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Farm Service Agency **Electronic News Service**

NEWSLETTER

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New Mexico FSA Newsletter

New Mexico Farm Service Agency

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USDA Announces March Income over Feed Cost Margin Triggers Third 2019 Dairy Safety Net Payment

Dairy Margin Coverage Program Sign-Up Begins June 17

USDA's Farm Service Agency (FSA) announced this week that the March 2019 income over feed cost margin was \$8.85 per hundredweight (cwt.), triggering the third payment for dairy producers who purchase the appropriate level of coverage under the new [Dairy Margin Coverage](#) (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy (MPP-Dairy), offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

The signup period for DMC opens June 17, 2019. Dairy producers who elect a DMC coverage level between \$9 and \$9.50 would be eligible for a payment for January, February and March 2019.

For example, a dairy operation that chooses to enroll an established production history of 3 million pounds (30,000 cwt.) and elects the \$9.50 coverage level on 95 percent of production would receive \$1,543.75 for March.

Sample calculation:

$\$9.50 - \$8.85 \text{ margin} = \$0.65 \text{ difference}$

$\$0.65 \times 95 \text{ percent of production} \times 2,500 \text{ cwt. (30,000 cwt./12)} = \$1,543.75$

DMC premiums are paid annually. The calculated annual premium for coverage at \$9.50 on 95 percent of a 3-million-pound production history for this example would be \$4,275.

Sample calculation:

$3,000,000 \times 95 \text{ percent} = 2,850,000/100 = 28,500 \text{ cwt.} \times 0.150$
premium fee = \$4,275

The dairy operation in the example calculation will pay \$4,275 in total premium payments for all of 2019 and receive \$8,170 in DMC payments for January, February and March combined. Additional payments will be made if calculated margins remain below the \$9.50/cwt level.

All participants are also required to pay an annual \$100 administrative fee in addition to any premium, and payments will be subject to a 6.2 percent reduction to account for federal sequestration.

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates. For the example above, this would reduce the annual premium by \$1,068.75.

About DMC

On December 20, 2018, President Trump signed into law the 2018 Farm Bill, which provides support, certainty and stability to our nation's farmers, ranchers and land stewards by enhancing farm support programs, improving crop insurance, maintaining disaster programs and promoting and supporting voluntary conservation. FSA is committed to implementing these changes as quickly and effectively as possible, and today's updates are part of meeting that goal.

Recently, FSA announced the availability of the [DMC decision support tool](#) as well as [repayment options](#) for producers who were enrolled in MPP-Dairy.

For DMC signup, eligibility and related dairy program information, visit the [DMC webpage](#) or contact your local USDA service center. To locate your local FSA office, visit farmers.gov/service-locator.

Higher Limits Now Available on USDA Farm Loans

Higher limits are now available for borrowers interested in USDA's farm loans, which help agricultural producers purchase farms or cover operating expenses. The 2018 Farm Bill increased the amount that producers can borrow through direct and guaranteed loans available through USDA's Farm Service Agency (FSA) and made changes to other loans, such as microloans and emergency loans.

Key changes include:

- The Direct Operating Loan limit increased from \$300,000 to \$400,000, and the Guaranteed Operating Loan limit increased from \$ 1.429 million to \$1.75 million. Operating loans help producers pay for normal operating expenses, including machinery and equipment, seed, livestock feed, and more.
- The Direct Farm Ownership Loan limit increased from \$300,000 to \$600,000, and the Guaranteed Farm Ownership Loan limit increased from \$1.429 million to \$1.75 million. Farm ownership loans help producers become owner-operators of family farms as well as improve and expand current operations.

- Producers can now receive both a \$50,000 Farm Ownership Microloan and a \$50,000 Operating Microloan. Previously, microloans were limited to a combined \$50,000. Microloans provide flexible access to credit for small, beginning, niche, and non-traditional farm operations.
- Producers who previously received debt forgiveness as part of an approved FSA restructuring plan are now eligible to apply for emergency loans. Previously, these producers were ineligible.
- Beginning and socially disadvantaged producers can now receive up to a 95 percent guarantee against the loss of principal and interest on a loan, up from 90 percent.

About Farm Loans

Direct farm loans, which include microloans and emergency loans, are financed and serviced by FSA, while guaranteed farm loans are financed and serviced by commercial lenders. For guaranteed loans, FSA provides a guarantee against possible financial loss of principal and interest.

For more information on FSA farm loans, visit www.fsa.usda.gov or contact your [local USDA service center](#).

2019 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit their local FSA office to file an accurate crop certification report by the applicable deadline.

Acreage reporting dates vary by crop and by county so please contact your local FSA office for a list of county-specific deadlines.

The following exceptions apply to acreage reporting dates:

- If the crop has not been planted by the applicable 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 applicable acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county 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.

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

For questions regarding crop certification and crop loss reports, please contact your local FSA office.

Farm Safety

Flowing grain in a storage bin or gravity-flow wagon is like quicksand — it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical operation of grain handling equipment also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

These hazards, along with pinch points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged.

FSA wants all farmers to have a productive crop year and that begins with putting safety first.

Double-Cropping

Each year, state committees will review and approve or disapprove county committee recommended changes or additions to specific combinations of crops.

Double-cropping is approved when the two specific crops have the capability to be planted and carried to maturity for the intended use, as reported by the producer, on the same acreage within a crop year under normal growing conditions. The specific combination of crops recommended by the county committee must be approved by the state committee.

Double-cropping is approved in New Mexico on a county-by-county basis. Contact your local FSA Office for a list of approved double-cropping combinations for your county.

A crop following a cover crop terminated according to termination guidelines is approved double cropping and these combinations do not have to be approved by the state committee.

FSA Offers Joint Financing Option on Direct Farm Ownership Loans

The USDA Farm Service Agency's (FSA) [Direct Farm Ownership loans](#) are a resource to 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.

Depending on the applicant's needs, 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 \$300,000 and the repayment period for the loan is up to 40 years.

To be eligible, 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 FSA Loan programs, contact your local FSA office or visit www.fsa.usda.gov. To find your local FSA office, visit <http://offices.usda.gov>.

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).