**April 2015**




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# Arizona FSA Newsletter

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Please contact your local FSA Office for questions specific to your operation or county

## Producers Must Contact Local FSA Office by April 7 for ARC and PLC Enrollment

Farm owners and producers have until April 7, 2015, to choose between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), the safety-net programs established by the 2014 Farm Bill. The final day to update yield history or reallocate base acres is also April 7, 2015.

If no changes are made to yield history or base acres by the deadline, the farm's current yield and base acres will be used. If a program choice of ARC or PLC is not made, there will be no 2014 crop year payments for the farm and the farm will default to PLC coverage for the 2015 through 2018 crop years. Producers who have an appointment scheduled by April 7 at their local FSA offices will be able to make an election between ARC and PLC, even if their actual appointment is after April 7.

These safety-net programs provide important financial protection against unexpected changes in the marketplace. As part of the strong education and outreach campaign launched by the U.S. Department of Agriculture (USDA) in September, to date more than 5 million educational postcards, in English and Spanish, have been sent to producers nationwide, and more than 5,000 events with more than 430,000 attendees, including training sessions and speaking engagements, have been conducted to educate producers on the programs. The online tools, available at www.fsa.usda.gov/arc-plc, which allow producers to explore how ARC or PLC coverage will affect their operation, have been presented to more than 3,400 groups.

Covered commodities under ARC and PLC 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.

Producers need to contact the Farm Service Agency by April 7. To learn more, farmers can contact their local Farm Service Agency county office. To find local offices, visit http://offices.usda.gov.

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# USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers

Department Proposes Changes to "Actively Engaged" Rule

USDA proposed a rule to limit farm payments to non-farmers, consistent with requirements Congress mandated in the 2014 Farm Bill. The proposed rule limits farm payments to individuals who may be designated as farm managers but are not actively engaged in farm management. In the Farm Bill, Congress gave USDA the authority to address this loophole for joint ventures and general partnerships, while exempting family farm operations from being impacted by the new rule USDA ultimately implements.

The current definition of "actively engaged" for managers, established in 1987, is broad, allowing individuals with little to no contributions to critical farm management decisions to receive safety-net payments if they are classified as farm managers, and for some operations there were an unlimited number of managers that could receive payments.

The proposed rule seeks to close this loophole to the extent possible within the guidelines required by the 2014 Farm Bill. Under the proposed rule, non-family joint ventures and general partnerships must document that their managers are making significant contributions to the farming operation, defined as 500 hours of substantial management work per year, or 25 percent of the critical management time necessary for the success of the farming operation. Many operations will be limited to only one manager who can receive a safety-net payment. Operators that can demonstrate they are large and complex could be allowed payments for up to three managers only if they can show all three are actively and substantially engaged in farm operations. The changes specified in the rule would apply to payment eligibility for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments and marketing loan gains realized via the Marketing Assistance Loan program.

As mandated by Congress, family farms will not be impacted. There will also be no change to existing rules for contributions to land, capital, equipment, or labor. Only non-family farm general partnerships or joint ventures comprised of more than one member will be impacted by this proposed rule.

Stakeholders interested in commenting on the proposed definition and changes are encouraged to provide written comments at www.regulations.gov by May 26, 2015. The proposed rule is available at http://go.usa.gov/3C6Kk.

## USDA to Issue Disaster Assistance to Help Honeybee, Livestock and Farm-Raised Fish Producers

**Farm Bill Program Offers Producers Relief for 2014 Losses in more than 40 States including Arizona**

The U.S. Department of Agriculture's (USDA) Farm Service Agency today announced that nearly 2,700 applicants will begin receiving disaster assistance through the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) for losses experienced from Oct. 1, 2013, through Sept. 30, 2014.

The program, re-authorized by the 2014 Farm Bill, provides disaster relief to livestock, honeybee and farm-raised fish producers not covered by other agricultural disaster assistance programs. Eligible losses may include excessive heat or winds, flooding, blizzards, hail, wildfires, lightning strikes, volcanic eruptions and diseases, or in the case of honeybees, losses due to colony collapse disorder. Beekeepers, most of whom suffered honeybee colony losses, represent more than half of ELAP recipients.

The farm bill caps ELAP disaster funding at $20 million per federal fiscal year and the Budget Control Act of 2011, passed by Congress, requires USDA to reduce payments by 7.3 percent, beginning Oct. 1, 2014. To accommodate the number of requests for ELAP assistance, which exceeded 2014 funding, payments will be reduced to ensure that all eligible applicants receive a prorated share.

Today's announcement was made possible by the 2014 Farm Bill, which builds on historic economic gains in rural America over the past six years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. Since enactment, USDA has made significant progress to implement each provision of this critical legislation, including providing disaster relief to farmers and ranchers; strengthening risk management tools; expanding access to rural credit; funding critical research; establishing innovative public-private conservation partnerships; developing new markets for rural-made products; and investing in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit http://www.usda.gov/farmbill.

To learn more about ELAP, visit www.fsa.usda.gov/elap. For more information about USDA Farm Service Agency (FSA) disaster assistance programs, visit disaster.usda.fsa.gov or contact your local FSA office at http://offices.usda.gov.

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## USDA Reminds Farmers of 2014 Farm Bill Conservation Compliance Changes

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file.

For farmers to be eligible for premium support on their federal crop insurance, a completed and signed AD-1026 certification form must be on file with the FSA. The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers and ranchers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster, and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and NRCS. This includes most financial assistance such as the new price and revenue protection programs, the Conservation Reserve Program, the Livestock Disaster Assistance programs and Marketing Assistance Loans and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program, the Conservation Stewardship Program, and other conservation programs implemented by NRCS.

Many FSA and Natural Resource Conservation (NRCS) programs already have implemented this requirement and therefore most producers should already have an AD-1026 form on file for their associated lands. If an AD-1026 form has not been filed or is incomplete, then farmers are reminded of the deadline of June 1, 2015.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required compliance with the conservation compliance provisions.

FSA recently released a revised form AD-1026, which is available at USDA Service Centers and online at: www.fsa.usda.gov . USDA will publish a rule later this year that will provide details outlining the connection of conservation compliance with crop insurance premium support. Producers can also contact their local USDA Service Center for information.  A listing of service center locations is available at offices.usda.gov.

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## USDA Enhances Farm Storage Facility Loan Program

The U.S. Department of Agriculture (USDA) expanded 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 for more about FSA programs and loans, including the Farm Storage Facility Loan Program.

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

FSA is now accepting requests for 2015 MALs and LDPs for wool as well as LDPs for unshorn pelts. MAL and LDP requests for all other eligible commodities will be accepted after harvest. FSA continues to accept MAL and LDP requests for 2014 crops with upcoming deadlines.

Before MAL repayments and 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.

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

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