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Farm Service Agency Electronic News Service

NEWSLETTER

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FSA News - Lone Star State Edition

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Special Earth Day 2018 Message from Gary Six, State Executive Director

America's farmers and ranchers are the original stewards of the earth. You understand the fragility of the land and work tirelessly to sustain and protect it to ensure its availability for generations to come.

The 2012 United States Census of Agriculture counted 3.2 million American farmers, ranchers and foresters. That's over three million responsible landowners and caretakers continuously looking for new and sustainable operating practices to help preserve our natural resources, while supporting an ever-growing population.

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Executive Officer:
Erasmo (Eddie) Trevino

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

Your use of precision agriculture technologies, along with other conservation practices, help protect drinking water and reduce soil erosion. Your efforts also help preserve and restore wildlife habitats, forests and wetlands. The world relies on your stewardship for our well-being and recreation.

As we celebrate Earth Day on April 22, I want to thank you on behalf of the Texas Farm Service Agency for your role in taking care of the land, and ensuring the air we breathe and the water we drink is safe and clean.

To help you along the way as you invest in your operations and protect our natural resources, FSA is here to support Texas agriculturalists through our many programs and services.

For more information, visit www.fsa.usda.gov.

Sincerely,

Gary L. Six
State Executive Director

Fire Management on CRP Acres

Landowners who participate in the Conservation Reserve Program (CRP) are responsible for fire management on their CRP acreage. If not already in the Conservation Plan of Operations (CPO), CRP participants should work with the Natural Resources Conservation Service (NRCS) to have conservation plans modified to include firebreaks. Firebreaks must be installed according to NRCS standards.

Firebreak management activity may be conducted during the primary nesting season as scheduled in the CPO. In Texas, the Primary Nesting Season is March 1 through June 1 for grazing benefits and March 1 through July 1 for all other activities.

FSA encourages producers to be proactive in preventing the potential spread of wildfire. Barren firebreaks are only allowed in high risk areas, such as transportation corridors, rural communities, and adjacent farmsteads. An NRCS conservationist must certify that there will not be an erosion hazard from the barren firebreak. If erosion becomes a problem, remedial action will be required.

CRP participants interested in the installation of firebreaks must contact their local FSA office.

Reporting Wind Turbines Constructed on Cropland

Producers who have wind turbines constructed on their farms should notify the local Farm Service Agency office. Any area that is no longer considered suitable as cropland (producing annual or perennial crops) should be designated in FSA’s records and aerial photography maps.

When base acres on a farm are converted to a non-agricultural commercial or industrial use, the total base acres on the farm must be reduced accordingly. Non-cropland areas used for wind turbines might impact payments calculated using base acres, such as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC).

USDA to Immediately Assist Producers for Qualifying Livestock, Honeybee, Farm-raised Fish Program Losses

$34 Million for 2017 Losses Part of Broad Suite of Programs Aiding Ag Operations

USDA will issue $34 million to help agricultural producers recover from 2017 natural disasters through the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP), which covers losses not covered by certain other USDA disaster assistance programs. These payments are being made available today, and they are part of a broader USDA effort to help producers recover from hurricanes Harvey, Irma and Maria, wildfires and drought. A large portion of this assistance will be made available in federally designated disaster areas.

ELAP aims to help eligible producers of livestock, honeybees, and farm-raised fish for losses due to disease, certain adverse weather events or loss conditions, including blizzards and wildfires, as determined by the Secretary. ELAP assistance is provided for losses not covered by other disaster assistance programs such as the Livestock Forage Disaster Program (LFP) and Livestock Indemnity Program (LIP).

The increased amount of assistance through ELAP was made possible by the Bipartisan Budget Act of 2018 signed earlier this year. The Act amended the 2014 Farm Bill to enable USDA's Farm Service Agency (FSA) to provide assistance to producers without an annual funding cap and immediately for 2017. It also enabled FSA to pay ELAP applications as they are filed for 2018 and subsequent program years.

Other USDA Disaster Assistance Programs

The Act removed program year payment limitations and increased the acreage cap for the Tree Assistance Program (TAP), a nationwide program that provides owners of orchards, vineyards and nurseries with cost share assistance to replant eligible trees, bushes, and vines following a natural disaster. For example, the program will help owners of citrus groves in Florida, avocado trees in California, coffee plantations in Puerto Rico and vineyards reduce the cost of replanting, and speed recovery from the loss of fruit and nut trees, bushes, and vines.

Prior to the Act, there was a combined program year payment limitation of $125,000 for ELAP, LIP and LFP per person or legal entity. The Tree Assistance Program (TAP) had its own $125,000 payment limitation. The Act removed the program year per person and legal entity payment limitation for LIP and TAP. As a result of the Act, a $125,000 per person and legal entity single payment limitation applies to the total amount of program year payments received under both ELAP and the Livestock Forage Disaster Program (LFP) and program payments under LIP and TAP no longer have payment limits.

Under the updated program as amended by the Act, growers are eligible to be partly reimbursed for losses on up to 1,000 acres per program year, double the previous acreage limit of 500 acres.

In total, it is estimated that the Act will enable USDA to provide more than $3 billion in disaster assistance, including the $2.36 billion announced last week to be made available through FSA's new 2017 Wildfires and Hurricanes Indemnity Program. This includes $400 million made available for the Emergency Conservation Program, which helps farmers and ranchers repair damage to farmlands caused by natural disasters. As signups across the country are completed, additional applications will be funded.

According to the U.S. National Oceanic and Atmospheric Administration (NOAA), the United States was impacted by 16 separate billion-dollar disaster events in 2017 including: three tropical cyclones, eight severe storms, two inland floods, a crop freeze, drought and wildfire. More than 25 million people – almost eight percent of the population – were affected by major disasters.

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From severe flooding in Puerto Rico and Texas to mudslides and wildfires in California, major natural disasters

caused catastrophic damages, with an economic impact totaling more than $300 billion.

For Assistance

Producers with operations impacted by natural disasters and diseases in 2018 are encouraged to contact their local USDA service center to apply for assistance through ELAP, TAP, LIP and LFP. Producers with 2017 ELAP claims need to take no action as FSA has begun paying those claims.

USDA Helps Cotton Producers Maintain, Expand Domestic Market

The U.S. Department of Agriculture (USDA) is taking action to assist cotton producers through a Cotton Ginning Cost Share (CGCS) program in order to expand and maintain the domestic marketing of cotton.

The sign-up period for the CGCS program runs from March 12, 2018, to May 11, 2018.

Under the program, which is administered by the Farm Service Agency (FSA), cotton producers may receive a cost share payment, which is based on a producer's 2016 cotton acres reported to FSA multiplied by 20 percent of the average ginning cost for each production region.

The CGCS payment rates for each region of the country are:

Region	States	Cost of Ginning/Acre	CGCS Payment Rate
Southeast	Alabama, Florida, Georgia N. Carolina, S. Carolina, Virginia	$116.05	$23.21
Mid-South	Arkansas, Illinois, Kentucky, Louisiana Missouri, Mississippi, Tennessee	$151.97	$30.39
Southwest	Kansas, Oklahoma, Texas	$98.26	$19.65
West	Arizona, California, New Mexico	$240.10	$48.02

CGCS payments are capped at $40,000 per producer. To qualify for the program, cotton producers must meet conservation compliance provisions, be actively engaged in farming and have adjusted gross incomes not exceeding $900,000. FSA will mail letters and pre-filled applications to all eligible cotton producers.

The program was established under the statutory authority of the Commodity Credit Corporation Charter Act.

To learn more about the CGCS program, visit www.fsa.usda.gov/cgcs or contact a local FSA county office. To find your local FSA county office, visit the USDA's new website: https://www.farmers.gov/.

Enrollment Reopens for Improved Dairy Safety Net Tool

USDA's Farm Service Agency (FSA) encourages dairy producers to consider enrolling in the new and improved Margin Protection Program for Dairy (MPP-Dairy), which will provide better protections for dairy producers from shifting milk and feed prices. With changes authorized under the Bipartisan Budget Act of 2018, FSA has set the enrollment period to run from April 9 to June 1, 2018.

About the Program:

The program protects dairy producers by paying them when the difference between the national all-milk price and the national average feed cost (the margin) falls below a certain dollar amount elected by the producer.

Changes include:

- Calculations of the margin period is monthly rather than bi-monthly
- Covered production is increased to 5 million pounds on the Tier 1 premium schedule, and premium rates for Tier 1 are substantially lowered
- An exemption from paying an administrative fee for limited resource, beginning, veteran, and disadvantaged producers; Dairy operators enrolled in the previous 2018 enrollment period that qualify for this exemption under the new provisions may request a refund

Dairy operations must make a new coverage election for 2018, even if you enrolled during the previous 2018 signup period. Coverage elections made for 2018 will be retroactive to January 1, 2018. All dairy operations desiring coverage must sign up during the enrollment period and submit an appropriate form (CCC-782) and dairy operations may still "opt out" by not submitting a form. All outstanding balances for 2017 and prior years must be paid in full before 2018 coverage is approved.

Dairy producers can participate in FSA's MPP-Dairy or the Risk Management Agency's Livestock Gross Margin Insurance Plan for Dairy Cattle (LGM-Dairy), but not both**.** During the 2018 enrollment period, only producers with an active LGM-Dairy policy who have targeted marketings insured in 2018 months will be allowed to enroll in MPP-Dairy by June 1, 2018; however, their coverage will start only after active target marketings conclude under LGM-Dairy.

USDA has a web tool to help producers determine the level of coverage under the MPP-Dairy that will provide them with the strongest safety net under a variety of conditions. The online resource, which will be updated and available by April 9 at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, smartphone, tablet or any other platform.

USDA is mailing postcards advising dairy producers of the changes. For more information, visit www.fsa.usda.gov/dairy or contact your local USDA service center.

MAL, LDP Policies for 2014-2018 Crop Years

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

FSA is now accepting requests for 2017 MALs and LDPs for all eligible commodities after harvest. Requests for loans and LDPs shall be made on or before the final availability date for the respective commodities. May 31 is the final loan availability date for Corn, Dry Peas, Grain Sorghum, Lentils, Mustard Seed, Rice, Safflower Seed, Chickpeas, Soybeans, Sunflower Seed, and Cotton.

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.

Commodity certificates are available to loan holders who have outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan. MALs redeemed with commodity certificates are not subject to the actively engaged in farming, cash-rent tenant, Adjusted Gross Income provisions or the payment limitation.

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 (PLC) payments, Agriculture Risk Coverage (ARC) payments, marketing loan gains (MLGs), and LDPs. These payment limitations do not apply to MAL loan disbursements or redemptions using commodity certificate exchange.

Adjusted Gross Income (AGI) provisions were also modified by the 2014 Farm Bill. 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. The AGI does not apply to MALs redeemed with commodity certificate exchange.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.

Submit Loan Requests for Financing Early

FSA Farm Loan teams throughout Texas are already working on operating loans for spring 2018, so it is important that potential borrowers submit their requests early so they can be timely processed. The farm loan team can help determine which loan programs are best for applicants.

FSA offers a wide range of low-interest loans that can meet the financial needs of any farm operation for just about any purpose. The traditional **farm operating and farm ownership loans** can help large and small farm operations take advantage of early purchasing discounts for spring inputs as well expenses throughout the year.

Microloans are a simplified loan program that will provide up to $50,000 to eligible applicants. These loans, targeted for smaller operations and non-traditional operations, can be used for operating expenses, starting a new agricultural enterprise, purchasing equipment, and other needs associated with a farming operation. FSA staff can provide more details on farm operating and microloans and provide loan applications. Loans to beginning farmers and members of underserved groups are a priority.

Other types of loans available include:

Marketing Assistance Loans allow producers to use eligible commodities as loan collateral and obtain a 9-month loan while the crop is in storage. These loans provide cash flow to the producer and allow them to market the crop when prices may be more advantageous.

Farm Storage Facility Loans can be used to build permanent structures used to store eligible commodities, or for storage and handling trucks, or portable or permanent handling equipment. A variety of structures are eligible under this loan, including bunker silos, grain bins, hay storage structures and refrigerated structures for vegetables and fruit. A producer may borrow up to $500,000 per loan.

Please call your county FSA office if you have questions about any loans available through FSA.

FSA Direct Loans

FSA offers direct farm ownership and direct farm operating loans to producers who want to establish, maintain or strengthen their farm or ranch. FSA loan officers process, approve and service direct loans.

Direct farm operating loans can be used to purchase livestock and feed, farm equipment, fuel, farm chemicals, insurance and other costs including family living expenses. Operating loans can also be used to finance minor improvements or repairs to buildings and to refinance some farm-related debts, excluding real estate.

Direct farm ownership loans can be used to purchase farmland, enlarge an existing farm, construct and repair buildings, and to make farm improvements.

The maximum loan amount for both direct farm ownership and operating loans is $300,000 and a down payment is not required. 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 local FSA office for more information or to apply for a direct farm ownership or operating loan.

Using FSA Direct Farm Ownership Loans for Construction

The USDA Farm Service Agency's (FSA) Direct Farm Ownership loans are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant's needs, there are three types of Direct Farm Ownership Loans: regular, down payment, and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Amongst other purposes, Direct Farm Ownership Loans can be used to construct, purchase, or improve farm dwellings, service buildings, or other facilities and improvements essential to an operation.

To do this, applicants must provide FSA with an estimate of the total cost of all planned development that completely describe the work prior to loan approval, and must show proof of sufficient funds to pay for the total cost of all planned development at or before loan closing. In some instances, applicants may be asked to provide certified plans, specifications or contract documents. The applicant cannot incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from FSA funds.

Construction and development work may be performed either by the contract method or the borrower method. Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. An applicant for a direct loan to finance a construction project must obtain a surety bond that guarantees both payment and performance in the amount of the construction contract from a construction contractor.

A surety bond is required when a contract exceeds $100,000, an authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor or a contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

Under the borrower method, the applicant or borrower will perform the construction and development work. The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that the applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily and that such work will not interfere with the applicant's farming operation or work schedule.

In Texas, the borrower method can only be used if the property is considered non-homestead property under Texas state laws.

Potential applicants should visit with FSA early in the initial project planning process to ensure environmental compliance.

For more eligibility requirements and information about FSA Loan programs, contact your local FSA office or visit www.fsa.usda.gov. To find your local FSA office, visit http://offices.usda.gov.

Updating Livestock Inventory Records

Producers are reminded to keep updated livestock inventory records. These records are necessary in the event of a natural disaster.

When disasters strike, the USDA Farm Service Agency (FSA) can assist producers who suffered excessive livestock death losses and grazing or feed losses due to eligible natural disasters.

To participate in livestock disaster assistance programs, producers will be required to provide verifiable documentation of death losses resulting from an eligible adverse weather event and must submit a notice of loss to their local FSA office within 30 calendar days of when the loss of livestock is apparent. For grazing or feed losses, producers must submit a notice of loss to their local FSA office within 30 calendar days of when the loss is apparent and should maintain documentation and receipts.

Producers should record all pertinent information regarding livestock inventory records including:

- Documentation of the number, kind, type, and weight range of livestock
- Beginning inventory supported by birth recordings or purchase receipts;

For more information on documentation requirements, contact your local FSA office.

Double-Cropping

Each year, state committees review and approve or disapprove county committee-recommended changes or additions to specific combinations of crops.

Double-cropping is approved when the two specific crops have the capability to be planted and carried to maturity for the intended use, as reported by the producer, on the same acreage within a crop year under normal growing conditions. The specific combination of crops recommended by the county committee must be approved by the state committee.

Double-cropping is approved in Texas on a county-by-county basis. Contact your local FSA Office for a list of approved double-cropping combinations for your county.

A crop following a cover crop, terminated according to termination guidelines, is approved double cropping, and these combinations do not have to be approved by the state committee.

Filing 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 their landowners have filed the form.

FSA can accept the CCC-941 for 2015, 2016 and 2017. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.
