

January 2017



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## Minnesota FSA Newsletter: January 2017

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

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[www.fsa.usda.gov/mn](http://www.fsa.usda.gov/mn)

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Grant Herfindahl

**Executive Officer:**  
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Throughout the years one of my favorite topics that I liked to visit with farmers about has been succession, planning and succession planning. It might seem like I am repeating myself but succession and planning separately are not the same as succession planning with an orderly transition of management in mind. Succession planning is a plan for orderly transition and handing over the proverbial reins of the wagon to let someone else drive the mule train. On January 20th in Washington DC there will be an orderly transition of power from the outgoing President to our newly elected President Trump. Here in St Paul we are also having an orderly transition. My position as the State Director is a political appointment and as a regional appointee of the outgoing presidential administration my tenure as your State FSA director ends also on January 20th. Fortunately we have the right people in the right positions to make sure that the high level of service and commitment to the job that you have come to expect from the Farm Service Agency will not change.

All of us in agriculture have been given the very unique privilege of

Raj Kohli  
Laurie Moore

**State Committee:**

Deb Crusoe, Member  
Scott Winslow, Member  
Roger Vogt, Member  
Richard Peterson, Member  
David Haugo, Chair

**Upcoming Office Closures:**

Feb. 20: Presidents Day

[CCC Interest Rates](#)  
[Farm Loan Interest Rates](#)

To find contact information for your local office go to [www.fsa.usda.gov/mn](http://www.fsa.usda.gov/mn)

being stewards of the land for a relatively short time. When we have had our 40 chances to plant and to harvest, the torch needs to be passed to a new generation. Fortunately the Farm Service Agency has some programs that can possibly help with transition and succession planning. In this newsletter there is an article on an early termination opportunity for certain Conservation Reserve Program (CRP) contracts, making it easier to transfer property to the next generation of farmers and ranchers, including family members. There is also information on opportunities for helping get new farmers started in business through our farm loan program.

It is a real honor to have had the opportunity to serve and work for the United States Department of Agriculture through FSA and the predecessor agency ASCS. My start with the agency came by first being a farm program participant, then being elected to the local ASCS County Committee in Swift County and later working in Litchfield, Glenwood and Alexandria as a County Director and finally here this past year in St Paul as your State Executive Director. I have also had the unique opportunity to participate in many of the very same farm programs that you have.

When my first crop in 1976 was almost completely destroyed by drought, I used the farm loan programs available then to get operating money to plant a crop in 1977. I used the facility loan program to build a couple of on farm storage grain bins, I have taken low interest commodity loans (great program) for cash flow purposes. I have signed up for all of the different farm programs over the last 40 years, the grain reserve program, the PIK program, LDP's etc. I have filter strips along my creek and one of the smartest things that I have done is to plant a living snow fence using the CRP program along our township road. I am looking forward to getting back to the farm, spending more time with the grandkids and being able to do a little more succession planning for the family farm in Swift County. Again thank you all for what you do to feed the world and for being stewards of our nation's land and water and check into how some of the programs that FSA offers can help your operation.

Grant Herfindahl  
State Executive Director

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## **USDA Makes it Easier to Transfer Land to the Next Generation of Farmers and Ranchers**

### ***Allows for Transfer of Certain Conservation Reserve Program Land to New Farmers; Provides Priority Enrollment in Working Lands Conservation Programs***

Beginning Jan. 9, 2017, the U.S. Department of Agriculture (USDA) will offer an early termination opportunity for certain Conservation Reserve Program (CRP) contracts, making it easier to transfer property to the next generation of farmers and ranchers, including family members. The land that is eligible for the early termination is among the least environmentally sensitive land enrolled in CRP.

This change to the CRP program is just one of many that USDA has implemented based on

recommendations from the Land Tenure Advisory Subcommittee formed by Agriculture Secretary Tom Vilsack in 2015.

Normally if a landowner terminates a CRP contract early, they are required to repay all previous payments plus interest. The new policy waives this repayment if the land is transferred to a beginning farmer or rancher through a sale or lease with an option to buy. With CRP enrollment close to the Congressionally-mandated cap of 24 million acres, the early termination will also allow USDA to enroll other land with higher conservation value elsewhere.

Acres terminated early from CRP under these land tenure provisions will be eligible for priority enrollment consideration into the CRP Grasslands, if eligible; or the Conservation Stewardship Program or Environmental Quality Incentives Program, as determined by the Natural Resources Conservation Service.

According to the Tenure, Ownership and Transition of Agricultural Land survey, conducted by USDA in 2014, U.S. farmland owners expect to transfer 93 million acres to new ownership during 2015-2019. This represents 10 percent of all farmland across the nation. Details on the early termination opportunity will be available starting on Jan. 9, 2017, at local USDA service centers. For more information about CRP and to find out if your acreage is eligible for early contract termination, contact your local Farm Service Agency (FSA) office or go online at [www.fsa.usda.gov/crp](http://www.fsa.usda.gov/crp). To locate your local FSA office, visit <http://offices.usda.gov>.

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## **USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines**

The Farm Service Agency 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."

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.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. 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.

Deadlines for coverage vary by state and crop. To learn more about NAP visit [www.fsa.usda.gov/nap](http://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.

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## 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
- An application for payment by March 31, 2017.

Additional Information about LIP is available at your local FSA office or online at: [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## USDA Announces Additional Financial Incentives for Conservation Reserve Program Participants to Improve Forest Health and Enhance Wildlife Habitat

In an effort to improve wildlife habitat and the health of private forest lands, the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) today announced additional incentives available for Conservation Reserve Program (CRP) participants to actively manage forest lands enrolled in the program.

Under the provisions of the 2014 Farm Bill, \$10 million is available nationwide to eligible CRP participants. Those selected will be encouraged to thin, prescribe burn or otherwise manage their forests in order to allow sunlight to reach the forest floor. This will encourage the development of grasses, forbs and legumes, benefitting numerous species including pollinators and grassland-dependent birds such as the northern bobwhite.

Eligibility is limited to landowners and agricultural producers already enrolled in CRP with conservation covers primarily containing trees. Incentive payments, not to exceed 150 percent of

the cost to implement a particular customary forestry activity as described, have been established. CRP participants meeting eligibility requirements and interested in making offers to participate should visit their local FSA county office.

For more information about FSA conservation programs, visit the FSA office at the local USDA service center or go to [www.fsa.usda.gov/conservation](http://www.fsa.usda.gov/conservation). To locate the nearest FSA office, go to <http://offices.usda.gov>.

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## Farm Reconstitutions

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

The following are the different methods used when doing a farm recon:

**Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

**Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

**DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

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## Update Your Records

FSA is cleaning up our producer record database. If you have any unreported changes of address or zip code or an incorrect name or business name on file they need to be reported to our office. Changes in your farm operation, like the addition of a farm by lease or purchase, need to be reported to our office as well. Producers participating in FSA and NRCS programs are required to timely report changes in their farming operation to the County Committee in writing and update their CCC-902 Farm Operating Plan.

If you have any updates or corrections, please call your local FSA office to update your records.

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## **Guaranteed Loan Program**

FSA guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. Guaranteed loans can be used for both farm ownership and operating purposes.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

FSA can guarantee farm ownership and operating loans up to \$1,399,000. 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 lender or local FSA farm loan office for more information on guaranteed loans.

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## **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.

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## **Extension Announces Second Annual Women in Ag Network Conference**

University of Minnesota Extension recently announced the second annual Women in Ag Network conference will take place in Willmar on February 16, 2017. This year's focus will be on planning for the future and will include breakout session opportunities designed to build skills in business planning, marketing, entrepreneurship and more. Come join us for this educational experience and excellent networking opportunity!

Date: February 16, 2017

Time: 8:45 am to 3:30 pm

Location: Willmar Conference Center- 240 23rd Street SE, Willmar, MN 56201

For information on registration, please visit: <http://www.extension.umn.edu/women-ag>

Farm Service Agency staff will be there to present a breakout session on some of our available programs. We hope to see you there!

*Persons with disabilities who require accommodations to attend or participate in this event should contact Lindsay Mutegi at 651-602-7705 or Federal Relay Service at 1-800-877-8339 no later than February 10, 2017.*

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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).