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Farm Service Agency | Natural Resources Conservation Service | Risk Management Agency

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USDA to Begin Issuing \$1.75 Billion to Agricultural Producers Through Critical Emergency Relief Programs

USDA announced that it will issue more than \$1.75 billion in emergency relief payments to eligible farmers and livestock producers. These much-needed payments are helping farming and ranching operations recover following natural disasters in 2020, 2021 and 2022.



Emergency Livestock Relief Program

FSA issued more than \$581 million in 2021 and 2022 drought and wildfire emergency relief to eligible ranchers.

FSA is closing out the Emergency Livestock Relief Program (ELRP) for losses suffered in 2021. ELRP Phase Two payments are estimated at \$115.7 million. Ranchers who lost grazing acres due to drought and wildfire and received assistance through ELRP Phase One will soon receive an additional payment through ELRP Phase Two. This second payment will be equal to 20% of the 2021 gross ELRP Phase One payment. ELRP Phase Two payments to producers will be automatic with no application required. In April 2022, FSA staff processed more than 100,000 payments through ELRP Phase One and paid eligible ranchers more than \$600 million for 2021 grazing losses.

In 2022, ranchers continued to experience significant loss of grazing acres due to drought and wildfire. To help mitigate these losses, eligible ranchers will receive ELRP disaster assistance payments for increases in supplemental feed costs. To expedite payments, determine producer eligibility and calculate the ELRP 2022 payment, FSA is using livestock inventories and drought-affected forage acreage or restricted animal units and grazing days due to wildfire already reported to FSA by ranchers when they submitted their Livestock Forage Disaster Program applications. ELRP payments for 2022 losses are estimated at \$465.4 million and will be automatic with no application required.

Emergency Relief Program Phase Two

FSA is closing out Phase Two of the <u>Emergency Relief Program</u> (ERP) through the delivery of more than \$1.17 billion in crop disaster assistance payments to producers of eligible crops who suffered losses, measured through decreases in revenue, due to qualifying natural disaster events that occurred in

calendar years 2020 and 2021. ERP Phase Two was intended primarily for producers of crops that were not covered by federal crop insurance or FSA's <u>Noninsured Crop Disaster Assistance</u>

<u>Program</u> (NAP). Previously, through ERP Phase one, FSA staff processed more than 300,000 applications and paid an estimated 217,000 eligible producers more than \$7.4 billion.

More Information

These programs represent a few of FSA's extensive commodity, conservation, credit, disaster recovery and safety-net programs. By the close of the fiscal year on Sept. 30, for all farm and farm loan programs — including vital access to <u>capital for distressed borrowers</u> — USDA, through the delivery of FSA programs, will have invested more than \$19 billion in America's agricultural producers with more economic support on the way in fiscal year 2024.

For more information on available FSA programs, contact your local USDA Service Center.

FSA Encourages Farmers and Ranchers to Vote in County Committee Elections

The 2023 Farm Service Agency County Committee Elections will begin on Nov. 6, 2023, when ballots are mailed to eligible voters. The deadline to return ballots to local FSA offices, or to be postmarked, is Dec. 4, 2023.

County committee members are an important component of the operations of FSA and provide a link between the agricultural community and USDA. Farmers and ranchers elected to county committees help deliver FSA programs at the local level, applying their knowledge and judgment to make decisions on commodity price support programs; conservation programs; incentive, indemnity and disaster programs for some commodities; emergency programs and eligibility. FSA committees operate within official regulations designed to carry out federal laws.

To be an eligible voter, farmers and ranchers must:

- Be of legal voting age or, if not of legal voting age, supervise and conduct the farming operation of an entire farm.
- Have an interest in a farm or ranch as either:
 - o An individual who meets one or more of the following:
 - Is eligible and capable to vote in one's own right.
 - Is a partner of a general partnership.
 - Is a member of a joint venture.
 - Participates or cooperates in any FSA program that is provided by law. A cooperating producer is someone who has provided information to FSA about their farming or ranching operation(s) but may not have applied or received program benefits.

Eligible voters in Local Administrative Area-01, who do not receive a ballot can obtain one from their local FSA county office. Customers can identify which LAA they or their farming operation is in by using our new GIS locator tool available at fsa.usda.gov/elections.

Newly elected committee members will take office Jan. 1, 2024.

The candidate in this year's election is:

Brandon Hessenthaler is nominated in LAA 1, Big Horn County, to serve as a committee member for a 3-year term. Mr. Hessenthaler resides in Byron with his wife Serena and four children. Brandon and his two brothers run the family farm and have produced Barley, Sugar Beets, Corn, and Alfalfa. They also have a beef cow herd. Brandon has been involved in the family farm since 2007.

More information on county committees can be found at fsa.usda.gov/elections or by contacting the Big Horn County FSA office at (307)765-2689 Ext 2.

Is the Noninsured Crop Disaster Assistance Program Right for You?

Farmers and ranchers rely on crop insurance to protect themselves from disasters and unforeseen events, but not all crops are insurable through the USDA's Risk Management Agency. The Farm Service Agency's (FSA) Noninsured Crop Disaster Assistance Program (NAP) provides producers another option to obtain coverage against disaster for these crops. NAP provides financial assistance to producers of non-insurable crops impacted by natural disasters that result in lower yields, crop losses, or prevents crop planting.

Commercially produced crops and agricultural commodities for which crop insurance is not available are generally eligible for NAP. Eligible crops include those grown specifically for food, fiber, livestock consumption, biofuel or biobased products, or value loss crops such as aquaculture, Christmas trees, ornamental nursery, and others. Contact your local FSA office to see which crops are eligible in your state and county.

Eligible causes of loss include drought, freeze, hail, excessive moisture, excessive wind or hurricanes, earthquake and flood. These events must occur during the NAP policy coverage period, before or during harvest, and the disaster must directly affect the eligible crop. For guidance on causes of loss not listed, contact your local FSA county office.

Interested producers apply for NAP coverage using FSA form CCC-471, "Application for Coverage," and pay the applicable service fee at the FSA office where their farm records are maintained. These must be filed by the application closing date, which varies by crop. Contact your local FSA office to verify application closing dates and ensure coverage for eligible NAP crops.

At the time of application, each producer acknowledges they have received the <u>NAP Basic Provisions</u>, which describes NAP requirements for coverage. NAP participants must report crop acreage shortly after planting and provide verifiable or reliable crop production records when required by FSA.

Producers are required to pay service fees which vary depending on the number of crops and number of counties your operation is located in. The NAP service fee is the lesser of \$325 per crop or \$825 per producer per administrative county, not to exceed a total of \$1,950 for a producer with farming interests in multiple counties. Premiums also apply when producers elect higher levels of coverage with a maximum premium of \$15,750 per person or legal entity.

A producer's certification on Form CCC-860 Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification may serve as an application for basic NAP coverage for all eligible crops beginning with crop year 2022. These producers will have all NAP-related service fees for basic coverage waived, in addition to a 50 percent premium reduction if higher levels of coverage are elected.

For more detailed information on NAP, download the <u>NAP Fact Sheet</u>. To get started with NAP, we recommend you contact your local USDA service center.

Before You Break Out New Ground, Ensure Your Farm Meets Conservation Compliance

The term "sodbusting" is used to identify the conversion of land from native vegetation to commodity crop production after December 23, 1985. As part of the conservation provisions of the Food Security Act of 1985, if you're proposing to produce agricultural commodities (crops that require annual tillage including one pass planting operations and sugar cane) on land that has been determined highly erodible and that has no crop history prior to December 23, 1985, that land must be farmed in accordance with a conservation plan or system that ensures no substantial increase in soil erosion.



Eligibility for many USDA programs requires compliance with a conservation plan or system on highly erodible land (HEL) used for the production of agricultural commodities. This includes Farm Service Agency (FSA) loan, disaster assistance, safety net, price support, and conservation programs; Natural Resources Conservation Service (NRCS) conservation programs; and Risk Management Agency (RMA) Federal crop insurance.

Before you clear or prepare areas not presently under production for crops that require annual tillage, you are required to file Form AD-1026 "Highly Erodible Land Conservation and Wetland Conservation Certification," with FSA indicating the area to be brought into production. The notification will be referred to NRCS to determine if the field is considered highly erodible land. If the field is considered HEL, you are required to implement a conservation plan or system that limits the erosion to the tolerable soil loss (T) for the predominant HEL soil on those fields.

In addition, prior to removing trees or conducting any other land manipulations that may affect wetlands, remember to update form AD-1026, to ensure you remain in compliance with the wetland conservation provisions.

Prior to purchasing or renting new cropland acres, it is recommended that you check with your local USDA Service Center to ensure your activities will be in compliance with the highly erodible land and wetland conservation provisions.

For additional information on highly erodible land conservation and wetland conservation compliance, contact <u>your local USDA Service Center</u>.

USDA To Provide Additional Financial Assistance to Qualifying Guaranteed Farm Loan Borrowers Facing Financial Risk

The USDA announced it will begin providing additional, automatic financial assistance for qualifying guaranteed Farm Loan Programs (FLP) borrowers who are facing financial risk. The announcement is part of the \$3.1 billion to help certain distressed farm loan borrowers that was provided through Section 22006 of the Inflation Reduction Act.

Since the Inflation Reduction Act was signed into law by President Biden in August 2022, USDA has provided approximately \$1.15 billion in assistance to more than 20,000 distressed borrowers as a part of an ongoing effort to keep borrowers farming, remove obstacles that currently prevent many borrowers from returning to their land, and improve the way that USDA approaches borrowing and loan servicing in the long-term. The financial assistance announced today will provide qualifying distressed guaranteed loan borrowers with financial assistance similar to what was already provided to distressed direct loan borrowers. Based on current analysis, the financial assistance announced today will assist an estimated approximately 3,500 eligible borrowers, subject to change as payments are finalized. An FLP guaranteed loan borrower is distressed if they qualify under one of the options below. FLP guaranteed borrowers who qualify under multiple options will receive a payment based on the option that provides the greatest payment amount:

Payment of any outstanding delinquency on all qualifying FLP guaranteed loans as of Oct. 18, 2022. This includes any guaranteed loan borrowers who did not receive an automatic payment in 2022 on that loan

because they were not yet 60 days delinquent as of Sept. 30, 2022, as well as guaranteed borrowers that became delinquent on a qualifying FLP guaranteed loan between September 30, 2022, and Oct.18, 2022.

Payment on a qualifying FLP guaranteed loan for which a guaranteed loan borrower received a loan restructure, which modified the guaranteed loan maturity date, between March 1, 2020, and Aug. 11, 2023. The payment amount will be the lesser of the post-restructure annual installment or the amount required to pay the loan in full. The guaranteed loan must not have been paid in full prior to Aug. 11, 2023.

Payments on certain deferred amounts on qualifying FLP guaranteed loans, not to exceed \$100,000, for guaranteed borrowers who received a deferral or another type of payment extension, for at least 45 days, between March 1, 2020, and Sept. 30, 2022, from their guaranteed lender on that qualifying guaranteed loan in response to COVID-19, disasters, or other revenue shortfalls. The Inflation Reduction Act payment amount will be the lesser of the most recent deferral or extension amount on the qualifying FLP guaranteed loan, or the amount required to pay that loan in full. The guaranteed loan must not have been paid in full prior to Aug. 11, 2023.

This assistance is only available for FLP quaranteed loan borrowers who did not or will not receive an initial payment on the same FLP guaranteed loan under Inflation Reduction Act assistance announced in October 2022. Distressed guaranteed borrowers qualifying for this assistance will receive a United States Department of the Treasury check that is jointly payable to the borrower and the lender. These borrowers will also receive a letter from FSA informing them of Inflation Reduction Act assistance they will receive as well as instructions to make an appointment with their lender to process the payment and apply it to their qualifying guaranteed loan accounts. Guaranteed lenders will receive an email in the coming days informing them of this assistance and any next steps. Lenders will also receive letters informing them which borrowers will receive assistance and the amount of assistance they will receive. Any distressed guaranteed borrowers who qualify for these forms of assistance and are currently in bankruptcy will be addressed using the same case-by-case review process announced in October 2022 for complex cases. FSA will also provide relief to qualifying FLP guaranteed loan borrowers determined to be distressed borrowers based on liability for remaining federal debt subject to debt collection and garnishment after the liquidation of their guaranteed loan account as of July 31, 2023. This will allow some borrowers to potentially return to farming. Guaranteed borrowers who qualify for this assistance will have their federal debt paid automatically by FSA and will receive a letter informing them of the payment made on their federal debt. All letters to qualifying guaranteed loan borrowers will contain instructions for opting out of assistance if a borrower chooses to do so.

Important Tax Information Similar to other USDA Inflation Reduction Act assistance, payments provided to borrowers and payments to be applied to FSA farm loan accounts will be reported to the Internal Revenue Service (IRS). Borrowers receiving this assistance will receive a 1099 form from FSA. Please note that payments over \$600 are subject to Federal and State Income Taxes and will be reflected on your annual 1099 form. Borrowers are encouraged to consult a tax professional with all tax-related questions regarding any Inflation Reduction Act assistance received. USDA also has tax-related resources at farmers.gov/taxes. **Individual Requests for Farmers Seeking Assistance**

In addition to the automatic payments announced today for distressed guaranteed loan borrowers, FSA continues to accept and review individual distressed borrower assistance requests from direct loan borrowers who missed a recent installment or are unable to make their next scheduled installment on a qualifying direct FLP loan. All FSA direct borrowers should have received a <u>letter</u> detailing the eligibility criteria and process for seeking this type of assistance, which is available even before they become delinquent. As the letter details, borrowers who are within two months of their next installment may seek a cash flow analysis from FSA using a recent balance sheet and operating plan to determine their eligibility.

FSA direct borrowers also received a <u>letter</u> detailing an opportunity to receive assistance if they took certain extraordinary measures to avoid delinquency on their qualifying direct FLP loans, such as taking on or refinancing more debt, selling property, or cashing out retirement or college savings accounts.

Borrowers can submit requests for extraordinary measures or cash flow-based assistance in person at their local FSA office or by sending in a direct request using the farmers.gov 22006 assistance request portals at farmers.gov/loans/inflation-reduction-investments/assistance. All requests for assistance must be received by Dec. 31, 2023.

As USDA Sees Record Interest in Conservation and Clean Energy Programs, Swift Implementation of Inflation Reduction Act Funding Continues

On the heels of the <u>first anniversary</u> of President Biden's Inflation Reduction Act, the USDA has seen record interest in the conservation and clean energy programs that received funding from the law. As a key part of President Biden's Investing in America agenda, the Inflation Reduction Act is the nation's largest-ever investment to combat climate change.



The Inflation Reduction Act made nearly \$20 billion available over five years for USDA's Natural Resources Conservation Service (NRCS) to

address continuous high demand for popular conservation programs. This additional investment will help farmers and ranchers implement expanded conservation practices that reduce greenhouse gas emissions and increase carbon storage. Importantly, many of the practices funded under the Inflation Reduction Act provide significant environmental co-benefits for producers outside of their climate mitigation value. Consistent with the direction from Congress in the Inflation Reduction Act, NRCS made available \$850 million for these programs in Fiscal Year 2023 and has already seen substantially more interest than funding available under the law. These amounts include both financial assistance that will be included in contracts and agreements, and the technical assistance needed to implement complex on-the-ground conservation systems.

- The Environmental Quality Incentives Program (EQIP), for which \$250 million was made available, received nearly 9,000 applications totaling nearly \$475 million.
- The Agricultural Conservation Easement Program (ACEP), which has \$100 million available for 2023, received over \$180 million in applications.
- The Conservation Stewardship Program (CSP) has received nearly 3,700 applications requesting funding that exceeds the available amount of \$250 million.
- The Regional Conservation Partnership Program (RCPP), for which \$250 million was made available, has received project proposals exceeding \$2 billion in funding.

As of August 2023, USDA has publicly announced the availability of over \$17 billion, or 45% of the 10-year total of Inflation Reduction Act funding, for new and existing programs. Additionally, USDA has already put significant resources directly into the pockets of farmers and small business owners. For example, USDA:

- Provided<u>\$1.15 billion to date</u> to over 20,000 distressed direct and guaranteed Farm Service Agency (FSA) loan borrowers, helping them reach long-term stability and operate successful, thriving agricultural businesses.
- Recently announced 1,234grants to help thousands of agricultural operations and rural small business owners access clean energy systems and energy efficient improvements through the Inflation Reduction Act resources that bolster the Rural Energy for America Program (REAP).

- Awarded \$262.5 million to provide training and support to more than 20,000 students that will
 sustain the next generation of food, agriculture, natural resources and human sciences workforce
- Announced\$300 million for 50 selected projects under the Increasing Land, Capital, and Market Access Program, to increase access to farm ownership opportunities, improve results for those with heirs' property or fractionated land, increase access to markets and capital that affect the ability to access land, and improve land ownership, land succession and agricultural business planning
- Announced \$300 million to improve measurement, monitoring, reporting and verification of greenhouse gas emissions and carbon sequestration in climate-smart agriculture and forestry.

For more information on the USDA's implementation of the Inflation Reduction Act, visit: www.usda.gov/ira



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COC Meeting: October 18, 2023