



# OREGON FSA NEWSLETTER



**October  
2014**

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## ***USDA - Oregon Farm Service Agency – State Office***

### **Phil Ward Appointed Oregon's FSA Executive Director**

Agriculture Secretary Tom Vilsack recently appointed Phil Ward as the new State Executive Director (SED) for the USDA Farm Service Agency (FSA) in Oregon. Ward is a fifth generation Oregonian whose ancestors traveled the Oregon Trail in the late 1840s. "I'm delighted to have this opportunity to lead the FSA here in Oregon", said Ward, "There is important work to be done in the implementation of the 2014 Farm Bill and in delivering FSA programs to farmers and ranchers across the state in the most effective manner possible. I'm glad to be part of that effort."

Phil Ward is no stranger to Oregon Agriculture. He earned

Bachelor's and Master's degrees in Agricultural Education from Oregon State University and began his professional career as a high school agriculture teacher. After leaving teaching, he continued his service to the agriculture industry when he joined the Oregon Department of Agriculture in 1984 and was eventually promoted to Assistant Director of the Department. In 1997 Phil Ward briefly left government service to become Executive Vice President of the Oregon Farm Bureau. In 1999 he returned to the Oregon Department of Agriculture as its Director. In June 2004, he was appointed to serve as Director of the Oregon Water

Resources Department.

As the officially appointed State Executive Director for Oregon FSA, Phil Ward oversees all aspects of federal farm program implementation as delivered by Oregon FSA's more than 189 employees and producer-elected county committee members.

Phil Ward and his wife Pam have three grown children. They currently live with two chocolate labs on a piece of the home farm near the Willamette River south of Independence.

### **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 expires 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 have to 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 will 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 will not be allowed to participate in both.

A decision tool will be made available in the fall of 2014 to help producers make coverage level decisions. Enrollment will also begin this fall. Dairy operators will establish their production history during signup. Verification of the production records will be required. Additional information will be provided as it becomes available.

*FSA Mission:*

*"Farm Service Agency is equitably serving all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans."*

## USDA ENHANCES FARM STORAGE FACILITY LOAN PROGRAM

The U.S. Department of Agriculture (USDA) today announced the expansion of the Farm Storage and Facility Loan program, which provides low-interest financing to producers. The enhanced program includes 22 new categories of eligible equipment for fruit and vegetable producers.

Producers with small and mid-sized operations, and specialty crop fruit and vegetable growers, now have access to needed capital for a variety of supplies including sorting bins, wash stations and other food safety-related equipment. A new more flexible alternative is also provided for determining storage needs for fruit and

vegetable producers, and waivers are available on a case-by-case basis for disaster assistance or insurance coverage if available products are not relevant or feasible for a particular producer.

Additionally, Farm Storage Facility Loan security requirements have been eased for loans up to \$100,000. Previously, all loans in excess of \$50,000 and any loan with little resale value required a promissory note/security agreement and additional security, such as a lien on real estate. Now loans up to \$50,000 can be secured by only a promissory note/security agreement and some loans between \$50,000 and

\$100,000 will no longer require additional security.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include grains, oilseeds, peanuts, pulse crops, hay, honey, renewable biomass commodities, fruits and vegetables. Qualified facilities include grain bins, hay barns and cold storage facilities for fruits and vegetables.

Contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov) for more about FSA programs and loans, including the Farm Storage Facility Loan Program.

*FSA Vision:  
“A market-oriented,  
economically and  
environmentally  
sound American  
agriculture delivering  
an abundant, safe  
and affordable food  
and fiber supply while  
sustaining quality  
agricultural  
communities.”*

## NEW FARM BILL OFFERS INCREASED OPPORTUNITIES FOR PRODUCERS

The 2014 Farm Bill offers increased opportunities for producers including farm loan program modifications that create flexibility for new and existing farmers. A fact sheet outlining modifications to the U.S. Department of Agriculture’s (USDA) Farm Service Agency (FSA) Farm Loan Programs is available at [www.fsa.usda.gov/fsa](http://www.fsa.usda.gov/fsa).

The Farm Bill expands lending opportunities for thousands of farmers and ranchers to begin and continue operations, including greater flexibility in determining eligibility, raising loan limits, and emphasizing beginning and socially disadvantaged producers.

Changes that will take effect immediately include:

- Elimination of the 15 year term limit for guaranteed operating loans.
- Modification of the definition of beginning farmer, using the average farm size for the county as a qualifier instead of the median farm size.
- Modification of the Joint Financing Direct Farm Ownership Interest Rate to 2 percent less than regular Direct Farm Ownership rate, with a floor of 2.5 percent. Previously, the rate was established at 5 percent.
- Increase of the maximum loan amount for Direct Farm Ownership Down Payment Loan Program from \$225,000 to \$300,000.
- Elimination of rural residency requirement for Youth Loans, allowing urban youth to benefit.
- Debt forgiveness on Youth Loans, which will not prevent borrowers from obtaining additional loans from the federal government.
- Increase of the guaranteed percentage on Conservation Loans from 75 to 80 percent and 90 percent for socially disadvantaged borrowers and beginning farmers.
- Microloans will not count toward direct operating loan term limits for veterans and beginning farmers.

Additional modifications must be implemented through the rulemaking processes. Visit the website for detailed information and updates to farm loan programs.

[www.usda.gov/farmbill](http://www.usda.gov/farmbill)

## GUARANTEED LOAN ELIGIBILITY LIMIT CHANGES

Changes to FSA regulations have removed Guaranteed Operating Loan term limits. Previous and current guaranteed

borrowers who were not eligible for further guaranteed loans due to the previous 15 year eligibility term limit may

now be eligible for further guaranteed loans through their commercial lender.

## BEGINNING FARMER LOANS

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's average size farm.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

## 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.

- 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.

### Youth Loan Eligibility Requirements:

## USDA NOTIFIES PRODUCERS ON ACREAGE HISTORY AND YIELDS

Written notifications from USDA are underway to farmers that provide updates on their current base acres, yields, and 2009-2012 planting history.

enrolling in the upcoming Agriculture Risk Coverage (ARC) program and the Price Loss Coverage (PLC) program. Farmers and ranchers can update their crop yield information and reallocate base acres.

in the spring of 2015.

Please cross check the letter from USDA with your farm records. If the information is correct, no further action is needed at this time, but if our letter is incomplete or incorrect, contact your local FSA office as soon as possible.

By mid-winter all producers on a farm will be required to make a one-time, unanimous, and irrevocable election between price protection and county revenue protection or individual revenue protection for 2014-2018 crop years. Producers can expect to sign contracts for ARC or PLC for the 2014 and 2015 crop years

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 (includes short grain rice and temperate japonica rice), safflower seed, sesame, soybeans, sunflower seed, and wheat. Upland cotton is no longer a covered commodity.

Verifying the accuracy of data on a farm's acreage history is a required early step for

Visit [www.fsa.usda.gov](http://www.fsa.usda.gov) or the local FSA office for information about FSA and the 2014 Farm Bill programs.

Compliance spot checks will be conducted on 2014 crops. Instead of locally selecting farms, contracts, deficiency loans, etc. for review, a

## COMPLIANCE SPOT CHECKS

nationwide selection of producers is employed. Spot check selections are to be conducted based on a producer's participation in

Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

Return Service Requested



**We're on the Web!**

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[www.fsa.usda.gov](http://www.fsa.usda.gov)

## GovDelivery

The cost of traditional paper newsletters mailed to owners and operators from their local FSA Office has become prohibitive. Farmers and Ranchers in Oregon now have a more efficient timely option for receiving important Farm Service Agency (FSA) program eligibility requirements, deadlines and related information.

We are now offering free online communications through our GovDelivery electronic news service. News will now be sent via e-mail right to your

home or farm office or to your Smartphone – affording you immediate notification of farm program news pertinent to your agricultural operation.

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