USDA

KENTUCKY NEWS

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USDA Announces Enrollment Period for Safety Net Coverage in 2016

USDA's Farm Service Agency (FSA) has announced that 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 begin visiting FSA county offices starting Dec. 7, 2015, to sign contracts to enroll in coverage for 2016. The enrollment period will continue until Aug. 1, 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.

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.

USDA Begins 49th Enrollment Period for the Conservation Reserve Program

December 2015 Marks 30th Anniversary for the Nation's Most Successful Voluntary Conservation Program

Farmers and ranchers are reminded that the next general enrollment period for the Conservation Reserve Program (CRP) begins today, Dec. 1, 2015, and ends on Feb. 26, 2016. December 2015 also marks the 30th anniversary of CRP, a federally funded program that assists agricultural producers with the cost of restoring, enhancing and protecting certain grasses, shrubs and trees to improve water quality, prevent soil erosion and reduce loss of wildlife habitat.

As of September 2015, 24.2 million acres were enrolled in CRP. CRP also is protecting more than 170,000 stream miles with riparian forest and grass buffers,

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enough to go around the world 7 times. For an interactive tour of CRP success stories from across the U.S., visit www.fsa.usda.gov/CRPis30, or follow on Twitter at #CRPis30.

Participants in CRP establish long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers") to control soil erosion, improve water quality and develop wildlife habitat on marginally productive agricultural lands. In return, FSA provides participants with rental payments and cost-share assistance. At times when commodity prices are low, enrolling sensitive lands in CRP can be especially attractive to farmers and ranchers, as it softens the economic hardship for landowners at the same time that it provides ecological benefits. Contract duration is between 10 and 15 years. The long-term goal of the program is to re-establish native plant species on marginal agricultural lands for the primary purpose of preventing soil erosion and improving water quality and related benefits of reducing loss of wildlife habitat.

Contracts on 1.64 million acres of CRP are set to expire on Sept. 30, 2016. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

Since it was established on Dec. 23, 1985, CRP has:

- Prevented more than 9 billion tons of soil from eroding, enough soil to fill 600 million dump trucks;
- Reduced nitrogen and phosphorous runoff relative to annually tilled cropland by 95 and 85 percent respectively;
- Sequestered an annual average of 49 million tons of greenhouse gases, equal to taking 9 million cars off the road.

Since 1996, CRP has created nearly 2.7 million acres of restored wetlands.

For more information FSA conservation programs, visit a local FSA office or www.fsa.usda.gov/conservation. To find your local FSA office, visit http://offices.usda.gov.

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.

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.

MAL and LDP Policy Changes for Crop Years 2015-2018

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes.

Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool 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

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LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2015 MALs and LDPs for all eligible commodities after harvest.

Before MAL repayments with a market loan gain or LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution.

Additionally, form CCC-902 and CCC-901 must be submitted for the 2014 crop year, if applicable, with a county committee determination and updated subsidiary files.

To be considered eligible for an LDP, producers must have form CCC-633EZ, Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

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. Producers must have a valid CCC-941 on file to earn a market gain of LDP.

For more information and additional eligibility requirements.

Filing CCC-941 Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs) because they have not filed form CCC-941, *Adjusted Gross Income Certification*. LDPs will not be paid until all eligible producers, including landowners who share in the crop, have filed a valid CCC-941.

Producers without a valid CCC-941 certifying their compliance with the average adjusted gross income provisions will not receive payments that have been processed. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form. FSA has been issuing 2014 ARC/PLC payments, 2015 LDPs and Market Gains.

FSA can accept the CCC-941 for 2014, 2015 and 2016. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

USDA Packages Disaster Protection with Loans to Benefit Specialty Crop and Diversified Producers

Free basic coverage and discounted premiums available for new and underserved loan applicants

U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) today announced that producers who apply for FSA farm loans also will be offered the opportunity to enroll in new disaster loss protections created by the 2014 Farm Bill. The new coverage, available from the Noninsured Crop Disaster Assistance Program (NAP), is available to FSA loan applicants who grow non-insurable crops, so this is especially important to fruit and vegetable producers and other specialty crop growers.

New, underserved and limited income specialty growers who apply for farm loans could qualify for basic loss coverage at no cost, or higher coverage for a discounted premium.

The basic disaster coverage protects at 55 percent of the market price for crop losses that exceed 50 percent of production. Covered crops include “specialty” crops, for instance, vegetables, fruits, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, hay, forage, grazing and energy crops. FSA allows beginning, underserved or limited income producers to obtain NAP coverage up to 90 days after the normal application closing date when they also apply for FSA credit.

In addition to free basic coverage, beginning, underserved or limited income producers are eligible for a 50 percent discount on premiums for the higher levels of coverage that protect up to 65 percent of expected production at 100 percent of the average market price. Producers also may work with FSA to protect value-added production, such as organic or

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direct market crops, at their fair market value in those markets. Targeted underserved groups eligible for free or discounted coverage are American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

FSA offers a variety of loan products, including farm ownership loans, operating loans and microloans that have a streamlined application process.

Growers need not apply for an FSA loan, nor be a beginning, limited resource, or underserved farmer, to be eligible for Noninsured Crop Disaster Assistance Program assistance. To learn more, visit www.fsa.usda.gov/nap or www.fsa.usda.gov/farmloans, or contact your local FSA office at https://offices.usda.gov.

Guaranteed Loan Program

FSA guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. Guaranteed loans can be used for both farm ownership and operating purposes.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

FSA can guarantee farm ownership and operating loans up to $1,399,000. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your lender or local FSA farm loan office for more information on guaranteed loans.

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).