

September 2016



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Washington State FSA Newsletter

Washington Farm Service Agency

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USDA Extends Margin Protection Program for Dairy Enrollment Deadline

USDA announced that it will extend the deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy to **December 16, 2016**, from the previous deadline of Sept. 30. This voluntary dairy safety net program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer. A USDA web tool, available at www.fsa.usda.gov/mpptool, allows dairy producers to calculate levels of coverage available from MPP based on price projections.

FSA Urges Producers to Confirm ARC/PLC Paperwork

Although August 1 was the deadline to enroll in the 2016 Agriculture Risk Coverage (ARC) & Price Loss Coverage (PLC)

Division Chiefs:

Mike Mandere, Administration
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programs, FSA encourages producers to verify **all** 2016 paperwork is completed for eligibility and all farms are correctly enrolled. FSA will not be able to make changes on contracts after September 30, 2016. Contact your [local FSA office](#) if your farm operation has had changes.

Please contact your local FSA office for questions specific to your operation or county.

Marketing Assistance Loans and Loan Deficiency Payment Reminder

FSA Marketing Assistance Loans can help grain producers meet cash flow needs without selling commodities when market prices are at harvest-time lows. In the current marketing environment for wheat, it may be a good time to contact your local FSA office to learn more about marketing loans and loan deficiency payments.

Wheat producers who are eligible for marketing loans are also eligible for loan deficiency payments (LDPs) should the posted county price fall below the county loan rate. You can purchase a commodity certificate that may be exchanged for the outstanding loan collateral. Unlike LDPs, use of commodity certificates does not affect payment limitations. You can check the daily LDP rates online at www.fsa.usda.gov.

For a commodity to be eligible for a loan, loan deficiency payment, or certificate, you must have beneficial interest in the commodity, defined as having title, possession and control of the commodity, and responsible for loss of or damage to the commodity. All related application forms must be completed at the local FSA office prior to loss of beneficial interest. Other eligibility requirements may apply; consult your local FSA office for more information.

Marketing assistance loans are also available for other commodities, such as corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans and other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, grade and non-graded wool, unshorn pelts, honey and peanuts.

Drastic Changes to LDP Rates

If you've been watching the market, you know that on Friday August 26 the LDP rate for Hard Red Winter Wheat in Washington State was seven cents away from an LDP rate. On Monday August 29 the rate jumped to \$0.08 per bushel, on Tuesday August 30 the rate leaped to \$0.15 per bushel, and Wednesday August 31 the rate soared to \$0.21 per bushel.

Farmers and landowners with Hard Red Winter wheat, along with other crops, will want to watch the markets and LDP rates to decide whether requesting an LDP would be beneficial.

You can check daily LDP rates for your county by clicking on the following link: <http://www.fsa.usda.gov/programs-and-services/price-support/Index> . Weekly LDP rates are available at the same link for pulse crops, wool, mohair and honey.

To submit an LDP request, contact your local county FSA office.

Payment Options for Grazed Grain Crops

Graze-out payments are payments made to eligible producers who, although eligible to obtain a marketing assistance loan (MAL) or loan deficiency payment (LDP), elect to use acreage planted with barley, oats, triticale, or wheat for livestock grazing. To be eligible for a graze-out payment, you must agree to forgo any mechanical harvesting of the commodity on this acreage during the applicable crop year.

Land must be classified as cropland, be reported on FSA-578, and the intended use must be for "grazing." The crop must have been planted, certified, and would have been harvested if it went to a grain stage. Owners allowing subleases on the cropland are not eligible for graze-out payments.

The payment rate will be determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity in the county where the farm is located. It is equal to the LDP rate. The graze-out payment yield is the yield in effect for the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs with respect to that commodity on the farm. In the case where no payment yield is established for the commodity on the farm, an appropriate yield will be established by the county committee.

FSA will accept applications for graze-out payments on the 2016 crop until March 31, 2017. You must retain beneficial interest in the crop through the date the crop is grazed. FSA cannot make graze-out payments on the crop if you have received a Federal Crop Insurance indemnity or Non-insured Crop Disaster Assistance (NAP) indemnity on the crop. Contact your Farm Service Agency [county office](#) if you have questions or would like an appointment.

Falling Numbers and Marketing Assistance Loans

The Farm Service Agency does not apply discounts when a crop is put under a marketing assistance loan with FSA. If the loan rate for SWW is \$3.40 per bushel, FSA disburses a commodity loan based on \$3.40 per bushel. So if a producer puts 10,000 bushels under loan the producer will receive \$33,700 in loan funds (10,000 bushels X \$3.40 loan rate = \$34,000 total loan amount X \$0.0075 assessment to WA Grain Commission = \$255 assessment. \$34,000 total loan amount - \$255 assessment - \$45 loan fee = \$33,700 net loan amount to producer)

Discounts are applied if a producer forfeits the crop to the Commodity Credit Corporation (CCC) at loan maturity. So if there are discounts (due to grade, dockage, protein, damaged kernels, moisture, test weight, falling numbers, etc. reflected on the warehouse receipt) those are included when determining loan settlement due to forfeiture. In the example above, the producer received a commodity loan at \$3.40 per bushel on 10,000 bushels (\$34,000 less \$255 for assessment to WA Grain Commission and \$45 loan fee for a net amount of \$33,700 received). The producer decides to forfeit the 10,000 bushels to CCC and the warehouse receipt shows a falling number of 283. Based on FSA's program rules, there is a discount of 15 cents for falling numbers from 275 to

299, so the producer would be responsible to pay \$1,500 for the falling number discount to CCC on-top-of forfeiting the wheat to CCC.

Conservation Reserve Program (CRP) Payments Depend on Completed Contracts

Producers who had Conservation Reserve Program (CRP) bids accepted in the CRP General Signup 49 are reminded to complete your conservation plan by **September 9, 2016**. If you have not yet made an appointment to work with USDA's Natural Resources Conservation Service (NRCS) to develop a conservation plan, please contact your local NRCS office. Completed plans must include all signatures by the deadline in order for FSA to approve contracts timely. FSA can make CRP payments only on completed contracts. Contact your Farm Service Agency [county office](#) if you have questions.

Wildfire Recovery Assistance Available from FSA

Washington's farmers and ranchers affected by this year's wildfires may receive financial relief from the Farm Service Agency. Financial relief may be made in the form of emergency loans, cost-share payments or specific program payments. If you have experienced losses or damage to crops or livestock, you are encouraged to report your losses as soon as they become apparent to your [local FSA office](#).

Documentation when applying for federal farm programs helps ensure integrity of the programs so that FSA can continue to offer them. Pictures are helpful and even third-party verifications. Local FSA staff can help with questions about documentation. Consider the following when documenting losses:

- Documentation of the number and kind of livestock that have died, supplemented if possible by photographs or video records of ownership and losses;
- Dates of death supported by birth recordings or purchase receipts;
- Feed purchases if supplies or grazing pastures are destroyed; and
- Crop records, including seed and fertilizer purchases, planting and production records.
- Notification that you are prohibited from grazing the normal permitted livestock on the federally managed rangeland because of the fire (for LFP).
- Pasture/range acres count
- Copies of any and all leases

Livestock Producers

Livestock producers may be eligible to receive financial compensation for livestock death under the Livestock Indemnity Program (LIP). Eligible livestock include: adult cattle, buffalo and beefalo, deer, elk, equine, sheep, alpacas, emus, swine, goats, llamas, and poultry. Livestock must be part of a commercial farm operation. Payment rates are on a per-head basis. FSA makes payments of 75 percent of the fair market value of the livestock to livestock owners. Honeybee producers may be eligible for payments to help replace hives under the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP). Additionally, FSA provides financial compensation for forage and pasture losses under the Livestock Forage Disaster Program (LFP) or the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP). The primary difference is whether wildfire losses occurred on federally managed lands or on private land. If on private land, you may qualify for ELAP; if on federally managed lands, you may apply for LFP. Land initially harvested mechanically and later intended for grazing will not be eligible for LFP.

benefits. FSA makes Livestock Forage Program payments based on a portion of feed costs used to make up for lost grazing access. ELAP payments are subject to a national payment factor since there is a set amount of funding nationwide for ELAP applications.

Crop Producers

Farmers and ranchers who suffered losses on crops covered by FSA's Non-insured Crop Disaster Assistance Program (NAP) should report your losses to your FSA office as soon as the loss becomes apparent. The Tree Assistance Program (TAP) provides financial assistance to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters. Forests are not eligible.

Livestock and Crop Producers

Other programs which could become available, depending on national approval, are the Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP). These programs provide cost-share payments for specific practices, such as replacing fence. FSA county committees request FSA implementation of the ECP or EFRP. FSA offices in approved counties will notify producers. USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to natural disasters, such as the recent drought or wildfires. Emergency Loan funds can be used to restore or replace essential property, pay production expenses for the disaster year, pay family living expenses, reorganize the farming operation, and to refinance certain debts. Producers can borrow up to \$500,000. The term of the loan is based on the repayment ability of the applicant, not to exceed 20 years for production losses or 40 years for losses to real estate. These loans can be made to farmers or ranchers who own or operate land in a county declared by the President as a disaster area or designated by the Secretary of Agriculture. Most of Washington is eligible by drought already. Contact your [local FSA office](#) to find out if your county has a designation due to drought or wildfire if you are interested in an emergency loan. Applications must be received within 8 months of the county's disaster. If you have questions about FSA disaster assistance programs, contact your [local FSA office](#) for information on eligibility requirements and application procedures.

Communicate Early with Your Lender

Many farmers are facing low prices, poor crop quality or, in some cases, low yields this year. These factors could affect loan repayment ability. If you are in this situation, it is better to communicate sooner than later with your lender. Waiting too long to communicate can limit the options lenders have to address unfavorable financial situations. FSA may be able to provide certain loan servicing benefits to direct loan borrowers whose accounts are distressed or delinquent due to circumstances beyond their control. Please contact your lender or your [local FSA office](#) if you are concerned about loan repayment ability.

USDA Climate Hub Building Block: Conservation of Sensitive Lands

USDA Climate Hubs are working with producers, ranchers, pasture and forest landowners to effectively partner in ways to help reduce climate change. To aid in this partnership, USDA established the 10 Building Blocks for Climate Smart Agriculture and Forestry.

One such Building Block is the "Conservation of Sensitive Lands". The term "sensitive lands" denotes soils and landscapes that are valuable due to properties (e.g., high organic matter, wet hydrology) and/or function (e.g., wildlife habitat, filtration, and hydrologic storage). Typical examples

of these soils are organic rich histosols, floodplains, or wetlands along riparian areas. Properties and functions of these soils are easily disrupted from agricultural or urban land use.

Sensitive lands that are used for agricultural production can be protected by changes in land use (long-term cover). This reduction in land use intensity can provide multiple environmental benefits, including substantial GHG mitigation that occurs as carbon is sequestered or preserved in soils and vegetation. When land is removed from crop production, several activities—including tillage, nitrogen fertilization, and energy use—are substantially reduced or eliminated, generating additional GHG mitigation.

FSA and NRCS are committed to identifying these sensitive lands and encouraging landowners, farmers, and ranchers to voluntarily adopt conservation systems--using financial and technical assistance--to generate GHG benefits. To read more about Conservation of Sensitive Lands, click the following link: http://www.usda.gov/oce/climate_change/building_blocks/4_SensitiveLands.pdf

For more information about the USDA Climate Hubs click here:
<http://www.climatehubs.oce.usda.gov/>

Important Dates and Deadlines

September 9, 2016 - Deadline to complete and sign conservation plan for Signup 49 CRP contracts.

September 30, 2016 – Non-insured Crop Disaster Program (NAP) application closing date for garlic; mint; perennial grazing, forage, mixed forage and forage seed crops.

For previous issues of the FSA Washington newsletter and a list of annual program **reminders**, check the [newsletter page](#) on the FSA Washington website.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).



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