

April 2019



Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## Rhode Island FSA Newsletter

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#### **Rhode Island Farm Service Agency**

60 Quaker Lane Suite 62  
Warwick, RI 02886

Phone: 401-828-8232  
Fax: 855-924-2345

[www.fsa.usda.gov/ri](http://www.fsa.usda.gov/ri)

**State Executive Director:** W.  
Michael Sullivan, PhD

#### **Message from the State Executive Director**

A new cropping season is upon us. Greenhouses are loaded with early stage bedding plants and where possible equipment is beginning to move to the fields. These activities are induced by weather, experience and the unbounded optimism of Rhode Island farmers and producers.

Secretary Purdue has just declared the 2018 weather to have created damaging conditions in RI and nearby sections of Massachusetts and Connecticut. USDA has programs that can assist all impacted producers that have higher than average field losses, field and production infrastructure damages and yield/income losses. The Farm Service Agency and our colleagues at the Natural Resources and Conservation Services Agency cover

**State Committee:** Doreen Pezza, Ellen Puccetti, David Frerichs, Kevin Breene, Judith Carvalho

The State Committee meets the second Wednesday of every month subject to change.

**Rhode Island County Office:** 401-828-3120 option 2.

**County Executive Director:** Sheryl Michener

**County Committee:** Kim Coulter, Vincent Confreda, Joseph Polseno, Victor Hoogendorn, Joseph Silveira

The County Committee meets the first Wednesday of every month subject to change.

**Farm Loan Team:** 401-828-3120 Option 3.

**Farm Loan Officer Trainee:** Gene Piskator

different areas of operation but can work together with any impacted producer trying to recover.

Please contact or stop in the FSA and/or NRCS Offices to discuss the disaster assistance programs that we have available or contact and visit our farm loan team, so we can help you understand the most recent disaster declaration including our other loan programs that are available that may better assist you and your farming needs.

It is also that time of year to remind all of you that filing a yearly acreage report is critical in maintaining current and future program eligibility and benefits. Failure to file an acreage report by the crop acreage reporting deadline may result in program ineligibility. A producer must report their crop acreage each year if they wish to have established records with FSA for use when disasters strike. It is also important that producers keep record of their production history. This allows for a timely determination of any loss claim so disaster payments can be made in a timely fashion.

Acreage reporting deadlines for Rhode Island are as follows;

- July 15, 2019, Annual crops, Grass, Mixed Forage, Alfalfa, Fruit and Nut Trees and Perennial Crops and Perennial Forage (except Apples, Cranberries and Peaches)
- September 30, 2019, Value Loss Crops such as Aquaculture, Floriculture, Turf grass sod, Christmas Trees
- January 2, 2020, Honey (beehive colonies) and Maple Sap
- January 15, 2020, Apples Cranberries and Peaches

If you want a 'fast track' on service and assistance with programs, please consider a regular engagement with our County Office or our Farm Loan Team. Good luck with your Spring 2019 activities.

Thank You,

*Michael Sullivan, PhD., Rhode Island State Executive Director.*

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## **USDA Announces Buy-Up Coverage Availability and New Service Fees for Noninsured Crop Coverage Policies**

USDA's Farm Service Agency (FSA) today announced that higher levels of coverage will be offered through the Noninsured Crop Disaster Assistance Program (NAP), a popular safety net program, beginning April 8, 2019. The 2018 Farm Bill also increased service fees and made other changes to the program, including service fee waivers for qualified military veterans interested in obtaining NAP coverage.

“When other insurance coverage is not an option, NAP is a valuable risk mitigation tool for farmers and ranchers,” said FSA Administrator Richard Fordyce. “In agriculture, losses from natural disasters are a matter of when, not if, and having a NAP policy provides a little peace of mind.”

NAP provides financial assistance to producers of commercial crops for which insurance coverage is not available in order to protect against natural disasters that result in lower yields or crop losses, or prevent crop planting.

### **NAP Buy-Up Coverage Option**

The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the “buy-up” option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production.

Producers have a *one-time opportunity until May 24, 2019*, to obtain buy-up coverage for 2019 or 2020 eligible crops for which the NAP application closing date has passed.

Buy-up coverage is not available for crops intended for grazing.

### **NAP Service Fees**

For all coverage levels, the new NAP service fee is the lesser of \$325 per crop or \$825 per producer per county, not to exceed a total of \$1,950 for a producer with farming interests in multiple counties. These amounts reflect a \$75 service fee increase for crop, county or multi-county coverage. The fee increases apply to obtaining NAP coverage on crops on or after April 8, 2019.

### **NAP Enhancements for Qualified Military Veterans**

The 2018 Farm Bill NAP amendments specify that qualified veteran farmers or ranchers are now eligible for a service fee waiver and premium reduction, if the NAP applicant meets certain eligibility criteria.

Beginning, limited resource and targeted underserved farmers or ranchers remain eligible for a waiver of NAP service fees and premium reduction when they file form CCC-860, “*Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification*.”

For NAP application, eligibility and related program information, visit [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) or contact your local USDA Service Center. To locate your local FSA office, visit [www.farmers.gov](http://www.farmers.gov).

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## **USDA Outlines Eligibility for 2019 Supplemental Coverage Option Regarding Elections for Agriculture Risk Coverage and Price Loss Coverage**

The U.S. Department of Agriculture's Risk Management Agency (RMA) announced that producers who purchased or plan to purchase the [2019 Supplemental Coverage Option \(SCO\) policy](#) should report Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) election intentions to their crop insurance agent by March 15, 2019, or the acreage reporting date, whichever is later.

Producers have the option to elect either ARC or PLC through the Farm Service Agency (FSA) to receive benefits. The 2018 Farm Bill allows producers to make an election in 2019, which covers the 2019 and 2020 crop years.

The Federal Crop Insurance Act prohibits producers from having SCO on farms where they elect ARC. Because of the timing of the Farm Bill, FSA's ARC/PLC election period will not occur until after the SCO sales closing dates and acreage reporting dates.

Producers who purchased SCO policies with sales closing dates of Feb. 28, 2019, or earlier may cancel their SCO policy by March 15, 2019. This allows producers, particularly those who intend to elect ARC for all their acres, to no longer incur crop insurance costs for coverage for which they will not be eligible.

Producers with SCO coverage now have the option to file an ARC/PLC acreage intention report with their crop insurance agent by the later of the acreage reporting date or March 15, 2019. This report will adjust the acreage report by specifying the intended ARC or PLC election by FSA Farm Number. The number of eligible acres on farms with an intention of PLC will be the number of acres insured for SCO regardless of any actual elections made with FSA. If a producer does not file an ARC/PLC acreage intention report, SCO will cover all acres as though the producer elected PLC.

The existing penalties for misreporting eligible acreage on the SCO endorsement will not apply in 2019.

Additional details about SCO can be found at [www.rma.usda.gov](http://www.rma.usda.gov).

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## **USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment**

The U.S. Department of Agriculture's Farm Service Agency (FSA) announced that the January 2019 income over feed cost margin was \$7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Agriculture Secretary Sonny Perdue announced that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between \$8.00 and \$9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the \$9.50 coverage level for 50 percent of its production could potentially be eligible to receive \$1,887.50 for January.

Sample calculation:

$\$9.50 - \$7.99 \text{ margin} = \$1.51 \text{ difference}$

$\$1.51 \text{ times } 50 \text{ percent of production times } 2,500 \text{ cwt. } (30,000 \text{ cwt.}/12) = \$1,887.50$

The calculated annual premium for coverage at \$9.50 on 50 percent of a 3-million-pound production history for this example would be \$2,250.

Sample calculation:

$3,000,000 \text{ times } 50 \text{ percent} = 1,500,000/100 = 15,000 \text{ cwt. times } 0.150 \text{ premium fee} = \$2,250$

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

Additional details about DMC and other FSA farm bill program changes can be found at [farmers.gov/farmbill](https://farmers.gov/farmbill).

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## Rhode Island is Eligible for Emergency Loans

**Rhode Island's Bristol, Newport and Providence counties** was declared as contiguous disaster areas due to excessive rainfall and moisture that occurred on or after July 17, 2018. Under this designation, producers with operations in any primary or contiguous county are eligible to apply for low interest emergency loans.

**Rhode Island's Kent and Washington counties** was declared as contiguous disaster areas due to excessive rainfall that occurred from Aug. 1, 2018, through Nov. 30, 2018. Under this designation, producers with operations in any primary or contiguous county are eligible to apply for low interest emergency loans.

The deadline to apply for these emergency loans is **Nov. 20, 2019**.

FSA will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000.

For more information about emergency loans, please contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## Submit Loan Requests for Financing Early

The Farm Loan team in Rhode Island is already working on operating loans for spring 2019 so it is important that potential borrowers 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 to eligible applicants. These loans, targeted for smaller operations and non-traditional operations, can be used for operating expenses, starting a new agricultural enterprise, purchasing equipment, and other needs associated with a farming operation. The staff at the Rhode Island FSA office can provide more details on farm operating and microloans and provide loan applications. 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, or 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.

Please contact the Rhode Island Farm Loan team if you have questions about any of the loans available through FSA.

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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).