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Farm Service Agency **Electronic News Service**

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Alabama FSA Newsletter

Alabama Farm Service Agency

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USDA Opens Election Period for Seed Cotton Program

The U.S. Department of Agriculture (USDA) announced that seed cotton producers, who want to participate in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for the 2018 crop year, may now submit applications. The signup period begins today and ends on Dec. 7, 2018.

In accordance with changes to ARC and PLC made by the Bipartisan Budget Act of 2018, farm owners with generic base acres and recent planting history of covered commodities have a one-time opportunity to allocate all of the generic base acres on their farm.

Farms with generic base acres that were planted or approved as a prevented planted commodity during the 2009 through 2016 crop years, are eligible to allocate generic base acres. This includes upland cotton.

Producers have two options to allocate generic base:

- **Option 1:** Allocate generic base acres on a farm to seed cotton base acres equal to the higher of the following:
 - 80 percent of the generic base acres on the farm
 - the remaining 20 percent goes to unassigned base acres for which there will be no payments

- The average of planted and prevented from planted upland cotton acres on the farm in crop years 2009 through 2012, not to exceed the total generic base acres on the farm.
- **Option 2:** Allocate generic base acres in proportion to the 4-year average acreage planted on the farm and prevented from being planted for each covered commodity, including upland cotton, in crop years 2009 through 2012, to the total acreage planted and considered planted for all covered commodities on the farm.

An increase in total base acres on the farm is not allowed. For farms without planted or considered planted history of covered commodities, including upland cotton, during the 2009 through 2016 crop years, all generic base acres shall be converted to unassigned generic base acres for which no benefits may be available.

If a farm owner is unable to allocate generic base acres during the allocation period, the generic base acres will be deemed to be allocated to seed cotton base under the provisions in Option 1.

FSA posted a [notice](#) on July 27.

Current farm owner(s) have a one-time opportunity to update the farm's payment yield for seed cotton with either retaining the Counter-Cyclical (CC) payment yield for upland cotton, as listed on the farm record as of Sept. 3, 2013, multiplied by 2.4, or update the upland cotton yield to 90 percent of a simple average of the upland cotton yield per planted acre on the farm for years 2008 through 2012. The retained or updated yield becomes the PLC yield for the farm, effective for the 2018 crop year, and will only be used in calculating payment rates for the PLC program. If a request to update yields is not filed within the yield update period, the former CC yield on the farm multiplied by 2.4 will be carried forward as the farm's PLC yield for the 2018 crop year. If the generic base acre allocation results in crop base acres for a covered commodity base where a PLC yield does not exist on the farm, then an owner may update the yield(s) for the new crop(s).

Following the generic base acre allocation and yield update, the current producer(s) on the farm will have a one-time opportunity to unanimously elect either ARC or PLC for the seed cotton base acres resulting from the generic base acre allocation. Farms with an ARC-IC election will continue in ARC-IC, which would include any seed cotton base acres allocated to the farm. Any farm that fails to make a unanimous election will be deemed to have elected PLC for acres allocated on the farm to seed cotton.

The final step in the process is enrolling the farm in ARC/PLC for 2018. After completing the aforementioned steps, producers on farms must still enroll the farm for that farm to be eligible for ARC and PLC for 2018. Enrollment of ARC and PLC farms, consistent with the program election for the farm and covered commodities

made in the election period, for the 2018 crop year, began Nov. 1, 2017 and will end on Dec. 7, 2018.

Visit www.fsa.usda.gov or the local FSA office for information about FSA and the 2014 Farm Bill programs and programs impacted by the Bipartisan Budget Act of 2018.

Dairy Indemnity Payment Program

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.

Actively Engaged Provisions for Non-Family Joint Operations or Entities

Many Farm Service Agency programs require all program participants, either individuals or legal entities, to be “actively engaged in farming.” This means participants provide a significant contribution to the farming operation, whether it is capital, land, equipment, active personal labor and/or management. For entities, each partner, stockholder or member with an ownership interest, must contribute active personal labor and/or management to the operation on a regular basis.

Joint operations comprised of non-family members or partners, stockholders or persons with an ownership in the farming operation must meet additional payment eligibility provisions. Joint operations comprised of family members are exempt from these additional requirements. For 2016 and subsequent crop years, non-family joint operations can have one member that may use a significant contribution of active personal management exclusively to meet the requirements to be determined “actively engaged in farming.” The person or member will be defined as the farm manager for the purposes of administering these management provisions.

Non-family joint operations may request to add up to two additional managers for their farming operation based on the size and/or complexity of the operation. If additional farm managers are requested and approved, all members who contribute management are required to complete form CCC-902MR, Management Activity Record. The farm manager should use the form to record management activities including capital, labor and agronomics, which includes crop selection, planting decisions, acquisition of inputs, crop management and marketing decisions. One form should be used for each month and the farm manager should enter the number of hours of time spent for each activity under the date of the month the actions were completed. The farm manager must also document if each management activity was completed on the farm or remotely.

The records and supporting business documentation must be maintained and timely made available for review by the appropriate FSA reviewing authority, if requested.

If the farm manager fails to meet these requirements, their contribution of active personal management to the farming operation for payment eligibility purposes will be disregarded and their payment eligibility status will be re-determined for the applicable program year.

In some instances, additional persons or members of a non-family member joint operation who meet the definition of farm manager may also be allowed to use such a contribution of active personal management to meet the eligibility requirements. However, under no circumstances may the number of farm managers in a non-family joint operation exceed a total of three in any given crop and program year.

Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities and to purchase portable (new or used) structures, equipment and storage and handling trucks.

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 loans between \$50,000 and \$100,000 may require additional security. Loans exceeding \$100,000 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>.

USDA Resumes Continuous Conservation Reserve Program Enrollment

One-Year Extension Available to Holders of Many Expiring Contracts through Continuous Signup

As part of a 33-year effort to protect sensitive lands and improve water quality and wildlife habitat on private lands, the U.S. Department of Agriculture (USDA) will resume accepting applications for the voluntary [Conservation Reserve Program](#) (CRP). Eligible farmers, ranchers, and private landowners can sign up at their local [Farm Service Agency \(FSA\)](#) office between June 4 and Aug. 17, 2018.

FSA stopped accepting applications last fall for the CRP continuous signup (excluding applications for the Conservation Reserve Enhancement Program (CREP) and CRP grasslands). This pause allowed USDA to review available acres and avoid exceeding the 24 million-acre CRP cap set by the 2014 Farm Bill. New limited practice availability and short sign up period helps ensure that landowners with the most sensitive acreage will enroll in the program and avoid unintended competition with new and beginning farmers seeking leases. CRP enrollment currently is about 22.7 million acres.

2018 Signup for CRP

For this year's signup, limited priority practices are available for continuous enrollment. They include grassed waterways, filter strips, riparian buffers, wetland restoration and others. [View a full list of practices.](#)

FSA will use updated soil rental rates to make annual rental payments, reflecting current values. It will not offer incentive payments as part of the new signup.

USDA will not open a general signup this year, however, a one-year extension will be offered to existing CRP participants with expiring CRP contracts of 14 years or less. Producers eligible for an extension will receive a letter with more information.

CRP Grasslands

Additionally, FSA established new [ranking criteria](#) for [CRP Grasslands](#). To guarantee all CRP grasslands offers are treated equally, applicants who previously applied will be asked to reapply using the new ranking criteria. Producers with pending applications will receive a letter providing the options.

About CRP

In return for enrolling land in CRP, USDA, through FSA on behalf of the Commodity Credit Corporation (CCC), provides participants with annual rental payments and cost-share assistance. Landowners enter into contracts that last between 10 and 15 years. CRP pays producers who remove sensitive lands from production and plant certain grasses, shrubs and trees that improve water quality, prevent soil erosion and increase wildlife habitat.

The new changes to CRP do not impact the Conservation Reserve Enhancement Program, a related program offered by CCC and state partners.

Producers wanting to apply for the CRP continuous signup or CRP grasslands should contact their USDA service center. To locate your local FSA office, visit <https://www.farmers.gov>. More information on CRP can be found at www.fsa.usda.gov/crp.

Livestock Losses

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock deaths in excess of normal mortality caused by adverse weather, disease 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 disease losses, FSA county committees can accept veterinarian certifications that livestock deaths were directly related to adverse weather and unpreventable through good animal husbandry and management.

Due to an amendment in the Bipartisan Budget Act (BBA), for 2017, 2018 and subsequent livestock losses, eligible livestock owners must file a notice of loss by the later of:

- 30 calendar days of when the loss is first apparent; or

- 60 days after the regulations governing LIP, including BBA provisions, are published in the Federal Register.

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) = 3%. These established percentages reflect losses that are considered expected or typical under “normal” conditions.

In addition to filing a notice of loss, producers must also submit an application for payment by March 31, 2019.

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

Report Noninsured Crop Disaster Assistance Program (NAP) Losses

The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters including freeze, hail, excessive moisture, excessive wind or hurricanes, flood, excessive heat and qualifying drought (includes native grass for grazing), among others.

Eligible producers must have purchased NAP coverage for 2018 crops. A notice of loss must be filed the earlier of 15 days of the occurrence of the disaster or when losses become apparent or 15 days of the final harvest date.

Producers of hand-harvested crops and certain perishable crops must notify FSA within 72 hours of when a loss becomes apparent.

Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

For more information on NAP, contact your local FSA office or visit www.fsa.usda.gov/nap.

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.

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.

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).