USDA Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Minnesota FSA Newsletter: December 15, 2021

December Newsletter Content:

State Executive Director Comments

With the holiday season sneaking up on us, it is easy to miss important FSA program deadlines as focus shifts to shopping, spending time with family and friends, and taking much deserved time away from business matters. I encourage you to take a few minutes to review the articles included in this month's newsletter so you do not miss out on any USDA program benefits that may be available.

With the January 7 deadline quickly approaching, Minnesota has seen minimal activity in the Organic and Transitional Education and Certification Program (OTECP), even though we had considerable participation in the Organic Certification Cost Share Program (OCCSP). Producers who received OCCSP payments are likely eligible for some payment under OTECP. Please take time to read the details on the Organic and Transitional Education and Certification Program (OTECP). Certified and transitional operations may apply for OTECP for eligible expenses paid during the 2020, 2021, and 2022 fiscal years. Signup for 2020 and 2021 OTECP began November 8, 2021 and runs through January 7, 2022. Producers are encouraged to contact their local FSA office for more information and to file an application.

On December 8th, USDA announced signup for the Dairy Margin Coverage (DMC) program and expanded the program to allow dairy producers to better protect their operations by enrolling supplemental production. Signup runs from December 13, 2021 to February 18, 2022. Dairy producers are encouraged to read the recent news release and to contact their local county office for additional details.

Unfortunately, Minnesota continues to experience a high number of COVID cases. As a result, many of our county service centers continue to operate at lower in office staffing levels. Producers are encouraged to contact the local office by phone or email so staff can provide their operating status and identify the best options available to provide service and meet your program needs. The requirement to mask up when in the service center remains in place. As always, your cooperation is appreciated.

Finally, I would like to let you know that I will be retiring at the end of December after a lengthy 43-year FSA career. It has been a pleasure to work with FSA customers and field staff in a variety of positions in the agency. I appreciate the support and patience exhibited by producers during the ongoing pandemic as county staff was challenged with implementing numerous disaster programs using non-traditional means. Our customers exhibited understanding and willingness to try new approaches to exchanging documents and providing signatures. You understood the need to protect your families and FSA staff by using drop boxes, drive-up windows, and parking lot service. I am proud to have been part of an agency that strives to assist our traditional and non-traditional customers, where the end-goal of all is to grow and produce food. Lastly, I want to thank Minnesota farmers and ranchers, our local county staff, and the many organizations and partners I have had the privilege to work with over the years. It has been an honor to serve our customers and provide support and leadership to a very dedicated group of FSA employees.

Please stay safe and find time to enjoy the upcoming holidays with family and friends.

Respectfully,

Michelle Page, Acting State Executive Director

USDA Provides Additional Pandemic Assistance to Hog Producers

FSA Begins Taking Applications on Dec. 15

The U.S. Department of Agriculture (USDA) announced a new program to assist hog producers who sold hogs through a negotiated sale during the period in which these producers faced the greatest reduction in market prices due to the COVID-19 pandemic. The Spot Market Hog Pandemic Program (SMHPP) is part of USDA's Pandemic Assistance for Producers initiative and addresses gaps in previous assistance for hog producers. USDA's Farm Service Agency (FSA) will accept applications Dec. 15, 2021 through Feb. 25, 2022.

SMHPP provides assistance to hog producers who sold hogs through a negotiated sale from April 16, 2020 through Sept. 1, 2020. Negotiated sale, or negotiated formula sale, means a sale of hogs by a producer to a packer under which the base price for the hogs is determined by seller-buyer interaction and agreement on a delivery day. USDA is offering SMHPP as packer production was reduced due to the COVID-19 pandemic due to employee illness and supply chain issues, resulting in fewer negotiated hogs being procured and subsequent lower market prices.

The Department has set aside up to $50 million in pandemic assistance funds through the Coronavirus Aid, Relief and Economic Security (CARES) Act for SMHPP.

SMHPP Program Details

Eligible hogs include hogs sold through a negotiated sale by producers between April 16, 2020, and Sept. 1, 2020. To be eligible, the producer must be a person or legal entity who has ownership in the hogs and whose production facilities are located in the United States, including U.S. territories. Contract producers, federal, state and local governments, including public schools and packers are not eligible for SMHPP.

SMHPP payments will be calculated by multiplying the number of head of eligible hogs, not to exceed 10,000 head, by the payment rate of $54 per head. FSA will issue payments to eligible hog producers as applications are received and approved.

Applying for Assistance

Eligible hog producers can apply for SMHPP starting Dec. 15, 2021, by completing the FSA-940, Spot Market Hog Pandemic Program application. Additional documentation may be required. Visit farmers.gov/smhpp for a copy of the Notice of Funds Availability, information on applicant eligibility and more information on how to apply.

Applications can be submitted to the FSA office at any USDA Service Center nationwide by mail, fax, hand delivery or via electronic means. To find your local FSA office, visit farmers.gov/service-locator. Hog producers can also call 877-508-8364 to speak directly with a USDA employee ready to offer assistance.

Signup for 2022 Dairy Margin Coverage

The U.S. Department of Agriculture is issuing additional payments for dairy producers who enrolled in 2020 and 2021 coverage through Dairy Margin Coverage (DMC). USDA's Farm Service Agency (FSA) updated the feed cost calculation by using 100% premium alfalfa hay rather than 50% premium hay in determining the monthly margin, which means an additional $18 million for dairy producers in Minnesota. Payments will be retroactive to Jan. 1, 2020. Dairy operations with 2020 and 2021 contracts will be paid automatically for the applicable months.

In addition to updating the feed cost, USDA announced other dairy-related updates, including the start of the 2022 DMC signup as well as the new Supplemental DMC. Both will run from Dec. 13, 2021 to Feb. 18, 2022. DMC is an important safety-net program. So far in 2021, DMC payments have triggered for January through October for more than $1 billion.

More Information

To learn more or to participate in DMC, producers should contact their local USDA Service Center. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can also use the online dairy decision tool.

Service Center staff continue to work with agricultural producers via phone, email and other digital tools. Because of the pandemic, some USDA Service Centers are open to limited visitors. Producers should contact their Service Center to set up an in-person or phone appointment. Additionally, more information related to USDA's response and relief for producers can be found at farmers.gov/coronavirus.

Support for Certified Organic and Transitioning Operations

The U.S. Department of Agriculture (USDA) will provide pandemic assistance to cover certification and education expenses to agricultural producers who are certified organic or transitioning to organic. USDA will make $20 million available through the new Organic and Transitional Education and Certification Program (OTECP) as part of USDA's broader Pandemic Assistance for Producers initiative, which provides new, broader and more equitable opportunities for farmers, ranchers and producers.

During the COVID-19 pandemic, certified organic and transitional operations faced challenges due to loss of markets, and increased costs and labor shortages, in addition to costs related to obtaining or renewing their organic certification, which producers and handlers of conventionally grown commodities do not incur. Transitional operations also faced the financial challenge of implementing practices required to obtain organic certification without being able to obtain the premium prices normally received for certified organic commodities.

Eligible Expenses

OTECP funding is provided through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Certified operations and transitional operations may apply for OTECP for eligible expenses paid during the 2020, 2021 and 2022 fiscal years. For each year, OTECP covers 25% of a certified operation's eligible certification expenses, up to $250 per certification category (crop, livestock, wild crop, handling and State Organic Program fee). This includes application fees, inspection fees, USDA organic certification costs, state organic program fees and more.

Crop and livestock operations transitioning to organic production may be eligible for 75% of a transitional operation's eligible expenses, up to $750, for each year. This includes fees charged by a certifying agent or consultant for pre-certification inspections and development of an organic system plan.

For both certified operations and transitional operations, OTECP covers 75% of the registration fees, up to $200, per year, for educational events that include content related to organic production and handling in order to assist operations in increasing their knowledge of production and marketing practices that can improve their operations, increase resilience and expand available marketing opportunities. Additionally, both certified and transitional operations may be eligible for 75% of the expense of soil testing required under the National Organic Program (NOP) to document micronutrient deficiency, not to exceed $100 per year.

Applying for Assistance

Signup for 2020 and 2021 OTECP began Nov. 8, 2021, and continues through Jan. 7, 2022. Producers apply through their local Farm Service Agency (FSA) office and can also obtain one-on-one support with applications by calling 877-508-8364. Visit farmers.gov/otecp to learn more.

USDA Microloans Help Farmers Purchase Farmland and Improve Property

Farmers can use USDA farm ownership microloans to buy and improve property. These microloans are especially helpful to beginning or underserved farmers, U.S. veterans looking for a career in farming, and those who have small and mid-sized farming operations.

Microloans have helped farmers and ranchers with operating costs, such as feed, fertilizer, tools, fencing, equipment, and living expenses since 2013.

Microloans can also help with farmland and building purchases and soil and water conservation improvements. FSA designed the expanded program to simplify the application process, expand eligibility requirements and expedite smaller real estate loans to help farmers strengthen their operations. Microloans provide up to $50,000 to qualified producers and can be issued to the applicant directly from the USDA Farm Service Agency (FSA).

FSA is Accepting CRP Continuous Enrollment Offers

The Farm Service Agency (FSA) is accepting offers for specific conservation practices under the Conservation Reserve Program (CRP) Continuous Signup.

In exchange for a yearly rental payment, farmers enrolled in the program agree to remove environmentally sensitive land from agricultural production and to plant species that will improve environmental health and quality. The program's long-term goal is to re-establish valuable land cover to improve water quality, prevent soil erosion, and reduce loss of wildlife habitat. Contracts for land enrolled in CRP are 10-15 years in length.

Under continuous CRP signup, environmentally sensitive land devoted to certain conservation practices can be enrolled in CRP at any time. Offers for continuous enrollment are not subject to competitive bidding during specific periods. Instead they are automatically accepted provided the land and producer meet certain eligibility requirements and the enrollment levels do not exceed the statutory cap.

For more information, including a list of acceptable practices, contact your local USDA Service Center or visit fsa.usda.gov/crp.

Obtaining Payments due to Deceased Producers

In order to claim a Farm Service Agency (FSA) payment on behalf of a deceased producer, all program conditions for the payment must have been met before the applicable producer's date of death.

If a producer earned a FSA payment prior to their death, the following is the order of precedence for the representatives of the producer:

- administrator or executor of the estate
- the surviving spouse
- surviving sons and daughters, including adopted children
- surviving father and mother
- surviving brothers and sisters
- heirs of the deceased person who would be entitled to payment according to the State law

For FSA to release the payment, the legal representative of the deceased producer must file a form FSA-325 to claim the payment for themselves or an estate. The county office will verify that the application, contract, loan agreement, or other similar form requesting payment issuance, was signed by the applicable deadline by the deceased or a person legally authorized to act on their behalf at that time of application.

If the application, contract or loan agreement form was signed by someone other than the deceased participant, FSA will determine whether the person submitting the form has the legal authority to submit the form.

Payments will be issued to the respective representative's name using the deceased program participant's tax identification number. Payments made to representatives are subject to offset regulations for debts owed by the deceased.

FSA is not responsible for advising persons in obtaining legal advice on how to obtain program benefits that may be due to a participant who has died, disappeared or who has been declared incompetent.

FSA Outlines Marketing Assistance Loan Policy

The 2018 Farm Bill extends loan authority through 2023 for Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool and honey. MALs provide you with interim financing after harvest to help you meet cash flow needs without having to sell your commodities when market prices are typically at harvest-time lows. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2021 MALs and LDPs for all eligible commodities after harvest. Requests for loans and LDPs shall be made on or before the final availability date for the respective commodities.

Commodity certificates are available to loan holders who have outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan. MALs redeemed with commodity certificates are not subject to Adjusted Gross Income provisions.

To be considered eligible for an LDP, you must have form [CCC-633EZ, Page 1] on file at your local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

Marketing loan gains (MLGs) and loan deficiency payments (LDPs) are no longer subject to payment limitations, actively engaged in farming and cash-rent tenant rules.

Adjusted Gross Income (AGI) provisions state that if your total applicable three-year average AGI exceeds $900,000, then you're not eligible to receive an MLG or LDP. You must have a valid CCC-941 on file to earn a market gain of LDP. The AGI does not apply to MALs redeemed with commodity certificate exchange.

For more information and additional eligibility requirements, contact your local USDA Service Center or visit fsa.usda.gov.

USDA Offers Online Tool for Drought-Stricken Ranchers to Estimate Compensation for Feed Transportation Costs

An online tool is available to help ranchers document and estimate payments to cover feed transportation costs caused by drought, which are now covered by the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP). The U.S. Department of Agriculture (USDA) updated the program this year to include feed transportation costs as well as lowered the threshold for when assistance for water hauling expenses is available.

The ELAP Feed Transportation Producer Tool is a Microsoft Excel workbook that enables ranchers to input information specific to their operation to determine an estimated payment. Final payments may vary depending on eligibility.

To use the tool, ranchers will need:

- Number of truckloads for this year.
- Mileage per truckload this year.

- Share of feed cost this year (if splitting loads).
- Number of truckloads you normally haul.
- Normal mileage per truckload.
- Share of normal feed cost

The tool requires Microsoft Excel, and a tutorial video is available.

Updates to ELAP

ELAP provides financial assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease, certain adverse weather events or loss conditions as determined by the Secretary of Agriculture. ELAP now covers feed transportation costs where grazing and hay resources have been depleted. This includes places where:

- Drought intensity is D2 for eight consecutive weeks as indicated by the U.S. Drought Monitor; or
- Drought intensity is D3 or greater.

The tool calculates the estimated payment for feed transportation assistance, but it is not an application. Ranchers should contact their FSA county office to apply, to simplify the application process, ranchers can print or email payment estimates generated by this tool for submission to FSA. **The deadline to apply for ELAP, including feed transportation costs, for 2021 is Jan. 31, 2022**.

ELAP already covers above normal costs for hauling water to livestock in areas where drought intensity is D3 or greater on the drought monitor. FSA is also updating ELAP to also cover water hauling in areas experiencing D2 for eight consecutive weeks, lowering the threshold for this assistance to be available. Program benefits are retroactive for 2021.

Payment Calculations

USDA will reimburse eligible ranchers 60% of feed transportation costs above what would have been incurred in a normal year. Producers qualifying as underserved (socially disadvantaged, limited resource, beginning or military veteran) will be reimbursed for 90% of the feed transportation cost above what would have been incurred in a normal year.

USDA uses a national cost formula to determine reimbursement costs that will not include the first 25 miles and distances exceeding 1,000 transportation miles. The calculation will also exclude the normal cost to transport hay or feed if the producer normally purchases some feed. For 2021, the initial cost formula of $6.60 per mile will be used (before the percentage is applied).

Eligibility

To be eligible for ELAP assistance, livestock must be intended for grazing and producers must have incurred feed transportation costs on or after Jan. 1, 2021. Although producers will self-certify losses and expenses to FSA, producers are encouraged to maintain good records and retain receipts and related documentation in the event these documents are requested for review by the local FSA County Committee.

Progression Lending from FSA

Farm Service Agency (FSA) farm loans are considered progression lending. Unlike loans from a commercial lender, FSA loans are intended to be temporary in nature. Our goal is to help you graduate to commercial credit, and our farm loan staff is available to help borrowers through training and credit counseling.

The FSA team will help borrowers identify their goals to ensure financial success. FSA staff will advise borrowers on developing strategies and a plan to meet your goals and graduate to commercial credit. FSA borrowers are responsible for the success of their farming operation, but FSA staff will help in an advisory role, providing the tools necessary to help you achieve your operational goals and manage your finances.

For more information on FSA farm loan programs, contact your County USDA Service Center at or visit fsa.usda.gov.

USDA Fruit, Vegetable and Wild Rice Planting Rules

Fruit, vegetable and wild rice producers will continue to follow the same rules for certain Farm Service Agency (FSA) programs.

If you intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs, you are subject to an acre-for-acre payment reduction when fruits and nuts, vegetables or wild rice are planted on payment acres of a farm. Payment reductions do not apply to mung beans, dry peas, lentils or chickpeas. Planting fruits, vegetables or wild rice on acres not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits, vegetables and wild rice for that year but will not receive ARC/PLC payments. Eligibility for succeeding years is not affected.

Planting and harvesting fruits, vegetables and wild rice on ARC/PLC acreage is subject to the acre-for-acre payment reduction when those crops are planted on more than 15 percent of the base acres of an ARC enrolled farm using the county coverage or PLC, or more than 35 percent of the base acres of an ARC enrolled farm using the individual coverage.

Fruits, vegetables and wild rice that are planted in a double-cropping practice will not cause a payment reduction if the farm is in a double-cropping region as designated by the USDA's Commodity Credit Corporation.

Minnesota USDA Farm Service Agency

375 Jackson Street, Suite 400
Saint Paul, MN 55101

Phone: 651-602-7700
Fax: 855-719-9917

Minnesota Farm Service Agency Acting State Executive Director:
Michelle Page

To find contact information for your local USDA Farm Service Agency Office go to: www.fsa.usda.gov/mn

Section Chiefs:
Cassie Buck
Lee Crawford
Calvin Gellatly
Angela Hanson
Glenn Schafer

Minnesota State Committee:
Lisa Brunner