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## Delaware FSA Newsletter

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### Delaware Farm Service Agency

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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

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Monday - Friday

8:00 am - 4:30 pm

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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](http://www.regulations.gov) by May 26, 2015. The proposed rule is available at <http://go.usa.gov/3C6Kk>.

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**Did You Know****FSA Offers Farm Bill Website and Online Overview Programs**

The Agricultural Act of 2014 (the Act), also known as the 2014 Farm Bill, was signed by President Obama on Feb. 7, 2014. The Act repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by the Farm Service Agency (FSA). Most of these programs are authorized and funded through 2018.

For the latest on 2014 Farm Bill programs administered by FSA, please visit our Farm Bill website at [www.fsa.usda.gov/farmbill](http://www.fsa.usda.gov/farmbill) and for an FSA program overview please read, download and/or print our recently posted FSA Farm Bill Fact Sheet titled, [What's in the 2014 Farm Bill for Farm Service Agency Customers?](#)

For more information on FSA, please contact your local USDA Service Center or visit us online at [www.fsa.usda.gov](http://www.fsa.usda.gov).

**Dairy Indemnity Payment Program**

Monday - Friday

8:00am - 4:30pm

**County Office Staff:**

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The 2014 Farm Bill authorized the extension of the Dairy Indemnity Payment Program (DIPP) through September 30, 2018. DIPP provides payments to dairy producers and manufacturers of dairy products when they are directed to remove their raw milk or products from the market because of contamination.

**Filing a Notice of Loss**

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent. If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 days of the final planting date for the crop.

## **New Support for Beginning Farmers and Ranchers**

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### **Department Implementing New Farm Bill Programs, Unveiling New Centralized Online Resource to Support Next Generation of Farmers**

USDA has announced the implementation of new Farm Bill measures and other policy changes to improve the financial security of new and beginning farmers and ranchers. USDA also unveiled [www.USDA.gov/newfarmers](http://www.USDA.gov/newfarmers), a new website that will provide a centralized, one-stop resource where beginning farmers and ranchers can explore the variety of USDA initiatives designed to help them succeed.

USDA's [www.usda.gov/newfarmers](http://www.usda.gov/newfarmers) has in depth information for new farmers and ranchers, including: how to increase access to land and capital; build new market opportunities; participate in conservation opportunities; select and use the right risk management tools; and access USDA education, and technical support programs. These issues have been identified as top priorities by new farmers. The website will also feature instructive case studies about beginning farmers who have successfully utilized USDA resources to start or expand their business operations.

Today's policy announcements in support of beginning farmers and ranchers include:

- Waiving service fees for new and beginning farmers or ranchers to enroll in the Non-Insured Crop Disaster Assistance Program (NAP) for the 2014 crop year. NAP provides risk management tools to farmers who grow crops for which there is no crop insurance product. Under this waiver, announced via an [official notice](#) to Farm Service Agency offices, farmers and ranchers whom already enrolled in NAP for the 2014 crop year and certified to being a beginning farmer or social disadvantaged farmer are eligible for a service fee refund.
- Eliminating payment reductions under the [Conservation Reserve Program](#) (CRP) for new and beginning farmers which will allow routine, prescribed, and emergency grazing outside the primary nesting season on enrolled land consistent with approved conservation plans. Previously, farmers and ranchers grazing on CRP land were subject to a reduction in CRP payments of up to 25 percent. Waiving these reductions for new and beginning farmers will provide extra financial support during times of emergency like drought and other natural disasters.
- Increasing payment rates to beginning farmers and ranchers under Emergency Assistance for [Livestock, Honeybees and Farm-Raised Fish Program \(ELAP\)](#). Under this provision, beginning farmers can claim up to 90 percent of losses for lost livestock, such as bees, under ELAP. This is a fifty percent increase over previously available payment amounts to new and beginning farmers.
- Beginning Farmer Loans, FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

In the near future, USDA will also announce additional crop insurance program changes for beginning farmers and ranchers – including discounted premiums, waiver of administrative fees, and other benefits.

Additional information about USDA actions in support of beginning farmers and ranchers is available [here](#).

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## **MAL and LDP Policy Changes for Crop Years 2015-2018**

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### ***Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs) Changes and Dates to Remember...***

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

**\*\*\*Final Availability Dates for Marketing Assistance Loans & Loan Deficiency Payments\*\*\***

- May 31, 2015 - Corn, Dry Peas, Grain Sorghum, Lentils, Mustard Seed, Rice, Safflower Seed, Chickpeas, Soybeans, Sunflower Seed

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## **Changes to Fruit, Vegetable and Wild Rice Planting Rules Announced**

### **Delaware 2015 Acreage Reporting Dates**

Farm Service Agency (FSA) has announced fruit, vegetable and wild rice provisions that affect producers who intend to participate in certain programs authorized by the Agricultural Act of 2014.

Producers who intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs are subject to an acre-for-acre payment reduction when fruits and nuts, vegetables or wild rice are planted on the payment acres of the farm. Payment reductions do not apply to mung beans, dry peas, lentils or chickpeas. Planting fruits, vegetables or wild rice on acres that are not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits, vegetables and wild rice for that year but will not receive ARC/PLC payments for that year. Eligibility for succeeding years is not affected.

Planting and harvesting fruits, vegetables and wild rice on ARC/PLC acreage is subject to the acre-for-acre payment reduction when those crops are planted on either more than 15 percent of the base acres of a farm enrolled in ARC using the county coverage or PLC, or more than 35 percent of

the base acres of a farm enrolled in ARC using the individual coverage.

Fruits, vegetables and wild rice that are planted in a double-cropping practice will not cause a payment reduction if the farm is in a double-cropping region as designated by the USDA's Commodity Credit Corporation.

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## **Acreage Reporting Dates Approach**

### **Delaware 2015 Acreage Reporting Dates**

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit your [County FSA office](#) to file an accurate crop certification report by the applicable deadline.

The following acreage reporting dates are applicable:

- |                    |  |
|--------------------|--|
| May 15, 2015:      | Peas (Green only), potatoes  |
| July 15, 2015:     | Beans (Lima Only), Cucumbers Planted 4/20-6/25 Kent, Sussex, New Castle)                           |
| August 15, 2015:   | Beans (all except Lima - planted 4/20-8/10), Cucumbers Planted 6/26- 8/10 Kent, Sussex New Castle) |
| December 15, 2015: | Fall-seeded Small grains   |

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.
- If a perennial forage crop is reported with the intended use of "cover only," "green manure," "left standing," or "seed," then the acreage must be reported by July 15th.

\*\*Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local [County FSA office](#):

- New Castle - (302)832-3100
- Kent - (302)741-2600
- Sussex - (302)856-3990

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## **What's Happening: Farm Loan Programs**

### **Microloans**

Farm Service Agency (FSA) reminds farmers and ranchers that the FSA borrowing limit for microloans increased from \$35,000 to \$50,000, on Nov. 7, 2014. Microloans offer borrowers simplified lending with less paperwork.

The microloan change allows beginning, small and mid-sized farmers to access an additional \$15,000 in loans using a simplified application process with up to seven years to repay. Microloans are part of USDA's continued commitment to [small and midsized farming operations](#).

To complement the microloan program additional changes to FSA eligibility requirements will enhance beginning farmers and ranchers access to land, a key barrier to entry level producers. FSA policies related to farm experience have changed so that other types of skills may be considered to meet the direct farming experience required for farm ownership loan eligibility. Operation or management of non-farm businesses, leadership positions while serving in the military or advanced education in an agricultural field will now count towards the experience applicants need to show when applying for farm ownership loans. **Important Note:** Microloans cannot be used to purchase real estate.

Since 2010, more than 50 percent of USDA's farm loans now go to beginning farmers and FSA has increased its lending to targeted underserved producers by nearly 50 percent.

Please review the FSA [Microloan Program Fact Sheet](#) for program application, eligibility and related information.

### **Youth Loans**

The Farm Service Agency makes loans to youth to establish and operate agricultural income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

#### **Youth Loan Eligibility Requirements:**

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. <span style="mso-spacerun: yes">The project supervisor must recommend the youth loan applicant, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

### **Loans for the Socially Disadvantaged**

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 purchase or improve farms or ranches

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

A socially disadvantaged 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, socially disadvantaged 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.

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USDA is an equal opportunity provider and employer. 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).



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