May 2015

Wisconsin FSA Newsletter

Wisconsin Farm Service Agency

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Message from the State Director

As the calendar turns to May, farmers are in the field throughout the state. Corn is up in many parts of the state and soybeans are rapidly being planted. Cows and heifers are on pasture and dairy farmers and custom operators are preparing their hay harvesting equipment. Many of you are working long hours during this time of the year, operating large and heavy equipment. Please remain safe and vigilant.

This month's FSA newsletter includes many updates and calendar reminders for various farm program and farm loan initiatives. In particular, for those producers that participate in federal crop insurance, please remember to file form AD-1026 by June 1, certifying Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) compliance. This is a requirement of the 2014 Farm Bill. By completing this form, producers become or remain eligible for crop insurance premium support.

Thank you for your work in Wisconsin agriculture. Please do not hesitate to contact me or a member of your local FSA office if you have any questions.

Brad Pfaff
State Executive Director

Conservation Compliance - Form AD-1206 Required

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification form (AD-1026) on file.

For farmers to be eligible for premium support on their federal crop insurance, a completed and signed AD-1026 certification form must be on file with FSA by June 1, 2015. The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster, and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and NRCS. This includes most financial assistance such as the new price and revenue protection programs, the Conservation Reserve Program, the Livestock Disaster Assistance programs and Marketing Assistance Loans and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program, the Conservation Stewardship Program, and other conservation programs implemented by NRCS.

Many FSA and Natural Resource Conservation (NRCS) programs already have implemented this requirement and therefore most producers should already have an AD-1026 form on file for their associated lands. If an AD-1026 form has not been filed or is incomplete, then farmers are reminded of the deadline of June 1, 2015.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required compliance with the conservation compliance provisions.

The recently revised form AD-1026 is available at USDA Service Centers and online at http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp . USDA will publish a rule later this year that will provide details outlining the connection of conservation compliance with crop insurance premium support. Producers can also contact their local USDA Service Center for information.

2015 Acreage Reporting Dates

The deadline to report 2015 crops to FSA that had a November 15, 2014 reporting deadline without paying a late-file fee has been extended for producers who do not have federal crop insurance or Non-Insured Crop Disaster Assistance (NAP) coverage on a crop. Crops under this waiver include alfalfa, perennial forages, wheat, fall-seeded small grains and pasture. The late-filed report can be accepted as long as FSA can confirm the existence of the crop. The Risk Management Agency (RMA) did not grant a waiver so producers need to consult with their local crop insurance agent for deadlines for insured crops.

All 2015 spring seeded crops must be reported to FSA by no later than July 15, 2015. Contact your local FSA office to make your appointment as soon as you are done planting or have cover crops that are already established.

The following exceptions apply to this date:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.

- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendars days after purchase or acquiring the lease. Appropriate documentation must be provided to our office.

- If a perennial forage crop is reported with the intended use of “cover only,” “green manure,” “left standing,” or “seed,” then the acreage must be reported by July 15th.

Producers are also reminded to report prevented planting and failed acres in order to establish or retain FSA program eligibility.

Prevent Planted Acres: Producers must report crop acreage they intended to plant, but due to natural disaster, were prevented from planting. Prevented planting acreage must be reported on form FSA-576, Notice of Loss, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA) for each county. If a producer is unable to report the prevented planting acreage within the 15 calendar days following the final planting date, a late-filed report can be submitted. Late-filed reports will only be accepted if FSA conducts a farm visit to assess the eligible disaster condition that prevented the crop from being planted. A measurement service fee will be charged.

Failed Acres: Additionally, producers with failed acres should also use form FSA-576, Notice of Loss, to report failed acres within 15 days from the date the failed acres are apparent and **BEFORE** you destroy, replant or put the failed crop to another use.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the reporting date for the crop or 15 calendar days before harvesting of the crop begins.

For questions regarding acreage reporting please contact your local FSA office.

Wetland Reserve Easement Program

The USDA Natural Resources Conservation Service (NRCS) is seeking applications from Wisconsin landowners for its premiere wetland restoration program, the Wetlands Reserve Easement (WRE). Applications are accepted year-round for funding. WRE has been available since 1992, with over 600 wetlands restored and almost 60,000 acres enrolled in the program.

The Wetlands Reserve Program (WRP) was established by the 1990 Farm Bill. The 2014 Farm Bill realigned WRP, now called WRE and is under the Agricultural Conservation Easement Program (ACEP). Wetland restorations are a popular, cost-effective, and ecologically successful voluntary wetlands restoration program. WRE is a great opportunity for many landowners.

WRE provides financial incentives to help farmers restore cultivated areas that were once wetlands and make them fully functioning wetlands again. This year, Wisconsin NRCS received almost 2.5 million for wetland restoration.

How WRE Works: Generally, any land that was originally wetland, but was drained for cropping, is eligible. Cropland, as well as some non-cropped areas, may be enrolled in the program as long as the drainage – usually ditches or tile drainage systems – is removed. You may apply for a permanent easement, which pays you 100 percent of the appraised agricultural land value or a 30-year easement, which pays 75 percent. You maintain ownership of the land, access, and responsibility for taxes. Public access is not required on WRE land. WRE is a popular and competitive program and only those that have the highest environmental benefit will be selected.

Contact your local USDA NRCS Service Center for more information or visit http://www.nrcs.usda.gov/wps/portal/nrcs/site/wi/home/

Beginning Farmer Loans

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 year
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's average size farm.

Additional program information, loan applications, and other materials are available at your local USDA Service Center or online at http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/index .

Microloans Available for Small and Mid-Sized Operations

Farm Service Agency (FSA) reminds farmers that microloans up to $50,000 are available to beginning, small and mid-sized farmers using a simplified application process with up to seven years to repay. Microloans are part of USDA's continued commitment to small and midsized farming operations.

To complement the microloan program additional changes to FSA eligibility requirements will enhance beginning farmers access to land, a key barrier to entry level producers. FSA policies related to farm experience have changed so that other types of skills may be considered to meet the direct farming experience required for farm ownership loan eligibility. Operation or management of non-farm businesses, leadership positions while serving in the military or advanced education in an agricultural field will now count towards the experience applicants need to show when applying for farm ownership loans. Important Note: Microloans cannot be used to purchase real estate.

Since 2010, FSA has made a record amount of farm loans — more than 165,000 loans totaling nearly $23 billion. More than 50 percent of USDA's farm loans now go to beginning farmers. In addition, FSA has increased its lending to socially disadvantaged producers by nearly 50 percent since 2010.

Please contact your local FSA office for program application, eligibility and related information.

Farm Storage Facility Loans

USDA has a program to help producers build or upgrade feed and grain farm-storage facilities. The Farm Storage Facility Loan (FSFL) program provides very low-interest financing to assist producers with the construction or rehabilitation of storage structures.

The maximum amount of a loan through the FSFL program is $500,000 per structure with FSA loaning on up to 85% of the eligible costs. Loan terms of seven years (for loans less than $100,000), seven or 10 years (for loans between $100,000 and $250,000) or seven, 10 or 12 years if the loan is greater than $250,000 are available. The interest rate in effect at the time the loan is approved is locked in for the life of the loan.

The program is designed to help ensure that producers have adequate capacity to store their harvested production until they feed or sell the harvested crop. Loans are available for bunkers, flat storage, hay barns, bins, grain drying and handling facilities as well as silos and oxygen limiting structures. Loans are also available for fruit, vegetable, honey and biomass storage.

An FSFL needs to be approved **BEFORE** any site preparation or construction can begin. FSFL security requirements have been eased for loans between $50,000 and $100,000. Previously, all loans in excess of $50,000 required a promissory note and additional security, such as a lien on real estate. Now loans up to $100,000 can be secured by only a promissory note, unless the structure has no re-sale value, then additional collateral is still required.

Anyone interested in an FSFL needs to contact their local FSA office at least six weeks prior to any planned construction to allow for loan processing. All loans require a $100 non-refundable loan application fee. Please feel free to contact your local FSA office if you have any questions.

ARC/PLC Acreage Maintenance and Changes to Fruit, Vegetable and Wild Rice Planting Rules

Producers who enroll in the Agriculture Risk Coverage (ARC) or the Price Loss Coverage (PLC) programs must protect all cropland and noncropland acres on the farm from wind and water erosion and noxious weeds. Producers who sign ARC county or individual contracts and PLC contracts agree to effectively control noxious weeds on the farm according to sound agricultural practices. If a producer fails to take necessary actions to correct a maintenance problem on a farm that is enrolled in ARC or PLC, the County Committee may elect to terminate the contract for the program year.

<u>Fruit, Vegetable and Wild Rice Planting Rules</u>: Producers who intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs are subject to an acre-for-acre payment reduction when fruits, vegetables or wild rice are planted on the payment acres of a farm. Planting fruits, vegetables or wild rice on acres that are not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits,

vegetables and wild rice for that year but will not receive ARC/PLC payments for that year. Eligibility for succeeding years is not affected.

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

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

2014 Marketing Assistance Crop Loans

Producers have until June 1, 2015 to request a marketing assistance loan (MALs) for eligible 2014 commodities of corn and soybeans. MALs are nine-month loans with the current locked interest rates (May - 1.250%)

MALs for the 2014 crop year become available after the harvest of a crop and extend through to the commodity's final loan availability date, which for corn and soybeans is June 1. National and county loans rates for 2014 crops are posted online at http://www.fsa.usda.gov/programs-and-services/price-support/Index :

MALs provide producers interim financing after harvest to help meet cash flow needs while waiting to feed or market a commodity. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain a Loan Deficiency Payment (LDP) if such a payment is available.

For more information, please visit a nearby USDA Service Center or the Wisconsin FSA website www.fsa.usda.gov/wi.

May 2015 Interest Rates

Farm Operating Loans — Direct 2.500%
Farm Ownership Loans — Direct 3.625%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer 1.50%
Direct Farm Ownership - Joint Financing 2.50%
Emergency Loans 3.50%
Farm Storage Facility Loans (7 year loan) 1.750%
Farm Storage Facility Loans (10 year loan) 1.875%
Farm Storage Facility Loans (12 year loan) 2.00%
Marketing Assistance Crop Loans 1.250%

Dates to Remember

May 15 - Primary nesting season begins and runs through August 1st
May 25 - Office closed in observance of Memorial Day
June 1 - Final date to file AD-1026 with FSA to maintain crop insurance premium subsidy
June 1 - Deadline to Apply for a Marketing Assistance Crop Loan for Corn and Soybeans
June 1 - MPP-Dairy premium balances are due
June 15 - Nomination period begins for county committee elections
July 1 - MPP-Dairy sign up begins for 2016 coverage
July 3 - Office closed in observance of Independence Day
July 15 - Final date to complete acreage report for spring planted crops

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