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Washington FSA Newsletter

Washington State Farm Service Agency

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USDA Removes Farm Program Payments to Managers Not Actively Engaged in Farming

USDA finalized a rule to ensure that farm safety-net payments are issued only to active managers of farms that operate as joint ventures or general partnerships, consistent with the direction and authority provided by Congress in the 2014 Farm Bill. The action, which exempts family farm operations, closes a loophole where individuals who were not actively part of farm management still received payments.

Since 1987, the broad definition of “actively engaged” resulted in some general partnerships and joint ventures adding managers to the farming operation, qualifying for more payments, that did not substantially contribute to management. The rule applies to operations claiming more than one farm manager, and requires measureable, documented hours and key management activities each year. Some operations of certain sizes and complexity

Administration
Rod Hamilton, Programs
Mike Mykines, Loans

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

may be allowed up to three qualifying managers under limited conditions. The changes apply to payments for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, Loan Deficiency Payments (LDP) and marketing loan gains (MLG) realized via the Marketing Assistance Loan program.

As required by Congress, the new rule does not apply to family farms, or change regulations related to contributions of land, capital, equipment, or labor. The changes go into effect for the 2016 crop year for most farms. Farms that have already planted fall crops for 2016 have until the 2017 crop year to comply. For more details, producers are encouraged to consult their local FSA office.

NAP Application for Coverage Available For 2016 Crop Year

Non-insured Crop Disaster Assistance Program (NAP) coverage, for crops not insurable through your crop insurance agent, is an available tool to help mitigate financial risk if the covered crop is damaged, lost or prevented from being planted due to a natural weather related disaster conditions. Available coverage levels start at a catastrophic level (CAT) for losses that exceed 50 percent of the expected yield at 55 percent of the approved average price, up to additional buy-up levels of coverage ranging from 50 to 65 percent of the expected yield at 100 percent of the approved average price. You can request organic or direct market price options for your specific crop, if available. You may also request a historical marketing percentage option for multiple market crops.

To request NAP coverage, you must file an Application for Coverage form and pay the administrative fee by the application closing date for the crop. The NAP administrative fee is $250 per crop, up to $750 per county, with a maximum fee of $1,875 per crop year for multiple crops covered in more than one county. Buy-up coverage has a premium cost of 5.25 percent of the coverage value based on the level of coverage you select for your share of the acres planted to the covered crop, up to a maximum premium cost of $6,563 per person or legal entity. An online NAP premium calculator is available to help you determine what level of coverage will work best for you and what the associated premium cost will be. The NAP premium calculator can be accessed by clicking on the link: http://fsa.usapas.com/NAP.aspx. Beginning farmers or ranchers, limited resource, and traditionally underserved farmers can request a waiver of the service fee and a 50 percent reduction of the premium cost.

To be eligible for NAP benefits, damage or loss of the covered crop must be attributed to an approved weather related disaster condition. Losses must be reported to FSA within 15 days after the adverse weather event or when the loss becomes evident. For hand harvested crops, you must report the loss within 72 hours of when the damage or loss first becomes apparent. You may receive a NAP payment if all eligibility requirements have been met and the crop suffers a loss exceeding the level of coverage selected due to weather related damages.

NAP coverage for the 2016 crop year should be purchased at least 30 days before the crop is planted, but no later than March 15, 2016 for the following spring planted crops: artichokes, beets (for seed or fresh); buckwheat; camelina; carrots (for fresh or processing); mustard; radish (for seed or fresh); small grain forages (wheat, barley, oats, peas); and any other spring planted crops not mentioned in other NAP application closing dates. A list of NAP purchase deadlines can be found at www.fsa.usda.gov/wa.

Contact your local FSA office for more information, if you are interested in applying for NAP coverage, or if you have any questions regarding NAP availability and application closing dates.

Update Your Records

FSA is cleaning up our producer record database. Please report any changes of address, zip code, or corrections to names or business names on file. 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.

Keeping your records up to date can prevent payment delays. If you have any updates or corrections, please call your local FSA office to update your records.

Annual Enrollment Period for 2016 USDA Safety Net Coverage (ARC-PLC) Continues

Producers who chose coverage from the safety net programs established by the 2014 Farm Bill, known as the Agriculture Risk Coverage (ARC) or the Price Loss Coverage (PLC) programs, can now sign contracts to enroll in coverage for 2016 in county FSA offices. The enrollment period will continue until Aug. 1, 2016.

Although the choice between ARC and PLC is completed and remains in effect through 2018 producers must still enroll their farm by signing a contract each year to receive coverage.

Producers are encouraged to contact their local FSA office to schedule an appointment to enroll. If a farm is not enrolled during the 2016 enrollment period, producers on that farm will not be eligible for financial assistance from the ARC or PLC programs should crop prices or farm revenues fall below the historical price or revenue benchmarks established by the program.

The two programs were authorized by the 2014 Farm Bill and offer a safety net to agricultural producers when there is a substantial drop in prices or revenues for covered commodities. Covered commodities 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. For more details regarding these programs, go to www.fsa.usda.gov/arc-plc.

For more information, you are encouraged to visit your local FSA office. To find a local FSA office, visit http://offices.usda.gov.

Producers Have the Option to Change Administrative County for ARC Program

FSA bases a farm's payments for the Agriculture Risk Coverage County (ARC-CO) program on county data for the county where the farm is administered. If a farm is physically located in County A and administered by FSA in County A, the farms ARC-CO payment calculations will be based on County A data. But if it is located in County A but administered in County B, the ARC-CO payment will be based on County B data.

Because payments in this program are county specific, a small number of farms participating in the program experienced reduced payments because the payment rate was lower in the administrative county and the physical location county. If you are in this situation, you have until **February 1, 2016** to request recalculation. In some cases, the recalculation for a farm may result in a higher payment for one crop and a lower payment for another crop. The recalculated payment will be the net of the two payments and in some cases may necessitate one shareholder returning a portion of a payment if the shares are split by crops among producers. All producers on a farm with a share in the payments must unanimously agree to recalculate the payment based on the physical location of the tracts. Contact your administrative county FSA office if you have questions or wish to make a change. This is a one-time choice that must be made for 2014 and 2015.

For 2016 and future years, payments will be based solely on administrative county and choosing between the physical location county or administrative county will not be available. However, producers may request the farm's administration be changed back to it's physical location county if they feel the program will work better for this with that structure. For more information on this option contact the current administrative County Office.

FSA Makes Payments for New ARC/PLC Programs

FSA began issuing payments in late October for the 2014 crop year under the new safety-net programs, Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC). The Market Year Average price for most covered commodities exceeded the statutory reference price. Nationwide, only three crops, canola, long grain rice, and peanuts, suffered a price loss to generate a 2014 PLC payment.

Many of the counties in Washington suffered substantial revenue loss on multiple crops. Farms enrolled in the ARC-County (ARC-CO) program on crops with revenue loss at the county level were eligible for ARC-CO payments. If your farm was enrolled in ARC-CO and you were expecting a payment but have not received it, check with your county FSA office to see if all eligibility paperwork was completed.

The ARC-Individual (ARC-IC) program is based on data specific to the producer's ARC-IC farming interest and requires calculations of benchmark revenue and current revenue for each individual producer enrolled in ARC-IC. FSA is currently calculating these revenues and issuing any payments earned. If your farm was enrolled in ARC-IC, any earned payments should be issued in the next few weeks. If you have concerns about not receiving an ARC-IC payment, please contact your county FSA office.

Reminder: FSA Offers Low-Interest Farm Storage and Handling Facilities Loans for Additional Crops

Producers are reminded that the Farm Storage Facility Loan Program (FSFL) expanded eligibility of the program to producers of crops like hops, honey, flower, milk and meat. Through the program, FSA provides low-interest financing for producers to build or upgrade farm storage and handling facilities.

The new commodities eligible for facility loans include floriculture, hops, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Commodities already eligible for the loans 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, and fruits, nuts and vegetables for cold storage facilities.

The maximum loan amount is $500,000 per loan request. Loan terms are 7, 10 or 12 years depending on the amount of the loan. Current interest rates range from 2.125 percent to 2.65 percent, depending on the term of the loan. Each applicant will be charged a nonrefundable $100 application fee. To learn more about the program, view the fact sheet or contact your local FSA office.

FSA County Offices Taking Appointments for CRP Signup

The Farm Service Agency will accept bids for the Conservation Reserve Program general signup until **February 26, 2016** in all FSA county offices. This will be the first general CRP signup since passage of the 2014 Farm Bill. The program's acreage cap is gradually being lowered to 24 million acres nationwide for fiscal years 2017 and 2018. This could result in a competitive signup. Appointments at your county FSA office are encouraged.

In exchange for a yearly rental payment, applicants enrolled in the program agree to remove environmentally sensitive land from agricultural production and plant species that will improve environmental health and quality. Contracts for land enrolled in CRP are 10-15 years in length. The long-term goal of the program is to re-establish valuable land cover to help improve water quality, prevent soil erosion, and reduce loss of wildlife habitat. The most common ground covers chosen by participants are native or introduced mixes of grasses and forbs.

To be eligible for CRP enrollment, you must have owned or operated the land for at least 12 months prior to the CRP signup period. Exceptions to this rule include:

- Land acquired by a new owner due to the previous owner's death;
- Change in ownership due to foreclosure; or
- Land that was purchased by a new owner without the sole intention of placing it in CRP.

To be eligible for placement in CRP, land must be cropland (including field margins) that was planted to an annual crop, been in summer fallow or been in CRP at least 4 crop years during 2008 to 2013. Land also must have a weighted average erosion index (EI) of eight or higher, be located in a state CRP conservation priority area (map), or be CRP set to expire September 30, 2016.

With the reduced acreage available for CRP, all states were required to reduce their state conservation priority area from no more than 33% of the state cropland to no more than 25%. This resulted in a nearly 750,000 acre reduction in the priority area in Washington. Most of the reduction was taken where there were other CRP options available like SAFE, and in areas were CRP enrollment has been low.

Land under a CRP contract that expired September 30, 2014 or 2015 and was not eligible for the one-year extensions offered in those years may be offered for re-enrollment in this signup provided all eligibility requirements are met.

FSA will rank offers for CRP contracts according to the Environmental Benefits Index (EBI). Each eligible offer will be ranked nationally in comparison to all other offers and selections made from that ranking. FSA uses the following EBI factors to assess the environmental benefits for the land offered:

- Wildlife habitat benefits resulting from covers on contract acreage;
- Water quality benefits from reduced erosion, runoff and leaching;
- On-farm benefits from reduced erosion;
- Benefits that will likely endure beyond the contract period;
- Air quality benefits from reduced wind erosion, and;
- Cost.

In addition to an annual rental payment, FSA will pay 50 percent of the cost to establish CRP practices. FSA offers an online description of CRP practices.

FSA bases CRP annual rental rates on the relative productivity of the soils within each county and the average dry-land cash rent using data provided by the National Agricultural Statistics Service or cash-rent equivalent as guidelines. You may offer land at the maximum soil rental rate established by FSA or offer a lower rental rate to increase the likelihood that your offer will be accepted.

Successful applicants will be required to complete a conservation plan with the Natural Resources Conservation Service no later than September 9, 2016. Cost-share payments will only be paid for those eligible costs that are approved under the conservation plan. Starting a practice before approval of a CRP contract is at your own risk.

In addition to the General CRP Signup, FSA will accept offers for specific conservation practices under the Continuous CRP or Conservation Reserve Enhancement Program (CREP). If you would like to make an appointment or learn more about CRP, contact your county FSA office.

2015 marks the 30th anniversary of the Conservation Reserve Program (CRP) and in recognition of this milestone, FSA has launched a commemorative website.

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 – serve 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

- **Jan. 4, 2016** - Deadline to provide honeybee Inventory Report.
- **Jan. 15, 2016** - Acreage reporting deadline for perennial tree fruit, blueberries, cranberries and grapes.
- **Feb. 1, 2016** – Deadline for the Tree Assistance Program (TAP)
- **Feb. 1, 2016** - Deadline to submit completed application and documentation for the Livestock Indemnity Program for losses in 2015.
- **Feb. 1, 2016** - Deadline to submit completed application and documentation for the Livestock Forage Program.
- **Feb. 1, 2016** - Deadline to request administrative county change for ARC-CO
- **Feb**. **26, 2016** – General CRP Signup ends.

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