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Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## Kentucky FSA Newsletter

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### Kentucky Farm Service Agency

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### American Rescue Plan Socially Disadvantaged Farmer Debt Payments

USDA recognizes that socially disadvantaged farmers and ranchers have faced systemic discrimination with cumulative effects that have, among other consequences, led to a substantial loss in the number of socially disadvantaged producers, reduced the amount of farmland they control, and contributed to a cycle of debt that was exacerbated during the COVID-19 pandemic. During the pandemic, socially disadvantaged communities saw a disproportionate amount of COVID-19 infection rates, loss of property, hospitalizations, death, and economic hurt.

To address these systemic challenges, the American Rescue Plan Act of 2021 provides historic debt relief to socially disadvantaged producers including Black/African American, American Indian or

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Alaskan native, Hispanic or Latino, and Asian American or Pacific Islander.

USDA is now reviewing and working to gather feedback to implement the Act, and more guidance will be forthcoming for socially disadvantaged borrowers with direct or guaranteed farm loans as well as Farm Storage Facility Loans. As information becomes available, it will be provided directly to socially disadvantaged borrowers and stakeholder groups representing socially disadvantaged producers, posted here on farmers.gov, and shared through our social media channels, email newsletters, and the media.

***Who qualifies for this debt relief?***

Any socially disadvantaged borrower with direct or guaranteed farm loans as well as Farm Storage Facility Loans qualifies. The American Rescue Plan Act uses the 2501 definition of socially disadvantaged, which includes Black/African American, American Indian or Alaskan native, Hispanic or Latino, and Asian American or Pacific Islander. Gender is not a criterion in and of itself, but of course women are included in these categories.

***I qualify as socially disadvantaged under the American Rescue Plan definition, but I am not late on my payments. Do I still qualify?***

Yes. Any socially disadvantaged borrower with direct or guaranteed farm loans as well as Farm Storage Facility Loans qualifies.

***When will qualified borrowers begin to see a loan pay-off or other payment in response to the American Rescue Plan?***

USDA is now reviewing and working to gather feedback to implement the Act, and more guidance will be forthcoming for socially disadvantaged borrowers with direct or guaranteed farm loans as well as Farm Storage Facility Loans. For borrowers in arrears, the moratorium established on January 26th to stop all debt collections, foreclosures and evictions for all borrowers, including socially disadvantaged producers, remains in effect.

Producers who have worked with USDA's Farm Service Agency previously may have their ethnicity and race on file. A borrower, including those with guaranteed loans, can contact their local their local USDA Service Center to verify, update or submit a new ethnicity and race designation using the AD-2047. Find your nearest service center at [farmers.gov/service-locator](http://farmers.gov/service-locator).

To learn more about USDA's work to implement the American Rescue Plan Act of 2021, visit [www.usda.gov/arp](http://www.usda.gov/arp).

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## After Identifying Gaps in Previous Aid, USDA Announces ‘Pandemic Assistance for Producers’ to Distribute Resources More Equitably

Agriculture Secretary Tom Vilsack announced that USDA is establishing new programs and efforts to bring financial assistance to farmers, ranchers and producers who felt the impact of COVID-19 market disruptions. The new initiative—**USDA Pandemic Assistance for Producers**—will reach a broader set of producers than in previous COVID-19 aid programs.

USDA is dedicating at least \$6 billion toward the new programs. The Department will also develop rules for new programs that will put a greater emphasis on outreach to small and socially disadvantaged producers, specialty crop and organic producers, timber harvesters, as well as provide support for the food supply chain and producers of renewable fuel, among others. Existing programs like the Coronavirus Food Assistance Program (CFAP) will fall within the new initiative and, where statutory authority allows, will be refined to better address the needs of producers.

**USDA Pandemic Assistance for Producers** was needed, said Vilsack, after a review of previous COVID-19 assistance programs targeting farmers identified a number of gaps and disparities in how assistance was distributed as well as inadequate outreach to underserved producers and smaller and medium operations.

USDA will reopen sign-up for CFAP 2 for at least 60 days beginning on April 5, 2021. The USDA Farm Service Agency (FSA) has committed at least \$2.5 million to improve outreach for CFAP 2 and will establish partnerships with organizations with strong connections to socially disadvantaged communities to ensure they are informed and aware of the application process.

### USDA Pandemic Assistance for Producers – 4 Parts

#### ***Part 1: Investing \$6 Billion to Expand Help & Assistance to More Producers***

USDA will dedicate at least \$6 billion to develop a number of new programs or modify existing proposals using discretionary funding from the Consolidated Appropriations Act and other coronavirus funding that went unspent by the previous administration.

#### ***Part 2: Adding \$500 Million of New Funding to Existing Programs***

USDA expects to begin investing approximately \$500 million in expedited assistance through several existing programs this spring, with most by April 30.

#### ***Part 3: Carrying Out Formula Payments under CFAP 1, CFAP 2, CFAP AA***

The Consolidated Appropriations Act, 2021, enacted December 2020 requires FSA to make certain payments to producers according to a mandated formula. USDA is now expediting these provisions because there is no discretion involved in interpreting such directives, they are self-enacting.

- An increase in CFAP 1 payment rates for cattle. Cattle producers with approved CFAP 1 applications will automatically receive these payments beginning in April. Information on the additional payment rates for cattle can be found on [farmers.gov/cfap](https://farmers.gov/cfap). Eligible producers do not need to submit new applications, since payments are based on previously approved CFAP 1 application. USDA estimates additional payments of more than \$1.1 billion to more than 410,000 producers, according to the mandated formula.
- Additional CFAP assistance of \$20 per acre for producers of eligible crops identified as CFAP 2 flat-rate or price-trigger crops beginning in April. This includes alfalfa, corn, cotton, hemp, peanuts, rice, sorghum, soybeans, sugar beets and wheat, among other crops. FSA

will automatically issue payments to eligible price trigger and flat-rate crop producers based on the eligible acres included on their CFAP 2 applications. Eligible producers do not need to submit a new CFAP 2 application. For a list of all eligible row-crops, visit [farmers.gov/cfap](https://farmers.gov/cfap). USDA estimates additional payments of more than \$4.5 billion to more than 560,000 producers, according to the mandated formula.

- USDA will finalize routine decisions and minor formula adjustments on applications and begin processing payments for certain applications filed as part of the CFAP Additional Assistance program in the following categories:
  - Applications filed for pullets and turfgrass sod;
  - A formula correction for row-crop producer applications to allow producers with a non-Actual Production History (APH) insurance policy to use 100% of the 2019 Agriculture Risk Coverage-County Option (ARC-CO) benchmark yield in the calculation;
  - Sales commodity applications revised to include insurance indemnities, Noninsured Crop Disaster Assistance Program payments, and Wildfire and Hurricane Indemnity Program Plus payments, as required by statute; and
  - Additional payments for swine producers and contract growers under CFAP Additional Assistance remain on hold and are likely to require modifications to the regulation as part of the broader evaluation and future assistance; however, FSA will continue to accept applications from interested producers.

#### ***Part 4: Reopening CFAP 2 Sign-Up to Improve Access & Outreach to Underserved Producers***

As noted above, USDA will re-open sign-up for CFAP 2 for at least 60 days beginning on April 5, 2021.

- FSA has committed at least \$2.5 million to establish partnerships and direct outreach efforts intended to improve outreach for CFAP 2 and will cooperate with grassroots organizations with strong connections to socially disadvantaged communities to ensure they are informed and aware of the application process.

Please visit [www.farmers.gov](https://www.farmers.gov) for additional information and announcements under the **USDA Pandemic Assistance to Producers** initiative, which will help to expand and more equitably distribute financial assistance to producers and farming operations during the COVID-19 national emergency.

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## **USDA Offers Disaster Assistance for Producers Facing Inclement Weather**

Severe weather events create significant challenges and often result in catastrophic loss for agricultural producers.

Despite every attempt to mitigate risk, your operation may suffer losses. USDA offers several programs to help with recovery.

### **Risk Management**

For producers who have risk protection through [Federal Crop Insurance](#) or the [Noninsured Crop Disaster Assistance Program](#) (NAP), we want to remind you to report crop damage to your crop insurance agent or the local Farm Service Agency (FSA) office.

If you have crop insurance, contact your agency within 72 hours of discovering damage and be sure to follow up in writing within 15 days. If you have NAP coverage, file a Notice of Loss (also called

Form CCC-576) within 15 days of loss becoming apparent, except for hand-harvested crops, which should be reported within 72 hours.

### **Disaster Assistance**

USDA also offers disaster assistance programs, which is especially important to livestock, fruit and vegetable, specialty and perennial crop producers who have fewer [risk management options](#).

First, the [Livestock Indemnity Program](#) (LIP) and [Emergency Assistance for Livestock, Honeybee and Farm-raised Fish Program](#) (ELAP) reimburses producers for a portion of the value of livestock, poultry and other animals that died as a result of a qualifying natural disaster event or for loss of grazing acres, feed and forage. And, the [Livestock Forage Disaster Program](#) (LFP) provides assistance to producers of grazed forage crop acres that have suffered crop loss due to a qualifying drought. Livestock producers suffering the impacts of drought can also request [Emergency Haying and Grazing](#) on Conservation Reserve Program (CRP) acres.

Next, the [Tree Assistance Program](#) (TAP) provides cost share assistance to rehabilitate and replant tree, vines or shrubs loss experienced by orchards and nurseries. This complements NAP or crop insurance coverage, which cover the crop but not the plants or trees in all cases.

For LIP and ELAP, you will need to file a Notice of Loss for livestock and grazing or feed losses within 30 days and honeybee losses within 15 days. For TAP, you will need to file a program application within 90 days.

### **Documentation**

It's critical to keep accurate records to document all losses following this devastating cold weather event. Livestock producers are advised to document beginning livestock numbers by taking time and date-stamped video or pictures prior to after the loss.

Other common documentation options include:

- Purchase records
- Production records
- Vaccination records
- Bank or other loan documents
- Third-party certification

### **Other Programs**

The [Emergency Conservation Program](#) and [Emergency Forest Restoration Program](#) can assist landowners and forest stewards with financial and technical assistance to restore damaged farmland or forests.

Additionally, FSA offers a variety of loans available including emergency loans that are triggered by disaster declarations and operating loans that can assist producers with credit needs. You can use these loans to replace essential property, purchase inputs like livestock, equipment, feed and seed, or refinance farm-related debts, and other needs.

Meanwhile, USDA's Natural Resources Conservation Service (NRCS) provides financial resources through its [Environmental Quality Incentives Program](#) to help with immediate needs and long-term support to help recover from natural disasters and conserve water resources. Assistance may also be available for emergency animal mortality disposal from natural disasters and other causes.

### **Additional Resources**

Additional details – including payment calculations – can be found on our [NAP](#), [ELAP](#), [LIP](#),

and [TAP](#) fact sheets. On farmers.gov, the [Disaster Assistance Discovery Tool](#), [Disaster-at-a-Glance fact sheet](#), and [Farm Loan Discovery Tool](#) can help you determine program or loan options.

While we never want to have to implement disaster programs, we are here to help. To file a Notice of Loss or to ask questions about available programs, contact your local USDA Service Center. All [USDA Service Centers](#) are open for business, including those that restrict in-person visits or require appointments because of the pandemic.

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## Know your Final Planting Dates

All producers are encouraged to contact their local FSA office for more information on the final planting date for specific crops. The final planting dates vary by crop, planting period and county so please contact your local FSA office for a list of county-specific planting deadlines. The timely planting of a crop, by the final planting date, may prevent loss of program benefits.

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## USDA Announces Streamlined Guaranteed Loans and Additional Lender Category for Small-Scale Operators

*Options Help More Beginning, Small and Urban Producers Gain Access to Credit*

Producers can apply for a streamlined version of USDA guaranteed loans, which are tailored for smaller scale farms and urban producers. EZ Guarantee Loans use a simplified application process to help beginning, small, underserved, and family farmers and ranchers apply for loans of up to \$100,000 from USDA-approved lenders to purchase farmland or finance agricultural operations.

A new category of lenders will join traditional lenders, such as banks and credit unions, in offering USDA EZ Guarantee Loans. Microlenders, which include Community Development Financial Institutions and Rural Rehabilitation Corporations, will be able to offer their customers up to \$50,000 of EZ Guaranteed Loans, helping to reach urban areas and underserved producers. Banks, credit unions and other traditional USDA-approved lenders, can offer customers up to \$100,000 to help with agricultural operation costs.

EZ Guarantee Loans offer low interest rates and terms up to seven years for financing operating expenses and 40 years for financing the purchase of farm real estate. USDA-approved lenders can issue these loans with the Farm Service Agency (FSA) guaranteeing the loan up to 95 percent.

For more information about the available types of FSA farm loans, contact your local [USDA Service Center](#), or visit [fsa.usda.gov/farmloans](https://fsa.usda.gov/farmloans).

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## Borrower Training for Farm Loan Customers

Borrower training is available for all Farm Service Agency (FSA) customers. This training is required for all direct loan applicants, unless the applicant has a waiver issued by the agency.

Borrower training includes instruction in production and financial management. The purpose is to help the applicants develop and improve skills that are necessary to successfully operate a farm and build equity in the operation. It aims to help the producer become financially successful.

Borrower training is provided, for a fee, by agency approved vendors. Contact your local FSA Farm Loan Manager for a list of approved vendors.

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## Let USDA Help You Prepare for Tax Season

If you participate in USDA programs, including our farm loan program, it's time to start preparing for tax season. USDA technical assistance is free, but it is important to not overlook USDA payments when calculating your taxes. USDA issues documentation for your taxes, including 1098 forms for USDA farm loans and 1099 forms for farmer payments. Whether you are filing your taxes on your own or working with a professional accountant or tax preparer, you have 24/7 access to your loan information through a new feature on [Farmers.gov](https://farmers.gov).

The "My Financial Information" portal makes it easier for customers to track loan transactions and payments and saves trips to the USDA service center to obtain loan-related information. It enables you to view:

- Loans and financial information.
- Interest payments (including year-to-date interest paid for the past five years).
- Loan history.
- Paid-in-full and restructured loans, and alerts. For example, an account alert will be displayed if a loan is past due.

To access your loan information, visit [farmers.gov](https://farmers.gov) and sign into the site's authenticated portal, available on the menu at the top right of the site. To use the portal, you will need a Level 2 USDA eAuthentication account. If you do not have a Level 2 USDA eAuthentication account, [you can sign up for one here](#).

Loan information retrieved from the "My Financial Information" portal should be compared to your records and reviewed with your tax preparer if you are working with one. Contact your [local USDA Service Center](#) if you have questions about the information on My Financial Information.

Currently, only producers doing business as an individual can view information. Entities, such as an LLC or Trust, or producers doing business on behalf of another customer cannot access the portal at this time, but access is being planned. Google Chrome, Mozilla Firefox and Microsoft Edge are the recommended browsers to access the feature.

As you are preparing your taxes, here is a checklist of things to do or consider:

- Gather all 1098, 1099 and other tax forms issued by USDA.
- If you have a Farm Loan, visit the self-service website at the top right corner of [farmers.gov](https://farmers.gov) to view your loan information, history, and payments.
- Crop insurance proceeds must be included in your farm income.
- Farmers can deduct certain conservation-related expenses. According to the IRS, you may deduct up to 25 percent of your gross farm income for conservation expenses.

Keeping good expense records will help you and your tax preparer determine the tax deductions you may claim. Here are some helpful websites to help you compile the record

- <https://www.irs.gov/publications/p225> (Publication 225 (2019), Farmer's Tax Guide)
- <https://newfarmers.usda.gov/taxes> (New farmer resources from USDA)

- <https://ffsc.org> (Record keeping assistance)

The “My Financial Information” portal on Farmers.gov is just one of many features designed to help you manage your loans. The USDA team building farmers.gov prioritized this feature based on feedback from USDA field-level staff and customers. Being able to access loan information and payment history online will help you with this year’s taxes, and future features will continue to expand your self-service opportunities.

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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).