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Washington State FSA Updates

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Next State Committee Meeting: May 14 at 1:00 pm

Program Changes from the 2014 Farm Bill

The Agricultural Act of 2014 created new programs for FSA, and also altered some existing programs. It will take time for FSA to roll-out the new programs and changes to existing programs. The information in this newsletter comprises what we know today. Updates will be provided as we receive new information. A fact sheet covering all the Farm Bill changes can be found here.

NAP to Include Buy-Up Provisions

The Noninsured Disaster Assistance Program (NAP) has been expanded starting in 2015 to include buy-up protection, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect buy-up coverage for each individual crop between 50 and 65 percent of the approved yield, in 5 percent increments, at 100 percent of the average market price. Producers also pay a fixed premium equal to 5.25 percent of the liability. The waiver of service fees has been expanded from just limited resource farmers to include beginning farmers and socially disadvantaged farmers also. The premiums for buy-up coverage are reduced by 50 percent for those same farmers. Grazing land is not eligible for buy-up coverage. NAP is also made available to producers that suffered a loss to a 2012 annual fruit crop grown on a bush or tree in a county declared a disaster by the Secretary due to a freeze or frost.

Deadline to Submit Production for NAP Covered Crops

Producers who obtain Non-insured Crop Disaster Assistance Program (NAP) coverage are required to report annually all production for NAP covered crops. This maintains your compliance with NAP program requirements. Production information can be provided to the county office written or verbally. Regardless of how you choose to provide your production information, it must include a signed CCC-452 form.

The deadline to submit a signed CCC-452 is close of business on **Tuesday July 15, 2014**. Failure to timely report production may negatively affect future year approved yield calculations for your NAP covered crops.

Retroactive Livestock Relief Offered by New Farm Bill

Livestock producers who, in recent years, suffered losses of animals or to forage, in some cases, may receive financial compensation. The 2014 Farm Bill makes the Livestock Indemnity Payments (LIP) and the Livestock Forage Disaster Program (LFP) permanent programs. It provides retroactive authority to cover eligible losses back to Oct. 1, 2011.

The U.S. Department of Agriculture's Farm Service Agency will accept applications for these disaster programs beginning April 15, 2014.

LIP provides compensation to eligible livestock producers who have suffered livestock deaths in excess of normal mortality due to adverse weather. The program may also make payments on livestock losses due to reintroduced or federally protected predators. Eligible livestock include: beef and dairy cattle, bison, poultry, sheep, swine and horses. Livestock owners must have legally owned the eligible livestock on the day the livestock death loss occurred.

LFP provides partial reimbursement to eligible livestock producers who suffered grazing losses due to drought or to fire on federally managed grazing lands. Counties must meet specific criteria on a federal Drought Monitoring Index to trigger program eligibility for LFP under drought provisions.

As part of the application process, livestock owners will be asked to show documentation of livestock or forage losses. Documentation should include the number and kind of livestock that have died, supplemented if possible by such items as:

- Photographs or video records to document the loss, dated if possible
- Purchase records, veterinarian records, production records, bank or other loan documents
- Written contracts, records assembled for tax purposes, private insurance documents, and other similar reliable documents.

Some eligibility restrictions may apply. Livestock producers interested in the programs are urged to contact their local FSA office for details.

Price Loss Coverage and Agriculture Risk Coverage

The Price Loss Coverage (PLC) and the Agriculture Risk Coverage (ARC) replace the Direct and Counter-Cyclical Program (DCP) and Average Crop Revenue Election (ACRE) program. All producers on a farm eligible for the DCP and ACRE programs will have the option to make a one-time selection to enroll farms in the PLC or ARC. Farms eligible for these programs must have an established base of wheat, oats, barley, corn, grain sorghum, rice soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, chickpeas or peanuts.

Price Loss Coverage

Payments are issued when the effective price of a covered crop is less than an established reference price for that crop. The difference between the reference price and the effective price is multiplied by the program payment yield for the crop times 85 percent of the base acres of the crop. The reference prices are specified in the statute and the effective prices are based on national average prices.

Agricultural Risk Coverage

There are two options for ARC: county-based revenue and individual revenue.

For county ARC, payments are issued when the actual county crop revenue of a crop is less than the ARC county guarantee. County rather than individual farm data is used. Actual county revenue equals the county average yield times the national average price. The ARC county guarantee equals 86 percent of the five-year national average price times the five-year average county yield. For both five-year averages, the high and low years are excluded. When payments are earned, they will be issued on 85 percent of the base acres and cannot exceed 10 percent of the county guarantee.

For individual ARC, payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than the individual ARC guarantees, summed across all covered commodities on the farm. The individual crop revenue equals the actual yield times the national average price. The guarantee equals 86 percent of the five-year national average price times the five-year average individual crop yield. For both five-year averages, the high and low years are excluded. When payments are earned, they will be issued on 65 percent of the base acres and cannot exceed 10 percent of the individual guarantee. The "farm" for individual ARC purposes is the sum of the producer's interest in all ARC farms in the state.

Base Reallocation and Yield Updates

Owners of farms that will participate in PLC or ARC have a one-time opportunity to: maintain the farm's 2013 bases through 2018; or reallocate base acres. Reallocated acres cannot exceed the sum of the base acres on the farm on Sept. 30, 2013.

A producer also has the opportunity to update the program payment yield for each covered commodity based on 90 percent of the farm's 2008-2012 average yield per planted acre, excluding any year when no acreage was planted to the covered commodity. Program payment yields are only used to determine payment amounts for the Price Loss Coverage program.

Program application dates and dates for updating bases and yields will be announced when program rules are completed.

Acreage Reporting Reminder

Farmers and ranchers are reminded that filing an accurate and timely acreage report for all crops and land uses can prevent loss of benefits from FSA programs.

Producers of spring seeded crops should begin to prepare now to provide their certifications. Orchardists and growers of fall seeded crops should have already provided acreage certifications to their local FSA office. Any additional plantings or replantings of those fall crops will require an updated acreage report. FSA does not accept reports of acreage prior to the crop being planted.

Producers who suffer losses or who are prevented from planting a crop must also document such losses timely. Each notice of loss must include a report of acreage. To receive FSA credit for failed crops a notice of loss must be filed before disposition of the failed crop. Acreages which cannot be planted timely must be reported no later than 15 calendar days after the final plant date for the crop being attempted.

To be considered timely filed and to prevent incurring unnecessary fees, all crops and land uses must be reported by the earlier of; the onset of harvesting or grazing of the crop or July 15. Producers with only CRP acreage to report must also do so before July 15.

Forage and grazing producers should make note of this requirement as it is a major change. Acreage reports should be provided before the first cutting if it will occur prior to July 15. Grazing producers who will be turning out prior to July 15, should report those acres prior to grazing commencing.

Even if the reporting date is missed, FSA encourages producers to work with their local county office. FSA has provisions which allow producers to file late and maintain program eligibility. Click here for the local office contact information to make an acreage reporting appointment.

Changes Upcoming for Dairy Programs

The New Farm Bill extends the Milk Income Loss Contract Program (MILC) through September 1, 2014 or when the Dairy Margin Protection Program is operational.

The Dairy Margin Protection Program replaces MILC and will be effective through Dec. 31, 2018. The margin protection program offers dairy producers: (1) catastrophic coverage for an annual $100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than $4 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between $4 and $8 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

More information, including signups dates, will be released when available.

Farm Storage Facility Loans Available

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is $500,000. Participants are required to provide a down payment of 15 percent. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding $50,000. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and the current rates can be found here.

Payments are available in the form of a partial disbursement and a final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the approved total loan amount.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain;
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain;
- Pulse crops - lentils, small chickpeas, dry beans and dry peas;
- Hay;
- Renewable biomass;
- Fruits (including nuts) and vegetables - cold storage facilities; and
- Honey

For more information, contact your county office.

Youth Loans

The Farm Service Agency makes loans to youths to establish and operate income-producing agricultural 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 $5,000.

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 to 20 years of age;
- Be unable to get a loan from other sources;
- Conduct a modest income-producing project in a supervised program of work as outlined above; and
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

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

2014 MALs and LDPs Available

FSA will begin accepting requests for marketing assistance loans (MALs) and loan deficiency payments (LDPs) for 2014 crop of wool, mohair, and honey immediately. More information, including loan rates, can be found here.

No Decision on Conservation Reserve Program for this year

FSA has not made a decision on a Conservation Reserve Program (CRP) signup for this year. Also, no decision has been made on what to do with expiring CRP acres. FSA hopes to have more information about the status of CRP in the coming months.

Direct Deposit and other Farm Changes

Farmers and ranchers who have recently updated their direct deposit information with FSA will receive a letter confirming those changes from the Kansas City, MO office. If banking information changes, producers should file a SF-3881 form with their local office to ensure prompt payment from FSA.

Recently FSA was notified by Bank of America that Washington Federal has purchased more than 35 branches in the Northwest. Producers who are Bank of America customers and may be affected by this will need to update their direct deposit information to continue to receive timely payments from FSA.

Producers should notify their local FSA office of all operational changes as soon as possible so their farm records can be updated timely. These can include changes in: farm structure, leases, deaths, land ownership and/or address. Updating records in a timely manner can help ensure all required participants appear on documents requiring signatures and prevent payment delays. A copy of the applicable recorded deed should be provided to complete any land ownership changes.

Soybean Request for Referendum

The Soybean Promotion, Research and Consumer Information Act requires the Secretary of Agriculture to conduct a Request for Referendum every 5 years after the initial referendum, which was conducted in 1994. The last Request for Referendum was conducted in 2009. Soybean producers who are interested in having a referendum to determine whether to continue the Soybean Checkoff Program are invited to participate.

The Request for Referendum will be conducted at FSA offices. To be eligible to participate, producers must certify and provide documentation that shows that they produced soybeans and paid an assessment on the soybeans during the period of Jan. 1, 2012, through Dec. 31, 2013.

Beginning May 5 and continuing through May 30, 2014, producers may obtain a form by mail, fax, or in person from the FSA county offices. Forms and more information can be found here. Completed forms and supporting documentation must be returned to the appropriate county FSA office by fax or in person no later than close of business May 30, 2014; or if returned by mail, must be postmarked by midnight May 30, 2014, and received in the county FSA office by close of business on June 5, 2014.