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Farm Service Agency **Electronic News Service**

NEWSLETTER

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Alabama FSA Newsletter

Alabama Farm Service Agency

4121 Carmichael Rd.,
Suite 600
Montgomery, AL 36106

Phone: 334-279-3500
Fax: 855-747-0599

www.fsa.usda.gov/al

State Executive Director:
David McCurdy

State Committee:
Monica Carroll, Chairperson
Andy Lavender, Member
Rodney Moon, Member
Steve Penry, Member
Doug Trantham, Member

To find contact information for
your local office go to
www.fsa.usda.gov/al

USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment

The U.S. Department of Agriculture's Farm Service Agency (FSA) announced that the January 2019 income over feed cost margin was \$7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Agriculture Secretary Sonny Perdue announced that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between \$8.00 and \$9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the \$9.50 coverage level for 50 percent of its production could potentially be eligible to receive \$1,887.50 for January.

Sample calculation:

\$9.50 - \$7.99 margin = \$1.51 difference
\$1.51 times 50 percent of production times 2,500 cwt. (30,000 cwt./12) = \$1,887.50

The calculated annual premium for coverage at \$9.50 on 50 percent of a 3-million-pound production history for this example would be \$2,250.

Sample calculation:

3,000,000 times 50 percent = 1,500,000/100 = 15,000 cwt. times 0.150 premium fee = \$2,250

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

Additional details about DMC and other FSA farm bill program changes can be found at farmers.gov/farmbill.

Reminder to FSA Direct and Guaranteed Borrowers with Real Estate Security

Farm Service Agency would like to remind farm loan borrowers who have pledged real estate as security for their loans, of key items for maintaining loan collateral. It is required that borrowers must obtain prior consent, or approval, by either FSA, for direct loans, or by a guaranteed lender, for any transaction affecting real estate security. Examples of these transactions include, but are not limited to:

- Leases of any kind;
- Easements of any kind;
- Subordinations;
- Partial releases, and
- Sales

Failure to meet or follow the requirements set forth in the loan agreement, promissory note, and other security instruments could lead to nonmonetary default which could jeopardize your current and future loans.

It is critical that borrowers keep an open line of communication with their FSA loan staff or guaranteed lender when it comes to changes in their operation. For more information on borrower responsibilities, read [Your FSA Farm Loan Compass](#).

USDA Acreage Reporting Deadline for Perennial Forage Changes to July 15

USDA Farm Service Agency (FSA) has established a new acreage reporting deadline for perennial forage for 2019 and subsequent years. Previously set in the fall, the new deadline is July 15 for all states, except for Hawaii and Puerto Rico.

Timely and accurate acreage reports for all crops and land uses, including prevented planting or failed acreage, are the foundation for many FSA program benefits, including disaster programs for livestock owners. Producers must report their acreage to maintain program eligibility.

Producers who have coverage for perennial forage under the Noninsured Crop Disaster Assistance Program (NAP) must report their crop acreage by the earlier of any of the following:

- the established acreage reporting date (July 15)
- 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported
- the established normal harvest date for the end of the coverage period.

2019 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit their local FSA office to file an accurate crop certification report by the applicable deadline.

Acreage reporting dates vary by crop and by county so please contact your local FSA office for a list of county-specific deadlines. **Beginning with the 2019 crop year, the acreage reporting date is established as July 15 for perennial forage.** The following upcoming acreage reporting dates are applicable for Alabama:

March 15, 2019 Pecans, Potatoes (planted Jan. 1- Mar. 1)

May 15, 2019 Sweet Corn, Potatoes (planted Mar. 2-Apr. 15), Tobacco, Tomatoes

May 31, 2019 Nursery Crops

July 15, 2019 PRF/Perennial Forage, CRP and All Other Crops

September 30, 2019 – Value loss and controlled environment crops, with the exception of Nursery

The following exceptions apply to acreage reporting dates for Alabama:

- If the crop has not been planted by the applicable 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 applicable 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.
- If a producer is subject to a growing season inspection, then the acreage must be reported no later than 15 calendar days after planting is completed.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the applicable dates 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 FSA office.

Policy Updates for Acreage Reporting

The USDA Farm Service Agency (FSA) recently made several policy updates for acreage reporting for cover crops, revising intended use, late-filed provisions, grazing allotments as well as updated the definitions of “idle” and “fallow.”

Reporting Cover Crops:

FSA made changes to the types of cover crops. Cover crop types can be chosen from the following four categories:

- **Cereals and other grasses** - Any cover crop that is classified as a grass plant or cereal grain, and would include, but not be limited to, the following cover crops: cereal rye, wheat, barley, oats, black oats, triticale, annual ryegrass, pearl millet, foxtail millet (also called German, Italian or Hungarian millet), sorghum sudan grass, sorghum and other millets and grasses.
- **Legumes** - Any cover crop that is classified as a legume, including, but not limited to, clovers, vetches, peas, sun hemp, cowpeas, lentils and other legumes.
- **Brassicas and other broadleaves** - Any cover crop that is classified as a non-legume broadleaf, including, but not limited to, Brassicas such as radishes, turnips, canola, rapeseed, oilseed rape, and mustards, as well as other broadleaf plants such as phacelia, flax, sunflower, buckwheat, and safflower.
- **Mixtures** - Mixes of two or more cover crop species planted at the same time, for example, oats and radishes.

If the cover crop is harvested for any use other than forage or grazing and is not terminated according to policy guidelines, then that crop will no longer be considered a cover crop and the acreage report must be revised to reflect the actual crop.

Permitted Revision of Intended use After Acreage Reporting Date:

New operators or owners who pick up a farm after the acreage reporting deadline has passed and the crop has already been reported on the farm, have 30 days to change the intended use. Producer share interest changes alone will not allow for revisions to intended use after the acreage reporting date. The revision must be performed by either the acreage reporting date or within 30 calendar days from the date when the new operator or owner acquired the lease on land, control of the land or ownership and new producer crop share interest in the previously reported crop acreage. Under this policy, appropriate documentation must be provided to the County Committee's satisfaction to determine that a legitimate operator or ownership and producer crop share interest change occurred to permit the revision.

Acreage Reports:

In order to maintain program eligibility and benefits, producers must timely file acreage reports. Failure to file an acreage report by the crop acreage reporting deadline may result in ineligibility for future program benefits. FSA will not accept acreage reports provided more than a year after the acreage reporting deadline.

Reporting Grazing Allotments:

FSA offices can now accept acreage reports for grazing allotments. Producers will use form "FSA-578" to report grazing allotments as animal unit months (AUMs) using the "Reporting Unit" field. The local FSA office will need the grazing period start and end date and the percent of public land.

Definitions of Terms

FSA defines "idle" as cropland or a balance of cropland within a Common Land Unit (CLU) (field/subfield) which is not planted or considered not planted and does not meet the definition of fallow or skip row. For example, the balance of a field that could not be planted due to moisture or a turn area that is not planted would be reported as idle.

Fallow is considered unplanted cropland acres which are part of a crop/fallow rotation where cultivated land that is normally planted is purposely kept out of production during a regular growing season. Resting the ground in this manner allows it to recover its fertility and conserve moisture for crop production in the next growing season.

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. 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.

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

U.S. Department of Agriculture (USDA) is offering 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.

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.

Weather the Storm: FEMA Mobile App Provides Weather Alerts and Safety Tips

USDA offers programs to help producers recover from disasters; FEMA can help you prepare ahead of time.

The Federal Emergency Management Agency (FEMA) recently launched a free mobile app that will instruct the public on what to do before, during and after emergencies. The app is available for download for Apple, Android and Blackberry mobile devices.

Download the app to:

- Receive alerts from the National Weather Service for up to five locations
- Get safety reminders, read tips to survive natural disasters and customize your emergency checklist
- Locate open shelters and where to talk to FEMA in person (or on the phone)
- Upload and share your disaster photos to help first responders.

For more information about the FEMA app, visit fema.gov/mobile-app. To download the FEMA app from the Apple Store visit <https://itunes.apple.com/us/app/fema/id474807486?mt=8>. To download the FEMA app on Google Play for Android visit: <https://play.google.com/store/apps/details?id=gov.fema.mobile.android&hl=en>

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