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U.S. DEPARTMENT OF AGRICULTURE

Virginia January Newsletter Articles and Updates - January 2023

Farm Service Agency | Natural Resources Conservation Service | Risk Management Agency

In This Issue:

FSA State Director Message

Dr. Ronald Howell, encourages all producers in Virginia to apply for the Emergency Relief Program (ERP) Phase TWO:

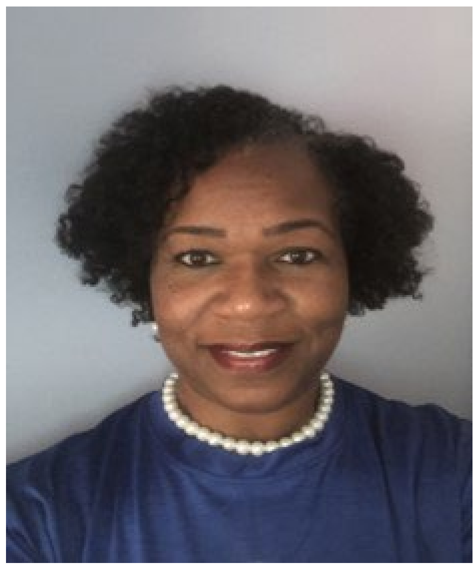
USDA's Emergency Relief Program (ERP) Phase 2 is part of the Extending Government Funding and Delivering Emergency Assistance Act, which includes $10 billion in assistance to agricultural producers impacted by expenses associated with losses of eligible crops due in who or part, to qualifying disaster event experienced during calendar years 2020 and 2021. ERP Phase 2 provides direct financial assistance to producers who suffered an eligible revenue loss in the applicable disaster year, compared to the benchmark year.

If you are applying for Assistance, Farm Service Agency (FSA) is accepting applications for ERP Phase 2 and PARP from January 23, 2023, to June 2, 2023.

New Administrative Officer,

I would like to announce that Sherina Logan has accepted the offer to serve as our agency's next administrative officer. A US Army veteran and agency employee with 25+ years of experience, Sherina is committed to encouraging a smooth transition and ensuring continuity. I look forward to welcoming Sherina to the State Leadership team and supporting her leadership and oversight for the administrative division and functions for the state.

Please join with me congratulating Sherina for embarking upon this new chapter in her career with the agency!



Dr. Ronald M. Howell, Jr., FSA State Executive Director

NRCS State Conservationist's Message

I'm going to use my space today to offer Virginians a short preview of what has the potential to be a large boost for the cause of conservation in much of the state. If you haven't yet heard the term "Sentinel Landscapes," it's an initiative led by the U.S. Departments of Defense, Interior and Agriculture designed to limit incompatible development in the vicinities of military bases and firing ranges by using conservation easements to avoid or reduce nearby land-use conflicts. Defense Department payments to owners of land covered by these easements also would be able to be combined with those generated by NRCS easement programs to create an unusual opportunity and incentive for preservation-minded property owners.

A national map of areas eligible for the Sentinel Landscapes program is being prepared. As of now, only the Northern Neck is currently included in a designated Sentinel Landscapes zone. A proposed Virginia Security Corridor, however, would include much of the state east of Interstate 95 and some of central Virginia as well. I'm excited about this program because I feel it addresses three critical needs: military readiness, retention of valuable forestland and agricultural land and the health of the Chesapeake Bay. Among the 50 states, only California has more military facilities than ours.

We can probably all agree that ag land and forest land will often form a far better "backdrop" for a military training center than will encroaching commercial and residential development. Sentinel Landscapes zones will serve to isolate our key military testing grounds while helping preserve working forests and farms from conversion to other uses. You'll be hearing more about it.

Dr. Edwin Martinez Martinez, NRCS State Conservationist

USDA Announces Assistance for On-Farm Food Safety Expenses for Specialty Crop Growers

Agriculture Secretary Tom Vilsack announced that the U.S. Department of Agriculture (USDA) plans to provide up to $200 million in assistance for specialty crop producers who incur eligible on-farm food safety program expenses to obtain or renew a food safety certification in calendar years 2022 or 2023. USDA's new [Food Safety Certification for Specialty Crops] (FSCSC) program will help to offset costs for specialty crop producers to comply with regulatory requirements and market-driven food safety certification requirements, which is part of USDA's broader effort to transform the food system to create a more level playing field for small and medium producers and a more balanced, equitable economy for everyone working in food and agriculture.

Specialty crop operations can apply for assistance for eligible expenses related to a 2022 food safety certificate issued on or after June 21, 2022, beginning June 27, 2022. USDA is delivering FSCSC to provide critical assistance for specialty crop operations, with an emphasis on equity in program delivery while building on lessons learned from the COVID-19 pandemic and supply chain disruptions. Vilsack made the announcement from Hollis, N.H., where he toured a local, family-owned farm and highlighted USDA's efforts to help reduce costs for farmers and support local economies by providing significant funding to cut regulatory costs and increase market opportunities for farmers in New Hampshire and across the nation.

Program Details

FSCSC will assist specialty crop operations that incurred eligible on-farm food safety certification and related expenses related to obtaining or renewing a food safety certification in calendar years 2022 and 2023. For each year, FSCSC covers a percentage of the specialty crop operation's cost of obtaining or renewing their certification, as well as a portion of their related expenses.

To be eligible for FSCSC, the applicant must be a specialty crop operation; meet the definition of a small business or very small business; and have paid eligible expenses related to the 2022 (issued on or after June 21, 2022) or 2023 certification.

Specialty crop operations may receive assistance for the following costs:

- Developing a food safety plan for first-time food safety certification.
- Maintaining or updating an existing food safety plan.
- Food safety certification.
- Certification upload fees.
- Microbiological testing for products, soil amendments and water.
- Training.

FSCSC payments are calculated separately for each category of eligible costs. A higher payment rate has been set for socially disadvantaged, limited resource, beginning and veteran farmers and ranchers. Details about the payment rates and limitations can be found at farmers.gov/food-safety.

Applying for Assistance

The FSCSC application period for 2022 is June 27, 2022, through January 31, 2023, and the application period for 2023 will be announced at a later date. FSA will issue payments at the time of application approval for 2022 and after the application period ends for 2023. If calculated payments exceed the amount of available funding, payments will be prorated.

Interested specialty crop producers can apply by completing the FSA-888, Food Safety Certification for Specialty Crops Program (FSCSC) application. The application, along with other required documents, can be submitted to the FSA office at any USDA Service Center nationwide by mail, fax, hand delivery or via electronic means.

Producers can visit farmers.gov/food-safety for additional program details, eligibility information and forms needed to apply.

Actively Engaged Provisions for Non-Family Joint Operations or Entities

Many Farm Service Agency (FSA) programs require all program participants, either individuals or legal entities, to be “actively engaged in farming.” This means participants provide a significant contribution to the farming operation, whether it is capital, land, equipment, active personal labor and/or management. For entities, each partner, stockholder or member with an ownership interest, must contribute active personal labor and/or management to the operation on a regular basis that is identifiable and documentable as well as separate and distinct from contributions of any other member. Members of joint operations must have a share of the profits or losses from the farming operation commensurate with the member’s contributions to the operation and must make contributions to the farming operation that are at risk for a loss, with the level of risk being commensurate with the member's claimed share on the farming operation.

Joint operations comprised of non-family members or partners, stockholders or persons with an ownership in the farming operation must meet additional payment eligibility provisions. Joint operations comprised of family members are exempt from these additional requirements. For 2016 and subsequent crop years, non-family joint operations can have one member that may use a significant contribution of active personal management exclusively to meet the requirements to be determined "actively engaged in farming." The person or member will be defined as the farm manager for the purposes of administering these management provisions.

Non-family joint operations may request to add up to two additional managers for their farming operation based on the size and/or complexity of the operation. If additional farm managers are requested and approved, all members who contribute management are required to complete form CCC-902MR, *Management Activity Record*. The farm manager should use the form to record management activities including capital, labor and agronomics, which includes crop selection, planting decisions, acquisition of inputs, crop management and marketing decisions. One form should be used for each month and the farm manager should enter the number of hours of time spent for each activity under the date of the month the actions were completed. The farm manager must also document if each management activity was completed on the farm or remotely.

The records and supporting business documentation must be maintained and timely made available for review by the appropriate FSA reviewing authority, if requested.

If the farm manager fails to meet these requirements, their contribution of active personal management to the farming operation for payment eligibility purposes will be disregarded and their payment eligibility status will be re-determined for the applicable program year.

In some instances, additional persons or members of a non-family member joint operation who meet the definition of farm manager may also be allowed to use such a contribution of active personal management to meet the eligibility requirements. However, under no circumstances may the number of farm managers in a non-family joint operation exceed a total of three in any given crop and program year.

FSA is Accepting CRP Continuous Enrollment Offers

In exchange for a yearly rental payment, farmers enrolled in the program agree to remove environmentally sensitive land from agricultural production and to plant species that will improve environmental health and quality. The program's long-term goal is to re-establish valuable land cover to improve water quality, prevent soil erosion, and reduce loss of wildlife habitat. Contracts for land enrolled in CRP are 10-15 years in length.

Under continuous CRP signup, environmentally sensitive land devoted to certain conservation practices can be enrolled in CRP at any time. Offers for continuous enrollment are not subject to competitive bidding during specific periods. Instead they are automatically accepted provided the land and producer meet certain eligibility requirements and the enrollment levels do not exceed the statutory cap.

For more information, including a list of acceptable practices, contact your County USDA Service Center or visit fsa.usda.gov/crp.

Is the Noninsured Crop Disaster Assistance Program Right for You?

Farmers and ranchers rely on crop insurance to protect themselves from disasters and unforeseen events, but not all crops are insurable through the USDA's Risk Management Agency. The Farm Service Agency's (FSA) Noninsured Crop Disaster Assistance Program (NAP) provides producers another option to obtain coverage against disaster for these crops. NAP provides financial assistance to producers of non-insured crops impacted by natural disasters that result in lower yields, crop losses, or prevents crop planting.

Commercially produced crops and agricultural commodities for which crop insurance is not available are generally eligible for NAP. Eligible crops include those grown specifically for food, fiber, livestock consumption, biofuel or biobased products, or be commodities such as value loss crops like Christmas trees and ornamental nursery, honey, maple sap, and many others. Contact your FSA office to see which crops are eligible in your state and county.

Eligible causes of loss include drought, freeze, hail, excessive moisture, excessive wind or hurricanes, earthquake, flood. These events must occur during the NAP policy coverage period, before or during harvest, and the disaster must directly affect the eligible crop. For guidance on causes of loss not listed, contact your local FSA county office.

Interested producers must apply for coverage using FSA form CCC-471, "Application for Coverage," and pay the applicable service fee at the FSA office where their farm records are maintained. These must be filed by the application closing date. Closing dates vary by crop, so it is important to contact your local FSA office as soon as possible to ensure you don't miss an application closing date.

At the time of application, each producer will be provided a copy of the NAP Basic Provisions, which describes how NAP works and all the requirements you must follow to maintain NAP coverage. NAP participants must provide accurate annual reports of their production in non-loss years to ensure their NAP coverage is beneficial to their individual operation.

Producers are required to pay service fees which vary depending on the number of crops and number of counties your operation is located in. The NAP service fee is the lesser of $325 per crop or $825 per producer per administrative county, not to exceed a total of $1,950 for a producer with farming interests in multiple counties. Premiums also apply when producers elect higher levels of coverage with a maximum premium of $15,750 per person or legal entity depending on the maximum payment limitation that may apply to the NAP covered producer. The service fee can be waived for beginning, qualifying veteran, and limited resource farmers and rancher., These farmers and ranchers can also receive a 50 percent reduction in the premium.

For more detailed information on NAP, download the NAP Fact Sheet. To get started with NAP, we recommend you contact your local USDA service center.

Double-Cropping

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

Double-cropping is approved when 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.

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.

Maintaining the Quality of Farm-Stored Loan Grain

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

If you take out marketing assistance loans and use the farm-stored grain as collateral, remember that you are responsible for maintaining the quality of the grain through the term of the loan.

Applying for Farm Storage Facility Loans

The Farm Service Agency's (FSA) Farm Storage Facility Loan (FSFL) program provides low-interest financing to help you build or upgrade storage facilities and to purchase portable (new or used) structures, equipment and storage and handling trucks.

Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, minor oilseeds harvested as whole grain, pulse crops (lentils, chickpeas and dry peas), hay, honey, renewable biomass, fruits, nuts and vegetables for cold storage facilities, floriculture, hops, maple sap, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Qualified facilities include grain bins, hay barns and cold storage facilities for eligible commodities.

Loans up to $50,000 can be secured by a promissory note/security agreement, loans between $50,000 and $100,000 may require additional security, and loans exceeding $100,000 require additional security.

You do not need to demonstrate the lack of commercial credit availability to apply. The loans are designed to assist a diverse range of farming operations, including small and mid-sized businesses, new farmers, operations supplying local food and farmers markets, non-traditional farm products, and underserved producers.

For more information, contact your County USDA Service Center or visit fsa.usda.gov/pricesupport.

Making Farm Reconstitutions

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all of the required signatures are on FSA-155 and all other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

The following are the different methods used when doing a farm recon:

- **Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate

- **Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method, the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding

- **DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract

- **Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

For questions on your farm reconstitution, contact your County USDA Service Center.

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.

Maintaining Good Credit History

Farm Service Agency (FSA) loans require applicants to have a satisfactory credit history. A credit report is requested for all FSA direct farm loan applicants. These reports are reviewed to verify outstanding debts, see if bills are paid timely and to determine the impact on cash flow.

Information on your credit report is strictly confidential and is used only as an aid in conducting FSA business.

Our farm loan staff will discuss options with you if you have an unfavorable credit report and will provide a copy of your report. If you dispute the accuracy of the information on the credit report, it is up to you to contact the issuing credit report company to resolve any errors or inaccuracies.

There are multiple ways to remedy an unfavorable credit score:

- Make sure to pay bills on time
    - Setting up automatic payments or automated reminders can be an effective way to remember payment due dates.
- Pay down existing debt
- Keep your credit card balances low
- Avoid suddenly opening or closing existing credit accounts

FSA's farm loan staff will guide you through the process, which may require you to reapply for a loan after improving or correcting your credit report.

For more information on FSA farm loan programs, contact your County USDA Service Center or visit fsa.usda.gov.

Virginia Included in NRCS' New Round of Climate-Smart Grants

Virginia figured prominently in the December announcement of the second phase of USDA's Partnerships for Climate-Smart Commodities initiative, which dealt with projects requesting $5 million or less in funding. The 71 Phase II projects include eight with applicability in the commonwealth to be funded with a total of $37.3 million.

Phase I projects, all with price tags over $5 million, were revealed in September. The addition of Phase II brings USDA's total investment in the program to $3.1 billion, all focused on expanding markets for American agricultural goods produced using sustainable, climate-friendly methods.

While many Phase I programs targeted large areas of the country, Phase II projects are generally smaller with a more intense focus. One, a $4.9 million study titled "Sustainable Agricultural Solutions to Plastic Pollution," will be conducted entirely in Virginia. Plant Switch, Inc., a Texas manufacturer of biodegradable drinking straws and eating utensils made from hemp, will lead the effort with assistance from both Virginia Tech and Virginia State University.

Other projects with availability in Virginia will be:

- A 14-state, $4.77 million study on the adaptability of precision technology to small dairy farms.
- A nine-state, $4.85 million initiative involving biochar (the ashes and granular remains of incinerated organic matter) and its best uses in agriculture.
- "Regenerative Farm Practices" is an eight-state, $4 million program keyed to assisting beginning and minority farmers in adopting climate-smart practices.

- “Black Growers Regenerative Agriculture” is a similar initiative targeted at Black farmers and graziers. It will be available in seven states with $4.79 million in funding.
- Tuskegee University of Alabama won approval for a $4.99 million agroforestry project emphasizing increased participation by small-scale and minority landowners.
- A group of four colleges including Virginia Tech and VSU was granted $4.79 million to assist livestock owners in Virginia and West Virginia in transitioning from traditional to climate-smart grazing practices.

In addition, sheep owners in all 50 states will be eligible to participate in a $4.99 million project led by the American Lamb Board that will promote production and sales of climate-smart lamb and mutton.

More details on both Phase I and Phase II programs and how Virginians can benefit from them will be emerging. Contact your local NRCS field representative if you have questions.

Selected Interest Rates for January

90-Day Treasury Bill	4.250%
Farm Operating Loans — Direct	5.125%
Farm Ownership Loans — Direct	5.250%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency Loans	3.75%
Farm Storage Facility Loans - (7 years)	3.750
Commodity Loans 1996-Present	5.750%

Virginia FSA State Office

1606 Santa Rosa Road, Suite 138
Richmond, VA 23229

Phone: 804-287-1503 Fax: 855 -621-5866

Office Hours 7:30 a.m. - 4:30 p.m.

Dr. Ronald M. Howell, Jr.
State Executive Director

Sherina Logan
Administrative Officer

TBA (To Be Announced)
Acting, Chief Farm Loan Programs

H.L. Kellam
Rodney Young
Chief Farm Programs

Diane Lenoir-Giles
Public Relations/Outreach Specialist