

February 2017



Farm Service Agency

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NEWSLETTER



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Nebraska FSA Newsletter

Nebraska Farm Service Agency

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A Message from the Acting State Executive Director

I don't know about all of you, but the several-day run of spring-like weather this month has me squarely focused on the upcoming planting season. It's a great time to be getting some of the preparations done – maintenance on equipment, preordering supplies – that will make things run much smoother once March and April roll around.

But as you change air and fuel filters on the tractor, don't forget that Nebraska USDA Farm Service Agency (FSA) also would like a bit of your

Roy Stoltenberg

time. Several important application deadlines are fast approaching.

Division Chiefs:

Cathy Anderson
Doug Klein
Greg Reisdorff
Mark Wilke

To find contact information for your local office go to www.fsa.usda.gov/ne

For example, the Noninsured Crop Disaster Assistance Program (NAP) provides risk protection for crops that are not covered by regular federal crop insurance, and the sales closing date for coverage for some crops is March 15, 2017. Among those crops are alfalfa, grass, mixed forage and some fruits and vegetables. You can read more about the NAP program below or stop in to your local office to learn more.

If you experienced larger than normal livestock death losses in 2016, and you applied to our offices for assistance through the Livestock Indemnity Program (LIP), we need to have all your supporting documentation in our offices no later than March 31, 2017. LIP compensates livestock owners and contract growers for death losses in excess of normal mortality due to adverse weather. The article below explains the additional materials we need to complete an application.

While you can't circle this date on the calendar, it is critically important that anytime you are considering breaking out any new ground for production purposes, you contact Nebraska FSA **prior to** taking such action. As the article below notes, there are requirements when putting new land into production, and you risk your federal farm bill program benefits if you don't consult with us first. Now is a great time to stop in and have that conversation so you can stay in compliance.

That's all I have for this month. Until next time, enjoy the warm weather.

-- Mike Sander

Enrollment Deadline is March 15 for Several Crops Covered Under Noninsured Crop Disaster Assistance Program

FSA encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for NAP. The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection.

In Nebraska, March 15, 2017, is the NAP sales closing date for alfalfa, mixed forage, spring-seeded annual crops, grass, sorghum forage and some fruits and vegetables. For additional crops with a March 15, 2017, sales closing date, contact your local FSA office.

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

Noninsured Crop Disaster Assistance Program Available to Limit Losses Due to Poor Forage Quality

Reduced forage quality is now considered a production loss for weather disaster assistance coverage under the new buy-up provisions of the FSA Noninsured Crop Disaster Assistance Program (NAP).

This safety net is important for cattlemen who produce non-insurable forages for feeding livestock. Previously, FSA only considered a decrease in overall forage tonnage produced when determining if the producer suffered a compensable loss after a qualifying weather event. Under FSA's new NAP buy-up provisions, a decrease in forage quality – such as protein content – is also considered.

To receive coverage for the 2017 crop year, producers must enroll their eligible forage in NAP by March 15, 2017. Beginning, limited resource and targeted underserved farmers or ranchers are eligible for a waiver of the NAP service fee and a 50 percent premium reduction in buy-up provisions.

For more information on NAP, visit www.fsa.usda.gov/nap.

Deadline Approaching to Turn in 2016 Livestock Indemnity Program Documentation

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock death losses in excess of normal mortality due to adverse weather and attacks by animals reintroduced into the wild by the federal government or protected by federal law.

LIP compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather, including losses due to blizzards, extreme cold, floods, wildfires, and extreme heat.

The deadline to file supporting documents for 2016 LIP applications is March 31, 2017. Participants must provide the following supporting documentation to their local FSA office:

- Proof of death documentation
- Copy of growers contracts
- Proof of normal mortality documentation.

For 2016, eligible losses must have occurred on or after Jan. 1, 2016, and no later than 60 calendar days from the ending date of the applicable adverse weather event or attack. A notice of loss must have been filed with FSA within 30 days of when the loss of livestock was apparent.

USDA has established normal mortality rates for each type and weight range of eligible livestock, i.e. Adult Beef Cow = 1.5% and Non-Adult Beef Cattle (less than 400 pounds) = 5%. These established percentages reflect losses that are considered expected or typical under "normal" conditions.

Additional information about LIP is available at your local FSA office or online at: www.fsa.usda.gov.

Contact FSA Prior to Breaking New Ground

Agricultural producers are reminded to consult with FSA and the Natural Resources Conservation Service (NRCS) before breaking out new ground for production purposes, as doing so without prior authorization may put a producer's federal farm program benefits in jeopardy. This is especially true for land that must meet Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions.

Producers with HEL determined soils are required to apply tillage, crop residue and rotational requirements as specified in their conservation plan.

Producers should notify FSA as a first point of contact prior to conducting land clearing or drainage type projects to ensure the proposed actions meet compliance criteria. For example, if you are considering clearing any trees to create new cropland, these areas will need to be reviewed to ensure such work will not risk your eligibility for benefits.

Landowners and operators complete the form AD-1026 - Highly Erodible Land Conservation (HEL) and Wetland Conservation (WC) Certification to identify the proposed action and allow FSA to determine whether a referral to NRCS for further review is necessary.

Loan Servicing Options Available

There are options for FSA 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 Storage Facility Loans

The FSA Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities. The maximum FSFL loan amount is \$500,000 per loan. Participants are required to provide a down payment of 15 percent, with Commodity Credit Corporation (CCC) providing a loan for the remaining 85 percent of the net cost of the eligible storage facility, or permanent drying and handling equipment. Loan terms of 3, 5, 7, 10 or 12 years are available, depending on the amount of the loan. FSFL security requirements have been eased for loans in the amount of \$100,000 and less.

The FSFL program also has undergone several recent changes to make it more accessible to farms of all types and sizes.

For example, the purchases of portable storage and handling equipment and trucks are now included as eligible items under the loan program. These items can be new or used. FSFL loans also can be used to finance wash and pack equipment used post-harvest, before a commodity is placed in cold storage.

The program also now includes a “microloan” option with lower down payments, designed to help producers, including new, small and mid-sized producers, grow their businesses and markets. The microloan option allows applicants seeking less than \$50,000 to qualify for a reduced down payment of 5 percent. Producers can self-certify the storage needs of the eligible commodity and are not required to demonstrate storage needs based on production history. Farms and ranches of all sizes are eligible.

Both changes are expected to be of particular benefit to small farms and ranches and specialty crop producers, who may not have access to commercial storage or on-farm storage after harvest. These producers can invest in equipment such as conveyers, scales or refrigeration units and trucks that can store commodities before delivering them to markets. Producers do not need to demonstrate the lack of commercial credit availability to apply.

FSA significantly expanded the list of commodities that are included in the FSFL program. Eligible commodities are: aquaculture, floriculture, fruits (including nuts) and vegetables, corn, grain sorghum, rice, oilseeds, oats, wheat, triticale, spelt, buckwheat, lentils, chickpeas, dry peas, sugar, peanuts, barley, rye, hay, honey, hops, maple sap, unprocessed meat and poultry, eggs, milk, cheese, butter, yogurt and renewable biomass.

All loan requests are subject to an environmental evaluation. Accepting delivery of equipment, or starting any site preparation or construction before loan approval, may impede the successful completion of an environmental evaluation and may adversely affect loan eligibility.

To learn more about the FSFL Program, visit www.fsa.usda.gov/pricesupport or contact your local FSA county office.

FSA Reminds Customers of Actively Engaged Provisions for Non-Family Joint Operations or Entities

Many FSA programs require all program participants, either individuals or legal entities, to be “actively engaged in farming.” This means participants provide a significant contribution to the farming operation, whether it is capital, land, equipment, active personal labor and/or management. For entities, each partner, stockholder or member with an ownership interest, must contribute active personal labor and/or management to the operation on a regular basis.

The 2014 Farm Bill established additional payment eligibility provisions relating to the farm management component of meeting “actively engaged in farming.” These provisions apply to joint operations comprised of non-family members or partners, stockholders or persons with an ownership in the farming operation. Effective for 2016 and subsequent crop years, non-family joint operations are afforded one member who may use a significant contribution of active personal management exclusively to meet the requirements to be determined “actively engaged in farming.” The person or member will be defined as the Farm Manager for the purposes of administering these management provisions.

In some instances, additional persons or members of a non-family member joint operation who meet the definition of Farm Manager may also be allowed to use such a contribution of active personal management to meet the eligibility requirements. However, under no circumstances may the number of Farm Managers in a non-family joint operation exceed a total of three in any given crop and program year.

Unauthorized Disposition of Grain Carries Penalties

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer’s name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

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.

February FSA Interest Rates

Farm Operating: 2.875%
Microloan Operating: 2.875%
Farm Ownership: 4%
Farm Ownership - Joint Financing: 2.50%
Farm Ownership - Down Payment: 1.50%
Emergency - Actual Loss: 3.875%
Farm Storage Facility Loan 3 year term: 1.50%
Farm Storage Facility Loan 5 year term: 2%
Farm Storage Facility Loan 7 year term: 2.25%
Farm Storage Facility Loan 10 year term: 2.50%
Farm Storage Facility Loan 12 year term: 2.50%
Commodity Loan: 1.875%

Dates to Remember

March 15, 2017 – 2017 NAP sales closing date for alfalfa, mixed forage, spring-seeded annual crops, grass, sorghum forage, and some fruits and vegetables. For additional crops with a March 15, 2017, sales closing date, contact your local FSA office.

March 31, 2017 – Deadline to file supporting documents for 2016 Livestock Indemnity Program applications.

March 31, 2017 – 2016 Marketing Assistance Loan availability deadline for barley, canola, crambe, flaxseed, honey, oats, rapeseed, wheat and sesame seed.

June 1, 2017 – Final date to file an AD-1026 for 2018 crop insurance eligibility.

July 3, 2017 - Enrollment period opens for Dairy Margin Protection Program coverage for 2018.

July 17, 2017 – Acreage reporting deadline for all spring-seeded crops, including Conservation Reserve Program (CRP) acreage, and all other crops for the 2017 crop year.

August 1, 2017 – Enrollment period for ARC/PLC ends.

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).