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September 2018



Farm Service Agency Electronic News Service

NEWSLETTER

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Washington State FSA Newsletter

Washington State Farm Service Agency

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To find contact information for your local office go to

www.fsa.usda.gov/wa

USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation

Also, see article below for more program details.

USDA is taking action to assist farmers in response to trade damage from unjustified retaliation by foreign. As [announced last month](#), USDA will authorize up to \$12 billion in programs, consistent with our World Trade Organization obligations.

These programs will assist agricultural producers to meet the costs of disrupted markets:

- USDA's Farm Service Agency (FSA) will administer the **Market Facilitation Program (MFP)** to provide payments to corn, cotton, dairy, hog, sorghum, soybean, and wheat producers starting Sept. 4, 2018. An announcement about further payments will be made in the coming months, if warranted.
- USDA's Agricultural Marketing Service (AMS) will administer a Food Purchase and Distribution Program to purchase up to \$1.2 billion in commodities unfairly targeted by unjustified retaliation. USDA's Food and Nutrition Service (FNS) will distribute these commodities through nutrition assistance programs such as The Emergency Food Assistance Program (TEFAP) and child nutrition programs.
- Through the Foreign Agricultural Service's (FAS) Agricultural Trade Promotion Program (ATP), \$200 million will be made available to develop foreign markets for U.S. agricultural products. The program will help U.S. agricultural exporters identify and access new markets and help mitigate the adverse effects of other countries' restrictions.

The Market Facilitation Program is established under the statutory authority of the Commodity Credit Corporation (CCC) and administered by FSA. For each commodity covered, the payment rate will be dependent upon the severity of the trade disruption and the period of adjustment to new trade patterns, based on each producer's actual production.

Interested producers can apply after harvest is 100 percent complete and they can report their total 2018 production. Beginning Sept. 4 of this year, Market Facilitation Program applications will be available online at www.farmers.gov/mfp. Producers will also be able to submit their applications in person, by email, fax or by mail.

For detailed information, including initial payment rates and to view U.S. Secretary of Agriculture Sonny Perdue's video message on the Market Facilitation Program read the full [USDA press release](#).

Market Facilitation Program (MFP) for Washington Producers

Here are more details on the MFP for producers in Washington.

- Signup will be September 4, 2018 – January 15, 2019
- Eligible crops and their payment rates are based on the estimated impact of market disruptions. Eligible crops in Washington include wheat, corn, sorghum and soybeans. Eligible livestock are dairy (milk) and hogs.
- The payment rates will be:
 - Wheat: \$0.14/bu
 - Corn: \$0.01/bu
 - Sorghum: \$0.86/bu
 - Soybeans: \$1.65/bu
 - Dairy: \$0.12/cwt
 - Hogs: \$8.00/head

- All crop payments will be based on the producers 2018 harvested production. Dairy payments will be based on the producers milk base under the Market Protection Program (MPP). Dairy producers who are not MPP participants will be able to establish a milk base following MPP rules, which will be the higher of 2011, 2012 or 2013 marketed milk production. Hog payments will be based on the producers August 1, 2018 inventory.

- The payment rates above will be issued on 50% of the eligible production determined. USDA will determine on or about December 3 if a payment will be earned on the second 50% of the production. The second payment rate could be more or less than the rates shown above, or it could be zero. The rates for the first 50% of production will not change, even if the rate determined December 3 is lower or even zero. So payments on the first 50% of production will not be owed back unless the production submitted by the applicant is determined to be in error.

- Although a final policy has not yet been received, it is anticipated that only production harvested as grain will be eligible for MFP crop payments.

- Harvest must be completed on all acres of the crop where the applicant has an interest before they can file an application for that crop. For example, wheat harvest must be completed on all farms where the producer has an interest before the application for a wheat payment can be submitted.

- To apply a producer only needs to report their 2018 crop production, or the applicable dairy or hog data, and the basis for their production figure. The certified production must include all farms where they have a share of the crop for all farms in the U.S. Production records are not required to be submitted at the time of application, although producers can submit the records if they want. But it will be up to the applicant to review their production and determine the total production to report.

- Participants must have reliable and verifiable records to support the amount of production they report and must maintain those records for 3 years. Extensive spot checks of the production applicants certify to on their applications are expected. So it is critical that producers have thorough and accurate records, that can be verified, for the production they report on their application.

- To be eligible, the producer must have an ownership share of the 2018 harvested production. For example, a landowner who share leases their land and receives a share of the crop is eligible. But a landowner who cash leases their land is not

considered to have an ownership share of the crop and is not eligible for MFP. Applications will be by producer and must include their share of the production for that crop for all farms where they have an interest. For example: If Operator A has a crop share lease with Owners B and C, all three producers must submit their own application for their share of the production on all farms to receive an MFP payment for their respective shares.

- Other eligibility requirements for crops include:

- being in compliance with highly erodible land/wetland provisions
- being “actively engaged in farming” (same rules as ARC/PLC)
- meeting the \$900,000 adjusted gross income limit (same as ARC/PLC)
- having a timely filed 2018 crop acreage report.

- Other eligibility requirements for livestock include:

- the milk or hogs must be produced for commercial sale
- for milk the dairy must have been an active operation as of June 1, 2018
- for hogs the producer cannot be a “contract grower” who does not own the hogs.

- MFP for crops and MFP for livestock each have a \$125,000 payment limitation, separate from all other program limitations. So payments earned under programs like ARC/PLC or CRP will not be applied against the MFP payment limits.

- If you have a Level 2 eAuth, visit www.farmers.gov/MFP to apply for the program online from your computer or mobile device. You can also check the status of your MFP application, reduce or

eliminate trips to the office to report production, along with the ability to view and print your farm records.

- If you don't have a Level 2 eAuth yet, we encourage you to visit the local county FSA office to obtain one. It will provide secure online access to FSA program applications and your farm records from the convenience of your computer or mobile device.

Organic Certification Cost Share Program – Application Deadline Quickly Approaching

Organic producers and handlers/processors may visit their local Farm Service Agency (FSA) office to request reimbursement of eligible costs to receive and maintain a USDA-approved organic certification. FSA can reimburse organic producers and handlers/processors organic certification costs paid during the 2018 program year.

Eligible producers are those certified organic producers or handlers/processors who have paid organic certification fees to a USDA-accredited certifying agent. Application and administrative fees, inspection fees, inspection costs for travel and per diem for inspectors, fees related to equivalency agreement/ arrangement requirements, user fees, sales assessments and postage are all eligible for a cost-share reimbursement from FSA.

Once certified, producers and handlers/processors are eligible to receive reimbursement of up to 75 percent of certification costs each year for a maximum of \$750 per certification scope. Certification scopes are: crops, livestock, wild crops and handling/processing.

For the 2018 program year, eligible expenses include those paid from October 1, 2017 through September 30, 2018. Once your final organic certification costs are paid, file an application for reimbursement of these costs with your local FSA county office. The application deadline is **October 31, 2018**.

If you obtain your organic certification from The Washington State Department of Agriculture (WSDA), they include cost reimbursement as part of their service during administration of the USDA-approved organic certification program. FSA collaborates with WSDA to enhance efforts to implement this cost share process, and to prevent duplication of organic cost share benefits.

To learn more about the organic certification cost-share program, please visit www.fsa.usda.gov/organic or contact your county FSA office.

Protein Required for Soft White Wheat Commodity Loans

If you are thinking about requesting a Marketing Assistance Loan on your 2018 crop of soft white wheat stored in a local warehouse, ensure your warehouse operator includes protein when preparing your warehouse receipts.

Some warehouses in our state do not typically include protein when testing soft white wheat samples. But for FSA to use the soft white wheat as collateral for your commodity loan, protein is now a mandatory entry on the warehouse receipt(s).

It is important that all required entries are provided on the warehouse receipt(s) when you request a warehouse-stored loan. This applies to all warehouse-stored crops eligible for a commodity loan. For soft white wheat, required warehouse receipt entries are: grade, class, sub-class, gross pounds including dockage, gross bushels, net pounds, net bushels, test weight, dockage %, moisture %, protein %, total damage %, heat damage %, foreign matter %, shrunken/broken %, total defects %, storage paid through date, and whether receiving charges have been paid.

If warehouse receipts are missing required entries or reflect incorrect information, the receipt must be corrected or reissued by an authorized warehouse representative. FSA will be unable to approve and disburse your loan funds without valid warehouse receipt(s) on file in the county FSA office. Planning ahead to ensure your warehouse receipts have all data necessary will help your commodity loan request be processed and disbursed timely to assist with your cash flow needs.

Farm Loan Programs

Proudly serving America's farmers and ranchers since 1938, the Farm Service Agency's Farm Loan Program continues its long tradition of providing "a financial safety net for America's farmers and ranchers to sustain economically viable agricultural production" its top priority.

To be eligible to receive a Farm Service Agency loan you need to meet both of the following qualifications:

- eligible farm enterprise
- general eligibility requirements

First, the operation must be an eligible farm enterprise. Operating loan funds cannot be used to finance nonfarm enterprises, such as exotic birds, tropical fish, dogs or horses used for non-farm purposes (racing, pleasure, show and boarding).

General eligibility requirements include:

- not having Federal or State conviction(s) for planting, cultivating, growing, producing, harvesting, storing, trafficking, or possession of controlled substances
 - the legal ability to accept responsibility for the loan obligation
 - an acceptable credit history
 - be a United States citizen, non-citizen national or legal resident alien of the United States, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories
 - no previous debt forgiveness by the Agency, including a guarantee loan loss payment
 - being unable to obtain sufficient credit elsewhere, with or without an FSA loan guarantee
 - no delinquency on a Federal debt, other than IRS tax debt, at the time of loan closing
 - not being ineligible due to disqualification resulting from a Federal Crop Insurance violation
 - have sufficient managerial ability to assure a reasonable expectation of loan repayment If you are interested in applying for a USDA Farm Service Agency loan, please contact your local Farm Service Agency office.
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2017 TAP Program

The Bipartisan Budget Act of 2018 amended Section 1501 of the 2014 Farm Bill Tree Assistance Program for tree, bush, and vine losses incurred on or after January 1, 2017. Changes include an increase in the annual payment acreage limitation from 500 to 1,000 acres and removed the \$125,000 per person payment limitation.

FSA is currently taking sign-ups for qualifying losses for this program. Producers who want to either file an application or revise an original application because of removal of the \$125,000 payment limitation or may not have applied by the prior 2017 program deadline may want to reconsider and apply now.

If you suffered qualifying losses to your 2018 losses, you may also apply under the changed rules for the program.

The final date to apply for 2017 losses will be the later of: 60 calendar days following publication of the final rule in the Federal Register, or 90 calendar days after the disaster event or date when the loss of trees, bushes or vines is apparent to the producer.

The Tree Assistance Program (TAP) provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible trees, bushes and vines are those from which an annual crop is produced for commercial purposes. Trees for pulp or timber are not eligible. Eligible plants must have suffered more than a 15% mortality loss due to an eligible natural disaster. Mortality loss is based on each eligible disaster event, except for losses due to plant disease. The loss must not have been preventable through reasonable and available measures. The loss must be visible and obvious to FSA. If the loss is no longer visible, FSA may consider other loss evidence and determine whether that evidence substantiates that an eligible loss due to a natural disaster has occurred.

Producers must also certify compliance with the Adjusted Gross Income provisions. In applying the limitation on average adjusted gross income, an individual or entity is ineligible for TAP payments if the average Adjusted Gross Income (AGI) exceeds \$900,000.

Payments are calculated as the lesser of 65% of the actual cost of replanting, in excess of the required 15% plus normal mortality, and 50% of the actual cost of rehabilitation, in excess of 15%; or the maximum eligible amount established for the program by FSA.

If you would like to learn more about the TAP program contact your local FSA County Office by clicking [here](#).

2017 Wildfires and Hurricanes Indemnity Program (WHIP)

The 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP) is providing disaster payments to agricultural producers to offset losses from hurricanes and wildfires during 2017. The funds – up to \$2.36 billion – are available through the new program. 2017 was a historic year for natural disasters, and Congress appropriated more than \$3 billion in disaster relief through the Bipartisan Budget Act of 2018, which includes this new program.

The 2017 WHIP covers losses of producers impacted by hurricanes and wildfires during 2017.

Wildfire Recovery: FSA will determine eligibility for wildfire losses on an individual basis, factoring in the level of insurance coverage purchased by the producer. Wildfire recovery will also include mudslides and heavy smoke.

Hurricane Recovery: 2017 WHIP for hurricane losses and related conditions, such as excessive rain and flooding, will be available for eligible farms in counties that received a qualifying Presidential Emergency Disaster Declaration or Secretarial Disaster designation.

Losses of Crops, Trees, Bushes and Vines: The program covers both the loss of the crop, tree, and losses of trees, bushes and vines.

Payments: USDA is determining compensation by a producer's individual losses rather than an average of losses in the area. Producers are subject to a \$125,000 payment limitation, meaning a producer can't receive more than \$125,000 for losses. But a producer can receive a higher payment if three-fourths or more of their income is derived from farming or another agricultural-based business. Producers who derived 75 percent of their income in tax years 2013, 2014 and 2015 will be subject to a \$900,000 payment limitation.

Risk Management Requirement: Both insured and uninsured producers are eligible to apply for WHIP. But all producers receiving 2017 WHIP payments will be required to purchase risk management coverage, either crop insurance at the 60 percent coverage level or Noninsured Crop Disaster Assistance Program (NAP) coverage if crop insurance is not available. The program requires producers to have coverage for the next two crop years.

Acreage Reporting Requirements: Producers are required to file acreage reports and report production for the applicable crop years.

USDA is calculating WHIP payments based on the expected value of the lost crop, the value of the crop harvested, insurance coverage, and insurance payments received. USDA is using this formula:

Payment = Expected Value of the Crop x WHIP Factor*

- Value of Crop Harvested - Insurance Indemnity

*The WHIP factor ranges from 65 percent to 95 percent. Producers who did not insure their crops in 2017 will receive 65 percent of the expected value of the crop. Insured producers, or producers who had NAP, will receive between 70 percent and 95 percent of expected value; those purchasing the highest levels of coverage will receive 95 percent coverage.

Signup began, **July 16, 2018** and continues through **December 16, 2018**. Producers must provide verifiable and reliable production records by crop, type, practice, intended use, and acres. Producers with this information on file do not need to provide it again.

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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