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Oklahoma FSA Newsletter

Oklahoma Farm Service Agency

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Marketing Assistance Available for 2016 Wheat, Other Crops in Oklahoma

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

In Oklahoma, wheat prices have reached a range where LDPs are applicable, so producers should become familiar with the process to access this assistance.

MALs and LDPs provide financing and marketing assistance for wheat, as well as other commodities such as feed grains, soybeans and other oilseeds, pulse crops, rice, peanuts, cotton, 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 an MAL, but agrees to forgo the

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Please contact your local FSA Office for questions specific to your operation or county. FSA Office contact information can be located on our online Directory.

loan, may obtain an LDP if such a payment is available.

To be eligible for an MAL or an LDP, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title to the commodity is maintained. For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer filed Form CCC-633EZ (page 1) in the FSA County Office. For more information, producers should contact their local FSA county office or view the LDP Fact Sheet.

FSA County Committee Nomination Period in Oklahoma Now Open

The nomination period for the Name FSA county committee began on June 15, 2016. Nomination forms must be postmarked or received in County FSA Offices by close of business on Aug. 1, 2016.

County Committees are unique to FSA and allow producers to have a voice on federal farm program implementation at the local level.

To be eligible to serve on the FSA county committee, a person must participate or cooperate in an agency administered program, be eligible to vote in a county committee election and reside in the Local Administrative Area (LAA) where they are nominated. All producers, including women, minority and beginning farmers and ranchers are encouraged to participate in the nomination and election process.

Producers may nominate themselves or others as candidates. Organizations representing minority and women farmers and ranchers may also nominate candidates. To become a nominee, eligible individuals must sign form FSA-669A. The form and more information about county committee elections is available online at: www.fsa.usda.gov/elections.

Elected county committee members serve a three-year term and are responsible for making decisions on FSA disaster, conservation, commodity and price support programs, as well as other important federal farm program issues. County committees consist of three to 11 members.

FSA will mail election ballots to eligible voters beginning Nov. 7. Ballots are due back in the County Office by mail or in person no later than Dec. 5, 2016. All newly elected county committee members and alternates will take office January 1, 2017.

For more information about county committees, please contact your County FSA office or visit www.fsa.usda.gov/elections.

Dairy Producers Can Enroll to Protect Milk Production Margins

USDA Farm Service Agency (FSA) in Oklahoma announced that dairy producers can enroll for 2017 coverage in the Margin Protection Program for Dairy (MPP-Dairy) starting July 1. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer.

The Margin Protection Program gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment began July 1 and ends on Sept. 30, 2016, for coverage in calendar year 2017. Participating farmers will remain in the program through 2018 and pay a minimum $100 administrative fee each year. Producers have the option of selecting a different coverage level during open enrollment each year.

USDA has a web tool to help producers determine the level of coverage under the Margin Protection Program that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage needs, based on data projections. The secure site can be accessed via computer, Smartphone or tablet 24 hours a day, seven days a week.

To complete enrollment, producers must make coverage elections during the enrollment period and pay the annual $100 administrative fee that provides basic catastrophic protection that covers 90 percent of milk production at a $4 margin coverage level. For additional premiums, operations can protect 25 to 90 percent of production history with margin coverage levels from $4.50 to $8, in 50 cent increments. Once enrolled, dairy operations are required to participate through 2018 by making coverage elections each year. Producers can mail the appropriate form to the producer's administrative county FSA office, along with applicable fees without necessitating a trip to the local FSA office. If electing higher coverage for 2017, dairy producers can either pay the premium in full at the time of enrollment or pay 100 percent of the premium by Sept. 1, 2017. Premium fees may be paid directly to FSA or producers can work with their milk handlers to remit premiums on their behalf.

Also beginning July 1, 2016, FSA will begin accepting applications for intergenerational transfers, allowing program participants who added an adult child, grandchild or spouse to the operation during calendar year 2014 or 2015, or between Jan. 1 and June 30, 2016, to increase production history by the new cows bought into the operation by the new family members. For intergenerational transfers occurring on or after July 1, 2016, notification to FSA must be made within 60 days of purchasing the additional cows.

Dairy operations enrolling in the new program must meet conservation compliance provisions and cannot participate in the Livestock Gross Margin Dairy Insurance Program.

For more information, visit FSA online at www.fsa.usda.gov/dairy or stop by a local FSA office to learn more about the Margin Protection Program. To find a local FSA office in your area, visit http://offices.usda.gov.

Loan Servicing

There are options for Farm Service Agency loan customers during financial stress. If you are a borrower who is unable to make payments on a loan, contact your local FSA Farm Loan Manager to learn about the options available to you.

USDA To Offer Certificates for Farm Commodities Pledged to Marketing Loans

Producers who have crops pledged as collateral for a marketing assistance loan can now purchase a commodity certificate that may be exchanged for the outstanding loan collateral. The authority is provided by the 2016 Consolidated Appropriations Act, legislation enacted by Congress in December. Commodity certificates are available beginning with the 2015 crop in situations where the applicable marketing assistance loan rate exceeds the exchange rate. Currently, the only eligible commodity is cotton.

USDA's Farm Service Agency (FSA) routinely provides agricultural producers with marketing assistance loans that provide interim cash flow without having to sell the commodities when market prices are at harvest time lows. The loans allow the producer to store and delay the sale of the commodity until more favorable market conditions emerge, while also providing for a more orderly marketing of commodities throughout the marketing year.

These loans are considered "nonrecourse" because the loan can be redeemed by delivering the commodity pledged as collateral to the government as full payment for the loan upon maturity. Commodity certificates are available to loan holders having outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan.

Producers may contact their FSA office that maintains their loan or their loan service agent for additional information. Producers who do business with Cooperative Marketing Associations (CMA) or Designated Marketing Associations (DMA) may contact their respective associations for additional information. To learn more about commodity certificates, visit www.fsa.usda.gov/pricesupport.

USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program (NAP). The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection."

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is 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 has partnered with Michigan State University and the University of Illinois to create an online tool at www.fsa.usda.gov/nap that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to http://offices.usda.gov.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#. Producers can use the USDA Cost Estimator, https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx, to predict insurance premium costs.

USDA Offers Flood Impacted Oklahoma Farmers and Ranchers Immediate Disaster Assistance

Farm Service Agency Stands Ready to Assist Agricultural Producers Slammed by Recent Heavy Rains

Oklahoma Farm Service Agency (FSA) reminds farmers and ranchers across the state of federal farm program benefits that may be available to help eligible producers recover from recent heavy rains and flooding.

FSA offers disaster assistance and low-interest loan programs to assist agricultural producers in their recovery efforts following floods or similar qualifying natural disasters. Available programs and loans include:

- **Non-Insured Crop Disaster Assistance Program (NAP)** - provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters (includes native grass for grazing). Eligible producers must have purchased NAP coverage for 2015 crops.
- **Livestock Indemnity Program (LIP) -** offers payments to eligible producers for livestock death losses in excess of normal mortality due to adverse weather. Eligible losses may include those determined by FSA to have been caused by hurricanes, floods, blizzards, wildfires, tropical storms, tornados lightening, extreme heat, and extreme cold. Producers will be required to provide verifiable documentation of death losses resulting from an eligible adverse weather event and must submit a notice of loss to their local FSA office within 30 calendar days of when the loss of livestock is apparent.
- **Tree Assistance Program (TAP) –** provides assistance to eligible orchardists and nursery tree growers for qualifying tree, shrub and vine losses due to natural disaster.
- **Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) -** provides emergency relief for losses due to feed or water shortages, disease, adverse weather, or other conditions, which are not adequately addressed by other disaster programs. ELAP covers physically damaged or destroyed livestock feed that was purchased or mechanically harvested forage or feedstuffs intended for use as feed for the **producer's** eligible livestock. In order to be considered eligible, harvested forage must be

baled; forage that is only cut, raked or windrowed is not eligible. Producers must submit a notice of loss to their local FSA office within 30 calendar days of when the loss is apparent.ELAP also covers up to 150 lost grazing days in instances when a producer has been forced to remove livestock from a grazing pasture due to floodwaters.For beekeepers, ELAP covers beehive losses (the physical structure) in instances where the hive has been destroyed by a natural disaster including flooding, high winds and tornadoes.

- **Emergency Loan Program –** Available to producers with agriculture operations located in a county under a primary or contiguous **Secretarial Disaster designation.** These low interest loans help producers recover from production and physical losses due to drought, flooding.
- **Emergency Conservation Program (ECP)** - provides emergency funding for farmers and ranchers to rehabilitate land severely damaged by natural disasters; includes fence loss.

- **HayNet -** is an Internet-based Hay and Grazing Net Ad Service allowing farmers and ranchers to share 'Need Hay' ads and 'Have Hay' ads online. Farmers also can use another feature to post advertisements for grazing land, specifically ads announcing the availability of grazing land or ads requesting a need for land to graze. www.fsa.usda.gov/haynet.

To establish or retain FSA program eligibility, farmers and ranchers must report prevented planting and failed acres (crops and grasses). Prevented planting acreage must be reported on form FSA-576, Notice of Loss, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA).

For more information on disaster assistance programs and loans visit www.fsa.usda.gov/ or contact your local FSA Office. To find your local FSA county office, visit http://offices.usda.gov.

Filing a Notice of Loss

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP), you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent or 15 calendar days after the normal harvest date.

Producers of hand-harvested crops must notify FSA of damage or loss through the administrative County Office within 72 hours of the date of damage or loss first becomes apparent. This notification can be provided by filing a CCC-576, email, fax or phone. Producers who notify the County Office by any method other than by filing the CCC-576 are still required to file a CCC-576, Notice of Loss, within the required 15 calendar days.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

Emergency Assistance for Livestock, Honeybee, and Farm-Raised Fish Program (ELAP)

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency assistance to eligible livestock, honeybee, and farm-raised fish producers who have losses due to disease, adverse weather or other conditions, such as blizzards and wildfires not covered by other agricultural disaster assistance programs.

Eligible livestock losses include grazing losses not covered under the Livestock Forage Disaster Program (LFP), loss of purchased feed and/or mechanically harvested feed due to an eligible adverse weather event, additional cost of transporting water because of an eligible drought and additional cost associated with gathering livestock to treat for cattle tick fever.

Eligible honeybee losses include loss of purchased feed due to an eligible adverse weather event, cost of additional feed purchased above normal quantities due to an eligible adverse weather condition, colony losses in excess of normal mortality due to an eligible weather event or loss condition, including CCD, and hive losses due to eligible adverse weather.

Eligible farm-raised fish losses include death losses in excess of normal mortality and/or loss of purchased feed due to an eligible adverse weather event.

Producers who suffer eligible livestock, honeybee, or farm-raised fish losses from October 1, 2015 to September 30, 2016 must file:

- A notice of loss the earlier of 30 calendar days of when the loss is apparent or by November 1, 2016
- An application for payment by November 1, 2016

The Farm Bill caps ELAP disaster funding at $20 million per federal fiscal year.

The following ELAP Fact Sheets (by topic) are available online:

- ELAP for Farm-Raised Fish Fact Sheet
- ELAP for Livestock Fact Sheet
- ELAP for Honeybees Fact Sheet

To view these and other FSA program fact sheets, visit the FSA fact sheet web page at www.fsa.usda.gov/factsheets.

Expiring CRP Acreage Options

The recent Conservation Reserve Program (CRP) general signup resulted in 13,000 acres of mainly expiring CRP being accepted for re-enrollment in Oklahoma. Oklahoma has approximately 42,300 acres of existing CRP that will expire on September 30, 2016. Therefore, CRP participants holding contracts for the 29,300 expiring CRP acres that were not accepted for re-enrollment, are encouraged to consider the following options:

- Enroll the acreage in the **CRP State Acres for Wildlife Enhancement (SAFE)** program. SAFE is primarily available in the panhandle and western Oklahoma border counties. The expiring CRP acreage may be re-enrolled if it meets or will be converted to meet a specific restored mixed grass prairie vegetative cover. The contract length is 14 - 15 years and the cover may not be hayed during the contract period.
- The **Transition Incentives Program (TIP)** allows retiring landowners to sell or long-lease (minimum lease of five years) expiring CRP acres to a beginning, veteran or underserved farmer or rancher to return land to production for sustainable grazing or crop production. The retiring landowner will receive two additional CRP annual rental payments. These provisions exclude related family members. Enrollment in TIP must occur prior to the land sale or long-lease. The new owner or lessee may utilize the land as desired according to

an approved conservation plan.

- Expiring CRP acres may be eligible for re-enrollment in one or more of the following CRP **Environmental Priority Practices**:
- **Highly Erodible Land Initiative (HELI)** allows land with an average erodibility index (EI) of 20 or greater to be re-enrolled in a 10-year contract.
- **Wetland Restoration** allows areas outside a flood plain that are within a “playa lake” or where a wetland hydrology can be restored, or areas within a flood plain with 51 percent hydric soils to be re-enrolled in a 10 to 15 year contract. The rental rate will receive a 20 percent incentive increase. The enrolled acreage may not be hayed or grazed during the contract period.
- **Saline Seep** areas may be re-enrolled in a 10 year contract. The land must meet certain soil salinity characteristics for enrollment.
- **Pollinator Habitat** - The expiring CRP may have sufficient existing pollinator species or if inadequate pollinator species exist, landowners can “interseed” pollinator species into the existing stand of vegetation with financial assistance. Enrollment is for a 15 year contract with no opportunity to hay or graze the acreage.
- **CRP-Grasslands Initiative** allows the land to be utilized without restriction (hay, graze, seeded) during the year (except haying may not occur during the primary nesting season of May 1 through July 1) with the vegetative cover being maintained according to a Conservation Plan. Contracts are for 15 years with an annual rental rate of $15 per acre for most of Oklahoma. This initiative has limited availability and all land offered for the initiative is periodically evaluated for acceptance.

- **The Conservation Stewardship Program (CSP)**, administered by the Natural Resources Conservation Service (NRCS), provides a 5-year contract for maintaining and improving the existing conservation systems and to adopt additional conservation activities to address priority resources concerns on the offered land. Participants earn annual CSP payments for conservation performance. The CSP is a working lands program where the land may be utilized according to the Conservation Plan. Land may be offered for CSP at any time; however, the offered land is evaluated for enrollment in the program once per fiscal year.
- After CRP acres expire on September 30, 2016, the land may be used for **haying, grazing or seeding** or leased for these purposes since it will no longer be under a restrictive contract. FSA encourages landowners to complete these activities according to a conservation plan.
- **Conversion to cropping** is an option with caution not to violate the highly erodible land and wetland conservation provision that could impact participation in USDA programs. The conversion to crop process may begin any time after July 1, 2016, provided a request for “early land preparation” has been filed and approved by your local FSA office.

Contact your local FSA office for information to determine if your expiring CRP is eligible in whole or in part for any of these options. Most of the conservation programs listed above require program election and approval by September 30, 2016.

2015 and 2016 Average Adjusted Gross Income Compliance Reviews

The AGI verification and compliance reviews for 2015 and 2016 are conducted on producers who the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the average AGI limitation of $900,000, receivables will be established for payments earned directly or indirectly by the producer subject to the $900,000 limitation. The Oklahoma FSA Office has begun notifying producers selected for review. If you have any questions about the review process or determinations, please contact the Oklahoma FSA Office at 405-742-1130. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Payment eligibility adverse determinations become administratively final 30 days from the date of the payment eligibility adverse determination letter and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

Unauthorized Disposition of Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.