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USDA Opens 2022 Signup for Dairy Margin Coverage, Expands Program for Supplemental Production

USDA opened 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. **This signup period – which runs from Dec. 13, 2021 to Feb. 18, 2022** – enables producers to get coverage through this important safety-net program for another year as well as get additional assistance through the new Supplemental DMC.

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, USDA's Farm Service Agency (FSA) updated how feed costs are calculated, which will make the program more reflective of actual dairy producer 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 and then apply for 2022 DMC 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. So far in 2021, DMC payments have triggered for January through October for more than \$1.0 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 is also changing the DMC feed cost formula to better reflect the actual cost dairy farmers pay for high-quality alfalfa hay. FSA will calculate payments using 100% premium alfalfa hay rather than 50%. The amended feed cost formula will make DMC payments more reflective of actual dairy producer expenses.

Additional Dairy Assistance

The announcement is part of a broader package to help the dairy industry respond to the pandemic and other challenges. USDA is also amending Dairy Indemnity Payment Program (DIPP) regulations to add provisions for the indemnification of cows that are likely to be not marketable for longer durations, as a result, for example, of per- and polyfluoroalkyl substances. FSA also worked closely with USDA's Natural Resources Conservation Service to target assistance through the Environmental Quality Incentives Program) and other conservation programs to help producers safely dispose of and address resource concerns created by affected cows. Other recent dairy announcements include \$350 million through the Pandemic Market Volatility Assistance Program and \$400 million for the Dairy Donation Program.

Additional details on these changes to DMC and DIPP can be found in a rule that will be published soon in the *Federal Register*. This rule also included information on the new Oriental Fruit Fly Program as well as changes to FSA conservation programs. A copy of the rule is available [here](#).

More Information

To learn more or to participate in DMC or DIPP, producers should contact their local [USDA Service Center](#). Service Center staff continue to work with agricultural producers via phone, email and other digital tools. Because of the pandemic, some 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.

USDA Provides Additional Pandemic Assistance to Hog Producers

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.

Deadline Extended to Apply for Pandemic Support for Certified Organic and Transitioning Operations

The U.S. Department of Agriculture (USDA) has extended the deadline for agricultural producers who are certified organic, or transitioning to organic, to apply for the Organic and Transitional Education and Certification Program (OTECP). This program provides pandemic assistance to cover certification and education expenses. The deadline to apply for 2020 and 2021 eligible expenses is now Feb. 4, 2022, rather than the original deadline of Jan. 7, 2022.

Signup for OTECP, administered by USDA's Farm Service Agency (FSA), began Nov. 8.

Certified operations and transitional operations may apply for OTECP for eligible expenses paid during the 2020, 2021 and 2022 fiscal years. Signup for the 2022 fiscal year will be announced at a later date.

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.

Producers apply through their local FSA office and can also obtain one-on-one support with applications by calling 877-508-8364. The program application and additional information can be found at farmers.gov/otecp.

Additional Organic Support

OTECP builds upon USDA's [Organic Certification Cost Share Program \(OCCSP\)](#) which provides cost share assistance of 50%, up to a maximum of \$500 per scope, to producers and handlers of agricultural products who are obtaining or renewing their certification under the NOP. Although the application period for OCCSP ended Nov. 1, 2021, FSA will consider late-filed applications for those operations who still wish to apply.

Meanwhile, USDA's Risk Management Agency (RMA) recently [made improvements to Whole-Farm Revenue Protection](#) to make it more flexible and accessible to organic producers.

To learn more about USDA's broader assistance for organic producers, visit usda.gov/organic.

Submit Loan Requests for Financing Early

The Farm Loan teams in PA are working on operating loans for spring 2022 and asks potential borrowers to submit their requests early so they can be timely processed. The farm loan team can help determine which loan programs are best for applicants.

FSA offers a wide range of low-interest loans that can meet the financial needs of any farm operation for just about any purpose. The traditional **farm operating and farm ownership loans** can help large and small farm operations take advantage of early purchasing discounts for spring inputs as well expenses throughout the year.

Microloans are a simplified loan program that will provide up to \$50,000 for both Farm Ownership and Operating Microloans to eligible applicants. These loans, targeted for smaller and non-traditional operations, can be used for operating expenses, starting a new operation, purchasing equipment, and other needs associated with a farming operation. Loans to beginning farmers and members of underserved groups are a priority.

Other types of loans available include:

Marketing Assistance Loans allow producers to use eligible commodities as loan collateral and obtain a 9-month loan while the crop is in storage. These loans provide cash flow to the producer and allow them to market the crop when prices may be more advantageous.

Farm Storage Facility Loans can be used to build permanent structures used to store eligible commodities, for storage and handling trucks, or portable or permanent handling equipment. A variety of structures are eligible under this loan, including bunker silos, grain bins, hay storage structures, and refrigerated structures for vegetables and fruit. A producer may borrow up to \$500,000 per loan.

Farmers Help America Keep Soil Healthy

Our lives are dependent on healthy soil. Healthy soil gives us clean air and water, bountiful crops and forests, productive grazing lands, diverse wildlife and beautiful landscapes. It's the reason why USDA's Natural Resources Conservation Service experts are in your community and across the nation.

Soil is composed of air, water, organic matter and minerals. A community of organisms – functioning as a soil food web – lives all or parts of their lives in soil. More individual organisms are in a teaspoon of soil than there are people on earth. Increasing soil organic matter typically improves soil health, since organic matter improves several critical functions of soil.

To improve the health of their soil, more and more farmers and ranchers are keeping soil covered, reducing disturbance activities such as tilling, keeping plants growing throughout the year, and diversifying the crops they're planting in a rotation. Taking these steps allow farmers and ranchers to help reduce erosion while increasing the soil's ability to provide nutrients and water to the plant at critical times during the growing season.

When producers focus on improving soil health, they often have larger harvests, lower input costs, optimized nutrient use, and improved crop resilience during drought years like last year.

In heavy rainfall years, healthy soil holds more water, reducing runoff that helps avert flooding downstream.

And because healthy soil allows for greater water infiltration and less erosion, nutrients and pesticides stay on the farm where they benefit crops, and are far less likely to be carried off the farm into streams and lakes where they can cause harm.

NRCS helps farmers install conservation practices such as cover crops to maintain and improve soil health – all of which can lead to productive, profitable and sustainable farming and ranching operations for generations to come.

For more information, visit nrcs.usda.gov.



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