

November 2015



## Maryland FSA Newsletter

### Maryland Farm Service Agency

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Please contact your [local FSA Office](#) for questions specific to your operation or county.

### USDA Issues Safety-Net Payments to Maryland Farmers Facing Market Downturn

The USDA Farm Service Agency has begun issuing financial assistance for the 2014 crop year to those agricultural producers who are participating in the new safety-net programs established by the 2014 Farm Bill. The new programs, known as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), are designed to protect against unexpected drops in crop prices or revenues due to market downturns.

Unlike the old direct payments program, which provided funds in good years and bad years, these new programs only provide financial assistance when prices or revenues drop below normal. For example, nationwide, farms participating in ARC-County that are receiving payments experienced a \$20 billion drop in revenues relative to the historical benchmark.

Also, please note that funds provided by the ARC-County program can vary from county to county. The 2014 Farm Bill requires ARC-County payments to be calculated using the national average market year price (which does not vary by county), and the average county yield (which varies by county). This creates county-by-county differences in payment rates. The yield data comes from surveys conducted by the USDA National Agricultural Statistics Service (NASS), the national standard that uses the highest-precision statistical procedures available. Where that data does not exist, the next strongest data is used: county-level crop insurance data from the Risk Management Agency. If that data does not exist, the next strongest data is used: NASS district data. Where NASS district data doesn't exist, the FSA State Committees provide data.

Because the new programs are designed as financial assistance for prices and revenues lower than normal, not all producers will

receive a payment, (as occurred with the old direct payments program). ARC/PLC payments are designed to help with unexpected changes in the marketplace, and to supplement other assistance programs, such as crop insurance. To learn more about the data used in calculating payments, how payments are calculated, crop-specific and state-specific information, please visit our website at [www.fsa.usda.gov/arc-plc](http://www.fsa.usda.gov/arc-plc).

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## **USDA Reminds Dairy Producers of Nov. 20 Deadline**

*Enrollment Opportunities Ending for 2016 Margin Protection Program*

USDA's Farm Service Agency (FSA) announced that almost half of all dairy farms in America have made their annual elections for 2016 coverage under the Margin Protection Program, and reminded producers who have not yet enrolled that they have until Nov. 20, to select coverage.

Established by the 2014 Farm Bill, the program provides financial assistance to dairy producers when the margin – the difference between feed costs and the price of milk – falls below the coverage level selected by the applicant.

FSA estimates that based on current participation rates, had the program existed before the 2014 Farm Bill, producers in 2009 would have invested \$73 million in premiums and received \$1.44 billion in financial protection during that historically weak market period.

Enrolled dairy operations must pay a \$100 administrative fee annually to receive basic catastrophic coverage. Greater levels of margin protection are available for a higher premium, and provide expanded coverage based on historic dairy production. Once enrolled, producers can change their levels of coverage each year. Dairy producers are encouraged to review protection options online at [www.fsa.usda.gov/dairy](http://www.fsa.usda.gov/dairy) or by visiting their local FSA county office. The nearest FSA county office can be found at <http://offices.usda.gov>.

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## **USDA Extends Deadline to Increase Protections for Forage Crop Losses**

The USDA Farm Service Agency (FSA) deadline for producers to obtain or modify higher levels of coverage through the Noninsured Crop Disaster Assistance Program (NAP) to protect against poor forage crop quality because of drought or other natural disasters where the forage is intended for mechanical harvest has been extended to Nov. 13, 2015.

For some 2016 forage crops, the application deadline for NAP occurred before information became available to measure losses due to quality that could influence loss payments, so the deadline was extended so that producers have more time to decide what type of modified coverage works best for their operation.

The Noninsured Crop Disaster Assistance Program protects agricultural crops for which crop insurance is not available from losses due to natural disasters, such as drought, freeze, hail, excessive moisture, excessive wind or hurricanes. The program offers basic coverage at 55 percent of the average market price for crop losses exceeding 50 percent of expected production, and higher levels of coverage, up to 65 percent of expected production at 100 percent of the average market price. Higher coverage is not available on grazing crops. However, the extension does not afford producers the opportunity to purchase basic 50/55 NAP coverage.

Producers interested in adjusting their NAP coverage must submit the appropriate paperwork to their local FSA county office before the Nov. 13 deadline. To find your local USDA Service Center go to <http://offices.usda.gov>. For more details on the Noninsured Crop Disaster Assistance Program, visit [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap).

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## New USDA Commitments to Help Build Up Next Generation of Farmers and Ranchers

The U.S. Department of Agriculture announced a commitment by the U.S. Department of Agriculture (USDA) to prioritize \$5.6 billion over the next two years within USDA programs and services that serve new and beginning farmers and ranchers. Deputy Secretary Harden also announced a new, tailored web tool designed to connect burgeoning farm entrepreneurs with programs and resources available to help them get started.

The new web tool is available at [www.usda.gov/newfarmers](http://www.usda.gov/newfarmers). The site was designed based on feedback from new and beginning farmers and ranchers around the country, who cited unfamiliarity with programs and resources as a challenge to starting and expanding their operations. The site features advice and guidance on everything a new farm business owner needs to know, from writing a business plan, to obtaining a loan to grow their business, to filing taxes as a new small business owner. By answering a series of questions about their operation, farmers can use the site's Discovery Tool to build a personalized set of recommendations of USDA programs and services that may meet their needs.

Using the new web tool and other outreach activities, and operating within its existing resources, USDA has set a new goal of increasing beginning farmer and rancher participation by an additional 6.6 percent across key USDA programs, which were established or strengthened by the 2014 Farm Bill, for a total investment value of approximately \$5.6 billion. Programs were targeted for expanded outreach and commitment based on their impact on expanding opportunity for new and beginning farmers and ranchers, including starting or expanding an operation, developing new markets, supporting more effective farming and conservation practices, and having access to relevant training and education opportunities. USDA will provide quarterly updates on its progress towards meeting its goal. A full explanation of the investment targets, benchmarks and outcomes is available at: [BFR-Commitment-Factsheet](#).

As the average age of the American farmer now exceeds 58 years, and data shows that almost 10 percent of farmland in the continental United States will change hands in the next five years, we have no time to lose in getting more new farmers and ranchers established. Equally important is encouraging young people to pursue careers in industries that support American agriculture. According to [an employment outlook report](#) released by USDA's National Institute of Food and Agriculture (NIFA) and Purdue University, one of the best fields for new college graduates is agriculture. Nearly 60,000 high-skilled agriculture job openings are expected annually in the United States for the next five years, yet only 35,000 graduates with a bachelor's degree or higher in agriculture related fields are expected to be available to fill them. The report also shows that women make up more than half of the food, agriculture, renewable natural resources, and environment higher education graduates in the United States. USDA recently released a [series of fact sheets](#) showcasing the impact of women in agriculture nationwide.

Today's announcement builds on USDA's ongoing work to engage its resources to inspire a strong next generation of farmers and ranchers by improving access to land and capital; building market opportunities; extending conservation opportunities; offering appropriate risk management tools; and increasing outreach and technical support. To learn more about USDA's efforts, visit the [Beginning Farmers and Ranchers Results Page](#).

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## **USDA Announces \$210 Million to be Invested in Renewable Energy Infrastructure through the Biofuel Infrastructure Partnership**

*21 States and Private Partners Match Federal Funds to Expand Infrastructure and Increase Fuel Options for Consumers*

USDA is partnering with 21 states through the Biofuel Infrastructure Partnership (BIP) to nearly double the number of fueling pumps nationwide that supply renewable fuels to American motorists. In May 2015, USDA announced the availability of [\\$100 million in grants through the BIP](#), and that to apply states and private partners match the federal funding by a 1:1 ratio. USDA received applications requesting over \$130 million, outpacing the \$100 million that is available. With the matching commitments by state and private entities, the BIP is investing a total of \$210 million to strengthen the rural economy.

The 21 states participating in the BIP include Colorado, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nebraska, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Texas, Virginia, West Virginia, and Wisconsin. The amount awarded to each state is available at: [www.fsa.usda.gov/programs-and-services/energy-programs/bip/index](http://www.fsa.usda.gov/programs-and-services/energy-programs/bip/index). The final awards being announced today are estimated to expand infrastructure by nearly 5,000 pumps at over 1,400 fueling stations.

A typical gas pump delivers fuel with 10 percent ethanol, which limits the amount of renewable energy that consumers can purchase. The new partnership will increase the number of pumps, storage and related infrastructure that offer higher blends of ethanol, such as E15, E85, and even intermediate combination blends.

USDA's Office of the Chief Economist just released a comprehensive report on ethanol. The report, titled U.S. Ethanol: An Examination of Policy, Production, Use, Distribution, and Market Interactions, brings clarity to the complex interaction of ethanol production with agricultural markets and government policies. The corn ethanol industry is the largest biofuel producer in the country, with production increasing from about 1.6 billion gallons in 2000 to just over 14 billion gallons in 2014, stimulating economic activity in rural communities. Visit [www.usda.gov/oce/reports/energy/EthanolExamination102015.pdf](http://www.usda.gov/oce/reports/energy/EthanolExamination102015.pdf) to read the complete report.

BIP is administered by the USDA Farm Service Agency. For more information, visit [www.fsa.usda.gov/programs-and-services/energy-programs/index](http://www.fsa.usda.gov/programs-and-services/energy-programs/index).

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## **Farmers to Receive Documentation of USDA Services**

*Local Offices Issue Receipts for Services Provided*

Farm Service Agency (FSA) reminds agricultural producers that FSA provides a receipt to customers who request or receive assistance or information on FSA programs.

As part of FSA's mission to provide enhanced customer service, producers who visit FSA will receive documentation of services requested and provided. From December through June, FSA issued more than 327,000 electronic receipts.

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](http://www.fsa.usda.gov) or to find your local USDA office, visit <http://offices.usda.gov>.

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## **USDA Packages Disaster Protection with Loans to Benefit Specialty Crop and Diversified Producers**

*Free basic coverage and discounted premiums available for new and underserved loan applicants*

U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) today announced that producers who apply for FSA farm loans also will be offered the opportunity to enroll in new disaster loss protections created by the 2014 Farm Bill. The new coverage, available from the Noninsured Crop Disaster Assistance Program (NAP), is available to FSA loan applicants who grow non-insurable crops, so this is especially important to fruit and vegetable producers and other specialty crop growers.

New, underserved and limited income specialty growers who apply for farm loans could qualify for basic loss coverage at no cost, or higher coverage for a discounted premium.

The basic disaster coverage protects at 55 percent of the market price for crop losses that exceed 50 percent of production. Covered crops include “specialty” crops, for instance, vegetables, fruits, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, hay, forage, grazing and energy crops. FSA allows beginning, underserved or limited income producers to obtain NAP coverage up to 90 days after the normal application closing date when they also apply for FSA credit.

In addition to free basic coverage, beginning, underserved or limited income producers are eligible for a 50 percent discount on premiums for the higher levels of coverage that protect up to 65 percent of expected production at 100 percent of the average market price. Producers also may work with FSA to protect value-added production, such as organic or direct market crops, at their fair market value in those markets. Targeted underserved groups eligible for free or discounted coverage are American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

FSA offers a variety of loan products, including farm ownership loans, operating loans and microloans that have a streamlined application process.

Growers need not apply for an FSA loan, nor be a beginning, limited resource, or underserved farmer, to be eligible for Noninsured Crop Disaster Assistance Program assistance. To learn more, visit [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) or [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans), or contact your local FSA office at <https://offices.usda.gov>.

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## 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 mid-sized 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.

Selected Interest Rates for November 2015	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.50%
Farm Ownership Loans — Direct	3.875%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.50%
Farm Storage Facility Loans (7 years)	1.750%
Farm Storage Facility Loans (10 years)	2.125%
Farm Storage Facility Loans (12 years)	2.250%
Commodity Loans 1996-Present	1.250%

Dates to Remember	
Nov 13	Deadline to obtain or increase NAP coverage for forage crop losses
Nov 20	Deadline for dairy farms to elect 2016 MPP coverage
Nov 20	NAP application deadline for perennial crops (other than those intended for forage), peaches, apples, cherries, grapes, berries
Dec 1	NAP application deadline for honey and maple sap
Dec 7	Deadline to return ballots to local FSA office for County Committee Elections
Dec 15	Acreage Reporting Deadline for fall forage seeding, perennial forage, fall-seeded small grains
Dec 31	NAP application deadline for potatoes

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).