October 2014

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Topics for October:

Texas Farm Service Agency Updates

Texas Farm Service Agency
2405 Texas Ave. S.
College Station, TX 77840

www.fsa.usda.gov/tx

State Committee:
Jerry D. Glover
Debra Barrett
Armando Mandujano
Wesley Ratcliff
Glen Rod

Executive Director:
Judith A. Canales

A Message from the Executive Director - Agricultural Act of 2014 Progress Report

Texas FSA employees have been hard at work administering programs authorized by the 2014 Farm Bill, also known as the Agricultural Act of 2014. I want to take this opportunity to provide an overview of Farm Bill implementation, and I encourage you to read the following newsletter articles for detailed program information.

The 2014 Farm Bill reauthorized four disaster assistance programs - Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP) and the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP). FSA began implementing these programs 60 days after the programs were reestablished by the 2014 Farm Bill, which is record timing.

Local FSA offices are currently scheduling appointments to sign-up

Executive Officer:
James Douglass

Division Chiefs:
Ronda Weston
Chris Morris
Darren Owens
Micky Woodard
Eddie Trevino
David Sullivan

Please contact your local FSA Office for questions specific to your operation or county.

for the disaster assistance programs. Overall, Texas has issued more than $472 million in LFP, LIP and TAP program benefits. These payments provide much needed assistance to producers who have suffered drought losses for the past three to four years and who, in some cases, continue to suffer the dire impacts of prolonged drought conditions.

On the commodity front, the 2014 Cotton Transition Assistance Program (CTAP) sign-up period closed on Oct. 7 and, to date, more than 36,000 farms in Texas are approved for CTAP assistance. Local FSA offices contine to process submitted applications.

FSA recently released key dates for producers who plan to enroll in either the Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) programs and sign-up is ongoing for the 2014 and 2015 Dairy Margin Protection Program (MPP-Dairy), which has a registration deadline of Nov. 28, 2014. These programs require producers to make informed, educated decisions regarding coverage options specific to each unique agricultural operation. The decisions made today impact producer operations for the next five years so I encourage all producers to make plans to attend local Farm Bill meetings held in cooperation with Texas A&M AgriLife Extension to learn more about the online decision aid tools available to help producers make the best decision when choosing the appropriate coverage option for their respective operations.

Farm Loan Program borrowers will notice improvements that expand eligibility and increase lending limits, effective Nov. 7, 2014. These improvements will expand access to credit for more beginning and family farmers and ranchers.

For questions about FSA programs or to schedule an appointment, please contact your local FSA Office

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

Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or to purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

USDA Expands Access to Credit to Help More Beginning and Family Farmers

The U.S. Department of Agriculture (USDA) announced improvements to farm loan programs by expanding eligibility and increasing lending limits to help more beginning and family farmers. As part of this effort, USDA is raising the borrowing limit for the microloan program from $35,000 to $50,000; simplify the lending processes; updating required “farming experience” to include other valuable experiences; and expanding eligible business entities to reflect changes in the way family farms are owned and operated. The changes become effective Nov. 7.

The microloan changes will allow beginning, small and mid-sized farmers to access an additional $15,000 in loans using a simplified application process with up to seven years to repay. Microloans are part of USDA’s continued commitment to small and midsized farming operations.

In addition to farm related experience, other types of skills may be considered to meet the direct farming experience required for farm loan eligibility such as operation or management of a non-farm business, leadership positions while serving in the military, or advanced education in an agricultural field. Also, individuals who own farmland under a different legal entity operating the farm now may be eligible for loans administered by USDA’s Farm Service Agency (FSA). Producers will have an opportunity to share suggestions on the microloan process, and the definitions of farming experience and business structures through Dec. 8, 2014, the public open comment period.

FSA is also publishing a Federal Register notice to solicit ideas from the public for pilot projects to help increase the efficiency and effectiveness of farm loan programs. Comments and ideas regarding potential pilot projects will be accepted through Nov. 7, 2014.

For more information on farm loans, please visit www.fsa.usda.gov or contact your local Farm Service Agency office.

Youth Loans

The Farm Service Agency makes loans to youth to establish and operate agricultural income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is $5000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age

- Comply with FSA’s general eligibility requirements
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- ·Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the youth loan applicant, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

ELAP Covers Losses from Additional Cost of Transporting Water to Livestock

Producers are reminded that assistance is available through the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) for producers who have incurred additional operating costs for transporting water to livestock due to an eligible drought.

An eligible drought means that part or all of a county is designated D3 or higher as defined by the U.S. Drought Monitor www.droughtmonitor.unl.edu. The enrollment deadline for 2014 ELAP assistance is Nov. 1, 2014.

ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish who have suffered losses because of disease, severe weather, blizzards and wildfires.

To qualify for ELAP, eligible livestock must be: Alpacas, adult or non-adult dairy cattle, beef cattle, buffalo and beefalo as well as deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine.

Additionally, the livestock must have been owned 60 calendar days prior to the beginning of the drought and be physically located in the county designated as a disaster area due to drought. Adequate livestock watering systems or facilities must have existed before the drought occurred and producers are only eligible if they do not normally transport water to the livestock.

Livestock that were or would have been in a feedlot are not eligible for livestock losses resulting from transporting water and ELAP does not cover the cost of the water itself.

For more information or to sign up for ELAP, contact your local FSA Office.

Farm Bill Allows Early Termination for Certain CRP Contracts

The Farm Service Agency reminds producers with acres under contract through the Conservation Reserve Program (CRP) that they can apply for early contract termination, as required by the 2014 Farm Bill. The deadline to request early CRP contract termination is Jan. 30, 2015.

This is a unique opportunity to request early termination afforded by the 2014 Farm Bill. The earliest effective date for this early termination is October 1, 2014. The requesting CRP contract must have been in effect for at least five years and additional eligibility conditions must be met to qualify. The 2014 Farm Bill identifies a list of 10 exceptions whereby land will not be eligible for the early termination provisions. For a complete list of these exceptions, please view the program fact sheet online at http://www.fsa.usda.gov/Internet/FSA_File/crp_opt_out_fact_sht.pdf

Once a CRP contract termination request is approved by the FSA County Committee, the decision may not be reversed and the terminated contract will not be reinstated. Once the land is no longer considered under the CRP contract all participants must meet HEL/WC and other conservation compliance provisions for all associated lands.

For more information or to verify eligibility for early termination (opt-out) for existing CRP contracts, please contact your local FSA office. For local FSA Service Center contact information, please visit: http://offices.sc.egov.usda.gov/locator/app.

USDA Farm Service Agency Announces Key Dates for New 2014 Farm Bill Safety Net Programs

USDA announced key dates for farm owners and producers to keep in mind regarding the new 2014 Farm Bill established programs, Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC). The new programs, designed to help producers better manage risk, usher in one of the most significant reforms to U.S. farm programs in decades.

Dates associated with ARC and PLC that farm owners and producers need to know:

- Sept. 29, 2014 to Feb. 27, 2015: Land owners may visit their local Farm Service Agency office to update yield history and/or reallocate base acres.
- Nov. 17, 2014 to March 31, 2015: Producers make a one-time election of either ARC or PLC for the 2014 through 2018 crop years.
- Mid-April 2015 through summer 2015: Producers sign contracts for 2014 and 2015 crop years.
- October 2015: Payments for 2014 crop year, if needed.

USDA leaders will visit with producers across the country to share information and answer questions on the ARC and PLC programs.

USDA helped create online tools to assist in the decision process, allowing farm owners and producers to enter information about their operation and see projections that show what ARC and/or PLC will mean for them under possible future scenarios. The new tools are now available at www.fsa.usda.gov/arc-plc. Farm owners and producers can access the online resources from the convenience of their home computer or mobile device at any time.

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 rice), safflower seed, sesame, soybeans, sunflower seed and wheat. Upland cotton is no longer a covered commodity.

Producers can contact their local FSA office for more information or to schedule an appointment.

Margin Protection Program for Dairy Producers

The 2014 Farm Bill authorized the Margin Protection Program (MPP-Dairy) for dairy producers. The new, voluntary risk management program replaces the Milk Income Loss Contract (MILC) program which expired on Sept. 1, 2014.

MPP-Dairy offers protection to dairy producers when the difference (the margin) between the all-milk price and national average feed cost falls below a certain producer selected amount.

Eligible producers may purchase coverage for their dairy operation by paying an annual administrative fee of $100 and a premium, as applicable, for higher levels of coverage. Producers in the dairy operation will select a desired coverage level ranging from $4.00 to $8.00, in $0.50 increments and a desired coverage percentage level ranging from 25 to 90 percent, in 5 percent increments. Producers also have to decide whether or not to participate in the MPP-Dairy Program or the Livestock Gross Margin program administered by the Risk Management Agency (RMA), but they are not allowed to participate in both.

A decision tool is available to help producers make coverage level decisions. Enrollment for 2014 and 2015 coverage began on Sept. 2, 2014 and continues through Nov. 28, 2014. Dairy operators will establish their production history during sign-up. Verification of the production records is required.

Dairy Indemnity Payment Program

The 2014 Farm Bill authorized the extension of the Dairy Indemnity Payment Program (DIPP) through September 30, 2018. DIPP provides payments to dairy producers and manufacturers of dairy products when they are directed to remove their raw milk or products from the market because of contamination.

2014 MAL and LDP Requests

The USDA Farm Service Agency (FSA) is accepting requests for marketing assistance loans (MALs) and loan deficiency payments (LDPs) for eligible 2014 commodities.

MALs and LDPs for the 2014 crop year become available to eligible producers beginning with harvest/shearing season and extending through a specific commodity's final loan availability date. Sugar commodity loans for the 2014 crop became available to sugar processors on Oct. 1, 2014.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool, mohair 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 a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed $125,000 annually on certain commodities for the following program benefits: price loss coverage payments, agriculture risk coverage payments, marketing loan gains (MLGs) and LDPs. These payment limitations do not apply to MAL loan disbursements.

Adjusted Gross Income (AGI) provisions were modified by the 2014 Farm Bill, which states that a producer whose total applicable three-year average AGI exceeds $900,000 is not eligible to receive an MLG or LDP.

National and county loans rates for 2014 crops are posted on the FSA website at: www.fsa.usda.gov/pricesupport.

For more information, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.