U.S. DEPARTMENT OF AGRICULTURE

South Dakota USDA Newsletter - October 2022

Farm Service Agency | Natural Resources Conservation Service | Risk Management Agency

In This Issue:

Message from the FSA State Director

Greetings from the South Dakota State FSA Office,

Soybean harvest is wrapping up and corn is in full swing. Unfortunately, for many farm families this is a bittersweet harvest. For the vast area of the corn belt in South Dakota the yields are below average and in some counties in south central and the southeast part of the state yields mirror 2012. Other parts of the state farmers experience normal and above normal yields.

Fortunately, with reduced yields during this period of strong markets they have a safety net with crop insurance, it will help, but producers will share with you they would rather produce a good crop in a strong market.

Thousands of South Dakota farm families will receive assistance through USDA's Risk Management Agency (RMA). This year South Dakota farmers and ranchers will benefit with RMA providing $797 million in support of affordable crop insurance. RMA is led by South Dakota's own, Marcia Bunger.

With Secretary Vilsack's announcement of $2.8 billion in funding for the Climate Smart Commodities to leverage the greenhouse gas benefit. The Climate-Smart Commodity production will provide direct meaningful benefits to agriculture production and include small and minority producers.

South Dakota State University (SDSU) is a recipient of an $80 million grant through the Climate Smart Commodities. SDSU project titled "The Grass is Greener on the Other Side: Developing Climate-Smart Beef and Bison Commodities". As noted from the SDSU website, "SDSU's project will create market opportunities for beef and bison producers who utilize climate-smart agriculture grazing and land-management practices. The project will guide and educate producers on climate-smart practices most suited for their operations, manage large-scale climate-smart data that will be used by producers to improve decision-making and create market demand for climate-smart beef/bison commodity markets."

This grant is the single largest grant SDSU has ever received.   The announcement for the grant was made on September 15, 2022, by FSA Administrator Zach Ducheneaux at an event on SDSU's campus. Also, sited on SDSU's website, "Other major partners on the project include Millborn Seeds, Buffalo Ridge Cattle Company, AgSpire, Tanka Fund, Cold Creek Buffalo Company, SDSU Extension, the SDSU Center of Excellence for Bison Studies, the National Bison Association, Texas A&M University, Yard Stick, C-Lock and SmartScore.ai."

Next summer South Dakota FSA will offer internship opportunities for students. The internship will give students an opportunity to work side by side with FSA professionals. If you have a student who is interested, please direct them to the USA Jobs website for more information.

As always, if you would like more information on the services FSA can provide, please contact your local USDA Service Center or reach me at steve.dick@usda.gov.

Sincerely,

Steve Dick
State Executive Director
USDA - Farm Service Agency

New Guide Available for Underserved Farmers, Ranchers

A new multi-agency guide for USDA assistance for underserved farmers and ranchers is now available. If you are a farmer or rancher and are a minority, woman, veteran, beginning, or limited resource producer, you can use this booklet to learn about assistance and targeted opportunities available to you. This includes programs offered through the Farm Service Agency, Natural Resources Conservation Service, and Risk Management Agency. The guide is also available in Spanish, Hmong, Korean, Vietnamese, Thai and Chinese on farmers.gov/translations.

USDA Supports Military Veteran's Transition to Farming

Are you a military veteran interested in farming? USDA offers resources to help you:

- **Fund Your Operation:** USDA's Farm Service Agency offers a variety of funding opportunities to help agricultural producers finance their businesses. Certain funds are targeted for veterans and beginning farmers and ranchers.
- **Conserve Natural Resources:** USDA's Natural Resources Conservation Service offers conservation programs and expert one-on-one technical assistance to strengthen agricultural operations now and into the future. Veterans may be eligible for a cost share of up to 90 percent and advance payments of up to 50 percent to cover certain conservation practices.
- **Manage Risks:** USDA is here to help you prepare for and recover from the unexpected. Veterans who are beginning farmers may be eligible for reduced premiums, application fee waivers, increased insurance coverage, and other incentives for multiple USDA programs that support risk management.

USDA wants to ensure that veterans transitioning to agriculture have the resources needed to succeed. While USDA offices are currently closed to visitors because of the pandemic, Service Center staff continue to work with agricultural producers via phone, email, and other digital tools. To conduct business, please contact your local USDA Service Center. Additionally, more information related to USDA's response and relief for producers can be found at farmers.gov/coronavirus. If you're a new farmer, you can also reach out to your state Beginning Farmer and Rancher Coordinator.

USDA Opens 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 today 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.

Top 6 Emergency Relief Program Checklist Items for Eligible Farmers

FSA recently began mailing 5,200 pre-filled applications to commodity and specialty crop producers who obtained Noninsured Crop Insurance Disaster Assistance Program (NAP) coverage for the Emergency Relief Program (ERP), a new program designed to help agricultural producers impacted by wildfires, droughts, hurricanes, winter storms, and other qualifying natural disasters experienced during calendar years 2020 and 2021. This mailing is in addition to the 303,000 pre-filled applications mailed out in May to producers who had crop insurance coverage for losses in 2021 and 2021.

The past few years have been tough to say the least. As producers have dealt with the continued impacts of the COVID-19 pandemic, they have also struggled to recover from more frequent, more intense natural disasters. I am grateful that Congress passed, and President Biden signed into law the Extending Government Funding and Delivering Emergency Assistance Act (P.L. 117-43), which includes $10 billion in critical emergency relief.

After extensive stakeholder outreach, including with producers and groups that have not always been included in USDA programs, our team began work developing a responsive, easier-to-access program that could be rolled out in phases. We're now rolling out the first phase of ERP, which uses existing Federal Crop Insurance or Noninsured Crop Disaster Assistance Program (NAP) data as the basis for calculating initial payments.

By leveraging existing data, we have been able to already deliver $6 billion in assistance on a faster timeline; at the same time, my team and I are committed to ensuring that producers who do not have existing data on file with USDA are captured in the second phase of ERP, which will be explicitly focused on filling gaps in previously implemented emergency assistance.

To apply for ERP Phase 1, here's what you need to do:

Check Your Mailbox

The form being mailed to you includes eligibility requirements, outlines the application process, and provides estimated ERP payment calculations. Producers will receive a separate application form for each program year in which an eligible loss occurred. Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP phase one payment. This application takes about 0.176 hours (that's less than 15 minutes) for producers to complete, compared to the former Wildfire and Hurricane Indemnity Program – Plus application which took several hours for producers to complete and even longer for FSA staff.

Check Your Eligibility

ERP covers losses to crops, trees, bushes, and vines due to a qualifying natural disaster event in calendar years 2020 and 2021. Eligible crops include all crops for which crop insurance or NAP coverage was available, except for crops intended for grazing. Qualifying natural disaster events include wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought*, and related conditions.

**Lists of 2020 and 2021 drought counties eligible for ERP are available online.*

Check Required Forms on File with FSA

Producers must have the following forms on file with FSA:

- Form AD-2047, *Customer Data Worksheet.*
- Form CCC-902, *Farm Operating Plan* for an individual or legal entity.
- Form CCC-901, *Member Information for Legal Entities* (if applicable).
- Form FSA-510, *Request for an Exception to the $125,000 Payment Limitation for Certain Programs* (if applicable).
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 *Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification*) for the ERP producer and applicable affiliates.

If you have previously participated in FSA programs, you will likely have these required forms on file. However, if you're uncertain or want to confirm the status of your forms, contact your local FSA county office.

Check Historically Underserved Status with FSA, If Applicable

The ERP payment percentage for historically underserved producers, including beginning, limited resource, socially disadvantaged, and veteran farmers, and ranchers will be increased by 15% of the calculated ERP payment.

To qualify for the higher payment percentage, eligible producers must have the following form on file with FSA:

- Form CCC-860, *Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification*.

Check Your Future Insurance Coverage

All producers who receive ERP phase one payments are statutorily required to purchase crop insurance, or NAP coverage where crop insurance is not available, for the next two available crop years, as determined by the Secretary.

Coverage requirements will be determined from the date a producer receives an ERP payment and may vary depending on the timing and availability of crop insurance or NAP for a producer's particular crops.

The final crop year to purchase crop insurance or NAP coverage to meet the second year of coverage for this requirement is the 2026 crop year.

Check Your bank

Once the completed ERP application for payment is submitted to and signed by FSA, producers who have direct deposit should look for payment within three business days.

More Information

We have additional resources, including:

- ERP July 27, 2022 News Release
- ERP June 29, 2022 News Release
- ERP May 16, 2022 News Release
- ERP Fact Sheet
- Answers to Frequently Asked Questions (FAQs)
- Emergency Relief Webpage
- ERP Notice of Funding Availability

In addition to ERP, FSA is also implementing the first phase of the new Emergency Livestock Relief Program. At this time, FSA has made more than $590 million in payments to impacted livestock producers.

Bottom line, we take your feedback seriously, and we wanted to deliver this relief as soon as possible. We learned from previous relief programs, and we're excited to be getting this to you as swiftly as we can.

Apply for Livestock Forage Losses

Producers in 33 SD Counties are eligible to apply for 2022, Livestock Forage Disaster Program (LFP) benefits on small grain, native pasture, improved pasture, and forage sorghum.

LFP provides compensation if you suffer grazing losses for covered livestock due to drought on privately owned or cash leased land or fire on federally managed land.

County committees can only accept LFP applications after notification is received by the National Office of qualifying drought or if a federal agency prohibits producers from grazing normal permitted livestock on federally managed lands due to qualifying fire. You must complete a CCC-853 and the required supporting documentation no later than January 30, 2022, for 2022 losses.

For additional Information about LFP, including eligible livestock and fire criteria, contact your local county USDA Service Center or visit fsa.usda.gov.

Applying for NAP Payments

The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to you for crops that aren't eligible for crop insurance to protect against lower yields or crops unable to be planted due to natural disasters including freeze, hail, excessive moisture, excessive wind or hurricanes, flood, excessive heat and qualifying drought (includes native grass for grazing), among others.

In order to participate, you must obtain NAP coverage for the crop year by the applicable deadline using form CCC-471 “Application for Coverage” and pay the service fee. Application closing dates vary by crop. Producers are also required to submit an acceptable crop acreage report. Additionally, NAP participants must provide:

- The quantity of all harvested production of the crop in which the producer held an interest during the crop year
- The disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged or used differently than intended
- Acceptable crop production records (when requested by FSA)

Producers who fail to report acreage and production information for NAP-covered crops could see reduced or zero NAP assistance. These reports are used to calculate the approved yield.

If your NAP-covered crops are affected by a natural disaster, notify your FSA office by completing Part B of form CCC-576 “Notice of Loss and Application for Payment.” This must be completed within 15 calendar days of the occurrence of the disaster or when losses become apparent or 15 days of the final harvest date. For hand-harvested crops and certain perishable crops, you must notify FSA within 72 hours of when a loss becomes apparent.

To receive benefits, you must also complete Parts D, E, F and G of the CCC-576 “Notice of Loss and Application for Payment” within 60 days of the last day of coverage for the crop year for any NAP covered crops. The CCC-576 requires acceptable appraisal information. Producers must provide evidence of production and note whether the crop was marketable, unmarketable, salvaged or used differently than intended.

Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

For more information on NAP, contact your local County USDA Service Center or visit fsa.usda.gov/nap.

Report Noninsured Crop Disaster Assistance Program (NAP) Losses

NAP provides financial assistance to you for crops that aren’t eligible for crop insurance to protect against lower yields or crops unable to be planted due to natural disasters including freeze, hail, excessive moisture, excessive wind or hurricanes, flood, excessive heat and qualifying drought (includes native grass for grazing), among others.

To receive payment, you had to purchase NAP coverage for 2022 crops and file a notice of loss the earlier of 15 days of the occurrence of the disaster or when losses become apparent or 15 days of the final harvest date.

For hand-harvested crops and certain perishable crops, you must notify FSA within 72 hours of when a loss becomes apparent.

Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

For more information on NAP, contact your local County USDA Service Center or visit fsa.usda.gov/nap.

FSA Offers Drought Assistance for Livestock Producers Through Emergency Assistance for Livestock, Honey Bees and Farm-raised Fish Program (ELAP)

If you’ve suffered above normal expenses for hauling feed or water to livestock or hauling livestock to forage/grazing acres due to the impacts of drought, you may be eligible for financial assistance through the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).

For eligible producers in qualifying counties, ELAP provides financial assistance for:

- the transportation of water to livestock;
- the above normal cost of mileage for transporting feed to livestock,
- the above normal cost of transporting livestock to forage/grazing acres.*

**Hauling livestock one-way, one haul per animal reimbursement and no payment for “empty miles.”*

Eligible livestock include cattle, buffalo, goats and sheep, among others, that are maintained for commercial use and located in a county where the qualifying drought conditions occur. A county must have had D2 severe drought intensity on the U.S. Drought Monitor for eight consecutive weeks during the normal grazing period, or D3 or D4 drought intensity at any time during the normal grazing period. Producers must have risk in both eligible livestock and eligible grazing land in an eligible county to qualify for ELAP assistance.

WATER TRANSPORTATION

For ELAP water transportation assistance, a producer must be transporting water to eligible livestock on eligible grazing land where the producer had adequate livestock watering systems or facilities in place before the drought occurred and where they do not normally require the transportation of water. Payments are for costs associated with personal labor, equipment, hired labor, equipment, and/or contracted water transportation fees. Cost of the water itself is not covered. The ELAP payment formula uses a national average price per gallon.

ABOVE NORMAL COSTS OF TRANSPORTING FEED

ELAP provides financial assistance to livestock producers who incur above normal expenses for transporting feed to livestock during drought. The payment formula excludes the first 25 miles and any mileage over 1,000 miles. The reimbursement rate is 60% of the costs above what would normally have been incurred during the same time period in a normal (non-drought) year. **ABOVE NORMAL COSTS OF TRANSPORTING LIVESTOCK TO FORAGE/GRAZING ACRES**

ELAP provides financial assistance to livestock producers who are hauling livestock to a new location for feed resources due to insufficient feed and/or grazing in drought-impacted areas. Assistance for Livestock transportation is retroactive to 2021 and available for 2022 and subsequent years. **Please contact your county FSA office for additional details.**

For calendar year 2022 forward, producers must submit a notice of loss to your local FSA office **within 30 calendar days** of when the loss is apparent; producers should contact their county FSA office as soon as the loss of water resources or feed resources are known. For ELAP eligibility, documentation of expenses is critical. Producers should maintain records and receipts associated with the costs of transporting water to eligible livestock, the costs of transporting feed to eligible livestock, and the costs of transporting eligible livestock to forage/grazing acres.

ELAP also offers assistance to producers impacted by wildfire. Contact your county FSA office for more information on ELAP resources for wildfire losses. In addition, beekeepers also can benefit from ELAP provisions and should contact their county FSA office within 15 calendar days of when a loss occurs or from when the loss is apparent. For more information regarding ELAP, contact your local County USDA Service Center or visit fsa.usda.gov/disaster.

Ask the Expert: Farmers.gov Conservation Section with Tyler Kendall

In this Ask the Expert, Tyler Kendall, management and program analyst for the Natural Resources Conservation Service (NRCS) answers a few questions about USDA's farmers.gov customer portal. Tyler helps lead the effort to provide personalized customer information via farmers.gov. A farmers.gov account provides self-service opportunities to Farm Service Agency (FSA) and NRCS customers through a secure, authenticated access process.

What features will conservation customers be most interested in?

There are several self-help options that allow you to access your conservation data from home or on your phone or tablet. For example, you can access, view, download, and print all of your conservation documents including your conservation plans, contracts, and plan maps. Contract documents can be conveniently eSigned in farmers.gov and the feature is mobile enabled so you can sign your documents from the field while on the go!

To read the full blog visit farmers.gov/blog/ask-the-expert-farmersgov-conservation-section-with-tyler-kendall.

USDA Accepting Applications to Help Cover Costs of Organic, Transitioning Producers

Agricultural producers and handlers who are certified organic, along with producers and handlers who are transitioning to organic production, can now apply for the U.S. Department of Agriculture's (USDA) Organic and Transitional Education Certification Program (OTECP) and Organic Certification Cost Share Program (OCCSP), which help producers and handlers cover the cost of organic certification, along with other related expenses. Applications for OTECP and OCCSP are both due October 31, 2022.

OTECP covers:

- Certification costs for organic producers and handlers (25% up to $250 per category).
- Eligible expenses for transitional producers, including fees for pre-certification inspections and development of an organic system plan (75% up to $750).
- Registration fees for educational events (75% up to $200).
- Soil testing (75% up to $100).

Meanwhile, OCCSP covers 50% or up to $500 per category of certification costs in 2022.

This cost share for certification is available for each of these categories: crops, wild crops, livestock, processing/handling and State organic program fees.

Producers can receive cost share through both OTECP and OCCSP. Both OTECP and OCCSP cover costs incurred from October 1, 2021, to September 30, 2022. Producers have until October 31, 2022 to file applications, and FSA will make payments as applications are received.

To apply, producers and handlers should contact the Farm Service Agency (FSA) at their local USDA Service Center. As part of completing the OCCSP applications, producers and handlers will need to provide documentation of their organic certification and eligible expenses. Organic producers and handlers may also apply for OCCSP through participating State agencies.

Additional details can be found on the OTECP and OCCSP webpages.

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.

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.

Making Farm Reconstitutions

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all of the required signatures are on FSA-155 and all other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

The following are the different methods used when doing a farm recon:

- **Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate
- **Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method, the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding
- **DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract
- **Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

For questions on your farm reconstitution, contact your local County USDA Service Center.

Fall Acreage Reporting Deadline

Fall Acreage Reporting Deadline for Fall-Seeded Small Grains is **November 15, 2022.**

Update Your Records

FSA is cleaning up our producer record database and needs your help. Please report any changes of address, zip code, phone number, email address or an incorrect name or business name on file to our office. You should also report changes in your farm operation, like the addition of a farm by lease or purchase. You should also report any changes to your operation in which you reorganize to form a Trust, LLC or other legal entity.

FSA and NRCS program participants are required to promptly report changes in their farming operation to the County Committee in writing and to update their *Farm Operating Plan* on form CCC-902.

To update your records, contact your local county USDA Service Center.

FSA Outlines MAL and LDP 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 2022 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 county USDA Service Center or visit fsa.usda.gov.

Filing CCC-941 Adjusted Gross Income Certifications

If you have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs), it may be because you have not filed form CCC-941, *Adjusted Gross Income Certification*.

If you don't have a valid CCC-941 on file for the applicable crop year you will not receive payments. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form.

FSA can accept the CCC-941 for 2018, 2019, 2020, 2021, and 2022. Unlike the past, you must have the CCC-941 certifying your AGI compliance before any payments can be issued.

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 his or her 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.

USDA Updates Farm Loan Programs to Increase Equity

The U.S. Department of Agriculture (USDA) is updating its farm loan programs to better support current borrowers, including historically underserved producers. These improvements are part of USDA's commitment to increase equity in all programs, including farm loans that provide important access to capital for covering operating expenses and purchasing land and equipment.

The 2018 Farm Bill authorized FSA to provide equitable relief to certain direct loan borrowers, who are non-compliant with program requirements due to good faith reliance on a material action of, advice of, or non-action from an FSA official. Previously, borrowers may have been required to immediately repay the loan or convert it to a non-program loan with higher interest rates, less favorable terms, and limited loan servicing.

Now, FSA has additional flexibilities to assist borrowers in such situations. If the agency provided incorrect guidance to an existing direct loan borrower, the agency may provide equitable relief to that borrower. FSA may assist the borrower by allowing the borrower to keep their loans at current rates or other terms received in association with the loan which was determined to be noncompliant or the borrower may receive other equitable relief for the loan as the Agency determines to be appropriate.

USDA encourages producers to reach out to their local loan officials to ensure they fully understand the wide range of loan and servicing options available that can assist them in starting, expanding or maintaining their operation.

Additional Updates

Equitable relief is one of several changes authorized by the 2018 Farm Bill that USDA has made to the direct and guaranteed loan programs. Other changes that were previously implemented include:

- Modifying the existing three-year farming experience requirement for Direct Farm Ownership loans to include additional items as acceptable experience.
- Allowing socially disadvantaged and beginning farmer applicants to receive a guarantee equal to 95%, rather than the otherwise applicable 90% guarantee.
- Expanding the definition of and providing additional benefits to veteran farmers.
- Allowing borrowers who received restructuring with a write down to maintain eligibility for an Emergency loan.
- Expanding the scope of eligible issues and persons covered under the agricultural Certified Mediation Program.

Additional information on these changes is available in the March 8, 2022 rule on the *Federal Register*.

More Background

FSA has taken other recent steps to increase equity in its programs. Last summer, USDA announced it was providing $67 million in competitive loans through its new Heirs' Property Relending Program to help agricultural producers and landowners resolve heirs' land ownership and succession issues. FSA also invested $4.7 million to establish partnerships with organizations to provide outreach and technical assistance to historically underserved farmers and ranchers, which contributed to a fourfold increase in participation by historically underserved producers in the Coronavirus Food Assistance Program 2 (CFAP 2), a key pandemic assistance program, since April 2021.

Additionally, in January 2021, Secretary Vilsack announced a temporary suspension of past-due debt collection and foreclosures for distressed direct loan borrowers due to the economic hardship imposed by the COVID-19 pandemic.

Producers can explore available loan options using the Farm Loan Discover Tool on farmers.gov (also available in Spanish) or by contacting their local USDA Service Center. 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. Producers can contact their local Service Center to set up an in-person or phone appointment to discuss loan options.

FSA Offers Joint Financing Option on Direct Farm Ownership Loans

The USDA Farm Service Agency's (FSA) Direct Farm Ownership loans can help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

There are three types of Direct Farm Ownership Loans: regular, down payment and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State program or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a joint financing loan is $600,000, and the repayment period for the loan is up to 40 years.

The operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three years out of the 10 years prior to the date the application is submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

For more information about farm loans, contact your local County USDA Service Center or visit fsa.usda.gov.

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