U.S. DEPARTMENT OF AGRICULTURE

Virginia August Newsletter Articles and Updates - September 2022

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

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FSA State Director Message

Get Started at Your Virginia USDA Service Center

USDA Service Centers are offices where you can typically meet face-to-face with USDA, Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) staff to discuss your vision, goals, and ways USDA can help. In most places, both agencies are co-located in the same service center. Depending on your needs, you will likely work with both the FSA county offices and NRCS field offices. In total, USDA employs FSA and NRCS staff members in 2,300 offices nationwide. Virginia portfolio consists of 41 offices across the state.

Farm Service Agency

FSA provides disaster assistance, safety net, farm loan, and conservation programs and is the go-to agency for many USDA records. If you're new to working with USDA, your FSA team member will help you register your farm with a farm number. Depending on what you raise or grow, filing an acreage report each season can ensure you're eligible for many programs and allows you to vote in county FSA elections.

During Your Visit

1. **Register for a farm number.** This is required to participate in USDA programs. You will need an official tax identification (Social Security number or employer ID) and a property deed. If you do not own the land, you will need your lease agreement. If your operation is incorporated or an entity, we may need proof of your signature authority and legal ability to sign contracts with USDA.
2. **Verify eligibility.** For most USDA programs, producers must file a CCC-941 form to verify they do not exceed an adjusted gross income of $900,000.
3. **File your program application.** We can help you complete the forms.
4. **Sign up for email or text updates.** This will help you stay informed about program signups or deadlines.
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Dr. Ronald M. Howell, State Executive Director

NRCS State Conservationist's Message

As the weather turns cooler, Virginia growers are not only bringing in the harvest but also beginning to plan for the year ahead. Many important decisions will be made in the next few months and I'm using my space in this newsletter to remind Virginia producers of a date that is definitely worth circling on this year's calendar.

While NRCS accepts applications throughout the year, we make funding decisions at certain specific times and **Nov. 4** is the deadline to be considered for financial assistance in Fiscal Year 2023. We're offering a consolidated sign-up for three of our agency's most subscribed and successful offerings with options for farmers and forest landowners at every stage of the stewardship journey.

If you're a current client or are considering working with us, there's no better time to start as many new and existing fund pools have been restocked for FY2023. NRCS can get you started with the Environmental Quality Incentives Program (EQIP), help you take your conservation efforts to a higher level with the Conservation Stewardship Program (CSP) and protect your land for future generations with the Agricultural Conservation Easement Program (ACEP).

Your local NRCS team can tell you what might be available and help you find the right fit for your land management goals while also connecting you to other conservation partners. First-time applicants must establish farm records with FSA to enroll in our programs.

We invite you to consider working with us to write your own conservation success story as NRCS begins another year of helping people help the land.

Dr. Edwin Martinez Martinez, NRCS State Conservationist

Applying for NAP Payments

The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to you for crops that aren't eligible for crop insurance to protect against lower yields or crops unable to be planted due to natural disasters including freeze, hail, excessive moisture, excessive wind or hurricanes, flood, excessive heat and qualifying drought (includes native grass for grazing), among others.

In order to participate, you must obtain NAP coverage for the crop year by the applicable deadline using form CCC-471 "Application for Coverage" and pay the service fee. Application closing dates vary by crop. Producers are also required to submit an acceptable crop acreage report. Additionally, NAP participants must provide:

- The quantity of all harvested production of the crop in which the producer held an interest during the crop year
- The disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged or used differently than intended
- Acceptable crop production records (when requested by FSA)

Producers who fail to report acreage and production information for NAP-covered crops could see reduced or zero NAP assistance. These reports are used to calculate the approved yield.

If your NAP-covered crops are affected by a natural disaster, notify your FSA office by completing Part B of form CCC-576 "Notice of Loss and Application for Payment." This must be completed within 15 calendar days of the occurrence of the disaster or when losses become apparent or 15 days of the final harvest date. For hand-harvested crops and certain perishable crops, you must notify FSA within 72 hours of when a loss becomes apparent.

To receive benefits, you must also complete Parts D, E, F and G of the CCC-576 "Notice of Loss and Application for Payment" within 60 days of the last day of coverage for the crop year for any NAP covered crops. The CCC-576 requires acceptable appraisal information. Producers must provide evidence of production and note whether the crop was marketable, unmarketable, salvaged or used differently than intended.

Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA Accepting Applications to Help Cover Costs of Organic, Transitioning Producers

Agricultural producers and handlers who are certified organic, along with producers and handlers who are transitioning to organic production, can now apply for the U.S. Department of Agriculture's (USDA) Organic and Transitional Education Certification Program (OTECP) and Organic Certification Cost Share Program (OCCSP), which help producers and handlers cover the cost of organic certification, along with other related expenses. Applications for OTECP and OCCSP are both due October 31, 2022.

OTECP covers:

- Certification costs for organic producers and handlers (25% up to $250 per category).
- Eligible expenses for transitional producers, including fees for pre-certification inspections and development of an organic system plan (75% up to $750).
- Registration fees for educational events (75% up to $200).
- Soil testing (75% up to $100).

Meanwhile, OCCSP covers 50% or up to $500 per category of certification costs in 2022.

This cost share for certification is available for each of these categories: crops, wild crops, livestock, processing/handling and State organic program fees.

Producers can receive cost share through both OTECP and OCCSP. Both OTECP and OCCSP cover costs incurred from October 1, 2021, to September 30, 2022. Producers have until October 31, 2022 to file applications, and FSA will make payments as applications are received.

To apply, producers and handlers should contact the Farm Service Agency (FSA) at their local USDA Service Center. As part of completing the OCCSP applications, producers and handlers will need to provide documentation of their organic certification and eligible expenses. Organic producers and handlers may also apply for OCCSP through participating State agencies.

Additional details can be found on the OTECP and OCCSP webpages.

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.

Maintaining ARC/PLC Acreage

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

Before You Break Out New Ground, Ensure Your Farm Meets Conservation Compliance

The term "sodbusting" is used to identify the conversion of land from native vegetation to commodity crop production after December 23, 1985. As part of the conservation provisions of the Food Security Act of 1985, if you're proposing to produce agricultural commodities (crops that require annual tillage including one pass planting operations and sugar cane) on land that has been determined highly erodible and that has no crop history prior to December 23, 1985, that land must be farmed in accordance with a conservation plan or system that ensures no substantial increase in soil erosion.

Eligibility for many USDA programs requires compliance with a conservation plan or system on highly erodible land (HEL) used for the production of agricultural commodities. This includes Farm Service Agency (FSA) loan, disaster assistance, safety net, price support, and conservation programs; Natural Resources Conservation Service (NRCS) conservation programs; and Risk Management Agency (RMA) Federal crop insurance.

Before you clear or prepare areas not presently under production for crops that require annual tillage, you are required to file Form AD-1026 "Highly Erodible Land Conservation and Wetland Conservation Certification," with FSA indicating the area to be brought into production. The notification will be referred to NRCS to determine if the field is considered highly erodible land. If the field is considered HEL, you are required to implement a conservation plan or system that limits the erosion to the tolerable soil loss (T) for the predominant HEL soil on those fields.

In addition, prior to removing trees or conducting any other land manipulations that may affect wetlands, remember to update form AD-1026, to ensure you remain in compliance with the wetland conservation provisions.

Prior to purchasing or renting new cropland acres, it is recommended that you check with your local USDA Service Center to ensure your activities will be in compliance with the highly erodible land and wetland conservation provisions.

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.

FSA is Accepting CRP Continuous Enrollment Offers

The Farm Service Agency (FSA) is accepting offers for specific conservation practices under the Conservation Reserve Program (CRP) Continuous Signup.

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.

Save Time – Make an Appointment with FSA

Producers are encouraged to call their local FSA office to schedule an appointment to ensure maximum use of their time and to make sure FSA staff is available to tend to their important business needs. Please call your local FSA office ahead to set an appointment and to discuss any records or documentation that might be needed during your appointment. To find your local FSA office, visit: offices.sc.egov.usda.gov/locator/app

Reminders for FSA Direct and Guaranteed Borrowers with Real Estate Security

Farm loan borrowers who have pledged real estate as security for their Farm Service Agency (FSA) direct or guaranteed loans are responsible for maintaining loan collateral. Borrowers must obtain prior consent or approval from FSA or the guaranteed lender for any transaction that affects real estate security. These transactions include, but are not limited to:

- Leases of any kind
- Easements of any kind
- Subordinations
- Partial releases
- Sales

Failure to meet or follow the requirements in the loan agreement, promissory note, and other security instruments could lead to nonmonetary default which could jeopardize your current and future loans.

It is critical that borrowers keep an open line of communication with their FSA loan staff or guaranteed lender when it comes to changes in their operation. For more information on borrower responsibilities, read Your FSA Farm Loan Compass.

Submit Loan Requests for Financing Early

The Farm Loan teams are already working on operating loans for spring 2022 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**.**

Ag Census Coming This November

Virginia producers will soon have the opportunity to be represented in the nation's only comprehensive and impartial collection of agriculture data for every state, county and territory. First taken in 1840, the Ag Census is now conducted every five years and helps shape the future of U.S. agriculture.

The survey looks at land use and ownership, producer characteristics, production practices, income and expenditures. Census data are widely used by federal and local governments, agribusinesses, trade associations, extension educators and many others to inform decisions about policy and farm programs and services that aid producers and rural communities.

Between census years, USDA's National Agricultural Statistics Service (NASS) considers revisions to the questionnaire to document changes and emerging trends in the industry. Additions for 2022 include updates on rural Internet access and new questions dealing with precision agriculture, hemp production and hair sheep.

NASS will mail survey codes to producers in November so they can respond online at agcounts.usda.gov. Paper questionnaires will follow in December. Rural and urban farm operations of all sizes that produced and sold (or normally would have sold) $1,000 or more of agricultural product in 2022 will be included with online, mailed or telephone responses due by **Feb. 6, 2023**.

The mailing list has been finalized for this year's census, but NASS is continuing to update the database. Contact State Statistician Herman Ellison at herman.ellison@usda.gov if you do not receive a copy or have not gotten other NASS surveys. To learn more, visit nass.usda.gov/AgCensus or call 800-727-9540.

Selected Interest Rates for September

90-Day Treasury Bill	2.00%

Farm Operating Loans — Direct	4.125%
Farm Ownership Loans — Direct	4.375%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans - (7 years)	2.875%
Commodity Loans 1996-Present	4.125%

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