



**IDAHO SENATE
AGRICULTURAL AFFAIRS COMMITTEE
Jim Rice, Chairman**

**USDA Idaho Farm Service Agency
February 12, 2015**

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Farm Service Agency

Mark Samson
State Executive Director

Jeff Mitchell
Farm Program Chief

Dan Mattson
Acting Farm Loan Chief

Terry Pobst-Martin
Administrative Officer

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Idaho State Committee Represent all Areas of the State

- **Scott McLeod**, Chairman Nezperce
- **Matt Gellings** Idaho Falls
- **Amy Manning** Pocatello
- **Sherry Crutcher** Duck Valley
- **Bobbi Bodine** Grangeville

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FSA County Office Committees (COC) Unique to FSA

- USDA encourages *all* eligible farmers and ranchers to participate in the county committee election process
- COC's serve 3-year terms and elections are held in December
- COC's oversee delivery of federal programs locally



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Administrative

FTE Ceiling is stable at 135

83 employees to implement the Farm Program
Section

34 employees to implement the Farm Loan Section

Administrative costs: 3.2% of program
allocations.

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Still located in 29 counties.
Appropriations Committees
Authorization to reduce any office to
below one FTE is required.



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Continued Strength of Idaho Agriculture

- 2014 Cash receipts up for fourth straight year
\$9.7 Billion in 2014 (U of I)
\$8.4 Billion in 2013 (U of I)
- 2014 farm revenue - \$7.82 billion (U of I)
- 2014 farm net income \$4.5 billion (U of I)
46% Increase
- 2014 Program payments down 23% (U of I)

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Agriculture Act of 2014

Signed into law February 7, 2014

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Agriculture Act of 2014

The goal of this farm bill is to allow the men and women who feed millions around the world to invest confidently in the future.

- Provides additional support to communities
- Builds on the historic gains in rural America over the past 5 years
- Supports the continued global leadership of our farmers and ranchers

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Changes in the 2014 Farm Bill

Direct, Counter-cyclical and ACRE payments are eliminated

Payment Limitations are Reduced (\$125,000)

Adjusted Gross Income is Reduced (\$900,000)

Improves “safety net” for Veteran and Beginning farmers and ranchers

Recognizes the potential of new and expanding markets for the agriculture industry

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Changes in the 2014 Farm Bill

Additional support for food hubs, farmers markets and on-farm businesses

Increased reliance on Crop Insurance

Reduced CRP Acres to 26 million

Tied Conservation Compliance to all programs

Increased Loan Opportunities

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Agriculture Act of 2014

LIVESTOCK

NONINSURED CROP DISASTER ASSISTANCE

DAIRY

ARC/PLC REVENUE PROTECTION

CONSERVATION

FARM LOAN PROGRAM

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Agriculture Act of 2014 LIVESTOCK

Livestock Indemnity Program (LIP)

Retro back to October 1, 2011

Livestock Forage Disaster Program (LFP)

Retro back to October 1, 2011

Emergency Livestock Assistance Program (ELAP)

Retro back to October 1, 2011

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Agriculture Act of 2014 NONINSURED CROP DISASTER ASSISTANCE

Those crops not insured by RMA

**Buy-up to 100% of Price
Yield Coverage 50/55/60/65%
Basic – 50% yield, 55% price**

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Agriculture Act of 2014
NONINSURED CROP DISASTER
ASSISTANCE

\$250 admin fee per crop
(Max \$750 per county or \$1875 total per producer)
Buy-up premium based on producer yield,
acres and level selected
Maximum premium is \$6563

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Agriculture Act of 2014
NONINSURED CROP DISASTER
ASSISTANCE

Underserved, Beginning Farmer or Limited
Resource Producer

Admin Fee Waived
Buy-up premium is reduced 50%
Payment Limitation and AGI apply

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Agriculture Act of 2014
DAIRY
MARGIN PROTECTION PROGRAM

Risk Management Against Falling Margins
National All-Milk Price – National Average Feed Price
Catastrophic coverage at no cost
Annual Administrative Fee (\$100)
Varying Margins: \$4.00 to \$8.00 (Buy-up Fees at \$4.50)

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Agriculture Act of 2014
DAIRY
MARGIN PROTECTION PROGRAM

Sign-up Completed December 19, 2014
361 of 550 Enrolled
60% of Total Milk Production Enrolled

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Agriculture Act of 2014
Agricultural Risk Coverage (ARC)
Price Loss Coverage (PLC)

No longer Revenue “Guarantee”

Revenue “Protection”

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Agriculture Act of 2014

ARC/PLC

One time opportunity:

Update yields based on 2008-12 yield history (owners)

Reallocate base to crops planted on the farm in 2009-2012 (owners)

Choose between ARC or PLC (producers)

A new crop insurance option (SCO) for PLC participants

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Agriculture Act of 2014

ARC/PLC

Owners choose to update yields and/or reallocate bases (one-time decision)
February 27, 2015

Producers decide to elect ARC or PLC (one-time decision)
March 31, 2015

Producers enroll on an annual basis in ARC or PLC (must enroll in the
 elected program – cannot change from year to year)
Mid-April 2015 – Summer 2015

Producers choose to purchase an individual crop insurance policy and SCO
 (if the crop is not enrolled in ARC)
Annually in Spring or Fall (depending on the crop)



Agriculture Act of 2014

ARC/PLC

21 Covered Commodities		
Barley	Canola	Corn
Crambe	Flaxseed	Garbanzo, Large
Garbanzo, Small	Grain Sorghum	Lentils
Mustard Seed	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain
Rice, Medium Grain	Safflowers	Sesame Seed
Soybeans	Sunflower Seed	Wheat





Agriculture Act of 2014

ARC/PLC PAYMENT LIMITATIONS

\$125,000 per person payment limits for (ARC, PLC, LDPs and marketing loan gains) combined

\$900,000 3 year average adjusted gross income (AGI) on commodity and conservation programs

Actively Engaged Provisions

Directs the USDA Secretary to conduct a rulemaking to define the term "significant contribution of active personal management" and determine if a limit on the number of individuals in an entity qualifying using "management" is necessary.

Potential changes will not apply to individuals or to entities that are made up solely of family members.

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Agriculture Act of 2014

CONSERVATION

Conservation Reserve Program (CRP)

State Acres for Wildlife Enhancement (SAFE)

Conservation Reserve Enhancement Program (CREP)

Highly Erodible Land Initiative (HELI)

Payment Limit = \$50,000; AGI < \$900,000

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Agriculture Act of 2014 CRP

**592,000 Total Acres (January, 2015)
29,683 Acres Expiring (September, 2015)**

SAFE

**105,580 Acres Enrolled
11,000 Additional Acres to Enroll**

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Agriculture Act of 2014 CREP

**State and Federal Program to Restore water to
Eastern Snake Plan Aquifer**

21 Counties Eligible

17,000 Enrolled Acres

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FARM LOANS

**Consistently Achieve Goals Set by
National Office**

**No Backlogs of approved applications
Delinquencies on Direct Loans at 1.8%
Delinquencies on Guaranteed Loans at
0.79%**

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FARM LOANS

Portfolio is turning over rapidly!

Borrowers in 2000 Portfolio:

20% Remain in 2015

**Premier Lender of Choice for Beginning
Farmers and Underserved**

Ag Credit Deserts

Lender of First Opportunity!

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FARM LOANS

Guaranteed

Direct

Micro

Farm Storage Facility

Lender of First Opportunity!

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FARM LOANS

Guaranteed Loans

Partner with 31 Financial Institution

**Producers can work directly with lenders of
choice**

**Assist Partner Institutions to meet regulatory
requirements**

Processing time is 3.8 days

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FARM LOANS

Direct Loans

Assistance to Producers unable to obtain
Guaranteed Loans

Farm Management Training is Required

Targeted at Beginning Farmers/Veterans

Processing time is 22.4 days

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FARM LOANS

MICROLOANS

Limit Increased to \$50,000

Streamlined Process

Annual Operating or Term Operating
Expenses

Excellent for Start-up Operations

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FARM LOANS

MICROLOANS

Fill A NEED

Marketing and Distribution

Seed, Fertilizer, Rent, Living Expenses

Purchase of Livestock and Equipment

Wells and Irrigation

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Farm Storage Facility

Continues to expand

**Funding to build or upgrade farm storage
and handling facilities.**

Includes potato and onion storage

Family-sized farm test not a requirement

Credit test not a requirement

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Program (\$ Mill)	2013	2014	2015 <i>As of 2/5/15</i>
Total Payments	485.8	371.8	
Total Farm Programs	309.6	216.2	
Livestock	0	3.7	
NAP	1.3	1.4	
Dairy	6.7	.06	
Commodities	301.6	211.4	
Total Conservation	40.1	35.9	
Total Farm Loans	76.9	119.3	38.5
Guaranteed	51.6	76.5	22.6
Direct	25.4	40.8	14.7
Micro	0	2.0	1.2


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CONCLUSION

USDA/FSA delivered \$372 million in federal
 program benefits to Idaho farmers and
 ranchers in FY 2014

Revenue Protection or Risk Management
 \$ Benefits in 2015?

2016 Administration Budget is Steady


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Thank You!

Please visit our web site at
www.fsa.usda.gov/id

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What's in the 2014 Farm Bill for Farm Service Agency Customers

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.

OVERVIEW

The Direct and Counter-Cyclical Program and the Average Crop Revenue Election program are repealed and two new programs are established: Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC). Upland cotton is the only covered commodity that is no longer eligible to participate in these programs, but rather, becomes eligible for the new Stacked Income Protection Plan (STAX) offered by the Risk Management Agency (RMA). Until STAX becomes available, upland cotton is eligible for transition payments made by FSA for 2014 and 2015 crops.

The Marketing Assistance Loan program and sugar loans continue mostly unchanged. The Milk Income Loss Contract Program continues through Sept. 1, 2014, unless it is replaced by the Dairy Margin Protection Program prior to that date.

The Conservation Reserve Program (CRP), USDA's largest conservation program, continues through 2018 with an annually decreasing enrolled acreage cap. The contract portion of the Grassland Reserve Program enrollment has been merged with CRP. The Biomass Crop Assistance Program is extended and funded at \$25 million per year.

The Noninsured Crop Disaster Assistance Program has been expanded to include protection at higher coverage levels, similar to buy-up provisions offered under the federal crop insurance program. The Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish, and the Tree Assistance Program are continued, with modifications starting in October 2011, and succeeding years. The Supplemental Revenue Assistance Program (SURE), which covered

losses through Sept. 30, 2011, is not reauthorized.

The credit title of the Act continues and improves the direct and guaranteed loan programs that provide thousands of America's farmers and ranchers the opportunity to obtain the credit they need to begin and continue their operations. The changes in the Act provide FSA greater flexibility in determining eligibility including expanded definitions of eligible entities, years of experience for farm ownership loans, and allowing youth loan applicants from urban areas to access loans. FSA's popular microloan and down payment loan programs, important to furthering the Administration's objective of assisting beginning farmers, have been improved by raising loan limits and emphasizing beginning and socially disadvantaged producers. The Act also provides greater enhancements for lenders to participate in the guaranteed conservation loan program and eliminates term limits for the guaranteed operating program, allowing farmers and ranchers the opportunity for continued credit in cases where financial setbacks may have prevented them from obtaining commercial credit.

ADJUSTED GROSS INCOME

Adjusted gross income (AGI) provisions have been simplified and modified. Producers whose average AGI exceeds \$900,000 are not eligible to receive payments or benefits from most programs administered by FSA and the Natural Resources Conservation Service (NRCS). Previous AGI provisions distinguished between farm and non-farm AGI.

PAYMENT LIMITATIONS

The total amount of payments received, directly and indirectly, by a person or legal entity (except joint ventures or general partnerships) for Price Loss Coverage, Agricultural Risk Coverage, marketing loan gains, and loan deficiency payments (other than for peanuts), may not exceed \$125,000 per crop year. A person or legal entity that receives payments for peanuts has a separate \$125,000 payment limitation.

FACT SHEET

What's in the 2014 Farm Bill for FSA Customers

March 2014

the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

Individual ARC: Payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm. The farm for individual ARC purposes is the sum of the producer's interest in all ARC farms in the state. The farm's ARC individual guarantee equals 86 percent of the farm's individual benchmark guarantee, which is defined as the ARC guarantee price times the five-year average individual yield, excluding the years with the highest and lowest yields, and summing across all crops on the farm. The actual revenue is computed in a similar fashion, with both the guarantee and actual revenue computed using planted acreage on the farm. The individual ARC payment equals: 65 percent of the sum of the base acres of all covered commodities on the farm, times the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. Payments may not exceed 10 percent of the individual benchmark revenue.

Election Required: All of the producers on a farm must make a one-time, unanimous election of: (1) PLC/County ARC on a covered-commodity-by-covered-commodity basis; or (2) Individual ARC for all covered commodities on the farm. If the producers on the farm elect PLC/County ARC, the producers must also make a one-time election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in County ARC. Alternatively, if individual ARC is selected, then every covered commodity on the farm must participate in individual ARC. The election between ARC and PLC is made in 2014 and is in effect for the 2014 – 2018 crop years. If an election is not made in 2014, the farm may not participate in either PLC or ARC for the 2014 crop year and the producers on the farm are deemed to have elected PLC for subsequent crop years, but must still enroll their farm to receive coverage. If the sum of the base acres on a farm is 10 acres or less, the producer on that farm may not receive PLC or ARC payments, unless the producer is a socially disadvantaged farmer or rancher or is a limited resource farmer or rancher. Payments for

PLC and ARC are issued after the end of the respective crop year, but not before Oct. 1.

In 2015, producers in PLC have an additional option. Producers enrolling in PLC, and who also participate in the federal crop insurance program, may, beginning with the 2015 crop, make the annual choice whether to purchase additional crop insurance coverage called the Supplemental Coverage Option (SCO). SCO provides the producer the option of covering a portion of his or her crop insurance deductible and is based on expected county yields or revenue. The cost of SCO is subsidized and indemnities are determined by the yield or revenue loss for the county or area.

Crops for which the producer has elected to receive ARC are not eligible for SCO benefits.

Producers who enroll their 2015 crop of winter wheat in SCO may elect to withdraw from SCO prior to their acreage reporting date without any penalty. This allows producers additional time to make an informed decision related to whether to enroll in the Agricultural Risk Coverage program (ARC) or the Price Loss Coverage (PLC) program. If they choose ARC, they will not be charged a crop insurance premium so long as they withdraw from SCO prior to their acreage reporting date.

COTTON TRANSITION PAYMENTS

For the 2014 crop year, transition payments are provided to cotton producers on farms that had cotton base acres in 2013. For the 2015 crop year, transition payments will only be offered in counties where STAX is unavailable.

MARKETING ASSISTANCE LOANS (MALs) AND SUGAR LOANS

The Act extends the authority for sugar loans for the 2014 – 2018 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2014 – 2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, unshorn pelts and peanuts. Provisions are mostly unchanged from the 2008 Farm

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March 2014

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Bill, except marketing loan gains and loan deficiency payments are subject to payment limitations.

DAIRY PROGRAMS

The Act extends the Milk Income Loss Contract Program (MILC) from Oct. 1, 2013, through the earlier of the date on which the Secretary certifies that the Dairy Margin Protection Program is operational or Sept. 1, 2014. Dairy producers who were enrolled in 2013 do not need to re-apply. MILC payments are issued when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt), as adjusted by a dairy feed ration formula.

The Dairy Margin Protection Program replaces MILC and will be effective not later than Sept. 1, 2014, through Dec. 31, 2018. The margin protection program offers dairy producers: (1) catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than \$4 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between \$4 and \$8 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

In addition, the Act creates the Dairy Product Donation Program. This program is triggered in times of low operating margins for dairy producers, and requires USDA to purchase dairy products for donation to food banks and other feeding programs.

Dairy Indemnity Payment Program (DIPP)

The DIPP provides payments to dairy producers when a public regulatory agency directs them to remove their milk from the commercial market because it has been contaminated by pesticides and other residues.

CONSERVATION RESERVE PROGRAM (CRP)

The Act continues CRP with modifications. The acreage cap is gradually lowered to 24 million acres

for fiscal years 2017 and 2018. The requirement to reduce rental payments under emergency haying and grazing is eliminated. Rental payment reductions of not less than 25 percent are required for managed haying and grazing.

Producers also are given the opportunity for an "early-out" from their CRP contracts, but only in fiscal year 2015. The rental payment portion of the Grassland Reserve Program enrollment has been incorporated into the CRP.

The Transition Incentive Program (TIP) continues to allow for the transition of CRP land to a beginning or socially disadvantaged farmer or rancher so land can be returned to sustainable grazing or crop production. TIP now includes eligibility for military veterans (i.e., veteran farmers).

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest eligible biomass for heat, power, bio-based products, research and advanced biofuels. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. BCAP has been extended through 2018 and is funded at \$25 million per fiscal year.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

NAP has been expanded to include buy-up protection, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect coverage for each individual crop between 50 and 65 percent, in 5 percent increments, at 100 percent of the average market price. Producers also pay a fixed premium equal to 5.25 percent of the liability. The waiver of service fees has been expanded from just limited resource farmers also to include beginning farmers and socially disadvantaged farmers. The premiums for buy-up coverage are reduced by 50 percent for those same farmers. Grazing land is not eligible for buy-up coverage. NAP is also made available to producers that suffered a loss to a 2012 annual fruit crop grown on a bush or tree in a county declared a disaster by the Secretary due to a freeze or frost.

a disaster by the Secretary due to a freeze or frost.

RTCP FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS

The Reimbursement Transportation Cost Payment Program (RTCP) is re-authorized to provide assistance to geographically disadvantaged farmers and ranchers for a portion of the transportation cost of certain agricultural commodities or inputs.

EMERGENCY LOANS

A Secretarial disaster designation or a Presidential declaration provides producers with emergency loans to help cover the recovery costs for physical and production losses. Farm bill revisions expand the type of entities eligible for loans.

FARM OPERATING LOANS AND MICROLOANS

Farm Operating Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farm and ranch operating inputs. The FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, also known as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, increase loan limits for microloans, make youth loans available in urban areas, and eliminate term limits for guaranteed operating loans.

FARM OWNERSHIP LOANS

Farm Ownership Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farms and ranches and other real estate related needs. The FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, often referred to as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, provide a larger percent guarantee on guaranteed conservation loans, increase the loan limits for the down payment program, and authorize a relending program to assist Native

American producers purchase fractionated interests of land.

DISASTER PROGRAMS

The following four disaster programs authorized by the 2008 Farm Bill have been extended indefinitely (beyond the horizon of the Act). The programs are made retroactive to Oct. 1, 2011. Producers are no longer required to purchase crop insurance or NAP coverage to be eligible for these programs (the risk management purchase requirement) as mandated by the 2008 Farm Bill.

Livestock Forage Disaster Program (LFP):

LFP provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. LFP payments for drought are equal to 60 percent of the monthly feed cost for up to five months, depending upon the severity of the drought. LFP payments for fire on federally managed rangeland are equal to 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland, not to exceed 180 calendar days.

Livestock Indemnity Program (LIP): LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the federal government. LIP payments are equal to 75 percent of the average fair market value of the livestock.

Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP): ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Total payments are capped at \$20 million in a fiscal year.

Tree Assistance Program (TAP): TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

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What's in the 2014 Farm Bill for FSA Customers

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FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

FFP is continued through fiscal year 2018. Congress authorized the FFP in the 2008 Farm Bill, allowing for the purchase of sugar to be sold for the production of bioenergy in order to avoid forfeitures of sugar loan collateral under the Sugar Program.

NON-FARM BILL PROGRAMS

The following programs continue under laws other than the 2014 Farm Bill.

Emergency Conservation Program (ECP)

ECP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 401 (P.L. 95-334) (16 U.S.C. 2201). ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and rangeland damaged by natural disasters and to carry out water conservation measures during periods of severe drought. Cost-share assistance may be offered only for emergency conservation practices to restore land to a condition similar to that existing prior to the natural disaster.

Emergency Forest Restoration Program (EFRP)

EFRP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 407 (16 U.S.C. 2206). EFRP was established to provide financial and technical assistance to owners of non-industrial private forest land damaged by natural disaster to carry out emergency measures to restore damaged forests and rehabilitate forest resources.

Farm Storage Facility Loan Program (FSFL)

FSFL provides low-interest financing for producers to build or upgrade farm storage and handling facilities.

Sugar Storage Facility Loan Program (SSFL)

SSFL provides low-interest financing for processors to build or upgrade farm storage and handling facilities for raw or refined sugar.

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