

Washington State FSA - Newsletter - April 1, 2022

In This Issue:

- Announcement of Emergency Livestock Relief Program (ELRP)
- Report Damage or Loss of NAP Covered Crops Immediately
- USDA Updates Eligibility for Spot Market Hog Pandemic Program
- 2021 Marketing Assistance Loans Still Available
- 2022 Wool Triggers Loan Deficiency Payments
- CRP Grassland Signup
- FSA Youth Loans
- Important Dates and Deadlines

Announcement of Emergency Livestock Relief Program (ELRP)

The U.S Department of Agriculture (USDA) announced that ranchers who have approved applications through the 2021 Livestock Forage Disaster Program (LFP) for forage losses due to severe drought or wildfire in 2021 will soon begin receiving emergency relief payments for increases in supplemental feed costs in 2021 through the Farm Service Agency's (FSA) new Emergency Livestock Relief Program (ELRP).

ELRP Eligibility - Phase One

To be eligible for an ELRP payment under phase one of program delivery, livestock producers must have suffered grazing losses in a county rated by the U.S. Drought Monitor as having a D2 (severe drought) for eight consecutive weeks or a D3 (extreme drought) or higher level of drought intensity during the 2021 calendar year, and have applied and been approved for 2021 LFP. Additionally, producers whose permitted grazing on federally managed lands was disallowed due to wildfire are also eligible for ELRP payments, if they applied and were approved for 2021 LFP.

As part of FSA's efforts to streamline and simplify the delivery of ELRP phase one benefits, producers are not required to submit an application for payment; however, they must have the following forms on file with FSA within a subsequently announced deadline as determined by the Deputy Administrator for Farm Programs:

CCC-853, Livestock Forage Disaster Program Application

- Form AD-2047, Customer Data Worksheet.
- Form CCC-902, Farm Operating Plan for an individual or legal entity.
- Form CCC-901, Member Information for Legal Entities (if applicable).
- Form FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs (if applicable).
- Form CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, if applicable, for the 2021 program year.
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification) for the ELRP producer and applicable affiliates.

ELRP Payment Calculation - Phase One

To further expedite payments to eligible livestock producers, determine eligibility, and calculate an ELRP phase one payment, FSA will utilize livestock inventories and drought-affected forage acreage or restricted animal units and grazing days due to wildfire already reported by the producer when they submitted a 2021 CCC-853, *Livestock Forage Disaster Program Application* form.

Phase one ELRP payments will be equal to the eligible livestock producer's gross 2021 LFP calculated payment multiplied by a payment percentage, to reach a reasonable approximation of increased supplemental feed costs for eligible livestock producers in 2021.

The ELRP payment percentage will be 90% for historically underserved producers, including beginning, limited resource, and veteran farmers and ranchers, and 75% for all other producers. These payments will be subject to a payment limitation.

To qualify for the higher payment percentage, eligible producers must have a CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, form on file with FSA for the 2021 program year.

Payments to eligible producers through phase one of ELRP are estimated to total more than \$577 million.

ELRP - Phase Two

The announcement on March 31st was only for the first phase relief for livestock producers. FSA continues to evaluate and identify impacts of 2021 drought and wildfire on livestock producers to ensure equitable and inclusive distribution of much-needed emergency relief program benefits. Phase 2 of the program will be announced at a later date.

Report Damage or Loss of NAP Covered Crops Immediately

If spring weather causes damage to or loss of your 2022 NAP covered crops, you must report this to your local FSA county office.

NAP notices of loss can be initiated by phone, email, or fax, but must be submitted in writing, to your local FSA county office for weather related events or adverse natural occurrences that cause damage to or loss of the NAP covered crop. To report crop damage or loss you must complete, sign, and file the loss portion of form CCC-576 with your FSA office by the <u>earlier</u> of either of the following:

- **15 calendar days** after the disaster occurrence or date of loss or damage to the crop or commodity first becomes apparent or
- 15 calendar days after the normal harvest date.

Please note, producers of hand-harvested crops and certain perishable crops must notify FSA **within 72 hours** of when a loss becomes apparent.

FSA county offices can take initial NAP notice of loss notifications via phone, email, or fax. Offices will assist producers in completing the official CCC-576 Notice of Loss Form as best as possible, sending the form to producers via email, fax, or mail for final review and signature. The completed and signed CCC-576 should then be returned to the county office as soon as possible via email, fax, or mail. A CCC-576 is not considered filed until it has been signed and returned to FSA.

As the 2022 crop year progresses, it is imperative that a notice of loss is filed (for all affected NAP covered crops) within the timeframe noted above for each weather-related event or adverse natural occurrence. This will ensure FSA is notified that your NAP covered crop or crops have been damaged or lost. If the loss event is approved, remember to provide your crop production to your local FSA county office within 60 days after harvest or request an appraisal within 60 days of the normal harvest date so that the payment portion of form CCC-576 can be filed timely.

When a covered crop is lost or damage is significant, replanting is required if feasible and the final planting date has not passed. When you determine that a NAP covered crop will be destroyed, abandoned, or not taken to harvest as intended, you must report this to your local FSA office as soon as possible so a field visit can be conducted by a certified loss adjuster. Once the crop appraisal has been completed, the loss adjuster will release the field and you can destroy the covered crop acres and replant to a different crop or harvest the acres for a different use.

Remember, failure to timely notify your FSA county office of NAP covered crop damage or loss will result in denial of NAP payment benefits. Destroying NAP covered crop acres or harvesting for a different use without a loss adjuster appraisal will result in those acres being determined ineligible for NAP payment benefits.

If you have any questions about NAP policy requirements, contact your local <u>county FSA</u> <u>office</u> for more information.

USDA Updates Eligibility for Spot Market Hog Pandemic Program

The U.S. Department of Agriculture (USDA) has clarified the definition of a spot market sale and hog eligibility under the <u>Spot Market Hog Pandemic Program</u> (SMHPP), which assists producers who sold hogs through a spot market sale from April 16, 2020, through Sept. 1, 2020. Hog producers will also now be required to submit documentation to support information provided on their SMHPP application. USDA's Farm Service Agency (FSA) will accept applications through **April 29, 2022**, which is an extension the deadline previously set for the program.

USDA is offering the SMHPP in response to a reduction in packer production due to the COVID-19 pandemic, which resulted in fewer negotiated hogs being procured and subsequent lower market prices. The program is part of USDA's broader Pandemic Assistance for Producers initiative and addresses gaps in previous assistance for hog producers.

SMHPP Program Updates

When the pandemic disrupted normal marketing channels, including access to packers, producers sold their hogs through cash sales to local processors or butchers, direct sales to individuals and third-party intermediaries, including sale barns or brokers. The use of third-party intermediaries was the only available marketing alternative for many producers and are now included in SMHPP. The only direct to packer sales that are eligible for SMHPP are those through a negotiated sale. Hogs sold through a contract that includes a premium above the spot-market price or other formula such as the wholesale cut-out price remain ineligible. Hogs must be suitable and intended for slaughter to be eligible. Immature swine (pigs) are ineligible.

FSA will now require documentation to support the accuracy of information provided on the FSA-940 Spot Market Hog Pandemic Program application, including the number of hogs reported on the application that were sold through a spot market sale and how the price was determined for the sale.

SMHPP payments will be calculated by multiplying the number of head of eligible hogs, not to exceed 10,000 head, by the payment rate of \$54 per head. To ensure SMHPP funding availability is disbursed equitably to all eligible producers, FSA will now issue payments after the application period ends. If calculated payments exceed the amount of available funding, payments will be factored.

Applying for Assistance

Eligible hog producers can apply for SMHPP by April 29, 2022, by completing the FSA-940, Spot Market Hog Pandemic Program application, along with required supporting documentation. Producers can visit farmers.gov/smhpp for examples of supporting documentation, information on applicant eligibility and more information on how to apply.

Applications can be submitted to the FSA office at any USDA Service Center nationwide by mail, fax, hand delivery or via electronic means. To find their local FSA office,

producers should <u>visit farmers.gov/service-locator</u>. Hog producers can also call 877-508-8364 to speak directly with a USDA employee ready to offer assistance.

2021 Marketing Assistance Loans Still Available

FSA Marketing Assistance Loans are still available for harvested commodities. A loan can provide you with interim financing to meet cash flow needs without selling your harvested crop at a time when market prices are at harvest-time lows. Your 2021 harvested farmstored or warehouse-stored commodity is used as collateral for the loan. Marketing Assistance Loans mature 9 months after the month loan funds are disbursed to you, with repayment due at loan maturity. Before moving farm-stored loan collateral, you must contact the county FSA office and obtain an authorization to move the collateral. Producers who have a commodity pledged as collateral for a marketing assistance loan can purchase a commodity certificate that can be immediately exchanged for the outstanding loan collateral in situations when the loan rate exceeds the exchange rate. Producers who are eligible for marketing assistance loans can obtain a loan deficiency payment (LDP) in lieu of a loan. LDP's are available when the posted county price for a crop falls below the county loan rate. You can check the daily LDP rates online at https://www.fsa.usda.gov/programs-and-services/price-support/Index.

FSA is still accepting requests for 2021 MALs for some eligible harvested commodities. The final date to request a MAL for 2021 corn, dry peas, grain sorghum, lentils, mustard seed, rice, safflower seed, chickpeas, soybeans, and sunflower seeds is **May 31, 2022**.

For a commodity to be eligible for a loan or certificate, you must have beneficial interest in the commodity which is defined as having title, possession, and control of the commodity. The quality of stored collateral must be maintained, and you are responsible for loss or damage to the commodity through the term of the loan. To retain eligibility for an LDP when beneficial interest in your harvested crop will be lost upon delivery, you must file form CCC-633 EZ Page 1 with your local FSA office prior to loss of beneficial interest.

If you are interested, please contact <u>your local FSA county office</u> to learn more about Marketing Assistance Loans.

2022 Wool Triggers Loan Deficiency Payments

Wool producers may be eligible for Loan Deficiency Payments (LDP) through the Farm Service Agency. LDPs are direct payments made in lieu of a marketing assistance loan when the Commodity Credit Corporation determined value, based on the current local price, is below the applicable loan rate. For wool, the local prices and loan rates are set at a national level. The payment is the difference between the price and loan rate times the eligible quantity. Wool LDP rates are updated on a weekly basis and can be found online here. Use the Weekly Commodity Rates icon to open the dropdown which includes the "Wool and Mohair LDP Rates" spreadsheet.

Unsold wool shorn during the 2022 calendar year may be eligible for a 2022 LDP. For a commodity to be eligible for an LDP, the producer must have beneficial interest in the commodity, defined as having title, possession, and control of the commodity, and responsible for loss of or damage to the commodity. All related application forms must be

completed at the local FSA office prior to loss of beneficial interest. Additional eligibility requirements must be met before an LDP payment can be paid. This includes a 2022 FSA-578 acreage report for all crop acres, a CCC-941 Adjusted Gross Income Certification, a CCC-902 Farm Operating Plan, an AD-1026 Highly Erodible Land and Wetland Certification, and a direct deposit form or waiver.

In order to request an LDP for wool, producers must complete a **CCC-633 EZ Loan Deficiency Payment Agreement and Request form**. Page 1 is the agreement which signifies an intent to request an LDP and must be completed before a producer loses beneficial interest of the eligible commodity. Page 4 is the wool request for LDP benefits and must be submitted after page 1 is completed. Once signed and approved, page 4 cannot be cancelled and payments cannot be deferred. Payments are processed after page 4 has been submitted and approved.

For more information on LDPs, visit https://www.fsa.usda.gov/programs-and-services/price-support/Index or visit your local FSA office.

CRP Grassland Signup

Farmers and ranchers may apply to enroll grasslands in the Conservation Reserve Program (CRP) Grasslands signup beginning April 4 through May 13. Through CRP Grasslands, participants retain the right to graze, harvest hay, or harvest seed from the enrolled land, while receiving an annual rental payment for maintaining the existing permanent cover. Timing of haying may be restricted by the primary nesting season of birds but grazing generally will not be. Participants may also receive up to 50 percent cost-share for establishing approved conservation practices such as cross fencing and livestock water developments.

The minimum CRPG rental rate is \$13 per acre. CRPG annual rental payments are subject to the same payment limitation as regular CRP and will be enrolled for either a 10 or 15 year contract period.

FSA will rank applications using a number of factors including existence of expiring CRP land, threat of conversion or development, existing grassland, and predominance of native species cover, and cost. The 2018 Farm Bill set aside 2 million acres for CRP Grassland enrollment within the overall CRP acreage cap.

Please contact your local office for more information on CRPG and how to make an offer by the deadline of May 13.

FSA Youth Loans

The Farm Service Agency (FSA) makes operating loans of up to \$5,000 to eligible individual youths ages 10 to 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational and initiated, developed and carried out by youths participating in 4-H clubs, Future Farmers of America, tribal youth organizations or similar agricultural-affiliated groups. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan and

provide the youth with practical business and educational experience in agriculture-related skills.

To qualify for a loan, the applicant must comply with FSA's general eligibility requirements, and conduct a modest income-producing project in a supervised program of work.

These loans can finance many kinds of income-producing agricultural projects. Some examples include:

- Buy, raise and sell livestock
- Purchase inputs such as seed, fuel and fertilizer to raise and sell a crop
- Purchase or repair tools or equipment needed to support an eligible project
- Purchase breeding stock

To apply, the applicant must submit completed plans and budgets signed by the project advisor and parent or guardian along with the FSA application for loan assistance.

These loans:

- Have an aggregate maximum loan amount of \$5,000;
- Have a fixed interest rate that is determined at the time of closing (2.75% for April, 2022);
- Are secured with a promissory note, and by liens on the products produced for sale and on chattel property, including crops, livestock, equipment and fixtures purchased with loan funds; and
- Have a repayment schedule that varies depending on the type of project for which the loan is made.

For additional information on the Youth Loan program, or to submit an application, contact your local FSA office at http://offices.usda.gov.

Important Dates and Deadlines

April 1, 2022 – Beginning of the Primary Nesting Season for CRP. Activities on established CRP stands are prohibited April 1 through July 1 unless specifically authorized by FSA on a contract-by-contract basis. This restriction does not apply to contracts where the cover is being established at this time.

April 4, 2022 - CRP Grassland signup period opens. Signup ends May 13, 2022.

April 29, 2022 – Deadline for hog producers to apply for SMHPP for negotiated sales which occurred from April 16, 2020 through Sept. 1, 2020. Supporting documentation required.

May 13, 2022 – CRP Grassland Signup Deadline

May 30, 2022 – Memorial Day. USDA service centers will be closed.

May 31, 2022 – Final date to request a MAL for 2021 corn, dry peas, grain sorghum, lentils, mustard seed, rice, safflower seed, chickpeas, soybeans, and sunflower seeds.

May 31, 2022 – Deadline to obtain 2023 crop year NAP coverage for nursery crops and to file a 2023 acreage report on nursery crops (full list of Washington State NAP dates posted here).

June 15, 2022 – Nominations open for 2022 FSA County Committee Elections.

July 15, 2022 – Final acreage reporting date for perennial forage, CRP, and spring-seeded crops.

July 15, 2022 – Deadline to report actual harvested production of 2021 NAP covered grass seeds, forages, and annually planted spring crops for actual production history (APH) purposes.

July 15, 2022 – Final date to report 2021 production for ARC-IC.

Washington State / FSA Office

11707 E. Sprague AVe Suite 303 Spokane Valley, WA 99206

> Phone: 509-323-3000 Fax: 855-843-1172

Jon Wyss State Executive Director Danielle Garbe Reser State Committee, Acting

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