

April 2015



NEWSLETTER



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Wisconsin FSA Newsletter

Wisconsin Farm Service Agency

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Please contact your [local FSA Office](#) for questions specific to your operation or county.

Message from the State Director

Hello! The calendar has turned to April and the weather has fluctuated between warm and cold. While our state has experienced rain over the past days, additional moisture is needed.

This month's FSA newsletter provides you with an update and calendar reminders on various farm programs and farm loan initiatives. In particular, for those dairy producers that signed up for the new Margin Protection Program and who elected greater margin coverage for 2015 above the CAT level coverage are required to pay a premium based on selected levels. The remaining buy-up premium is due by June 1, 2015.

Also, as required under the 2014 Farm Bill, producers that have federal crop insurance are now required to certify Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) compliance by filing form AD-1026. USDA Risk Management Agency (RMA) has set a deadline of June 1, 2015 for producers to file an AD-1026 with FSA. 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

USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers

USDA proposed a rule to limit farm payments to non-farmers, consistent with requirements Congress mandated in the 2014 Farm Bill. The proposed rule limits farm payments to individuals who may be designated as farm managers but are not actively engaged in farm management. In the Farm Bill, Congress gave USDA the authority to address this loophole for joint ventures and general partnerships, while exempting family farm operations from being impacted by the new rule USDA ultimately implements.

The current definition of "actively engaged" for managers, established in 1987, is broad, allowing individuals with little to no contributions to make critical farm management decisions to receive safety-net payments if they are classified as farm managers, and for some operations there were an unlimited number of managers that would receive payments.

The proposed rule seeks to close this loophole to the extent possible within the guidelines required by the 2014 Farm Bill. Under the proposed rule, non-family joint ventures and general partnerships must document that their managers are making significant contributions to the farming operation, defined as 500 hours of substantial management work per year, or 25 percent of the critical management time necessary for the success of the farming operation. Many operations will be limited to only one manager who can receive a safety-net payment. Operators that can demonstrate they are large and complex could be allowed payments for up to three managers only if they can show all three are actively and substantially engaged in farm operations. The changes specified in the rule would apply to payment eligibility for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments and marketing loan gains realized via the Marketing Assistance Loan program.

As mandated by Congress, family farms will not be impacted. There will also be no change to existing rules for contributions to land, capital, equipment, or labor. Only non-family farm general partnerships or joint ventures comprised of more than one member will be impacted by this proposed rule.

Stakeholders interested in commenting on the proposed definition and changes are encouraged to provide written comments at www.regulations.gov by May 26, 2015. The proposed rule is available at <http://go.usa.gov/3C6Kk>.

June 1 Deadline for 2014 Farm Bill Conservation Compliance Changes

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file by June 1 at the local FSA office.

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. 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 Service (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.

FSA recently released a revised form AD-1026, which is available at USDA Service Centers and online. 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 their 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.

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 calendar 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.

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.

Short on Farm Storage? FSA May Be Able to Help!

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 delivery, 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.

Livestock Indemnity Program (LIP)

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock death losses in excess of normal mortality due to adverse weather and attacks by animals reintroduced into the wild by the federal government or protected by federal law. LIP compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather, including losses due to floods, blizzards, wildfires, extreme heat or extreme cold.

For 2015, eligible losses must occur on or after January 1, 2015, and before December 31, 2015. A notice of loss must be filed with FSA within 30 days of when the loss of livestock is apparent.

Participants must provide the following supporting documentation to their local FSA office no later than 30 calendar days after the end of the calendar year for which benefits are requested:

- Proof of death documentation
- Copy of growers contracts (if applicable)
- Proof of normal mortality documentation
- Proof of livestock inventories

Producers who suffer livestock losses in 2015 must file both of the following:

- A notice of loss the earlier of 30 calendar days of when the loss was apparent or by January 30, 2016;
- An application for payment by January 30, 2016

Additional Information about LIP is available at your local FSA office.

Tree Assistance Program (TAP)

Orchardists and nursery tree growers who experience losses from natural disasters can sign up assistance from the Tree Assistance Program (TAP). TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible tree types include trees, bushes or vines that produce an annual crop for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees that are produced for commercial sale. Trees used for pulp or timber are ineligible.

To qualify for TAP, orchardists must suffer a qualifying tree, bush or vine loss in excess of 15% adjusted for normal mortality from an eligible natural disaster. The eligible trees, bushes or vines must have been owned when the natural disaster occurred; however, eligible growers are not required to own the land on which the eligible trees, bushes and vines were planted.

If the TAP application is approved, the eligible trees, bushes and vines must be replaced within 12 months from the date the application is approved. The cumulative total quantity of acres planted to trees, bushes or vines, for which a producer can receive TAP payments, cannot exceed 500 acres annually.

For losses that occur on or after January 1, 2015, producers must provide an application and supporting documentation to FSA within 90 calendar days of each disaster event or date when the loss of trees, bushes, or vines is apparent to the producer.

USDA Announces Changes to Fruit, Vegetable and Wild Rice Planting Rules

FSA has announced fruit, vegetable and wild rice provisions that affect producers who intend to participate in certain programs authorized by the Agricultural Act of 2014.

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.

Marketing Assistance Loan and Loan Deficiency Payment Policy Changes for Crop Years 2015-2018

Marketing Assistance Loans (MALs) and Loan Deficiency Payment (LDPs) provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, wool and honey. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

FSA is now accepting requests for 2015 MALs and LDPs for wool as well as LDPs for unshorn pelts. MAL and LDP requests for all other eligible commodities will be accepted after harvest.

Before MAL repayments and LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution and must have a complete report of acreage on file.

To be considered eligible for an LDP, producers must have form CCC-633EZ, Page 1 on file at their local FSA office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed \$125,000 annually on certain commodities for the following program benefits: price loss coverage payments, agriculture risk coverage payments, marketing loan gains (MLGs) and LDPs. These payment limitations do not apply to MAL loan disbursements.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.wi.

Final Availability Dates for Marketing Assistance Loans & Loan Deficiency Payments

- May 31, 2015 - Corn, Grain Sorghum, Soybeans, Sunflower Seed

FSA Loan Program Partners with NRCS (EQIP) and RD (REAP) Programs to Provide Funds to Farmers

When applying for cost-share funds and/or grant funds through other USDA Agencies such as the Natural Resources Conservation Service (NRCS) and Rural Development (RD), producers often have to put practices or purchases in place prior to receiving that cost-share or grant. FSA Microloans can be part of the "package" producers put together to finance these practices or purchases. Microloans can be closed based on an approved cost-share or grant application. Cost-share and/or grant funds can then be applied to this loan balance when received, to reduce the debt. Microloan repayment may be based on the difference between the original loan amount and the cost-share/grant funds expected to be received.

Microloans, not to exceed \$50,000, can be used for any FSA Operating Loan purpose, including but not limited to:

- Initial start-up expenses;
- Annual expenses such as seed, fertilizer, utilities, land rents;
- Establishment of conservation practices;
- Marketing and distribution expenses;
- Purchase of livestock, equipment, and other materials essential to farm operations;

- Minor farm improvements such as wells, coolers, renewable energy projects, install a natural gas pipeline, etc.,
- Hoop houses to extend the growing season;
- Essential tools;
- Irrigation;
- Delivery vehicles.

Eligible producers must project a minimum of \$1,000 in farm sales and have some farm experience or a mentor.

For annual operating purposes, microloans must be secured by a first lien on a farm property or agricultural products having a security value of at least 100 percent of the microloan amount, and up to 150 percent, when available. Microloans made for purposes other than annual operating expenses must be secured by a first lien on a farm property or agricultural products purchased with loan funds and having a security value of at least 100 percent of the microloan amount.

Eligible applicants may obtain a microloan for up to \$50,000. The repayment term may vary and will not exceed seven years. Annual operating loans are repaid within 12 months or when the agricultural commodities produced are sold.

Interest rates are based on the regular OL rates that are in effect at the time of the microloan approval or microloan closing, whichever is less.

As with all other FSA Loan Programs, there is a test for credit required. Producers need to certify that they are unable to obtain conventional credit at reasonable rates and terms for the project they want funded.

Additional information on the FSA microloan, and other FSA Loan Programs, may be obtained by calling the local FSA or through the FSA website at www.fsa.usda.gov.wi

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 years
- 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. You may also visit www.fsa.usda.gov.wi

Dates to Remember

May 25th - - Offices closed in observance of Memorial Day

June 1st - - - Deadline to pay remainder of premium for Dairy Margin Protection Program

June 1st - - - Deadline to obtain a 2014 corn or soybean loan

July 3rd - - - Offices closed in observance of Independence Day

July 15th - - Deadline to timely file a 2015 acreage report on spring planted crops

Summer 2015 - Exact dates for annual 2014-2015 ARC/PLC contract sign-up to be announced.

Ongoing

- Continuous Conservation Reserve program enrollment
- Farm Storage Facility Loan program applications

NOTE: Please inform your local FSA office of any changes to your operation such as forming/dissolving entities, member or share changes, adding or dropping farms, buying or selling land, etc.

April Interest Rates

90-Day Treasury Bill .125%

Farm Operating Loans — Direct 2.375%

Farm Ownership Loans — Direct 3.375%

Farm Ownership Loans — Direct Down Payment, Beginning Farmer 1.50%

Direct Farm Ownership - Joint Financing 2.50%

Emergency Loans 3.375%

Farm Storage Facility Loans (7 year loan) 1.875%

Farm Storage Facility Loans (10 year loan) 2.125%

Farm Storage Facility Loans (12 year loan) 2.25%

Commodity Loans 1.250%

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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).
