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Minnesota FSA Newsletter: December 2016

Minnesota Farm Service Agency **A Message to Our Producers...**

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State Executive Director:
Grant Herfindahl

Let the snow fly and the wind howl... this is (nearly) winter in Minnesota, so it was bound to happen sooner or later anyway! With the storms that have blown through the State in recent weeks many of us have experienced our first snow. Now all we need are continued lower temps to help keep that ground cover and get us that much closer to our heavily anticipated winter activities. I'm sure many are eager for an opportunity to hit the snowmobile trails or get those old skis out of storage.

I know that in farming the word 'winter' is not synonymous with 'break'. There's still a lot to do- marketing your stored grain from this year's harvest, financial planning for next year's planting, and if you have a livestock or dairy operation then 'downtime' will never

Executive Officer:

Michelle Page

State Committee:

David Haugo, Chair
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Debra Crusoe, Member
Roger Vogt, Member
Scott Winslow, Member

exist in your vocabulary! Farmers are always working, always thinking ahead and trying to plow through life's economic ups and downs. But as we move through this joyous season, I implore you to make time for yourself, your friends and families and have a little fun. Make some memories that you'll remember fondly for years to come. Grab the family, get out there, and remember that there's more to life than hard work and perpetual planning.... After all it's the little things that can keep us moving forward through hard times.

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

May you all enjoy a jubilant season filled with many memorable moments.

Best wishes,

Grant Herfindahl
State Executive Director

Margin Protection Program for Dairy Enrollment Deadline is Dec. 16

The deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy is Dec. 16, 2016. This voluntary dairy safety net program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer. A USDA web tool, available at www.fsa.usda.gov/mpptool, allows dairy producers to calculate levels of coverage available from MPP based on price projections.

USDA Announces New Conservation Opportunities to Improve Water Quality and Restore Wildlife Habitat

USDA will offer farmers and ranchers more opportunities to participate in the Conservation Reserve Program (CRP). The announcement includes new CRP practices to protect water quality and adds an additional 1.1 million acres targeted to benefit wildlife, pollinators and wetlands.

The new conservation initiative known as Clean Lakes, Estuaries and Rivers (CLEAR) will add new tools to CRP that can help to improve water quality. CLEAR will assist landowners with the cost of building bioreactors and saturated buffers that filter nitrates and other nutrients from tile-drained cropland. Early estimates indicate that CLEAR could help to reduce nitrate runoff by as much as 40 percent over traditional conservation methods. CLEAR may cover up to 90 percent of the cost to install these new practices through incentives and cost-share. These new methods are especially important in areas where traditional buffers have not been enough to prevent nutrients from reaching bodies of water.

USDA will also add an additional 1.1 million acres to a number of key CRP practices that are critically important to wildlife and conservation. These include 700,000 acres for State Acres for Wildlife Enhancement (SAFE) efforts, which restore high-priority wildlife habitat tailored to a specific state's needs. In addition to SAFE, 300,000 acres will be added to target wetlands restoration that are nature's water filters and 100,000 acres for pollinator habitat that support 30 percent of

agricultural production.

The continued strong demand for CRP combined with the limited acreage available for enrollment and lower land rental rates, allows USDA to modify certain program components without affecting the integrity of the program. Signing incentives are being reduced by \$25 per acre on certain practices for fiscal year 2018 enrollments (incentives are currently between \$100 and \$150 per acre) and a cap on the maximum soil rental rate is being instituted for Continuous CRP at \$300 per acre. The savings from these changes are being reinvested back in CRP, including the additional acres for SAFE, pollinator habitat and wetlands restoration.

To learn more about FSA's conservation programs, visit www.fsa.usda.gov/conservation or contact your local FSA office. To find your local FSA office, visit <http://offices.usda.gov>.

Preauthorized Debit Available for Farm Loan Borrowers

USDA Farm Service Agency (FSA) has implemented pre-authorized debit (PAD) for Farm Loan Program (FLP) borrowers. PAD is a voluntary and alternative method for making weekly, bi-weekly, monthly, quarterly, semi-annual or annual payments on loans.

PAD payments are pre authorized transactions that allow the National Financial and Accounting Operations Center (NFAOC) to electronically collect loan payments from a customer's account at a financial institution.

PAD may be useful for borrowers who use nonfarm income from regular wages or salary to make payments on loans or adjustment offers or for payments from seasonal produce stands. PAD can only be established for future payments.

To request PAD, customers, along with their financial institution, must fill out form RD 3550-28. This form has no expiration date, but a separate form RD 3550-28 must be completed for each loan to which payments are to be applied. A fillable form can be accessed on the USDA Rural Development (RD) website at <http://www.rd.usda.gov/publications/regulations-guidelines>. Click forms and search for "Form 3550-28."

If you have a "filter" on the account at your financial institution, you will need to provide the financial institution with the following information: Origination ID: 1220040804, Agency Name: USDA RD DCFO.

PAD is offered by FSA at no cost. Check with your financial institution to discuss any potential cost. Preauthorized debit has no expiration date, but you can cancel at any time by submitting a written request to your local FSA office. If a preauthorized debit agreement receives three payment rejections within a three month period, the preauthorized debt agreement will be cancelled by FSA. The payment amount and due date of your loan is not affected by a cancellation of preauthorized debit. You are responsible to ensure your full payment is made by the due date.

For more information about PAD, contact your local FSA office. To find a local FSA office, visit <http://offices.usda.gov>

USDA Announces Streamlined Guaranteed Loans and Additional Lender Category for Small-Scale Operators

Options Help More Beginning, Small and Urban Producers Gain Access to Credit

The U.S. Department of Agriculture (USDA) announced the availability of a streamlined version of USDA guaranteed loans, which are tailored for smaller scale farms and urban producers. The program, called EZ Guarantee Loans, uses a simplified application process to help beginning, small, underserved and family farmers and ranchers apply for loans of up to \$100,000 from USDA-approved lenders to purchase farmland or finance agricultural operations.

USDA today also unveiled a new category of lenders that will join traditional lenders, such as banks and credit unions, in offering USDA EZ Guarantee Loans. Microlenders, which include Community Development Financial Institutions and Rural Rehabilitation Corporations, will be able to offer their customers up to \$50,000 of EZ Guaranteed Loans, helping to reach urban areas and underserved producers. Banks, credit unions and other traditional USDA-approved lenders, can offer customers up to \$100,000 to help with agricultural operation costs.

EZ Guarantee Loans offer low interest rates and terms up to seven years for financing operating expenses and 40 years for financing the purchase of farm real estate. USDA-approved lenders can issue these loans with the Farm Service Agency (FSA) guaranteeing the loan up to 95 percent.

USDA is providing a 90-day period for the public to review and comment on program improvements. To review program details, visit www.regulations.gov, reference RIN 0560-AI34 and follow the instructions to submit comments.

More than half of all FSA loans go to new farmers and more than a quarter to underserved borrowers. FSA also offers loans of up to \$5,000 to young farmers and ranchers through the Youth Loan Program. Loans are made to eligible youth to finance agricultural projects, with almost 9,000 young people now participating. More information about the available types of FSA farm loans can be found at www.fsa.usda.gov/farmloans or by contacting your local FSA office. To find your nearest office location, visit <http://offices.usda.gov>

Cover Crop Guidelines

Recently the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA) worked together to develop consistent, simple and a flexible policy for cover crop practices.

The termination and reporting guidelines were updated for cover crops.

Termination:

The cover crop termination guidelines provide the timeline for terminating cover crops, are based on zones and apply to non-irrigated cropland. To view the zones and additional guidelines visit <https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/landuse/crops/> and click "Cover Crop Termination Guidelines."

Reporting:

The intended use of cover only will be used to report cover crops. This includes crops that were terminated by tillage and reported with an intended use code of green manure. An FSA policy change will allow cover crops to be hayed and grazed. Program eligibility for the cover crop

that is being hayed or grazed will be determined by each specific program.

If the crop reported as cover only is harvested for any use other than forage or grazing and is not terminated properly, then that crop will no longer be considered a cover crop.

Crops reported with an intended use of cover only will not count toward the total cropland on the farm. In these situations a subsequent crop will be reported to account for all cropland on the farm.

Cover crops include grasses, legumes, and forbs, for seasonal cover and other conservation purposes. Cover crops are primarily used for erosion control, soil health improvement, and water quality improvement. The cover crop may be terminated by natural causes, such as frost, or intentionally terminated through chemical application, crimping, rolling, tillage or cutting. A cover crop managed and terminated according to NRCS Cover Crop Termination Guidelines is not considered a crop for crop insurance purposes.

Cover crops can be planted: with no subsequent crop planted, before a subsequent crop, after prevented planting acreage, after a planted crop, or into a standing crop.

Report Livestock Losses

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 hurricanes, floods, blizzards, wildfires, extreme heat or extreme cold.

For 2016, eligible losses must occur 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 be filed with FSA within 30 days of when the loss of livestock is apparent. Participants must provide the following supporting documentation to their local FSA office no later than 90 calendar days after the end of the calendar year in which the eligible loss condition occurred.

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

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. Producers who suffer livestock losses in 2016 must file both of the following:

- A notice of loss the earlier of 30 calendar days of when the loss was apparent or by January 30, 2017
- An application for payment by March 30, 2017.

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

USDA Partners with Farmers and Ranchers to Protect More Than 500,000 Acres of Working Grasslands

USDA will accept more than 504,000 acres that were offered nationwide by producers during the recent ranking period for the Conservation Reserve Program (CRP) Grasslands enrollment. Through the voluntary CRP Grasslands program, grasslands threatened by development or conversion to row crops are maintained as livestock grazing areas, while providing important conservation benefits.

Minnesota will accept 35 offers totaling more than 2,100 acres. Nationwide, over 70 percent of the acres are from beginning farmers, veterans and underserved producers. About two-thirds of the acres are in counties with the highest threat for conversion. Additionally, nearly 60 percent of the acres are in wildlife priority areas and nearly three-fourths of the acres will have a wildlife-focused conservation plan as part of the operation.

USDA is also reminding producers that it is still accepting additional offers for CRP Grasslands. The current ranking period that closes on Dec. 16, also includes a new CRP Grasslands practice specifically tailored for small-scale livestock grazing operations to encourage broader participation. Small livestock operations with 100 or fewer head of grazing dairy cows (or the equivalent) can submit applications to enroll up to 200 acres of grasslands per farm. USDA's goal is to enroll up to additional 200,000 acres. The new practice for small-scale livestock grazing operations encourages greater diversity geographically and in all types of livestock operation. Small livestock operations are encouraged to contact their local Farm Service Agency office to learn more about this program before Dec. 16, to be considered as part of the current ranking period.

Small livestock operations or other farming and ranching operations interested in participating in CRP Grasslands should contact their local FSA office. To find your local FSA office, visit <http://offices.usda.gov>. To learn more about FSA's conservation programs, visit www.fsa.usda.gov/conservation.

Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, minor oilseeds harvested as whole grain, pulse crops (lentils, chickpeas and dry peas), hay, honey, renewable biomass, fruits, nuts and vegetables for cold storage facilities, floriculture, hops, maple sap, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Qualified facilities include grain bins, hay barns and cold storage facilities for eligible commodities.

Loans up to \$50,000 can be secured by a promissory note/security agreement and some loans between \$50,000 and \$100,000 will no longer require additional security.

Producers do not need to demonstrate the lack of commercial credit availability to apply. The loans are designed to assist a diverse range of farming operations, including small and mid-sized businesses, new farmers, operations supplying local food and farmers markets, non-traditional farm products, and underserved producers.

To learn more about the FSA Farm Storage Facility Loan, visit www.fsa.usda.gov/pricesupport or contact your local FSA county office. To find your local FSA county office, visit <http://offices.usda.gov>.

NASS Collecting 2016 Minnesota Final Acreage and Production Numbers Needed for ARC and PLC programs

From November 20 – December 30, 2016, the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) Minnesota Field Office is conducting two major end of year surveys. The Row Crops County Agricultural Production Survey and the December Agricultural Survey to determine harvested acreages and production for major crops in Minnesota. If you are contacted by NASS, we encourage your participation and cooperation.

NASS gathers data for these surveys from farmers by either mail, phone or in person. Growers will be asked to provide crop acreage and yield or production information for 2016. By responding to the survey, you will help ensure that your farm is accurately represented and that the aggregate data for your county is published.

Your participation will help NASS provide data that levels the playing field for farmers, giving you access to the same information as grain buyers, packers, and input suppliers. Also, this data will provide important information used by other USDA programs. The Farm Service Agency (FSA) and the Risk Management Agency (RMA) use this data primarily to administer the ARC Co, PLC farm programs and crop insurance products. This information is also used extensively by state, local, and national leaders to address agricultural related issues that may impact producers.

Any information you provide is kept confidential and protected by federal law. NASS publishes only aggregate-level data, ensuring that no individual operation or producer can be identified. State level data for Minnesota will be published January 12, 2017. County level data for the major crops will be released beginning on February 23, 2017. All reports will be available on the internet at www.nass.usda.gov. If you have any questions about how to complete a survey from the NASS Minnesota Field Office, please call Dan Lofthus, State Statistician at 651-728-3113.

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).