Nebraska USDA Farm Service Agency

Nebraska FSA: Program Opportunities for All Farm Sizes and Types

Presenter:
- Lisa Liska, Farm Loan Manager at Lincoln-Logan-McPherson County FSA
Who Is Nebraska FSA?
We are a statewide entity
Agency History

- FSA traces its beginnings to 1933, in the depths of the Great Depression
- A wave of discontent caused by mounting unemployment and farm failures had helped elect President Franklin Delano Roosevelt, who promised Americans a “New Deal”
- One result was the establishment in 1935 of a Department of Agriculture agency, the Farm Security Administration
- Today, FSA’s responsibilities are organized into five areas: Farm Programs, Farm Loan Programs, Commodity Operations, Management and State Operations
What is FSA’s Mission?

- Farm Service Agency is equitably serving all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans.
- The foundation of FSA’s mission and vision rests upon the USDA’s long-standing core values of:
  - Strong Ethics
  - Customer Service
  - Team Work
  - Inclusive Decision Making
  - Fiscal Responsibility
Farm Programs
One part of a safety net for farmers and ranchers
Farm Bill Safety Net

- Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC): Largest of the FSA-delivered programs

- Marketing Assistance, including:
  - Loan Deficiency Payments
  - Marketing Assistance Loans

- Disaster Assistance, including:
  - Livestock Indemnity Program (LIP)
  - Livestock Forage Program (LFP)
  - Noninsured Crop Disaster Assistance Program (NAP)
The 2014 Farm Bill implemented the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) Programs.

Producers had the opportunity to select either ARC or PLC for each covered commodity on the farm.

The program election is irrevocable for the life of the Farm Bill (through 2018).
<table>
<thead>
<tr>
<th>Covered Commodities for ARC/PLC Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
</tr>
<tr>
<td>Crambe</td>
</tr>
<tr>
<td>Garbanzo, Small</td>
</tr>
<tr>
<td>Mustard Seed</td>
</tr>
<tr>
<td>Peas, Dry</td>
</tr>
<tr>
<td>Rice, Medium Grain</td>
</tr>
<tr>
<td>Soybeans</td>
</tr>
</tbody>
</table>
Agriculture Risk Coverage (ARC)

- Provides protection against declines in revenue (price and yield)
- Option for selecting county yield level or individual yield level
- "Shallow loss" program designed to cover losses at 76 percent to 86 percent of expected revenue
Agriculture Risk Coverage (ARC)

- “Revenue” loss program
- Uses county-level yields and national price data to make the revenue and guarantee calculations
- Payment is triggered, for each applicable base crop on the farm, when the actual revenue in the current year for a specific crop in the county falls below the crop’s ARC County Guarantee
- Projected payment rates are updated monthly at www.fsa.usda.gov/arc-plc
Price Loss Coverage (PLC)

- Is a price protection program
- Calculated using base acres and payment yield for the crop on the participating farm
- No requirement to plant the crop
- Payments trigger when the effective price is less than the reference price
Price Loss Coverage (PLC)

- Provides protection from declines in price that fall below the “reference price”

<table>
<thead>
<tr>
<th>Crop</th>
<th>Reference Prices</th>
<th>National Loan Rates</th>
<th>Maximum PLC Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley 1/</td>
<td>$4.95 per bu.</td>
<td>$1.95 per bu.</td>
<td>$3.00 per bu.</td>
</tr>
<tr>
<td>Chickpeas, Large (Garbanzo Bean, Kabuli)</td>
<td>$21.54 per cwt.</td>
<td>$11.28 per cwt.</td>
<td>$10.26 per cwt.</td>
</tr>
<tr>
<td>Chickpeas, Small (Garbanzo Bean, Desi)</td>
<td>$19.004 per cwt.</td>
<td>$7.43 per cwt.</td>
<td>$11.61 per cwt.</td>
</tr>
<tr>
<td>Corn</td>
<td>$3.70 per bu.</td>
<td>$1.95 per bu.</td>
<td>$1.75 per bu.</td>
</tr>
<tr>
<td>Dry Peas</td>
<td>$11.00 per cwt.</td>
<td>$5.40 per cwt.</td>
<td>$5.60 per cwt.</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$3.95 per bu.</td>
<td>$1.95 per bu.</td>
<td>$2.00 per bu.</td>
</tr>
<tr>
<td>Lentils</td>
<td>$19.97 per cwt.</td>
<td>$11.28 per cwt.</td>
<td>$8.69 per cwt.</td>
</tr>
<tr>
<td>Oats</td>
<td>$2.40 per bu.</td>
<td>$1.39 per bu.</td>
<td>$1.001 per bu.</td>
</tr>
<tr>
<td>Canola</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Crambe</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Flaxseed</td>
<td>$11.28 per bu.</td>
<td>$5.65 per bu.</td>
<td>$5.63 per bu.</td>
</tr>
<tr>
<td>Mustard</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Rapeseed</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Safflower</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Sesame Seed</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Sunflower</td>
<td>$20.15 per cwt.</td>
<td>$10.09 per cwt.</td>
<td>$10.06 per cwt.</td>
</tr>
<tr>
<td>Peanuts</td>
<td>$535.00 per ton</td>
<td>$355.00 per ton</td>
<td>$180.00 per ton</td>
</tr>
<tr>
<td>Rice, Long Grain</td>
<td>$14.00 per cwt.</td>
<td>$6.50 per cwt.</td>
<td>$7.50 per cwt.</td>
</tr>
<tr>
<td>Rice, Medium Grain 2/</td>
<td>$14.00 per cwt.</td>
<td>$6.50 per cwt.</td>
<td>$7.50 per cwt.</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$8.40 per cwt.</td>
<td>$5.00 per bu.</td>
<td>$3.40 per bu.</td>
</tr>
<tr>
<td>Wheat</td>
<td>$5.50 per bu.</td>
<td>$2.94 per bu.</td>
<td>$2.56 per bu.</td>
</tr>
</tbody>
</table>
ARC-PLC Payments

2015 payments were issued in October 2016 for PLC/ARC-CO/ARC-IC

Nebraska        $32 million – PLC
                 $640 million – ARC-CO
                 $1.7 million – ARC-IC
Total              $674 million

Payments are issued after MYA prices are determined and after October 1 of the subsequent year.
Important Program Compliance Notes

- To be eligible for FSA programs, producers must
  - Actively apply a conservation plan/system to highly erodible lands
  - Not convert and/or plant wetland areas
- The 2014 Farm Bill mandates that these requirements be met for a producer to be eligible for crop insurance premium subsidies (about 65 percent of total premium)
Important Program Compliance Notes

- Deadline to file an AD-1026 is June 1 of the year before the reinsurance year in which a producer will buy crop insurance.

- Producers also must file the AD-1026 form prior to conducting land activities, including breaking any new land for production, installing tile and other types of work.
Important Program Compliance Notes

- Also to maintain eligibility for most FSA program benefits, producers are required to conduct Acreage Reporting of all cropland.
- Reports for non-cropland also are necessary to be eligible for certain programs.
- 2017 acreage reporting deadlines:
  - Nov. 15, 2016 – Perennial forage and fall-seeded crops
  - Jan. 2, 2017 – Honey
  - July 15, 2017 – All other crops and CRP

New – Producers may now elect “continuous certification” for certain perennial crops; certified acreage rolls forward annually, and requires no additional action, unless a change occurs.
Marketing Assistance Program

- Short-term (9 months) marketing assistance loans continue to be available to provide cash flow without having to sell the commodities at typically harvest-time lows.
- Stored commodity serves as collateral for the loan with Commodity Credit Corporation.
- Producers who are eligible to obtain a marketing assistance loan, but agree to forgo the loan, may obtain a Loan Deficiency Payment (LDP) under certain market conditions.
- The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective marketing loan repayment rate for the commodity.
Disaster Assistance Programs

- **Livestock Forage Program (LFP)** - Provides assistance for grazing losses due to drought; tied to U.S. Drought Monitor as trigger

- **Livestock Indemnity Program (LIP)** - Provides assistance for livestock losses due to eligible adverse weather event
Non-Insured Assistance Program (NAP)

- Coverage for crops where crop insurance is not available
- Service fee and premium (Service fee and a portion of the premium can be waived for beginning farmers/ranchers and underserved producers)
- Generally used for forage, fruit and vegetable crops
- March 15 is the spring sales closing date
- 2018 sales closing dates – for fall-seeded and perennial fruit crops, starts Sept. 30, 2017
Dairy Assistance Program

- Margin Protection Program
- Risk management to assist dairy producers when the margin between national milk prices and national average feed costs are less than $8
- Sign-up for 2017 program year ended Dec. 16, 2016
Conservation Reserve Program
An important land management tool
Conservation Reserve Program (CRP)

- There is a 24 million acre cap on enrollments into this program; national enrollment stands at 23.5 million
- Nebraska current enrollment
  - 799,237 acres, lowest total since 1988
  - 63,647 acres are due to expire this year
- No general sign-up announcements yet this year
- CRP Continuous Sign-up 50 is ongoing
Conservation Reserve Program

Migratory Bird State Acres For wildlife Enhancement (SAFE) Eligible Areas of Nebraska

Eligible Wetland Areas
- High Playa Wetland Density HUCs

Produced by the Rainwater Basin Joint Venture, Grand Island, NE
Conservation Reserve Program - Grasslands

- 112,218 acres awarded under this program in November
- Additional 96,698 acres awarded under the Small Livestock Operation Initiative in December
FSA Farm+

- New application that provides you with more access to your records
- Requires Level 2 access, which includes enrollment by the producer and “identity proofing” by FSA
- You can view, export and/or print farm records data, producer information data and maps from home

www.fsa.usda.gov/online-services/farm-plus/index
Farm Loan Programs

The lender of first opportunity for beginning, new and start-up farmers and ranchers, including women and other underserved applicants; A resource in difficult financial times; A tool for all types of agriculture
Farm Loan Program

- **Direct Farm Operating Loan (OL)**
  - A valuable resource to start, maintain and strengthen a farm or ranch
  - **Loan Purposes**
    - Farm operating expenses (ex: feed, fertilizer, cash rent, etc.)
    - Purchase breeding livestock
    - Purchase farm machinery & equipment
    - Refinance certain farm-related debts, excluding real estate
  - **Maximum Loan Amount is $300,000**
  - **Term of 1 to 7 years, depending on purpose of loan**
Farm Loan Program

- **Direct Farm Ownership Loan (FO)**
  - **Loan Purpose**
    - Buy a ranch or farm
    - Construct, purchase or improve farm dwellings, service buildings or other facilities essential to the operation
  - **FO 100% Financing** ($300,000 limit, 4.0% interest rate, 40 year maximum term)
  - **FO Joint Financing** ($300,000 limit, 2.5% interest rate, 40 year maximum term)
  - **Beginning Farmer/Rancher & Underserved FO Down Payment Loan** ($300,000 limit, 1.5% interest rate, 20 year term, 5% down payment required)
Farm Loan Program

Microloans

- Focuses on financing the needs of small, beginning farmer/rancher, niche and non-traditional farm operations
- Simplified application process
- $50,000 loan limit

Types of Microloans

- Operating Loan - 1 to 7 year term
- Farm Ownership - 25 year maximum term
Farm Loan Program

- **Direct Youth Loans**
  - Loans to individual young persons to start and operate income-producing agricultural projects of modest size in connection with their participation in 4-H clubs, FFA, Tribal youth group, or similar agricultural youth organization
  - Maximum Loan Amount is $5000
  - Youth between the ages of 10 through 20 years old can apply
  - Requires a recommendation from a project advisor and parent/legal guardian consent
  - Young people applying for a youth loan are personally responsible for repaying the loan
Farm Loan Program

- **Guaranteed Farm Loans**
  - Helps family farmers and ranchers to obtain loans from USDA-approved commercial lenders at reasonable terms to buy farmland or finance agricultural production.
  - With a guaranteed loan, the lender is FSA’s customer, not the loan applicant.
  - Financial institutions receive additional loan business as well as benefit from the safety net FSA provides by guaranteeing farm loans up to 95% against possible financial loss.
Farm Loan Program

- Guaranteed Loans
  - Farm Operating (G-OL)
  - Farm Ownership (G-FO)
  - FY 2017 guaranteed loan limit is $1,399,000
Farm Loan Program

- **EZ Guaranteed Loans**
  - To help small, new or underserved family farmers and ranchers with early financial assistance
  - Simplified Guaranteed Loan application process
  - Up to $100,000 for farm operating or farm ownership purposes
Farm Loan Program

- **Farm Storage Facility Loan (FSFL)**
  - Provides low interest financing for producers to acquire, build, or upgrade permanent or portable, new or used facilities
  - **Loan Purpose**
    - Storage and handling facilities (i.e. grain bins, hay sheds, cold storage)
    - Drying and handling equipment
    - Storage and handling trucks (excludes semi-tractor type trucks)
Farm Loan Program

- **Farm Storage Facility Loan (FSFL)**
  - Eligible FSFL Commodities
    - grains, oilseeds, peanuts, pulse crops, hay, honey, renewable biomass commodities, fruits & vegetables
  - Newly eligible FSFL commodities: aquaculture, floriculture, hops, maple syrup, meat, milk/poultry (unprocessed), rye, butter, cheese, eggs, yogurt
Farm Loan Program

- **Farm Storage Facility Loan (FSFL)**
  - Loan limit is $500,000 per loan
  - Maximum loan amount for storage and handling trucks is $100,000
  - 15% down payment required
  - Loan terms vary from 3 to 12 years

- **FSFL Microloan**
  - Aggregate loan balance up to $50,000
  - 5% down payment required
Questions