Washburn-Marsh,
Chief Administration Officer

Diane Lenoir-Giles
Public Relations/Outreach
Specialist

Virginia FSA Internet
More Information about

July Topics

Enrollment Period for 2016 USDA Safety Net Coverage Ends Aug. 1

Producers who chose coverage from the safety net programs established by the 2014 Farm Bill, known as the Agriculture Risk Coverage (ARC) or the Price Loss Coverage (PLC) programs, can visit FSA county offices through Aug. 1, 2016, to sign contracts to enroll in coverage for 2016.

Although the choice between ARC and PLC is completed and remains in effect through 2018, producers must still enroll their farm by signing a contract each year to receive coverage.

Virginia FSA programs, activities and news can be found on the VA FSA Internet at

http://www.fsa.usda.gov/va

To learn more about FSA programs you can also visit the National website at http://www.fsa.usda.gov

Producers are encouraged to contact their local FSA office to schedule an appointment to enroll. If a farm is not enrolled during the 2016 enrollment period, producers on that farm will not be eligible for financial assistance from the ARC or PLC programs should crop prices or farm revenues fall below the historical price or revenue benchmarks established by the program.

The two programs were authorized by the 2014 Farm Bill and offer a safety net to agricultural producers when there is a substantial drop in prices or revenues for covered commodities. 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 and sweet rice), safflower seed, sesame, soybeans, sunflower seed and wheat. Upland cotton is no longer a covered commodity. For more details regarding these programs, go to www.fsa.usda.gov/arc-plc.

For more information, producers are encouraged to visit their local FSA office. To find a local FSA office, visit http://offices.usda.gov.

Dairy Producers Can Enroll to Protect Milk Production Margins

USDA Farm Service Agency (FSA) in Virginia announced that dairy producers can enroll for 2017 coverage in the Margin Protection Program for Dairy (MPP-Dairy) starting July 1. 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.

Also beginning July 1, 2016, FSA will begin 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 Provides Targeted Assistance to Cotton Producers to Share in the Cost of Ginning

One-time Payments to Begin in July to Assist with 2016 Ginning Season

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) will provide an estimated $300 million in cost-share assistance payments to cotton producers through the new Cotton Ginning Cost-Share program, in order to expand and maintain the domestic marketing of cotton.

The Cotton Ginning Cost Share program will offer meaningful, timely and targeted assistance to cotton growers to help with their anticipated ginning costs and to facilitate marketing. The program will provide, on average, approximately 60 percent more assistance per farm and per producer than the 2014 program that provided cotton transition assistance."

Through the Cotton Ginning Cost-Share program, eligible producers can receive a one-time cost share payment, which is based on a producer's 2015 cotton acres reported to FSA, multiplied by 40 percent of the average ginning cost for each production region. With the pressing need to provide assistance ahead of the 2016 ginning season this fall, USDA will ensure the application process is straight-forward and efficient. The program estimates the costs based on planting of cotton in 2015, and therefore the local FSA offices already have this information for the vast majority of eligible producers and the applications will be pre-populated with existing data. Sign-up for the program began June 20 and runs through Aug. 5, 2016 at the producer's local FSA office. Payments will be processed as applications are received, and are expected to begin in July.

Since 2011, cotton fiber markets have experienced dramatic changes. As a result of low cotton prices and global oversupply, cotton producers are facing economic uncertainty that has led to many producers having lost equity and having been forced to liquidate equipment and land to satisfy loans. The ginning of cotton is necessary prior to marketing the lint for fiber, or the seed for oil or feed. While the Cotton Ginning Cost-Share program makes payments to cotton producers for cotton ginning costs, the benefits of the program will be felt by the broader marketing chain associated with cotton and cottonseed, including cotton gins, cooperatives, marketers and cottonseed crushers and the rural communities that depend on them.

The program has the same eligibility requirements as were used for the 2014 Cotton Transition Assistance Program, including a $40,000 per producer payment limit, requirement to be actively engaged in farming, meet conservation compliance and a $900,000 adjusted gross income limit.

To learn more about the Cotton Ginning Cost-Share program, visit www.fsa.usda.gov/cgcs or contact a local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

USDA Offers New Loans for Portable Farm Storage and Handling Equipment

Portable Equipment Can Help Producers, including Small-Scale and Local Farmers, Get Products to Market Quickly

USDA's Farm Service Agency (FSA) will provide a new financing option to help farmers purchase portable storage and handling equipment. The loans, which now include a smaller microloan option with lower down payments, are designed to help producers, including new, small and mid-sized producers, grow their businesses and markets.

The program also offers a new "microloan" option, which allows applicants seeking less than $50,000 to qualify for a reduced down payment of five percent and no requirement to provide three years of production history. Farms and ranches of all sizes are eligible. The microloan option is expected to be of particular benefit to smaller farms and ranches, and specialty crop producers who may not have access to commercial storage or on-farm storage after harvest. These producers can invest in equipment like conveyers, scales or refrigeration units and trucks that can store commodities before delivering them to markets. Producers do not need to demonstrate the lack of commercial credit availability to apply.

Earlier this year, FSA significantly expanded the list of commodities eligible for Farm Storage Facility Loan. Eligible commodities now include aquaculture; floriculture; fruits (including nuts) and vegetables; corn, grain sorghum, rice, oilseeds, oats, wheat, triticale, spelt, buckwheat, lentils, chickpeas, dry peas sugar, peanuts, barley, rye, hay, honey, hops, maple sap, unprocessed meat and poultry, eggs, milk, cheese, butter, yogurt and renewable biomass. FSFL microloans can also be used to finance wash and pack equipment used post-harvest, before a commodity is placed in cold storage.

To learn more about Farm Storage Facility Loans, visit www.fsa.usda.gov/pricesupport or contact a local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

USDA To Offer Certificates for Farm Commodities Pledged to Marketing Loans

Producers who have crops pledged as collateral for a marketing assistance loan can now purchase a commodity certificate that may be exchanged for the outstanding loan collateral. The authority is provided by the 2016 Consolidated Appropriations Act, legislation enacted by Congress in December. Commodity certificates are available beginning with the 2015 crop in situations where the applicable marketing assistance loan rate exceeds the exchange rate. Currently, the only eligible commodity is cotton.

USDA's Farm Service Agency (FSA) routinely provides agricultural producers with marketing assistance loans that provide interim cash flow without having to sell the commodities when market prices are at harvest time lows. The loans allow the producer to store and delay the sale of the commodity until more favorable market conditions emerge, while also providing for a more orderly marketing of commodities throughout the marketing year.

These loans are considered "nonrecourse" because the loan can be redeemed by delivering the commodity pledged as collateral to the government as full payment for the loan upon maturity. Commodity certificates are available to loan holders having outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan.

Producers may contact their FSA office that maintains their loan or their loan service agent for additional information. Producers who do business with Cooperative Marketing Associations (CMA) or Designated Marketing Associations (DMA) may contact their respective associations for additional information. To learn more about commodity certificates, visit www.fsa.usda.gov/pricesupport.

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.

Borrower Training

Borrower training is available for all Farm Service Agency customers. This training is required for all direct loan applicants, unless the applicant has a waiver issued by the agency.

Borrower training includes instruction in production and financial management. The purpose is to help the applicant develop and improve skills that are necessary to successfully operate a farm and build equity in the operation. It aims to help the producer become financially successful. Borrower training is provided, for a fee, by agency approved vendors. Contact your local FSA Farm Loan Manager for a list of approved vendors.

Loan Servicing

There are options for Farm Service Agency loan customers during financial stress. If you are a borrower who is unable to make payments on a loan, contact your local FSA Farm Loan Manager to learn about the options available to you.

Selected Interest Rates for July 2016

90-Day Treasury Bill - .250%

Farm Operating Loans — Direct - 2.25

Farm Ownership Loans — Direct - 3.50

Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher - 1.50

Emergency Loans - 3.25

Farm Storage Facility Loans (3 years) - 1.000%

Farm Storage Facility Loans (5 years) - 1.250%

Farm Storage Facility Loans (7 years) - 1.500%

Farm Storage Facility Loans (10 years) - 1.750%

Farm Storage Facility Loans (12 years) - 1.875%

Commodity Loans 1996-Present - 1.625%

Dates to Remember

Jul. 15 - Deadline to report 2016 corn, cotton, grain sorghum, soybeans, tobacco and CRP acreage.

Continuous - Application(s) and supporting documentation for 2016 TAP (trees, bushes or vines) must be provided within 90 calendar days of the disaster event(s) or loss is apparent.

Continuous - Submit CREP, Continuous CRP and Grassland CRP Enrollment Offers.

Continuous - Submit AD-1026 for forest land to be cleared for agricultural use and new ground (hay and pasture) to be planted to a row crop or vegetable.

Continuous - NAP notices of losses must be reported to the County Office within 72 hours of the loss for hand harvested crops and a signed notice of loss must be filed with 15 days of the occurrence of the disaster or when losses become apparent.

Continuous - Timely report changes in your farming operation to the County Office in writing and update your CCC-902 Farm Operating Plan.

Continuous - Need on farm grain, hay or cold storage consider FSFL contact, contact your local FSA Office for more details.

Continuous - To insure maximum use of your time and to insure that you are afforded our full attention to your important business needs, please call our County Office ahead of your visit to set an appointment.
