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Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## West Virginia FSA Newsletter

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### West Virginia Farm Service Agency

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### From the Desk of the State Executive Director, Roger D. Dahmer

Believe it or not, here we are more than halfway through July and into the second half of the year. I have often said the second half of the year goes by faster than the first half because it is busier. If that is true, fasten your seatbelt or the whirlwind will blow you out.

As signup for the Dairy Margin Coverage (DMC) Program continues, we have seen payment triggers every month from January through May. Now that we are able to make payments, dairy farmers can see the benefits of this dairy safety net program.

There has been a lot of wet weather and flash flooding around the state this year. County Emergency Boards are keeping a close eye on these situations. If you have suffered damage or loss on your farm due to a disastrous weather event contact your local FSA county office and report it. The State Emergency Board will be meeting in Lewisburg in August.

West Virginia FSA personnel will be attending national training in early August on the Agricultural Risk Coverage (ARC) and Price

Loss Coverage (PLC) Programs as well as the Non-insured Crop Disaster Assistance Program (NAP). At that time, we will find out if either program will have any significant changes going forward.

I want to mention one last time the nomination period for candidates for the county committee elections, which began on June 14 and will end on August 1. The election of interested and responsible farmers to FSA county committees is essential to the administration of FSA programs at the local level. I encourage all interested producers, including women and minority producers to consider serving your fellow producers by running for the county committee.

The FSA State Committee and several staff members will be attending the West Virginia State Fair in Lewisburg. I invite all of you to come by the USDA booth, which will include FSA staff as well as folks from our sister USDA agencies. Stop by to say hello and check out what programs might be of help you and your farming operation.

A sincere and heartfelt thank you to all of you who work so hard to feed a hungry state and nation. You are at the mercy of so many factors beyond your control, not the least of which is weather, which so often is mercilessly uncooperative. I wish each of you the very best as we progress through the growing season.

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## 2019 Acreage Reporting Dates

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

The following acreage reporting dates are applicable for West Virginia:

July 15, 2019 - Corn, soybeans, perennial forage, all other crops.

September 30, 2019 - Value-loss and controlled environment crops.

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above 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 above 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 dates listed above or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact the [local County FSA office](#).

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## Emergency Conservation Program Assistance Available in 2 West Virginia Counties

The Emergency Conservation Program (ECP) provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters and to implement emergency water conservation measures in periods of severe drought.

The following counties are eligible for ECP assistance: Randolph and Tucker.

For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would:

- be so costly to rehabilitate that Federal assistance is or will be needed to return the
- land to productive agricultural use
- is unusual and is not the type that would recur frequently in the same area
- affect the productive capacity of the farmland
- impair or endanger the land

A producer qualifying for ECP assistance may receive cost-share levels not to exceed 75 percent of the eligible cost of restoration measures. Eligible socially disadvantaged and beginning farmers and ranchers can receive up to 90 percent of the eligible cost of restoration. No producer is eligible for more than \$500,000 cost sharing per natural disaster occurrence.

The following types of measures may be eligible:

- removing debris from farmland
- grading, shaping, or releveling severely damaged farmland
- restoring permanent fences
- restoring conservation structures and other similar installations

Producers who suffered a loss from a natural disaster should contact their local FSA Office for ECP deadlines.

To be eligible for assistance, practices must not be started until all of the following are met:

- an application for cost-share assistance has been filed
- the local FSA County Committee (COC) or its representative has conducted an onsite
- inspection of the damaged area
- the Agency responsible for technical assistance, such as the Natural Resource Conservation Service (NRCS), has made a needs determination, which may include cubic yards of earthmoving, etc., required for rehabilitation

For more information about ECP, please visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

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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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## Farm Reconstitutions

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

The following are the different methods used when doing a farm recon:

**Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

**Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

**DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

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## New Dairy Margin Coverage Signup Began June 17

Signup began June 17 for the new [Dairy Margin Coverage](#) (DMC) program, the cornerstone program of the dairy safety net that helps dairy producers manage the volatility of milk and feed prices, operated by the U.S. Department of Agriculture's Farm Service Agency (FSA).

The 2018 Farm Bill allowed USDA to construct the new DMC, which replaces the Margin Protection Program for Dairy (MPP-Dairy). This new program 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.

The program provides coverage retroactive to January 1, 2019, with applicable payments following soon after enrollment. At the time of signup, dairy producers can choose between the \$4.00 to \$9.50 coverage levels. [Learn more about coverage levels and premiums.](#)

The Farm Bill also allows producers who participated in MPP-Dairy from 2014-2017 [to receive a repayment or credit for part of the premiums paid into the program](#). FSA has been providing premium reimbursements to producers since last month and those that elect the 75 percent credit option will now have that credit applied toward 2019 DMC premiums.

The Department has built in a 50 percent blend of premium and supreme alfalfa hay prices with the alfalfa hay price used under the prior dairy program to provide a total feed cost that more closely aligns with hay rations used by many producers. At a milk margin minus feed cost of \$9.50 or less, payments are possible. With the 50 percent hay blend, FSA's revised April 2019 income over feed cost margin is \$8.82 per hundredweight (cwt). The revised margins for January, February and March are, respectively, \$7.71, \$7.91 and \$8.66 – triggering DMC payments for each month.

DMC payments will be reduced by 6.2 percent in 2019 because of a sequester order required by Congress and issued in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985.

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.

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.

All dairy operations in the United States are eligible for the DMC program. An operation can be run either by a single producer or multiple producers who commercially produce and market cows' milk.

Eligible dairy operations must have a production history determined by FSA. For most operations, production history is based on the highest milk production in 2011, 2012 and 2013. Newer dairy operations have other options for determining production history. Producers may contact their local FSA office to get their verified production history.

Dairy producers also are reminded that 2018 Farm Bill provisions allow for dairy operation to participate in both FSA's DMC program and the Risk Management Agency's [Livestock Gross Margin \(LGM-Dairy\)](#) program. There are also no restrictions from participating in DMC in conjunction with any other RMA insurance products.

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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