USDA Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Michigan Farm Service Agency Newsletter - October 18, 2022

In This Issue:

Just Around the Corner

Grains, Hay & Forages

Nov. 15 is the deadline to report fall seeded small grains and forages.

Dairy

Oct. 17 2023 Dairy Margin Coverage Signup Begins.

Organic

Oct. 31 is the application deadline for 2022 program year Organic and Transitional Education and Certification Program.

Oct. 31 is the application deadline for 2022 program year Organic Certification Cost Share Program.

More Information

This information is for general awareness. Program deadlines may change or vary by county. Be sure to verify program deadlines for your land or operation by contacting your local USDA Service Center.

Dairy Producers Can Now Enroll for 2023 Signup for Dairy Margin Coverage

Protect Your Operation from Ups and Downs in the Market

Dairy producers can now enroll for 2023 coverage through the Dairy Margin Coverage (DMC) Program, an important safety net program from the U.S. Department of Agriculture (USDA) that helps producers manage changes in milk and feed prices. Last year, USDA's Farm Service Agency (FSA) took steps to improve coverage, especially for small- and mid-sized dairies, including offering a new Supplemental DMC program and updating its feed cost formula to better address retroactive, current and future feed costs. These changes continue to support producers through this year's signup, which begins October 17 and ends Dec. 9, 2022.

DMC is a voluntary risk management program that offers protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer.

So far in 2022, DMC payments to more than 17,000 dairy operations have triggered for August for more than $47.9 million. According to DMC margin projections, an indemnity payment is projected for September as well. At $0.15 per hundredweight for $9.50 coverage, risk coverage through DMC is a relatively inexpensive investment.

DMC offers different levels of coverage, even an option that is free to producers, aside from a $100 administrative fee. Limited resource, beginning, socially disadvantaged or a military veteran farmers or ranchers are exempt from paying the administrative fee, if requested. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the online dairy decision tool.

Supplemental DMC

Last year, USDA introduced Supplemental DMC, which provided $42.8 million in payments to better help small- and mid-sized dairy operations that had increased production over the years but were not able to enroll the additional production. Supplemental DMC is also available for 2023.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds.

For producers who enrolled in Supplemental DMC in 2022, the supplemental coverage will automatically be added to the 2023 DMC contract that previously established a supplemental production history.

Producers who did not enroll in Supplemental DMC in 2022 can do so now. Producers should complete their Supplemental DMC enrollment before enrolling in 2023 DMC. To enroll, producers will need to provide their 2019 actual milk marketings, which FSA uses to determine established production history.

DMC Payments

Additionally, FSA will continue to calculate DMC payments using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa hay rather than 50%. The benefits of these feed cost adjustments were realized in the recent August 2022 margin payment as current high feed and premium hay costs were considered in payment calculations.

More Information

In addition to DMC, USDA offers other risk management tools for dairy producers, including the Dairy Revenue Protection (DRP) plan that protects against a decline in milk revenue (yield and price) and the Livestock Gross Margin (LGM) plan, which provides protection against the loss of the market value of livestock minus the feed costs. Both DRP and LGM livestock insurance policies are offered through the Risk Management Agency. Producers should contact their local crop insurance agent for more information.

For more information on DMC, visit the DMC webpage or contact your local USDA Service Center.

USDA Provides Payments of nearly $800 Million in Assistance to Help Keep Farmers Farming

USDA is focused on generating long-term stability and success for distressed borrowers

USDA announced that distressed borrowers with qualifying USDA farm loans have already received nearly $800 million in assistance, as part of the $3.1 billion in assistance for distressed farm loan borrowers provided through Section 22006 of the Inflation Reduction Act (IRA). The IRA directed USDA to expedite assistance to distressed borrowers of direct or guaranteed loans administered by USDA’s Farm Service Agency (FSA) whose operations face financial risk.

Today’s announcement kicks off a process to provide assistance to distressed farm loan borrowers using several complementary approaches, with the goal of keeping them farming, removing obstacles that currently prevent many of these borrowers from returning to farming, and improving the way that USDA approaches borrowing and servicing. Through this assistance, USDA is focused on generating long-term stability and success for distressed borrowers.

Work has already started to bring some relief to distressed farmers. As of today, over 13,000 borrowers have already benefited from the resources provided under the Inflation Reduction Act as follows:

- Approximately 11,000 delinquent direct and guaranteed borrowers had their accounts brought current. USDA also paid the next scheduled annual installment for these direct loan borrowers giving them peace of mind in the near term.
- Approximately 2,100 borrowers who had their farms foreclosed on and still had remaining debt have had this debt resolved in order to cease debt collections and garnishment relieving that burden that has made getting a fresh start more difficult.

In addition to the automatic assistance already provided, USDA has also outlined steps to administer up to an additional $500 million in payments to benefit the following distressed borrowers:

- USDA will administer $66 million in separate automatic payments, using COVID-19 pandemic relief funds, to support up to 7,000 direct loan borrowers who used FSA's disaster-set-aside option during the pandemic to move their scheduled payments to the end of their loans.
- USDA is also initiating two case-by-case processes to provide additional assistance to farm loan borrowers. Under the first new process, FSA will review and assist with delinquencies from 1,600 complex cases, including cases in which borrowers are facing bankruptcy or foreclosure. The second new process will add a new option using existing direct loan servicing criteria to intervene more quickly and help an estimated 14,000 financially distressed borrowers who request assistance to avoid even becoming delinquent.

More details on each of the categories of assistance, including a downloadable fact sheet, are available on the Inflation Reduction Act webpage on farmers.gov.

Similar to other USDA assistance, all of these payments will be reported as income and borrowers are encouraged to consult their tax advisors. USDA also has resources and partnerships with cooperators who can provide additional assistance and help borrowers navigate the process.

The announcement today is only the first step in USDA's efforts to provide assistance to distressed farm loan borrowers and respond to farmers and to improve the loan servicing efforts at USDA by adding more tools and relaxing unnecessary restrictions. Additional announcements and investments in assistance will be made as USDA institutes these additional changes and improvements.

This effort will ultimately also include adding more tools and relaxing unnecessary restrictions through assistance made possible by Congress through the IRA. Further assistance and changes to the approach will be made in subsequent phases.

Background

USDA provides access to credit to approximately 115,000 producers who cannot obtain sufficient commercial credit through direct and guaranteed farm loans, which do not include farm storage facility loans or marketing assistance loans. With the funds and direction Congress provided in Section 22006 of IRA, USDA is taking action to immediately provide relief to qualifying distressed borrowers whose operations are at financial risk while working on making transformational changes to how USDA goes about loan servicing in the long run so that borrowers are provided the flexibility and opportunities needed to address the inherent risks and unpredictability associated with agricultural operations and remain in good financial standing.

In January 2021, USDA suspended foreclosures and other adverse actions on direct farm loans due to the pandemic and encouraged guaranteed lenders to follow suit. Last week, USDA reiterated this request to guaranteed lenders to provide time for the full set of IRA distressed borrower assistance to be made available before lenders take irreparable actions.

Producers can explore available loan options using the Farm Loan Discovery Tool on farmers.gov (also available in Spanish) or by contacting their local USDA Service Center. Producers can also call the FSA call center at 877-508-8364 between 8 a.m. and 7 p.m. Eastern. USDA has tax-related resources available at farmers.gov/taxes.

FSA Offers Safety Net Programs for Honeybee Producers

The Farm Service Agency (FSA) administers two programs that have specific safety net benefits for producers of honeybees and honey. The Noninsured Crop Disaster Assistance Program (NAP) and the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) assist producers when disasters impact honey production or damage or destroy colonies, hives or honeybee feed.

NAP is designed to reduce financial losses when natural disasters result in lower yields or crop losses, including honey. NAP coverage is equivalent to catastrophic insurance, meaning it covers up to 50 percent of a producer’s normal yield (must have at least a 50 percent loss) at 55 percent of the average market price. The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the “buy-up” option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production.

The NAP service fee is the lesser of $325 per crop or $825 per producer per administrative county, not to exceed a total of $1,950 for a producer with farming interests in multiple counties.

You must apply for NAP coverage by December 31 prior to the year for which you’re seeking coverage.

ELAP covers colony losses, honeybee hive losses (the physical structure) and honeybee feed losses in instances where the colony, hive or feed has been destroyed by a natural disaster or, in the case of colony losses, because of Colony Collapse Disorder. Colony losses must be in excess of normal mortality.

Both the NAP and ELAP programs require you to report the number of colonies you have in production to FSA by Jan. 2, 2023. You must notify FSA within 30 calendar days of changes in the total number of colonies or when honeybees are moved to another county.

For both programs, you must notify FSA within 15 calendar days of when a loss occurs or from when the loss is apparent.

To learn more about programs for honey and honeybee producers, contact your local USDA Service Center or visit fsa.usda.gov.

RMA Makes Improvements to Whole-Farm Revenue Protection

Organic and aquaculture producers can soon benefit from updates to the USDA Whole-Farm Revenue Protection (WFRP) plan. USDA's Risk Management Agency (RMA) is revising the plan of insurance to make it more flexible and accessible to producers beginning in crop year 2022.

Changes to WFRP include:

- Increasing expansion limits for organic producers to the higher of $500,000 or 35 percent. Previously, small and medium size organic operations were held to the same 35 percent limit to expansion as conventional practice producers.
- Increasing the limit of insurance for aquaculture producers to $8.5 million. Previously aquaculture producers were held to a $2 million cap on expected revenue, this change allows more aquaculture producers to participate in the program.
- Allowing a producer to report acreage as certified organic, or as acreage in transition to organic, when the producer has requested an organic certification by the acreage reporting date. This allows organic producers more flexibility when reporting certified acreage.
- Providing flexibility to report a partial yield history for producers lacking records by inserting zero yields for missing years. Previously, missing a year of records would cause the commodity's expected value to be zero, meaning past revenue from the commodity would contribute nothing to the insurance guarantee.

WFRP provides a risk management safety net for all commodities on the farm under one insurance policy and is available in all counties nationwide. This insurance plan is tailored for any farm with up to $8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.

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.

USDA Makes It Easier to Grow Food Next Year

Expanding Insurance Coverage for Double Cropping for 2023 to Support Food Production

With challenges related to the pandemic, supply chains, and the war in Ukraine, farmers are doing their part to help stabilize prices and feed both Americans and the world. The U.S. Department of Agriculture (USDA) is making that easier by simplifying the crop insurance application process and expanding double cropping coverage, enabling producers to insure two crops on the same land each year, such as soybeans following the harvest of crops like winter wheat. This is the result of active stakeholder engagement and part of a broader effort by USDA to address global food insecurity and to boost domestic production.

To increase awareness of double cropping, USDA's Risk Management Agency (RMA) reminds producers that for the 2023 crop year there may be insurance options for double crop soybeans as well as grain sorghum and other crops in counties where the Following Another Crop (FAC) practice is not available.

"It's important that producers know they have insurance options for double cropping, even in counties where coverage is not available," said Brian Frieden, RMA's Springfield Regional Office Director. "If you're looking at relay cropping or double cropping in counties without coverage, please contact your crop insurance agent for details on requesting a written agreement to provide coverage."

As part of increasing the number of counties where insurance for double cropping is available, RMA held 100-plus meetings and engagements with a broad range of farm organizations and the crop insurance industry in the past few months.

For the 2023 crop year, farmers in Michigan may be eligible to insure their FAC cropping practice by requesting coverage with a written agreement through their crop insurance company. Producers requesting coverage for these practices for the first time, have until the acreage reporting date of July 15 to submit a request to their agent.

Information and maps regarding the details of the expansion of these options can be found as they become available at the Springfield Regional Office's website.

RMA has also published frequently asked questions specifically related to the expansion effort and more generally about double cropping.

More Information

RMA's expansion of double cropping is part of a broader effort to help producers boost production and address global food insecurity. USDA's Natural Resources Conservation

Service is also improving opportunities for nutrient management. This includes targeting funding, increasing program flexibilities, launching a new outreach campaign to promote nutrient management's economic benefits, and expanding partnerships to develop nutrient management plans. Meanwhile, USDA's Rural Development is now accepting proposals for its $500 million investment in the new Fertilizer Production Expansion Program.

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.

USDA Announces Inaugural Federal Advisory Committee on Urban Agriculture

Agriculture Secretary Tom Vilsack selected 12 members to serve on the USDA's inaugural Secretary's Advisory Committee for Urban Agriculture to provide input on policy development and to help identify barriers to urban agriculture as USDA works to promote urban farming and the economic opportunities it provides in cities across the country.

The new Secretary's Advisory Committee is part of USDA's efforts to support urban agriculture, creating a network for feedback. Urban agriculture plays an important role in producing fresh, healthy food in areas where grocery stores are scarce, and also provides jobs and beautifies neighborhoods.

The Committee is made up of agricultural producers, and representatives from the areas of higher education or extension programs, non-profits, business and economic development, supply chains and financing.

Members include:

- **Jerry Ann Hebron**, Mich., Urban Producer
- **Bobby Wilson**, Ga., Urban Producer
- **Viraj Puri**, N.Y., Innovative Producer
- **Kaben Smallwood**, Okla., Innovative Producer
- **Sally Brown**, Wash., Higher Education
- **John Erwin**, Md., Higher Education
- **Carl Wallace**, Ohio, Non-Profit Representative
- **John Lebeaux**, Mass., Business and Economic Development Representative
- **Zachari Curtis**, D.C., Supply Chain Experience
- **Allison Paap**, Calif., Financing Entity Representative
- **Tara Chadwick**, Fla., Related Experience

- **Angela Mason**, Ill., Related Experience

USDA and the Office of Urban Agriculture and Innovative Production peer reviewed more than 300 nominees, and Vilsack made the final selections. Selections ensured geographic, racial and gender diversity and a broad range of agricultural experience. The new members will serve terms of one to three years. More information is available at farmers.gov/urban and the new Federal Advisory Committee for Urban Agriculture website at www.usda.gov/partnerships/advisory-committee-urban-ag-innovative-production.

USDA Announces Assistance for On-Farm Food Safety Expenses for Specialty Crop Growers

Agriculture Secretary Tom Vilsack announced that the U.S. Department of Agriculture (USDA) plans to provide up to $200 million in assistance for specialty crop producers who incur eligible on-farm food safety program expenses to obtain or renew a food safety certification in calendar years 2022 or 2023. USDA's new Food Safety Certification for Specialty Crops (FSCSC) program will help to offset costs for specialty crop producers to comply with regulatory requirements and market-driven food safety certification requirements, which is part of USDA's broader effort to transform the food system to create a more level playing field for small and medium producers and a more balanced, equitable economy for everyone working in food and agriculture.

Specialty crop operations can apply for assistance for eligible expenses related to a 2022 food safety certificate issued on or after June 21, 2022, beginning June 27, 2022. USDA is delivering FSCSC to provide critical assistance for specialty crop operations, with an emphasis on equity in program delivery while building on lessons learned from the COVID-19 pandemic and supply chain disruptions. Vilsack made the announcement from Hollis, N.H., where he toured a local, family-owned farm and highlighted USDA's efforts to help reduce costs for farmers and support local economies by providing significant funding to cut regulatory costs and increase market opportunities for farmers in New Hampshire and across the nation.

Program Details

FSCSC will assist specialty crop operations that incurred eligible on-farm food safety certification and related expenses related to obtaining or renewing a food safety certification in calendar years 2022 and 2023. For each year, FSCSC covers a percentage of the specialty crop operation's cost of obtaining or renewing their certification, as well as a portion of their related expenses.

To be eligible for FSCSC, the applicant must be a specialty crop operation; meet the definition of a small business or very small business; and have paid eligible expenses related to the 2022 (issued on or after June 21, 2022) or 2023 certification.

Specialty crop operations may receive assistance for the following costs:

- Developing a food safety plan for first-time food safety certification.
- Maintaining or updating an existing food safety plan.
- Food safety certification.
- Certification upload fees.
- Microbiological testing for products, soil amendments and water.
- Training

FSCSC payments are calculated separately for each category of eligible costs. A higher payment rate has been set for socially disadvantaged, limited resource, beginning and veteran farmers and ranchers. Details about the payment rates and limitations can be found at farmers.gov/food-safety.

Applying for Assistance

The FSCSC application period for 2022 is June 27, 2022, through January 31, 2023, and the application period for 2023 will be announced at a later date. FSA will issue payments at the time of application approval for 2022 and after the application period ends for 2023. If calculated payments exceed the amount of available funding, payments will be prorated.

Interested specialty crop producers can apply by completing the FSA-888, Food Safety Certification for Specialty Crops Program (FSCSC) application. The application, along with other required documents, can be submitted to the FSA office at any USDA Service Center nationwide by mail, fax, hand delivery or via electronic means.

Producers can visit farmers.gov/food-safety for additional program details, eligibility information and forms needed to apply.

RMA Roadshow

RMA is offering virtual workshops on Nov. 15, and Dec. 13 for agricultural producers — especially important to specialty crop, organic, urban, and direct market producers— and stakeholders to learn about the latest updates and improvements to the Whole-Farm Revenue Protection (WFRP) and the Micro Farm insurance options.

RMA will host these workshops for agricultural producers via Microsoft Teams events to help them understand and know more about these very important insurance options. The Roadshows will include RMA Administrator Marcia Bunger and other team members to highlight important improvements to Whole-Farm and Micro Farm and answer questions about these insurance options.

- **Tuesday, November 15 at 8 pm PT** (JOIN THE MEETING)
- **Tuesday, December 13 at 11 am ET** (JOIN THE MEETING)

RMA will announce in-person events later this fall.

October 2022 Lending Rates

USDA's Farm Service Agency (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. For many loan options, FSA sets aside funding for 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

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

- Farm Operating Loans (Direct): 3.875%
- Farm Ownership Loans (Direct): 4.125%
- Farm Ownership Loans (Direct, Joint Financing): 2.500%
- Farm Ownership Loans (Down Payment): 1.500%
- Emergency Loan (Amount of Actual Loss): 3.750 %

FSA also offers guaranteed loans through commercial lenders at rates set by those lenders.

You can find out which of these loans may be right for you by using our Farm Loan Discovery Tool (also available in Spanish).

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. Funds for these loans are provided through the Commodity Credit Corporation (CCC) and are administered by FSA.

- Commodity Loans (less than one year disbursed): 4.625%
- Farm Storage Facility Loans:
  - Three-year loan terms: 3.625%
  - Five-year loan terms: 3.375%
  - Seven-year loan terms: 3.375%

    - Ten-year loan terms: 3.125%
    - Twelve-year loan terms: 3.375%
- Sugar Storage Facility Loans (15 years): 3.500%

Pandemic and Disaster Support

FSA broadened the use of the Disaster Set Aside (DSA), normally used in the wake of natural disasters, to allow farmers with USDA farm loans who are affected by COVID-19, and are determined eligible, to have their next payment set aside. Because of the pandemic's continued impacts, producers can apply for a second DSA for COVID-19 or a second DSA for a natural disaster for producers with an initial DSA for COVID-19. The COVID-DSA is available for borrowers with installments due before Dec. 31, 2022, and whose installment is not more than 90 days past due when the DSA request is made. The set-aside payment's due date is moved to the final maturity date of the loan or extended up to 12 months in the case of an annual operating loan. Any principal set-aside will continue to accrue interest until it is repaid. Use of the expanded DSA program can help to improve a borrower's cashflow in the current production cycle.

FSA also reminds rural communities, farmers and ranchers, families and small businesses affected by the year's winter storms, drought, hurricanes and other natural disasters that USDA has programs that provide assistance. USDA staff in the regional, state and county offices are prepared to deliver a variety of program flexibilities and other assistance to agricultural producers and impacted communities. Many programs are available without an official disaster designation, including several risk management and disaster recovery options.

More Information

Producers can explore available options on all FSA loan options at fsa.usda.gov or by contacting your local USDA Service Center.

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