USDA Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Connecticut Farm Service Agency Newsletter - February 29, 2024

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Message From the State Executive Director

According to the recently released 2022 Ag Census, Connecticut has lost more than 460 farms since 2017, over 80% of which were small farms of less than 50 acres. Cropland acreage has decreased by more than 9,000 acres and livestock inventories are also down as a whole. To compound this very concerning news, the Ag Census also reported that overall farm expenses increased by nearly $90 million dollars.

This is not the usually positive start to my newsletter message, yet this is an incredibly important message to share. Our farming community has suffered through one disaster after another for several years in a row and our small and mid-sized farms have had the hardest time weathering the financial impacts. Losing these farms weakens our local and rural economies, and it threatens our food security.

The Biden-Harris Administration recognizes that there is a way for us to meet this moment for all farmers and that means building a parallel system that adds value for farms of every shape, every size, and in every location across the country. We've seen what our current system has done for the few. The USDA is working hard to bring those benefits to the many, including providing CT producers more than $15.3 million in disaster recovery benefits for those impacted by 2020, 2021, 2022, and 2023 disaster events.

Additional programs are open now including the Dairy Margin Coverage Program and ARC/PLC – please reach out to your local service center to see what other programs could be a good fit for your operation and goals.

As always, FSA staff is here to help you.

Emily J. Cole, PhD
State Executive Director

Important Upcoming Dates to Remember:

February, 29 - Deadline to submit an application for payment for 2023Livestock Indemnity Program (LIP) claims.

March 15, 2024 - Deadline to enroll in 2024 ARC/PLC.

March 15, 2024 - Deadline to submit a 2024 Noninsured Crop Disaster Assistance Program (NAP) Application for Coverage for spring-seeded crops.

April 29, 2024 - Deadline to enroll in the 2024 Dairy Margin Coverage Program (DMC).

Dairy Producers Can Enroll for 2024 Dairy Margin Coverage Beginning Feb. 28

Payments to Begin Early March

Starting next Wednesday, dairy producers will be able to enroll for 2024 Dairy Margin Coverage (DMC), an important safety net program offered through the U.S. Department of Agriculture (USDA) that provides producers with price support to help offset milk and feed price differences. This year's DMC signup begins Feb. 28, 2024, and ends April 29, 2024. For those who sign up for 2024 DMC coverage, payments may begin as soon as March 4, 2024, for any payments that triggered in January 2024.

USDA's Farm Service Agency (FSA) has revised the regulations for DMC to allow eligible dairy operations to make a one-time adjustment to established production history. This adjustment will be accomplished by combining previously established supplemental production history with DMC production history for those dairy operations that participated in Supplemental Dairy Margin Coverage during a prior coverage year. DMC has also been authorized through calendar year 2024. Congress passed a 2018 Farm Bill extension requiring these regulatory changes to the program.

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. In 2023, Dairy Margin Coverage payments triggered in 11 months including two months, June and July, where the margin fell below the catastrophic level of $4.00 per hundredweight, a first for Dairy Margin Coverage or its predecessor Margin Protection Program.

2024 DMC Coverage and Premium Fees

FSA has revised DMC regulations to extend coverage for calendar year 2024, which is retroactive to Jan. 1, 2024, and to provide an adjustment to the production history for dairy operations with less than 5 million pounds of production. In previous years, smaller dairy operations could establish a supplemental production history and receive Supplemental Dairy Margin Coverage. For 2024, dairy producers can establish one adjusted base production history through DMC for each participating dairy operation to better reflect the operation's current production.

For 2024 DMC enrollment, dairy operations that established supplemental production history through Supplemental Dairy Margin Coverage for coverage years 2021 through 2023, will combine the supplemental production history with established production history for one adjusted base production history.

For dairy operations enrolled in 2023 DMC under a multi-year lock-in contract, lock-in eligibility will be extended until Dec. 31, 2024. In addition, dairy operations enrolled in multi-year lock-in contracts are eligible for the discounted DMC premium rate during the 2024 coverage year. To confirm 2024 DMC lock-in coverage or opt out in favor of an annual contract for 2024, dairy operations having lock-in contracts must enroll during the 2024 DMC enrollment period.

DMC offers different levels of coverage, even an option that is free to producers, minus a $100 administrative fee. The administrative fee is waived for dairy producers who are considered limited resource, beginning, socially disadvantaged or a military veteran. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the online dairy decision tool.

DMC Payments

DMC payments are calculated 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.

More Information

USDA also 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 milk 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.

USDA Now Accepting Farm Loan Payments Online

Pay My Loan feature can be accessed on farmers.gov

The U.S. Department of Agriculture (USDA) announced today that most farm loan borrowers will soon be able to make payments to their direct loans online through the Pay My Loan feature on farmers.gov in early February. Pay My Loan is part of a broader effort by USDA's Farm Service Agency (FSA) to streamline its processes, especially for producers who may have limited time during the planting or harvest seasons to visit a local FSA office; modernize and improve customer service; provide additional customer self-service tools; and expand credit access to assist more producers.

On average, local USDA Service Centers process more than 225,000 farm loan payments each year. Pay My Loan gives most borrowers an online repayment option and relieves them from needing to call, mail, or visit a Service Center to pay their loan installment. Farm loan payments can now be made at the borrower's convenience, on their schedule and outside of FSA office hours.

Pay My Loan also provides time savings for FSA's farm loan employees by minimizing manual payment processing activities. This new service for producers means that farm loan employees will have more time to focus on reviewing and processing new loans or servicing requests.

The Pay My Loan feature can be accessed at farmers.gov/loans. To use the payment feature, producers must establish a USDA customer account and a USDA Level 2 eAuthentication ("eAuth") account or a Login.gov account. This initial release only allows individuals with loans to make online payments. For now, borrowers with jointly payable checks will need to continue to make loan payments through their local office.

FSA has a significant initiative underway to streamline and automate the Farm Loan Program customer-facing business process. For the over 26,000 producers who submit a direct loan application annually, FSA has made various improvements including:

- The Online Loan Application, an interactive, guided application that is paperless and provides helpful features including an electronic signature option, the ability to attach supporting documents such as tax returns, complete a balance sheet, and build a farm operating plan.
- The Loan Assistance Tool that provides customers with an interactive online, step-by-step guide to identifying the direct loan products that may be a fit for their business needs and to understanding the application process.
- A simplified direct loan paper application, which reduced loan applications by more than half, from 29 pages to 13 pages.

More Information

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit www.usda.gov.

Reminder: Insurance Linkage Requirements for Payments Received Through the Emergency Relief Program

Producers who received an Emergency Relief Program (ERP) payment need to meet ERP insurance linkage requirements by purchasing crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage at the 60/100 level or higher for the next two available crop years, which will be determined from the date you received an ERP payment and may vary depending on the timing and availability of coverage. The insurance coverage requirement applies to the physical location of the county where the crop was located and for which an ERP payment was issued.

Contact your crop insurance agent or local FSA county office as soon as possible to ask about coverage options. Producers who do not obtain the applicable coverage by the sales/application closing date will be required to refund the ERP benefits received on the applicable crop, plus interest. To determine which crops are eligible for federal crop insurance or NAP, visit the RMA website.

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

Deadlines Approaching for WholeFarm Revenue Protection and Micro Farm Program Coverage

Don't wait! USDA's Risk Management Agency may have the coverage you need if you are running a smaller operation. The Whole-Farm Revenue Protection and Micro Farm are great risk management options for urban, organic and/or innovative producers.

RMA Whole Farm Revenue Protection provides a risk management safety net for all commodities on the farm under one insurance. This covers farms with specialty or organic commodities and or those marketing to local, regional, specialty, and direct markets, and allows diversified farms to insure all their crops under one policy. Check out Frequently Asked Questions on Whole-Farm Revenue Protection. **Sales closing dates vary by region, and upcoming sales closing dates are Feb. 28 and March 31, 2024!** To purchase before your sales closing date, speak to a crop insurance agent as soon as possible.

RMA's Micro Farm Program gives smaller operations (up to $350,000 in approved revenue) a more cost-effective way to insure all or most of their commodities under one policy. This is ideal for producers who participate in farmers markets and local food networks because post-production operations, such as canning, freezing, and processing can be used to calculate your farm's insurance guarantee. Check out Frequently Asked Questions on Micro Farm.**Sales closing dates vary by region, and are Feb. 28, March 31, and April 15, 2024!** To purchase before your sales closing date, speak to a crop insurance agent as soon as possible.

Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available at all USDA Service Centers and online at the RMA Agent Locator. Learn more about crop insurance and the modern farm safety net at rma.usda.gov or by contacting your RMA Regional Office.

Learn more about crop insurance for urban farmers and innovative producers.

Ask the Expert: A Farm Operating Loan Q&A with Jack Carlile

In this Ask the Expert, Jack Carlile, Farm Loan Manager for the USDA Farm Service Agency (FSA), answers questions about farm operating loans and when producers should apply in order to secure funds for the current crop year.

As the Farm Loan Manager for the Cherokee County Service Center, Jack is responsible for managing the loan making and loan servicing activities for five counties in northeast Oklahoma. His office provides services for over 650 farm loan customers. Jack was raised on a cross bred cow/calf operation that his grandparents started. Over the years, each generation has added to the operation by purchasing additional pasture. The operation also grows and bales their own hay. Jack's agriculture background and degree in agriculture economics from Oklahoma State University help him better understand the financing needs of his producers.

Who can apply for FSA Farm Loans?

Anyone can apply for FSA's loan programs. Applications will be considered on basic eligibility requirements. To apply for a loan, you must meet the following general eligibility requirements including:

- Be a U.S. citizen or qualified alien.
- Operator of a family farm or ranch.
- Have a satisfactory credit history.
- Unable to obtain credit elsewhere at reasonable rates and terms to meet actual needs.
- Not be delinquent on any federal debts.

To read the full blog visit farmers.gov/blog/ask-the-expert-farm-operating-loan-qa-with-jack-carlile.

USDA to Issue $306 Million in Final Payments to Producers Impacted by 2020 and 2021 Natural Disasters

The U. S Department of Agriculture (USDA) is issuing final Emergency Relief Program (ERP) payments totaling approximately $306 million to eligible commodity and specialty crop producers who incurred losses due to natural disasters in 2020 and 2021. USDA's Farm Service Agency (FSA) will begin issuing these additional payments to eligible producers this week.

Recipients of the additional payment are limited to those producers who received ERP Phase One payments from FSA that were calculated based on crop insurance indemnities. Initially, ERP Phase One payments to producers who were indemnified through Federal crop insurance, were subject to a 75% payment factor. FSA has since determined that adequate funding exists to provide an additional 3.5% ERP Phase One payment to producers who had crop insurance increasing the overall payment factor to 78.5%. These additional ERP Phase One payments are subject to FSA payment limitation provisions as outlined in the ERP Phase One fact sheet.

Because ERP Phase One payments to producers of noninsured crops covered by FSA NAP policies were originally paid at 100%, there will be no additional payments issued to these producers for 2020 and 2021 losses.

The *Extending Government Funding and Delivering Emergency Assistance Act*, 2021 (P.L. 117-43) provided $10 billion in assistance to agricultural producers impacted by wildfires, droughts, hurricanes, winter storms and other eligible disasters experienced during calendar years 2020 and 2021. In 2022, FSA implemented ERP Phase One, which delivered $7.5 billion in payments to commodity and specialty crop producers. For Phase One, ERP used a streamlined process with pre-filled application forms, leveraging crop insurance indemnities or Noninsured Crop Disaster Assistance Program (NAP) payments on file with USDA.

Separately, through the Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328) Congress allocated approximately $3.2 billion in funding to cover necessary expenses related to losses of revenue, quality or production losses of crops. Enrollment is ongoing for ERP 2022, which covers losses to crops, trees, bushes and vines due to qualifying, calendar year 2022 natural disaster events including wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought and related conditions.

Tax Resources for USDA Program Participants

Navigating filing taxes can be challenging, especially if you are new to running a farm business, participating in disaster programs for first time, or trying to forecast the farm's tax bill. Receiving funds from USDA through activities such as a conservation program payment or a disaster program is considered farm income that includes a tax liability for farm businesses. USDA technical assistance is free and creates no tax implications.

At the end of the tax year, USDA issues tax forms 1098 and 1099 forms for farm loans, conservation programs administered by the Farm Service Agency and Natural Resource Conservation Service including the Conservation Reserve Program and Environmental Quality Incentives Program, crop disaster payments, and the Market Facilitation Program. USDA also issues tax forms for recipients of assistance for distressed borrowers, including through Section 22006 of the Inflation Reduction Act.

If you have received tax forms related to your operation, USDA cannot and does not provide tax advice but wants you to be aware of options that may help manage your tax liability. USDA has partnered with experts to provide resources to help you make the right tax decisions for your operation. Monthly webinars are available for registration and to view on demand at https://www.farmers.gov/working-with-us/taxes.

The Tax Estimator Tool is an interactive spreadsheet that producers can download to estimate tax liability. It is for informational and educational purposes and should not considered tax or legal advice. Producers may need to work with a tax professional to determine the correct information to be entered in the Tax Estimator Tool.

We encourage you to visit https://www.farmers.gov/working-with-us/taxes for more information on how to find and work with a tax preparer as well as instructions on how to request copies of USDA documents and links to other helpful tax resources.

Annual Review of Payment Eligibility for New Crop Year

FSA and NRCS program applicants for benefits are required to submit a completed CCC-902 (Farming Operation Plan) and CCC-941 Average Gross Income (AGI) Certification and Consent to Disclosure of Tax Information for FSA to determine the applicant’s payment eligibility and establish the maximum payment limitation applicable to the program applicant.

Participants are not required to annually submit new CCC-902s for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the previous determination of record. A valid CCC-902 filed by the participant is considered to be a continuous certification used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Participants are responsible for ensuring that all CCC-902 and CCC-941 and related forms on file in the county office are updated, current, and correct. Participants are required to timely notify the county office of any changes in the farming operation that may affect the previous determination of record by filing a new or updated CCC-902 as applicable.

Changes that may require a NEW determination include, but are not limited to, a change of:

- Shares of a contract, which may reflect:

- A land lease from cash rent to share rent
- A land lease from share rent to cash rent (subject to the cash rent tenant rule
- A modification of a variable/fixed bushel-rent arrangement

- The size of the producer’s farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- The structure of the farming operation, including any change to a member's share
- The contribution of farm inputs of capital, land, equipment, active personal labor, and/or active personal management
- Farming interests not previously disclosed on CCC-902 including the farming interests of a spouse or minor child
- Certifications of average AGI are required to be filed annually for participation in an annual USDA program. For multi-year conservation contracts and NRCS easements, a certification of AGI must be filed prior to approval of the contract or easement and is applicable for the duration of the contract period.

Participants are encouraged to file or review these forms within the deadlines established for each applicable program for which program benefits are being requested.

Submit Loan Requests for Financing Early

The Farm Loan team in Connecticut is already working on operating loans for spring 2024 and asks potential borrowers to submit their requests early so they can be timely processed. The farm loan team can help determine which loan programs are best for applicants.

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

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

Other types of loans available include:

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

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

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