

June 2016



Indiana Farm Service Agency Program Updates

Indiana Farm Service Agency

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From the FSA Farm Fields

Rainfall has occurred in many locations in Indiana! And, that means Indiana's FSA offices will be busy with producers, like yourself, visiting the local USDA Service Center and certifying your crops for this year's growing season. Even if the rain hasn't kept you out of the fields, we want you to remember the crop certification deadline is July 15th! Call your county office today to make an appointment.

On behalf of all Indiana FSA employees, I want to personally say thank you for the work you do – whether it be in the snow and ice in the winter, or now, the heat and sun in the summer. As the providers of our food, fiber and fuel supply, the work you do does not go unnoticed. We know this is a busy season for you too. With county fairs, baling hay and nurturing the growing crop, it is a 365/24/7 occupation. Please know your local FSA office is here to help with programs to assist you with your operation. We look forward to seeing you and your family when visiting our offices.

Here's to a great growing season, with the exact moisture and heat you need to produce that bounty this fall!

Sincerely In Agriculture,

Julia

USDA Extends Deadline for Recording Farm Structure

Gives Non-Family Farming Operations More Time to Restructure in Response to 'Actively Engaged' Farm Management Rule

USDA announced a one-time, 30-day extension to the June 1 deadline for recording farm organization structures related to Actively Engaged in Farming determinations. This date is used to determine the level of interest an individual holds in a legal entity for the applicable program year. Farming operations will now have until July 1 to complete their restructuring or finalize any operational change. The U.S. Department of Agriculture (USDA) issued the extension in response to farmers and ranchers who requested more time to comply, and to assure that everyone has enough time to provide their information under the new rules.

The 2014 Farm Bill provided the Secretary with the direction and authority to amend the Actively Engaged in Farming rules related to management. The final rule established limits on the number of individuals who can qualify as actively engaged using only management. Only one payment limit for management is allowed under the rule, with the ability to request up to two additional qualifying managers operations for large and complex operations.

The rule does not apply to farming operations comprised entirely of family members. The rule also does not change the existing regulations related to contributions of land, capital, equipment or labor, or the existing regulations related to landowners with a risk in the crop or to spouses. Producers that planted fall crops have until the 2017 crop year to comply with the new rules. The payment limit associated with Farm Service Agency farm payments is generally limited annually to \$125,000 per individual or entity.

FSA County Committee Nomination Period Now Open

The nomination period for FSA county committees began on June 15, 2016. Nomination forms must be postmarked or received in county FSA offices by close of business on Aug. 1, 2016.

County Committees are unique to FSA and allow producers to have a voice on federal farm program implementation at the local level.

To be eligible to serve on a FSA county committee, a person must participate or cooperate in an agency administered program, be eligible to vote in a county committee election and reside in the Local Administrative Area (LAA) where they are nominated. All producers, including women, minority and beginning farmers and ranchers, are encouraged to participate in the nomination and election process.

Producers may nominate themselves or others as candidates. Organizations representing minority and women farmers and ranchers may also nominate candidates. To become a nominee, eligible individuals must sign form FSA-669A. The form and more information about county committee elections is available online at: www.fsa.usda.gov/elections.

Elected county committee members serve a three-year term and are responsible for making decisions on FSA disaster, conservation, commodity and price support programs, as well as other important federal farm program issues. County committees consist of three to 11 members.

FSA will mail election ballots to eligible voters beginning Nov. 7. Ballots are due back to the county FSA office by mail or in person no later than Dec. 5, 2016. All newly elected county committee members and alternates will take office January 1, 2017.

For more information about county committees, please contact your local county FSA office or visit www.fsa.usda.gov/elections.

Enrollment Period for 2016 USDA Safety Net Coverage Ends Aug. 1

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 visit FSA county offices through Aug. 1, 2016, to sign contracts to enroll in coverage for 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>.

Required Management on CRP Acres

Participants in the Conservation Reserve Program (CRP) are responsible for maintaining the acreage under contract to the minimum specifications and acreages as required by their conservation plan and supporting documents. This includes not only controlling excessive weeds, invasive species, and trees in grass practices, but completing required management on CRP practices as scheduled in conservation plans as well.

The purpose of required management activities, commonly referred to as mid contract management (MCM), is to enhance the wildlife habitat value of the enrolled acres for species such as Northern Bobwhite, pollinators, and others. In grass practices, the perennial grasses tend to crowd out the desired broadleaf plants, litter accumulates and plant diversity declines. In tree practices, thinning or pruning may be needed to improve tree growth or enhancements needed in open areas to encourage plant diversity for wildlife. MCM is now required on all new practices and if not already required, is optional on all older contracts.

These activities (as well as any treatment for weed control or maintenance) must be completed outside of the primary nesting season. In Indiana, the primary nesting season for a contract that was approved for enrollment prior to February 8, 2007 is from March 1 through July 15th. For newer contracts, the primary nesting season is April 1 through August 1st. Any activities completed during this time period may result in a contract violation and payment reduction.

Required management activities include: prescribed burning, strip disking, strip spraying, inter-seeding forbs/legumes/pollinators, pruning/thinning, inner seedling or shrub planting for diversity. Cost Share is available for eligible practices up to a maximum of \$100 per acre for a 10-year contract or up to \$150 per acre for a 15-year contract over the duration of the contract.

Farmers to Receive Documentation of USDA Services

Farm Service Agency (FSA) reminds agricultural producers that FSA provides a receipt to customers who request or receive assistance or information on FSA programs.

The 2014 Farm Bill requires a customer receipt to be issued for any agricultural program assistance requested from FSA, the National Resources Conservation Service (NRCS) and Rural Development (RD). Receipts include the date, summary of the visit and any agricultural information, program and/or loan assistance provided to an individual or entity. Electronic receipts for acreage reports will begin on August 1, 2016.

A service is any information, program or loan assistance provided whether through a visit, email, fax or letter.

CRP Payment Limitation

Payments and benefits received under the Conservation Reserve Program (CRP) are subject to the following:

- payment limitation by direct attribution
- foreign person rule
- average adjusted gross income (AGI) limitation

The 2014 Farm Bill continued the \$50,000 maximum CRP payment amount that can be received annually, directly or indirectly, by each person or legal entity. This payment limitation includes all annual rental payments and incentive payments (Sign-up Incentive Payments and Practice Incentive Payments). Annual rental payments are attributed (earned) in the fiscal year in which program performance occurs. Sign-up Incentive Payments (SIP) are attributed (earned) based on the fiscal year in which the contract is approved, not the fiscal year the contract is effective. Practice Incentive Payments (PIP) are attributed (earned) based on the fiscal year in which the cost-share documentation is completed and the producer or technical service provider certifies performance of practice completion to the county office.

Such limitation on payments is controlled by direct attribution.

- Program payments made directly or indirectly to a person are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Payment attribution to a legal entity is tracked through four levels of ownership. If any part of the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity.

Essentially, all payments will be “attributed” to a person’s Social Security Number. Given the current CRP annual rental rates in many areas, it is important producers are aware of how CRP offered acreages impact their \$50,000 annual payment limitation. Producers should contact their local FSA office for additional information.

NOTE: The information in the above article only applies to contracts subject to 4-PL and 5-PL regulations. It does not apply to contracts subject to 1-PL regulations.

Producers Must Report Prevented Planting and Failed Acres

USDA Farm Service Agency (FSA) reminds producers to complete annual acreage reports as planting wraps up. This includes reporting prevented planting and failed acres in order to establish or retain FSA program eligibility.

Producers must report crop acreage they intended to plant, but were unable to plant due to natural disaster. Prevented planting acreage must be reported on form CCC-576, Notice of Loss, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA).

The final planting date for corn in Indiana was June 5th and the final planting date for soybeans was June 20th. Producers should contact their local FSA office or crop insurance agent for final planting dates for other crops.

If a producer is unable to report the prevented planting acreage within the 15 calendar days following the final planting date, a late-filed report can be submitted. Late-filed reports will only be accepted if FSA conducts a farm visit to assess the eligible disaster condition that prevented the crop from being planted. A measurement service fee will be charged. In the event that proof of the prevented planting was filed with crop insurance, documentation of the crop insurance claim/notice of loss may be submitted to substantiate the disaster with FSA in conjunction with the CCC-576.

Additionally, producers with failed acres should also use form CCC-576, Notice of Loss, to report failed acres. This must be filed prior to destruction of the crop to provide FSA an opportunity to inspect the acreage.

For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, producers must file a Notice of Loss within 15 days of the occurrence of the disaster or when losses become apparent. Additionally, many crops covered by NAP require an initial notification of loss be

made to the FSA administrative office within 72 hours of loss occurrence or loss becoming apparent. Producers must timely file a Notice of Loss for failed acres on all crops including grasses to ensure the opportunity to receive acreage reporting history credit for the crop as well as potential program benefits.

For questions regarding crop certification and crop loss reports, please contact your local county FSA office.

Loan Servicing

There are options for Farm Service Agency loan customers during financial stress. If you are a borrower who is unable to make payments on a loan, contact your local FSA Farm Loan Manager to learn about the options available to you.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

FSA periodically conducts Direct Loan graduation reviews to determine a borrower's ability to graduate to commercial credit. If the borrower's financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and partially or fully pay off their FSA debt.

By the end of a producer's operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower's potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a borrower is unable to refinance his FSA loans with a commercial lender and provides evidence to that effect, FSA will retain the loan(s). If a borrower fails to provide the requested financial information to FSA or graduate when requested, the borrower will be in noncompliance and further action may be taken to enforce the graduation provision.

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.

FSA Unveils Monthly Webinar Series

The FSA Outreach and Education Division will host a series of webinars each month to inform producers about FSA programs and initiatives. To register for any of the below listed webinars, visit www.fsa.usda.gov/outreach and click on “Outreach Webinars.”

July 19 @ 2 p.m. EDT

Understanding Receipt for Service

To ensure that all USDA customers and potential customers are being served properly in local offices, the 2014 Farm Bill requires that a receipt be provided. Learn more about Receipt for Service, how it affects you and what you can expect when you visit a local Farm Service Agency county office.

Aug. 9 @ 2 p.m. EDT

Need Commodity Storage? The Farm Storage Facility Loan (FSFL) Can Help

The Farm Storage Facility Loan Program provides low-interest financing so producers can build or upgrade permanent or portable facilities to store commodities. Learn how this program may be able to help your operation.

Persons with disabilities who require accommodations to attend or participate in these webinars should contact Tanya Brown at 202-690-1700 or Federal Relay Service at 1-800-877-8339 at least three business days prior to the webinar.

The webinars will be recorded for future viewing and can be accessed on www.fsa.usda.gov/outreach.

USDA’s Building Blocks for Climate Smart Agriculture & Forestry

The U.S. Department of Agriculture announced a comprehensive and detailed approach to support farmers, ranchers, and forest land owners in their response to address the causes of climate change in April 2015. The framework consists of 10 building blocks that span a range of technologies and practices to reduce greenhouse gas emissions, increase carbon storage, and generate clean renewable energy through mitigation.

USDA’s strategy focuses on climate-smart practices designed for working production systems that provide multiple economic and environmental benefits in addition to supporting resilience to extreme weather, reduced emissions and increased carbon storage.

Through this comprehensive set of voluntary programs and initiatives spanning its programs, USDA expects to reduce net emissions and enhance carbon sequestration by over **120 million metric tons** of CO₂ equivalent (MMTCO₂e) per year – about 2% of economy-wide net greenhouse emissions – by 2025. That’s the equivalent of taking **25 million cars** off the road, or offsetting the emissions produced by powering nearly **11 million homes** last year.

For more information on the Building Blocks for Climate Smart Agriculture and Forestry click the following link: <http://www.usda.gov/documents/climate-smart-fact-sheet.pdf> . For additional information on ways to consider greenhouse gases when managing land, refer to the USDA Climate Hub webpage: <http://www.climatehubs.oce.usda.gov/>.

Dates to Remember

July 1, 2016: DEADLINE EXTENDED - Date used to establish ownership interest for person or legal entity for program purposes

July 1, 2016: MPP-Dairy 2017 registration and election begins

July 4, 2016: Offices closed in observance of Independence Day

July 5, 2016: Final date to submit a prevented planting claim for soybeans

July 15, 2016: Reporting date for all other crops (including cucumbers planted 5/10-6/15) in all other counties in Indiana

July 15, 2016: Deadline for certification of current year and benchmark yields for 2015 ARC-IC elected and enrolled farms

August 1, 2016: Deadline to enroll in 2016 Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) Programs

August 1, 2016: Deadline to request farm reconstitutions and transfers for 2016

August 15, 2016: Reporting date for cucumbers (planted 6/16-8/5 in Fulton, LaPorte, Porter and St. Joseph Counties)

September 1: Noninsured Crop Disaster Assistance Program (NAP) application closing date for value loss crops for the following year (flowers for fresh cut, onion sets, turfgrass sod, Christmas trees, aquaculture, ginseng, mushrooms, etc.)

September 5: Offices closed in observance of Labor Day

September 15: Reporting date for cucumbers (planted 6/1-8/15 in Knox County)

September 30: MPP-Dairy 2017 registration and election ends

September 30: Reporting date for value loss and controlled environment crop (for the coming program year)

September 30: NAP application closing date for grazing/forage crops, garlic, wheat, barley, rye and mint for the following year's crop

USDA is an equal opportunity provider, employer and lender. 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).