USDA Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Michigan Farm Service Agency Newsletter - February 15, 2022

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Just Around the Corner

Commodities

Feb. 17 Free webinar by MSU Extension: 2022 Farm Bill Program & Crop Insurance Decisions - What Fits Your Farm?

Mar. 15 is the deadline for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and Federal Crop Insurance signup.

Dairy

Mar. 25 is the new deadline to sign up for the Dairy Margin Coverage Program (DMC) and Supplemental DMC.

Hogs

Feb. 25 is the deadline to apply for the Spot Market Hog Pandemic Program (SMHPP).

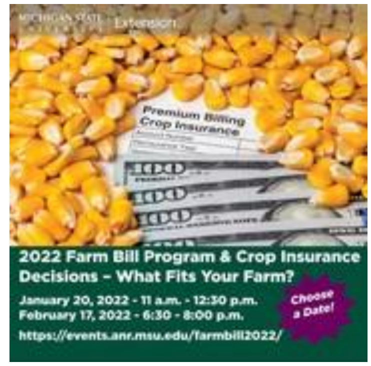
Honey & Maple Sap

Mar. 31 is the deadline to apply for a Marketing Assistance Loan or Loan Deficiency Payment for 2021 harvested honey.

Vegetables

Mar. 15 is the Noninsured Crop Disaster Assistance Program (NAP) application deadline for most 2022 vegetable crops.

Beat the Rush and Sign Up for ARC/PLC Today



With the deadline of March 15 approaching for FSA's Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and Federal Crop Insurance signup, many farmers are faced with big decisions for the 2022 crop year.

To help inform those decisions, experts from Michigan State University Extension and USDA Farm Service Agency is hosting two webinars about ARC/PLC sign up and new crop insurance options.

Webinar: 2022 Farm Bill Program & Crop Insurance Decisions – What Fits Your Farm?

One free webinar already took place at 11:00am on January 20, 2022. The link to the recorded webinar is here: https://www.canr.msu.edu/videos/farm-bill-webinar-january-20-2022.

The remaining free webinar will take place on **Feb. 17 from 6:30 to 8 p.m.** online via the Zoom platform. Participants can register for the live webinar at https://events.anr.msu.edu/farmbill2022.

Accommodations for persons with disabilities may be requested by contacting Roger Betz at betz@msu.edu or 517-230-0110 or Stan Moore at moorest@msu.edu or 231-350-0400 prior to the start of the event.

2022 Crop Year ARC/PLC Enrollment

Producers can enroll and make or change elections for 2022 ARC or PLC through March 15, 2022. The ARC-CO program provides income support tied to historical base acres, not current production, of covered commodities. ARC-CO payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity.

PLC program payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity. The effective price equals the higher of the market year average price (MYA) or the national average loan rate for the covered commodity.

For more information about USDA safety net programs, contact your local County USDA Service Center or visit fsa.usda.gov.

Dairy Margin Coverage and Supplemental Dairy Margin Coverage 2022 Enrollment Deadline Extended

USDA has extended the deadline to enroll in Dairy Margin Coverage (DMC) and Supplemental Dairy Margin Coverage (SDMC) for program year 2022. **The deadline to apply for 2022 coverage is now March 25, 2022**.

Enrollment for 2022 DMC is currently at approximately 55% of the 2021 program year enrollment. Producers who enrolled in DMC for 2021 received margin payments each month, January through November for a total of $1.2 billion, with an average payment of $60,275 per operation.

The DMC program, created by the 2018 Farm Bill, offers reasonably priced 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. Supplemental DMC will provide $580 million to better help small- and mid-sized dairy operations that have increased production over the years but were not able to enroll the additional production. Now, they will be able to retroactively receive payments for that supplemental production. Additionally, FSA updated how feed costs are calculated, which will make the program more reflective of dairy producers' actual expenses.

Supplemental DMC Enrollment

Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds based upon a formula using 2019 actual milk marketings, which will result in additional payments. Producers will be required to provide FSA with their 2019 Milk Marketing Statement.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Participating dairy operations with supplemental production may receive retroactive supplemental payments for 2021 in addition to payments based on their established production history.

Supplemental DMC will require a revision to a producer's 2021 DMC contract and must occur before enrollment in DMC for the 2022 program year. Producers will be able to revise 2021 DMC contracts, apply for 2022 DMC, and enroll in other FSA programs by contacting their local USDA Service Center.

DMC 2022 Enrollment

After making any revisions to 2021 DMC contracts for Supplemental DMC, producers can sign up for 2022 coverage. DMC provides eligible dairy producers with risk management coverage that pays producers when the difference between the price of milk and the cost of feed falls below a certain level. In 2021, based on data to date, DMC payments have triggered for January through November for more than $1 billion.

For DMC enrollment, producers must certify with FSA that the operation is commercially marketing milk, sign all required forms and pay the $100 administrative fee. The fee is waived for farmers who are considered limited resource, beginning, socially disadvantaged, or a military veteran. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the online dairy decision tool.

Updates to Feed Costs

USDA has also changed the DMC feed cost formula via final rule published on December 13, 2021, to better reflect the actual cost dairy farmers pay for high-quality alfalfa hay. FSA now calculates payments using 100% premium alfalfa hay rather than 50%. In December 2021, following publication of the new feed cost policy, $102 million was paid to producers as a result of the revised high quality alfalfa feed cost formula.

The amended feed cost formula will make DMC payments more reflective of actual dairy producer expenses.

More Information

For more information, producers can visit the FSA dairy programs webpage, or contact their local USDA Service Center. To locate their local FSA office, producers can visit farmers.gov/service-center-locator. Service Center staff continue to work with agricultural producers via phone, email, and other digital tools. Due to the pandemic, some USDA Service Centers are open to limited visitors. Additionally, more information related to USDA's response and relief for producers can be found at farmers.gov/coronavirus.

Conservation Reserve Program Signups for 2022

Agricultural producers and landowners can sign up for the Conservation Reserve Program (CRP), a cornerstone conservation program offered by USDA and a key tool to address climate change and achieve other natural resource benefits.

The General CRP signup runs from **Jan. 31 to March 11**, and the Grassland CRP signup will run from **April 4 to May 13.**

Producers and landowners enrolled 4.6 million acres into CRP signups in 2021, including 2.5 million acres in the largest Grassland CRP signup in history. There are currently 22.1 million acres enrolled, and FSA is aiming to reach the 25.5-million-acre cap statutorily set for fiscal year 2022.

CRP Signups

General CRP helps producers and landowners establish long-term, resource-conserving plant species, such as approved grasses or trees, to control soil erosion, improve water quality and enhance wildlife habitat on cropland.

Meanwhile, Grassland CRP is a working lands program, helping landowners and operators protect grassland, including rangeland and pastureland and certain other lands, while maintaining the areas as working grazing lands. Protecting grasslands contributes positively to the economy of many regions, provides biodiversity of plant and animal populations and provides important carbon sequestration benefits to deliver lasting climate outcomes.

Climate Benefits

Last year, FSA enacted a Climate-Smart Practice Incentive for CRP General and Continuous signups, to better target CRP on addressing climate change. This incentive aims to increase carbon sequestration and reduce greenhouse gas emissions. CRP's climate-smart practices include establishment of trees and permanent grasses, development of wildlife habitat and wetland restoration. The Climate-Smart Practice Incentive is annual, and the amount is based on the benefits of each practice type.

Additionally, in order to better target the program toward climate outcomes, USDA invested $10 million last year in the CRP Monitoring, Assessment and Evaluation (MAE) program to measure and monitor the soil carbon and climate resilience impacts of conservation practices over the life of new CRP contracts. This will enable the agency to further refine the program and practices to provide producers tools for increased climate resilience.

More Information on CRP

Landowners and producers interested in CRP should contact their local USDA Service Center to learn more or to apply for the program - for General CRP before the **March 11 deadline**, and for Grassland CRP before the **May 13 deadline**. Service Center staff continue to work with agricultural producers via phone, email, and other digital tools. Due to the pandemic, some USDA Service Centers are open to limited visitors. Additionally, fact sheets and other resources are available at fsa.usda.gov/crp.

Signed into law in 1985, CRP is one of the largest voluntary private-lands conservation programs in the United States. It was originally intended to primarily control soil erosion and potentially stabilize commodity prices by taking marginal lands out of production. The program has evolved over the years, providing many conservation and economic benefits.

Comment Period for Proposed Changes to Apple Crop Insurance Policy Extended

USDA has extended the comment period deadline contained in the proposed rule for the Apple Crop Provisions through April 15, 2022. USDA's Risk Management Agency (RMA) originally announced the publication of a proposed rule in the Federal Register to amend the Apple Crop Provisions in December 2021.

The proposed changes are based on stakeholder feedback and recommended changes from a contracted study on the apple crop insurance program. Following feedback from the proposed rule, RMA will publish a final rule that is expected to be effective for the 2024 crop year.

RMA is proposing to make changes to the apple crop insurance program that:

- Enable producers to elect different coverage levels and percent of price elections by type, which allows producers to manage individual coverage and price risk more effectively.
- Allow producers' premiums to be reduced in response to orchard management practices, such as removing or grafting trees, that typically occur after the acreage reporting date and decrease an orchard's productivity.
- Allow producers to insure at a higher price for apples sold predominantly to direct markets or premium processing markets.
- Exclude apples sold for the slicer market from being considered "fresh apple production."
- Introduce a fresh fruit factor to account for the reduced market value of production insured under the Quality Option sold for a grade other than U.S. Fancy.

Interested parties can submit comments via the Federal Register.

Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available at all USDA Service Centers and online at the RMA Agent Locator. Learn more about crop insurance and the modern farm safety net at rma.usda.gov.

Crop Insurance Flexibilities Extended to June Due to COVID-19

Because of the ongoing impacts of the COVID-19 pandemic, the U.S. Department of Agriculture (USDA) is extending program flexibilities to Approved Insurance Providers (AIPs) and agricultural producers until June 30, 2022 or later. Originally, these flexibilities were expiring this month.

Extended flexibilities include:

- Allowing notifications to be sent electronically, including policy related information over the phone or other electronic methods to select policy elections by sales closing, acreage reporting and production reporting dates, including options, endorsements and their forms. Producers may sign electronically or within 60 calendar days.

- Allowing producers to submit a request for a written agreement after the sales closing date.
- Allowing producers with inability to physically sign a written agreement because of COVID-19 to do so after the expiration date.
- Providing additional time for AIPs to accept Regional Office Determined Yield, Master Yield, and Irrigated Determined Yield requests for Category B (annual) crops.
- Allowing AIPs to request a 30-day extension to submit Determined Yield requests for Category C (perennial) crops.
- Waiving the witness signature requirement for approval of Assignments of Indemnity.

Additional details can be found in RMA's Jan. 20, 2022 Manager's Bulletin, the frequently asked questions or farmers.gov/coronavirus.

Additional Pandemic Assistance

These flexibilities are part of USDA's broader response to the COVID-19 pandemic. In 2021, RMA recently provided $59.5 million in premium support for producers who planted cover crops on 12.2 million acres through the new Pandemic Cover Crop Program. Also, USDA's Pandemic Assistance for Producers has provided additional support for producers by improving and retargeting existing programs and creating new efforts, like PCCP, to reach a broader set of producers. USDA is currently accepting applications for two new pandemic assistance programs: the Organic and Transitional Education and Certification Program by Feb. 4, 2022 and the Spot Market Hog Pandemic Program by Feb. 25, 2022.

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Updates to U.S. Small Business Administration Economic Injury Disaster Loans

The U.S. Small Business Administration (SBA) announced a suite of updates to their COVID-19 Economic Injury Disaster Loan (EIDL) Program effective September 8, 2021. Updates include higher available loan amounts, an increased use of funding flexibility, a deferral of 24 months from the loan origination, simplified affiliation requirements, additional options to meet program size standards and a maximum cap for corporate groups.

This federal small business loan program supports small businesses' recovery from the COVID-19 disaster's economic impacts by providing accessible and borrower-friendly capital. In response to COVID-19, small business owners, including agricultural businesses, and nonprofit organizations in all U.S. states, Washington D.C., and territories can apply. Visit SBA's COVID-19 EIDL webpage to learn more about recent updates, application requirements and options to apply.

February 2022 Lending Rates

USDA announced loan interest rates for February 2022, which were effective Feb. 1. FSA loans provide important access to capital to help agricultural producers start or expand their farming operation, purchase equipment and storage structures or meet cash flow needs.

Operating, Ownership and Emergency Loans

FSA offers farm ownership and operating loans with favorable interest rates and terms to help eligible agricultural producers, whether multi-generational, long-time, or new to the industry, obtain financing needed to start, expand or maintain a family agricultural operation. FSA also offers emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine.

Interest rates for Operating and Ownership loans for February 2022 are as follows:

- Farm Operating Loans (Direct): 2.250%
- Farm Ownership Loans (Direct): 2.875%
- Farm Ownership Loans (Direct, Joint Financing): 2.500%
- Farm Ownership Loans (Down Payment): 1.500%
- Emergency Loan (Amount of Actual Loss): 3.250%

You can find out which of these loans may be right for you by using our Farm Loan Discovery Tool.

Commodity and Storage Facility Loans

Additionally, FSA provides low-interest financing to producers to build or upgrade on-farm storage facilities and purchase handling equipment and loans that provide interim financing to help producers meet cash flow needs without having to sell their commodities when market prices are low.

- Commodity Loans (less than one year disbursed): 1.375%
- Farm Storage Facility Loans:
  - Three-year loan terms: 1.125%
  - Five-year loan terms: 1.375%
  - Seven-year loan terms: 1.625%
  - Ten-year loan terms: 1.625%
  - Twelve-year loan terms: 1.750%
- Sugar Storage Facility Loans (15 years): 2.000%

More Information

For many loan options, FSA sets aside funding for historically underserved producers, including veterans, beginning, women, American Indian or Alaskan Native, Asian, Black or African American, Native Hawaiian or Pacific Islander, and Hispanic farmers and ranchers.

You can find out which FSA loans may be right for you by using our Farm Loan Discovery Tool or by contacting your local USDA Service Center.

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