May 2015

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Illinois May State FSA Newsletter

Illinois Farm Service Agency
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State Committee:
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Jerry Jimenez - Member
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State Executive

USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers

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.

Director:
Scherrie V. Giamanco
State Executive Officer
Rick Graden

Division Chiefs:
Doug Bailey
Jeff Koch
Stan Wilson

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

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 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 by May 26, 2015. The proposed rule is available at http://go.usa.gov/3C6Kk.

ARC and PLC Acreage Maintenance

Producers enrolled in Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) must protect all cropland and noncropland acres on the farm from wind and water erosion and noxious weeds. Producers who sign ARC county or individual contracts and PLC contracts agree to effectively control noxious weeds on the farm according to sound agricultural practices. If a producer fails to take necessary actions to correct a maintenance problem on a farm that is enrolled in ARC or PLC, the County Committee may elect to terminate the contract for the program year.

A list of noxious weeds can be found on the following website: http://plants.usda.gov/java/noxiousDriver.

May Interest Rates

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90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.50%
Farm Ownership Loans — Direct	3.625%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Direct Farm Ownership - Joint Financing	2.50%
Emergency Loans	3.50%
Farm Storage Facility Loans (7 years)	1.750%
Farm Storage Facility Loans (10 years)	1.875%
Farm Storage Facility Loans (12 years)	2.000%
Commodity Loans 1996-Present	1.250%

USDA Reminds Farmers of 2014 Farm Bill Conservation Compliance Changes

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file.

For farmers to be eligible for premium support on their federal crop insurance, a completed and signed AD-1026 certification form must be on file with the FSA. The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers and ranchers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster, and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and NRCS. This includes most financial assistance such as the new price and revenue protection programs, the Conservation Reserve Program, the Livestock Disaster Assistance programs and Marketing Assistance Loans and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program, the Conservation Stewardship Program, and other conservation programs implemented by NRCS.

Many FSA and Natural Resources Conservation Service (NRCS) programs already have implemented this requirement and therefore most producers should already have an AD-1026 form on file for their associated lands. If an AD-1026 form has not been filed or is incomplete, then farmers are reminded of the deadline of June 1, 2015.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required compliance with the conservation compliance provisions.

In 2014, the average premium cost of a crop insurance policy was $8,332, of which FCIC paid approximately 62 percent on the producer's behalf. If a farmer is not in compliance with WC and HELC provisions, the premium cost could double, which is why it is vital for farmers to have form AD-1026 on file with the Farm Service Agency (FSA).

To continue to be eligible for premium subsidy on any Federal crop insurance policy, including specialty crops, livestock, and pasture, a producer must file form AD-1026 with their local FSA office by June 1, 2015. If a producer does not have form AD-1026 on file with FSA by June 1, 2015, or are not in compliance with the requirements as outlined on the form, they will not be eligible for premium subsidy on any Federal crop insurance policy that has a sales closing date on or after July 1, 2015. This means farmers may still be eligible for insurance but will have to pay the full premium.

Additionally, it is possible a producer filed form AD-1026, but under an individual or business entity (e.g. a spouse or business partner) different than the one which purchased the crop insurance. Farmers must ensure the person or entity, and the associated Taxpayer Identification Number (TIN), which buys crop insurance has the form on file because USDA will use the TIN to match records across agencies.

If a producer does not have form AD-1026 on file or does not know whether they have an AD-1026 on file, they should visit their local FSA office in advance of June 1, 2015. The FSA staff will be available to provide assistance. Simply stated, by June 1, 2015, farmers must have an AD-1026 on file with FSA in the same name and TIN used to purchase the crop insurance policy.

FSA recently released a revised form AD-1026, which is available at USDA Service Centers and online at: www.fsa.usda.gov. USDA will publish a rule later this year that will provide details outlining the connection of conservation compliance with crop insurance premium support. Producers can also contact their local USDA Service Center for information. A listing of service center locations is available at offices.usda.gov.

Tree Assistance Program (TAP) Sign-up

Orchardists and nursery tree growers who experience losses from natural disasters during calendar year 2015 must submit a TAP application either 90 calendar days after the disaster event or the date when the loss is apparent. TAP was authorized by the Agricultural Act of 2014 as a permanent disaster program. TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible tree types include trees, bushes or vines that produce an annual crop for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees that are produced for commercial sale. Trees used for pulp or timber are ineligible.

To qualify for TAP, orchardists must suffer a qualifying tree, bush or vine loss in excess of 15 percent mortality from an eligible natural disaster. The eligible trees, bushes or vines must have been owned when the natural disaster occurred; however, eligible growers are not required to own the land on which the eligible trees, bushes and vines were planted.

If the TAP application is approved, the eligible trees, bushes and vines must be replaced within 12 months from the date the application is approved. The cumulative total quantity of acres planted to trees, bushes or vines, for which a producer can receive TAP payments, cannot exceed 500 acres annually.

2015 Acreage Reporting Dates

Producers who file accurate and timely reports for all crops and land uses, including failed acreage can prevent the potential loss of FSA program benefits. Please pay close attention to the acreage reporting dates below, as some dates have changed.

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

The following 2015 acreage reporting dates are applicable for Illinois:

September 30, 2014	aquaculture, Christmas trees, turfgrass sod, floriculture
December 15, 2014	perennial forage(with an intended use of haying or grazing), fall-seeded small grains)
January 2, 2015	honey
January 15, 2015	apples, asparagus, blueberries, caneberries, cherries, grapes, nectarines, peaches, pears, plums, strawberries
June 15, 2015	cucumbers(planted 5/1-5/31) in Gallatin, Lawrence, and White counties
July 15, 2015	cabbage(planted 3/15-5/31), perennial forage(with an intended use of cover only, green manure, left standing, or seed) and all other crops
August 15, 2015	cabbage (planted 6/1 – 7/20)
September 15, 2015	cucumbers(planted 6/1-8/15) in Gallatin, Lawrence, and White counties

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 15, 2014.

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 the your local County FSA office.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

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.

Microloan uses are the same as all approved Direct Operating loan expenses on a smaller scale, including, and not limited to:

- Essential tools
- Fencing and trellising
- Hoop houses
- Bees and bee equipment
- Milking and pasteurization equipment
- Maple sugar shack and processing equipment
- Livestock, seed, fertilizer, utilities, land rents, family living expenses, and other materials essential to the operation
- Irrigation
- GAP (Good Agricultural Practices), GHP (Good Handling Practices), and Organic certification costs
- Marketing and distribution costs, including those associated with selling through Farmers’ Markets and Community Supported Agriculture operations
- Borrower training expenses

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. The project supervisor must recommend the youth loan applicant, along with providing adequate supervision.

Loan funds may be used to, but not limited to:

- Buy livestock, seed, equipment and supplies
- Buy, rent or repair needed tools and equipment
- Pay operating expenses for the project

We encourage you to contact your local office or USDA Service Center to learn more about our programs and the information you will need for a complete application. Our local FSA offices will be happy to provide you with further information and a loan application.

COC (FSA) Committee Elections

June 15 through August 3, 2015, is the period for nominating farmers and ranchers as candidates for the local COC election. FSA encourages all eligible producers to nominate themselves, or an eligible producer to run for office.   Nomination forms (FSA-669A's) are available:

- at http://www.fsa.usda.gov/elections, scroll down to the links under "Election Materials" and CLICK "2015 Nomination Form"

- by picking up FSA-669A at your local FSA office

- by calling your local office and requesting FSA-669A be sent to you.

NOMINATE AND VOTE!

Important Dates to Remember

May 25	**Memorial Day *Office Closed***
June 1	Final date to file an AD-1026 to remain in compliance with 2014 Farm Bill
June 1	Final date to apply for a 2014 MAL for Corn & Soybeans
June 5	Final Crop Insurance planting date for Corn
June 20	Final Crop Insurance planting date for Soybeans
June 22	Final date to File a Notice of Loss for Prevented Planted Corn
Summer 2015	Sign 2014 & 2015 ARC/PLC Contracts
July 3	Independence Day Observed *Office Closed*
July 6	Final date to File a Notice of Loss for Prevented Planted Soybeans
July 15	Final date to report spring planted crops
August 2	End of Primary Nesting & Brood Rearing Season (CRP maintenance allowed)
August 3	Final date to request a Farm Reconstitution for 2015
Continuous	Farm Record Changes (new owners, new operators, direct deposits, etc.)
Continuous	Farm Storage Facility Loan Applications
Continuous	CRP Applications (grassed waterways, filter strips, field borders, pollinator habitat)

Emergency Assistance for Livestock, Honeybee, and Farm-Raised Fish Program (ELAP)

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency assistance to eligible livestock, honeybee, and farm-raised fish producers who have losses due to disease, adverse weather or other conditions, such as blizzards and wildfires, not covered by other agricultural disaster assistance programs.

Eligible livestock losses include grazing losses not covered under the Livestock Forage Disaster Program (LFP), loss of purchased feed and/or mechanically harvested feed due to an eligible adverse weather event and additional cost of transporting water because of an eligible drought.

Eligible honeybee losses include loss of purchased feed due to an eligible adverse weather event, cost of additional feed purchased above normal quantities due to an eligible adverse weather condition, colony losses in excess of normal mortality due to an eligible weather event or loss condition, including CCD, and hive losses due to eligible adverse weather.

Eligible farm-raised fish losses include death losses in excess of normal mortality and/or loss of purchased feed due to an eligible adverse weather event.

Producers who suffer eligible livestock, honeybee, or farm-raised fish losses from October 1, 2014 to September 30, 2015 must file:

- A notice of loss the earlier of 30 calendar days of when the loss is apparent or by November 1, 2015

- An application for payment by November 1, 2015

The Farm Bill caps ELAP disaster funding at $20 million per federal fiscal year.

The following ELAP Fact Sheets (by topic) are available online:

- ELAP for Farm-Raised Fish Fact Sheet

- ELAP for Livestock Fact Sheet

- ELAP for Honeybees Fact Sheet

To view these and other FSA program fact sheets, visit the FSA fact sheet web page at www.fsa.usda.gov/factsheets.

Livestock Indemnity Program (LIP)

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock death losses in excess of normal mortality due to adverse weather 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 2015, eligible losses must occur on or after Jan. 1, 2015, and before December 31, 2015. A notice of loss must be filed with FSA within 30 days of when the loss of livestock is apparent. Participants must provide the following supporting documentation to their local FSA office no later than 30 calendar days after the end of the calendar year for which benefits are requested:

- 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) = 5%. These established percentages reflect losses that are considered expected or typical under “normal” conditions. Producers who suffer livestock losses in 2015 must file both of the following:

- A notice of loss the earlier of 30 calendar days of when the loss was apparent or by

January 30, 2016

· An application for payment by January 30, 2016.

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