

April 2015



NEWSLETTER

Alaska FSA Newsletter

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USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers

Department Proposes Changes to "Actively Engaged" Rule

USDA proposed a rule to limit farm payments to non-farmers, consistent with requirements Congress mandated in the 2014 Farm Bill. The proposed rule limits farm payments to individuals who may be designated as farm managers but are not actively engaged in farm management. In the Farm Bill, Congress gave USDA the authority to address this loophole for joint ventures and general partnerships, while exempting family farm operations from being impacted by the new rule USDA ultimately implements.

The current definition of "actively engaged" for managers, established in 1987, is broad, allowing individuals with little to no contributions to critical farm management decisions to receive safety-net payments if they are classified as farm managers, and for some operations there were an unlimited

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Hours Monday-Friday
8:00 a.m. - 4:30 p.m.

Committee Meetings:
Northern Co April TBA
Southern Co April TBA

Please contact your local FSA
Office for questions specific to
your operation or county.

number of managers that could receive
payments.

The proposed rule seeks to close this
loophole to the extent possible within the
guidelines required by the 2014 Farm Bill.
Under the proposed rule, non-family joint
ventures and general partnerships must
document that their managers are making
significant contributions to the farming
operation, defined as 500 hours of
substantial management work per year, or
25 percent of the critical management time
necessary for the success of the farming
operation. Many operations will be limited to
only one manager who can receive a safety-
net payment. Operators that can
demonstrate they are large and complex
could be allowed payments for up to three
managers only if they can show all three are
actively and substantially engaged in farm
operations. The changes specified in the
rule would apply to payment eligibility for
2016 and subsequent crop years for
Agriculture Risk Coverage (ARC) and Price
Loss Coverage (PLC) Programs, loan
deficiency payments and marketing loan
gains realized via the Marketing Assistance
Loan program.

As mandated by Congress, family farms will
not be impacted. There will also be no
change to existing rules for contributions to
land, capital, equipment, or labor. Only non-
family farm general partnerships or joint
ventures comprised of more than one
member will be impacted by this proposed
rule.

Stakeholders interested in commenting on
the proposed definition and changes are
encouraged to provide written comments
at www.regulations.gov by May 26, 2015.
The proposed rule is available
at <http://go.usa.gov/3C6Kk>.

Beginning Farmer Loans

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

Has operated a farm for not more than 10 years

Will materially and substantially participate in the operation of the farm

Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA

Does not own a farm in excess of 30 percent of the county's average size farm.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov.

Microloans

Farm Service Agency (FSA) reminds farmers and ranchers that the FSA borrowing limit for microloans increased from \$35,000 to \$50,000, on Nov. 7, 2014. Microloans offer borrowers simplified lending with less paperwork.

The microloan change allows beginning, small and mid-sized farmers to access an additional \$15,000 in loans using a simplified application process with up to seven years to repay. Microloans are part of USDA's continued commitment to [small and midsized farming operations](#).

To complement the microloan program additional changes to FSA eligibility requirements will enhance beginning farmers and ranchers access to land, a key barrier to entry level producers. FSA policies related to farm experience have changed so that other types of skills may be considered to meet the direct farming experience required for farm ownership loan eligibility. Operation or management of non-farm businesses, leadership positions while serving in the military or advanced education in an agricultural field will now count towards the experience applicants need to show when applying for farm ownership loans. **Important Note:** Microloans cannot be used to purchase real estate.

Since 2010, more than 50 percent of USDA's farm loans now go to beginning farmers and FSA has increased its lending to targeted underserved producers by nearly 50 percent.

Please review the FSA [Microloan Program Fact Sheet](#) for program application, eligibility and related information.

Youth Loans

The Farm Service Agency makes loans to youth to establish and operate agricultural income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements

- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the youth loan applicant, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

USDA Reminds Farmers of 2014 Farm Bill Conservation Compliance Changes

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file.

For farmers to be eligible for premium support on their federal crop insurance, a completed and signed AD-1026 certification form must be on file with the FSA. The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers and ranchers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster, and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and NRCS. This includes most financial assistance such as the new price and revenue protection programs, the Conservation Reserve Program, the Livestock Disaster Assistance programs and Marketing Assistance Loans and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program, the Conservation Stewardship Program, and other conservation programs implemented by NRCS.

Many FSA and Natural Resource Conservation (NRCS) programs already have implemented this requirement and therefore most producers should already have an AD-1026 form on file for their associated lands. If an AD-1026 form has not been filed or is incomplete, then farmers are reminded of the deadline of June 1, 2015.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required compliance with the conservation compliance provisions.

FSA recently released a revised form AD-1026, which is available at USDA Service Centers and online at: www.fsa.usda.gov. USDA will publish a rule later this year that will provide details outlining the connection of conservation compliance with crop insurance premium support. Producers can also contact their local USDA Service Center for information. A listing of service center locations is available at offices.usda.gov.

USDA's Farm Service Agency (FSA) Offers Farm Bill Website and Online Overview of Farm Bill Programs

The Agricultural Act of 2014 (the Act), also known as the 2014 Farm Bill, was signed by President Obama on Feb. 7, 2014. The Act repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by the Farm Service Agency (FSA).

Most of these programs are authorized and funded through 2018.

For the latest on 2014 Farm Bill programs administered by FSA, please visit our Farm Bill website at www.fsa.usda.gov/farmbill and for an FSA program overview please read, download and/or print our recently posted FSA Farm Bill Fact Sheet titled, [What's in the 2014 Farm Bill for Farm Service Agency Customers?](#)

For more information on FSA, please contact your local USDA Service Center or visit us online at www.fsa.usda.gov.

2015 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit your local County FSA office to file an accurate crop certification report by the applicable deadline.

The following acreage reporting dates are applicable for All Counties in Alaska:

July 15, 2015: all other crops

December 15, 2015: perennial forage, fall seeded small grains

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.
- If a perennial forage crop is reported with the intended use of "cover only," "green manure," "left standing," or "seed," then the acreage must be reported by July 15th.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local County FSA office.

USDA is an equal opportunity provider and employer. 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).