November 2015

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Oregon State FSA Newsletter

Oregon Farm Service Agency

7620 SW Mohawk Street
Tualatin, Oregon 97062-8121

www.fsa.usda.gov/or

State Committee:
Sam Asai, Chairman
Vernon Frederickson, Member
Jason Smith, Member
Anna Sullivan, Member

State Executive Director:
Phil Ward

A Message from the State Executive Director

Protect Your Dairy Operation by November 20

You've seen the advertisements – the squawking duck, the intellectual gecko, a car named Brad, or the jingle transporting someone from danger.

While insurance commercials are fun, premiums are not. Perhaps the least enjoyable of all, however, is when financial crisis hits in the wake of a disaster. That's when a safety net becomes worth the upfront costs.

For dairy, the 2014 Farm Bill created the Margin Protection Program, which provides financial assistance to dairy producers when the gap between the price of milk and the cost of feed costs

Division Chiefs:
Bob Perry, Farm Loan Chief

Dan LoFaro, Chief Administrative Officer

Next State Committee Meeting:
December 16-17, 2015

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

http://offices.usda.gov/

narrows to a selected coverage level. For those enrolled, when national margins get squeezed, help becomes available.

For just $100 a year and the stroke of a pen, every producer can receive basic catastrophic protection that covers 90 percent of dairy production at $4.00 margins. And for additional premiums, operations can protect as little as 25 percent of production history from margins as broad as $8.00.

The Margin Protection Program is neither automatic nor retroactive - you must enroll first, before disaster strikes, to receive protection. Nobody likes fees in good times, but had the program existed during the dairy downturn of 2009, assuming current participation, the $73 million invested in premiums would have returned $1.4 billion in financial assistance to enrollees. In fact had the Margin Protection Program existed from 2009-2014, premiums and fees would have totaled $500 million while providing producers with $2.5 billion in help, nearly $1 billion more than provided by the Milk Income Loss Contract program during the same period.

Half of the nation's dairy producers now agree that enrolling in the Margin Protection Program is a wise choice, but the deadline to enroll ends November 20th. Markets can turn on a dime, but cost you so much more, so protect yourself in 2016 and explore how the Market Protection Program can help your dairy operation by visiting www.fsa.usda.gov/dairy. Or contact your local USDA Farm Service Agency office by November 20 to enroll. To find your local office, visit http://offices.usda.gov.

USDA Issues Safety-Net Payments to Farmers Facing Market Downturn

USDA's Farm Service Agency (FSA) has announced that beginning today, nearly one half of the 1.7 million farms that signed up for either the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs will receive safety-net payments for the 2014 crop year.

Unlike the old direct payments program, which paid farmers in good years and bad, the 2014 Farm Bill authorized a new safety-net that protects producers only when market forces or adverse weather cause unexpected drops in crop prices or revenues.

Example: The corn price for 2014 is 30 percent below the historical benchmark price used by the ARC-County program, and revenues of the farms participating in the ARC-County program are down by about $20 billion from the benchmark during the same period. The nearly $4 billion provided today by the ARC and PLC safety-net programs will give assistance to producers where revenues dropped below normal."

The ARC/PLC programs primarily allow producers to continue to produce for the market by making payments on a percentage of historical base production, limiting the impact on production decisions.

Nationwide, 96 percent of soybean farms, 91 percent of corn farms, and 66 percent of wheat farms elected the ARC-County coverage option. Ninety-nine percent of long grain rice and peanut farms, and 94 percent of medium grain rice farms elected the PLC option. Overall, 76 percent of participating farm acres are protected by ARC-County, 23 percent by PLC, and 1 percent by ARC-

Individual. For data about other crops, as well as state-by-state program election results, final PLC price and payment data, and other program information including frequently asked questions, visit www.fsa.usda.gov/arc-plc.

Crops receiving assistance include barley, corn, grain sorghum, lentils, oats, peanuts, dry peas, soybeans, and wheat. In the upcoming months, disbursements will be made for other crops after marketing year average prices are published by USDA's National Agricultural Statistics Service. Any disbursements to participants in ARC-County or PLC for long and medium grain rice (except for temperate Japonica rice) will occur in November, for remaining oilseeds and also chickpeas in December, and temperate Japonica rice in early February 2016. ARC-individual payments will begin in November. Upland cotton is no longer a covered commodity.

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The Budget Control Act of 2011, passed by Congress, requires USDA to reduce payments by 6.8 percent. For more information, producers are encouraged to visit their local Farm Service Agency office. To find a local Farm Service Agency office, visit http://offices.usda.gov.

Annual Financial Check-Up

With the 2015 crops harvested, now is a good time for an annual financial check-up. This involves reviewing the 2015 production and financial records and preparing for 2016. One of the most important keys to success is record keeping. This must be done throughout the year, including through the busy times of the year.

Record keeping should include a detailed breakdown of all financial inflows and outflows. Some of the inflows may include production records, income, program payments, other farm income, non-farm income and capital sales (sale of equipment or real estate). Outflows that should be tracked and recorded are all annual operating expenses, living expenses and personal debt payments, loan advances and/or debt repayment, as well as capital expenses (buying equipment, real estate, etc). A capital sale or expense is a non-annual type inflow or outflow (This may include the purchase of a tractor or other farm equipment, overhauling equipment, and improving real estate).

An annual review of your records will help you plan for the 2016 crop year. Good records will help you determine where you may need to reduce expenses or where you might want to invest more in your operation. If your financial review reveals a need for financial assistance, schedule an appointment with your loan officer and take in your financial records as soon as you know what your needs are.

Record keeping is important because it provides you, and when applicable your lender, necessary information. It tells you what your overall expenses are and where your break-even point is. It also helps when applying for a loan or preparing for your tax season.

New USDA Commitments to Help Build Up Next Generation of Farmers and Ranchers

The U.S. Department of Agriculture today announced a commitment by the U.S. Department of Agriculture (USDA) to prioritize $5.6 billion over the next two years within USDA programs and services that serve new and beginning farmers and ranchers. Deputy Secretary Harden also announced a new, tailored web tool designed to connect burgeoning farm entrepreneurs with programs and resources available to help them get started.

The new web tool is available at www.usda.gov/newfarmers. The site was designed based on feedback from new and beginning farmers and ranchers around the country, who cited unfamiliarity with programs and resources as a challenge to starting and expanding their operations. The site features advice and guidance on everything a new farm business owner needs to know, from writing a business plan, to obtaining a loan to grow their business, to filing taxes as a new small business owner. By answering a series of questions about their operation, farmers can use the site's Discovery Tool to build a personalized set of recommendations of USDA programs and services that may meet their needs.

Using the new web tool and other outreach activities, and operating within its existing resources, USDA has set a new goal of increasing beginning farmer and rancher participation by an additional 6.6 percent across key USDA programs, which were established or strengthened by the 2014 Farm Bill, for a total investment value of approximately $5.6 billion. Programs were targeted for expanded outreach and commitment based on their impact on expanding opportunity for new and beginning farmers and ranchers, including starting or expanding an operation, developing new markets, supporting more effective farming and conservation practices, and having access to relevant training and education opportunities. USDA will provide quarterly updates on its progress towards meeting its goal. A full explanation of the investment targets, benchmarks and outcomes is available at: BFR-Commitment-Factsheet.

As the average age of the American farmer now exceeds 58 years, and data shows that almost 10 percent of farmland in the continental United States will change hands in the next five years, we have no time to lose in getting more new farmers and ranchers established. Equally important is encouraging young people to pursue careers in industries that support American agriculture. According to an employment outlook report released by USDA's National Institute of Food and Agriculture (NIFA) and Purdue University, one of the best fields for new college graduates is agriculture. Nearly 60,000 high-skilled agriculture job openings are expected annually in the United States for the next five years, yet only 35,000 graduates with a bachelor's degree or higher in agriculture related fields are expected to be available to fill them. The report also shows that women make up more than half of the food, agriculture, renewable natural resources, and environment higher education graduates in the United States. USDA recently released a series of fact sheets showcasing the impact of women in agriculture nationwide.

Today's announcement builds on USDA's ongoing work to engage its resources to inspire a strong next generation of farmers and ranchers by improving access to land and capital; building market opportunities; extending conservation opportunities; offering appropriate risk management tools; and increasing outreach and technical support. To learn more about USDA's efforts, visit the Beginning Farmers and Ranchers Results Page.

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

Disaster Assistance is Available for Crops that are Ineligible for Federal Insurance

Farm Service Agency today encouraged producers to examine the available U.S. Department of Agriculture (USDA) crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the sales deadline for fall crops.

Deadlines are quickly approaching to purchase coverage for fall-seeded crops. Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program. 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 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 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 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.

Livestock Forage Disaster Program (LFP)

Producers in Baker, Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Crook, Deschutes, Douglas, Gilliam, Grant, Harney, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Malheur, Marion, Morrow, Multnomah, Sherman, Tillamook, Umatilla, Union, Wallowa, Wasco, Washington, Wheeler, and Yamhill Counties are eligible to apply for 2015 Livestock Forage Disaster Program (LFP) benefits on one or more eligible forage types, which may include: small grain, native pasture, improved pasture, annual ryegrass, and/or forage sorghum.

LFP provides compensation to eligible livestock producers who suffer grazing losses for covered livestock due to drought on privately owned or cash leased land or fire on federally managed land.

County committees can only accept LFP applications after notification is received by the National Office of qualifying drought or if a federal agency prohibits producers from grazing normal permitted livestock on federally managed lands due to qualifying fire.

Eligible livestock producers must complete a CCC-853 and the required supporting documentation no later than January 30, 2016 for 2015 losses.

Additional Information about LFP, including eligible livestock and fire criteria, is available at your local FSA office or online at: www.fsa.usda.gov.

2011, 2012, 2013 and 2014 Average Adjusted Gross Income Compliance Reviews

The AGI verification and compliance reviews for 2011, 2012, 2013 and 2014 are conducted on producers who the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the average AGI limitation of $900,000, receivables will be established for payments earned directly or indirectly by the producer subject to the $900,000 limitation. The Oregon State FSA Office has begun notifying producers selected for review. If you have any questions about the review process or determinations, please contact the Oregon State FSA Office at 503-692-3688. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Payment eligibility adverse determinations become administratively final 30 days from the date of the payment eligibility adverse determination letter and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

Loans for Targeted Underserved Producers

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or to purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, FSA has provided priority funding for members of targeted underserved applicants.

A targeted underserved applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, targeted underserved groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

Farm Service Agency (FSA) and Risk Management Agency (RMA) to Prevent Fraud, Waste, and Abuse

FSA supports the RMA in the prevention of fraud, waste and abuse of the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. FSA will continue to refer all suspected cases of fraud, waste and abuse directly to RMA. Producers can report suspected cases to the county office staff, the RMA office, or the Office of the Inspector General.

Farmers to Receive Documentation of USDA Services

As part of FSA's mission to provide enhanced customer service, producers who visit FSA will receive documentation of services requested and provided. The documentation is called Receipt For Service.

The 2014 Farm Bill requires a receipt to be issued for any agricultural program assistance requested from FSA, the National Resources Conservation Service (NRCS) and Rural Development (RD). Receipts include the date, summary of the visit and any agricultural information, program and/or loan assistance provided to an individual or entity.

In some cases, a form or document – such as a completed and signed program enrollment form – serves as the customer receipt instead of a printed or electronic receipt. A service is any information, program or loan assistance provided whether through a visit, email, fax or letter.

To learn more about FSA, visit www.fsa.usda.gov or contact your county FSA office.

Important Dates and Deadlines

November 20 - Deadline to Enroll in MPP for 2016.
November 20 – NAP deadline for apples, apricots, blueberries, caneberries, chestnuts, cherries, cranberries, grapes, hazelnuts, honey, nectarines, peaches, pears, plums, prunes, strawberries, and walnuts.
November 30 – NAP deadline for all forage and grazing crops, except oats. All grasses and legumes for seed.
December 1 - February 26, 2016 - General CRP Signup Period.
December 7 - Ballots for the County Committee Election Period must be Returned (or postmarked by this date) to the County Office.
December 14 - Final Day to Count Ballots for County Committee Elections.
December 15 - Acreage Reporting Deadline for Fall Alfalfa Seed, Fall Canola, Perennial Forage, Fall Mint, Onions (planted 8/15-9/15), Fall Seeded Small Grains

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Current Interest Rates

90-Day Treasury Bill = 0.125%

Farm Operating Loans — Direct = 2.500%

Farm Ownership Loans — Direct = 3.875%

Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher = 1.500%

Emergency Loans = 3.500%

Farm Storage Facility Loans
(7 years) = 1.750%
(10 years) = 2.125%
(12 years) = 2.250%

Commodity Loans 1996-Present = 1.250%
