

Farm and Foreign Agricultural Services

Farm Service Agency (FSA)

The Farm Service Agency administers farm commodity and conservation programs for farmers and makes farm loans. FSA programs are directed primarily at agricultural producers or, in the case of loans, at those with farming experience.

Commodities

Nature of Program: The Federal Agriculture Improvement and Reform Act of 1996 (the 1996 Act) replaced deficiency payments for wheat, feed grains, cotton and rice with 7-year production flexibility contracts covering the 1996 to 2002 crop years. Payments are fixed in advance and gradually decline over the 7 years. Farmers can plant any mix of crops, except for fruits and vegetables, or idle contract acres, and still receive annual payments, but they must comply with conservation plans and wetland provisions to be eligible for payments.

Eligibility Requirements. The 1996 Act required USDA to hold a one-time signup which was held from May through July 1996. Producers eligible to receive payments under production flexibility contracts are those enrolled in the 7-year program, except for producers with Conservation Reserve Program contracts expiring after the signup, who may enroll when the Conservation Reserve Program contract expires.

Spending Levels: To the extent practicable, total spending levels for each fiscal year are as follows:

FY 1997 \$6.4 billion
FY 1998 \$5.8 billion
FY 1999 \$5.603 billion
FY 2000 \$5.130 billion
FY 2001 \$4.130 billion
FY 2002 \$4.008 billion

Commodity Loan Programs

The Commodity Credit Corporation (CCC) finances commodity loan programs for wheat, rice, corn, grain sorghum, barley, oats, oilseeds, tobacco, peanuts, upland and extra-long-staple cotton, and sugar. Loan rates are designed to keep crops competitive in the marketplace. A producer must have entered into a production flexibility contract to be eligible for nonrecourse marketing assistance loans for wheat, feed grains, rice, and upland cotton. Any production of a contract commodity from a farm enrolled in a production flexibility contract is eligible to be pledged as collateral for a loan.

Nonrecourse loans are also available for oilseeds, tobacco, peanuts, extra-long-staple cotton, regardless of whether the producer has entered into a production flexibility contract. Loans are also available to processors and refiners of sugar beets and sugar cane.

FSA Outreach Programs

The FSA Outreach Program coordinates outreach efforts for all FSA programs. This office reports directly to the FSA Administrator and includes a full-time national Native American Liaison.

Several USDA agencies, including FSA, implement an extensive joint outreach effort with the Intertribal Agriculture Council (IAC) to heighten awareness of USDA services available to American Indian and Alaska Native communities. The IAC is a nonprofit corporation of 61 member Indian tribes devoted to improving agriculture as a source of economic development for Indian people. Under the outreach agreement, the IAC conducts USDA informational meetings with tribal governments and hires American Indian outreach workers to facilitate these meetings after receiving training from USDA. FSA also contracted with the IAC to conduct a public affairs campaign in the American Indian media to inform Indian tribes about FSA county committee elections.

FSA has entered into cooperative agreements with the Fond du Lac Community College in Minnesota and the Stone Child Community College in Montana to hire outreach workers who provide information and assistance regarding FSA's farm loan programs to American Indians in those States. These institutions are Land-Grant Tribal

Colleges.

Washington Contact: Mike Hill, FSA National Native American Liaison, Suite 508, Portal Building, 1250 Maryland Avenue, SW, Washington, DC 20024; telephone:(202) 260-5918.

Emergency Assistance

In the aftermath of a natural disaster, FSA makes available a variety of emergency assistance programs to farmers in counties that have been designated or declared disaster areas. The agency can offer cost-share assistance to producers who do not have enough feed to maintain their eligible livestock because of a loss of a substantial amount of their normal feed production. Emergency loans are available to eligible farmers who suffer qualifying losses as a result of a natural disaster. And, to help rehabilitate farmland damaged by a natural disaster, FSA can often share the cost of some emergency conservation practices.

Farm Loans

Nature of Programs: FSA's loan programs help family farmers who are temporarily unable to obtain private, commercial credit. These could be beginning farmers who have insufficient net worth to qualify for commercial credit or farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations.

Some farmers meet their credit needs through loan guarantees. With this loan, a local agricultural lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In some circumstances, a 95-percent guarantee is available.

FSA also makes direct loans, which are serviced by an FSA official. FSA provides credit counseling and supervision to its direct borrowers by making a thorough assessment of the farming operation.

Eligibility Requirements for All FSA Loans:

A loan applicant must:

- Have sufficient education, training, or experience in managing and operating a farm or ranch to indicate the managerial ability needed to succeed in farming;
- Be a citizen of the United States (or a legal resident alien);
- Have the legal capacity to incur the obligations of the loan;
- Be unable to obtain sufficient credit elsewhere at reasonable rates and terms;
- Be the owner-operator or operator of a family farm after the loan is closed. For an Operating or Emergency Loan, the producer must be the operator of the farm. For an Ownership Loan, the producer needs to both own and operate the farm; and
- Have not had a previous Direct or Guaranteed Loan which resulted in a loss to the Agency, and not be delinquent on any Federal debt.

Contact the county FSA office for more details on requirements for loan eligibility.

Types of Loans Available

Farm Ownership Loans

Eligible applicants may obtain a direct loan or loans up to \$200,000, or a guaranteed loan or loans up to \$300,000. The maximum Farm Ownership loan indebtedness is \$300,000. The maximum repayment term is 40 years for both direct and guaranteed farm ownership loans.

Purpose: In general, loan funds may be used to purchase farm real estate, to enlarge an existing farm, to construct new farm buildings or improve structures, and to improve the environmental soundness of the farm.

Farm Operating Loans

Eligible applicants may obtain a direct loan for up to a maximum of \$200,000, or up to \$400,000 for a guaranteed loan only or a combination of direct and guaranteed loans. The repayment term may vary but typically will not exceed 7 years for intermediate-term purposes. Annual operating loans are generally repaid within 12 months or

when the commodities produced are sold.

Purpose of Loan: These loans are used for normal operating expenses, family living expenses, machinery and equipment, real estate repairs and improvements, and the refinancing of debt.

Loans for Socially Disadvantaged Persons

Nature of Program: FSA can make and guarantee loans to socially disadvantaged applicants to buy and operate family-size farms and ranches. Funds specifically for these loans are reserved each year.

A socially disadvantaged farmer or rancher is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities.

Purposes of Program: The purposes of this program are to:

- Target direct and guaranteed farm ownership and farm operating loan assistance to socially disadvantaged persons;
- Discover and remove obstacles that prevent the full participation of those persons in FSA's farm loan programs; and
- Provide advice to qualified applicants to help them develop sound farm management practices, analyze problems, and plan the best use of available resources essential for success in farming or ranching.

Loan Uses: Farm ownership loan funds for socially disadvantaged persons may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, erect or improve buildings such as a dwelling or barn, promote soil and water conservation and development, and pay closing costs.

Farm operating loan funds may be used to purchase livestock, poultry, farm and home equipment, feed, seed, fuel, fertilizer, chemicals, hail and other crop insurance, food, clothing, medical care, and hired labor. Funds also may be used to install or improve water systems for home use, livestock or irrigation, and other improvements.

In addition to being members of a socially disadvantaged group, applicants under this program must meet all requirements for FSA's regular farm loan program assistance.

Indian Land Acquisition Loans

Purpose of Program: Indian Land Acquisition Loans enable Indian tribes to purchase privately held lands that lie within their reservations. Loan funds may be used to pay expenses incidental to the purchase of the land, but not for land development.

Eligibility Requirements: Any Indian tribe recognized by the Secretary of the Interior, or a tribal corporation established in accordance with the Indian Reorganization Act.

Loan Uses: Loan funds may be used to buy lands or acquire interest in lands within an Indian reservation or an Alaska Native community incorporated in conformity with the Indian Reorganization Act. Loan funds may not be used for buildings, land development, equipment, or operating expenses.

Beginning Farmers and Ranchers Loans

Each year Congress targets a percentage of farm ownership and farm operating loan funds to beginning farmers. Beginning farmers must have been in the business less than 10 years and meet other requirements concerning land ownership and management ability.

Farm Ownership Downpayment Loans: Eligible beginning farmer applicants may obtain a direct loan for up to 30 percent of the purchase price of a family-size farm, or the farm's appraised value, whichever is less. Applicants must provide at least a 10-percent downpayment on the purchase. The interest rate on the 30-percent portion is fixed at 4 percent, and it must be repaid in 10 years or less. The remaining balance, not to exceed 60 percent, may be guaranteed by FSA. The purchase price or appraised value of the farm, whichever is lower, cannot exceed \$250,000.

Purpose of Loan: To assist beginning farmers and ranchers who are entering agriculture to purchase a farm or ranch. This program also provides a way for retiring farmers to transfer their land to a future generation of farmers and ranchers.

Emergency Loss Loans

These loans are available only as direct loans from FSA. They assist farmers who have suffered physical or production losses in areas declared by the President or designated by the Secretary of Agriculture or the FSA Administrator. For production loss loans, applicants must demonstrate a 30-percent loss in a single farming or ranching enterprise and may receive loans up to a maximum of 80 percent of total production losses.

Purpose of Loan: Emergency Loan funds may be used to restore or replace essential property, or to pay all or part of production costs associated with the disaster year. Emergency Loss loans are used for both operating and real estate, and repayment terms depend upon the loan purpose and type of collateral securing the loan. The loan limit is up to 80 percent of actual loss, with a maximum total indebtedness per borrower of \$500,000.

Livestock Programs

Nature of Program: Emergency Haying and Grazing Assistance may be made available in areas in which national disaster has substantially reduced the yield of pasture and forage crops. Requests for assistance may be initiated by a FSA County Committee, or by a State Governor. The State Committee then makes a recommendation to the agency. Determinations are made on a county-by-county basis. If approved, harvesting of hay and/or livestock grazing is allowed on cropland that has been removed from production of annual program crops, such as wheat and feed grains.

Other FSA Disaster Assistance Programs

FSA administers other disaster assistance programs that are not available at this time. The following programs are suspended under current statutes:

Emergency Feed Program. (Feed Cost-Sharing Program)

This program allowed the Commodity Credit Corporation (CCC) to share the costs, with eligible livestock owners at an established rate, of purchases of livestock feed normally produced on the farm.

Emergency Feed Assistance Program.

This provided for the sale by CCC of CCC-owned grain, at reduced rates, to livestock producers who suffered a substantial loss of livestock feed normally grown on the farm.

Crash Feed Grain Donation Program.

This program made feed available to livestock that were commingled, stranded, and unidentified as to owners, or owned by producers temporarily unable to arrange for feed or pasture.

Emergency Conservation Program

Nature and Purpose: Funds are available to rehabilitate farmland and rangeland damage caused by natural disasters such as erosion, floods, hurricanes, and for carrying out emergency water conservation measures in periods of severe drought.

Type of Assistance: Emergency funds for cost-sharing with farmers.

Eligibility Requirements: Designation of county or region as eligible under drought or other natural disaster is made at the Washington, DC, level.

Restrictions: Depending on the nature of the damage, USDA may or may not be needed to help with the solution.

How To Apply: Application for assistance should be made to the NRCS office or sub-office serving the reservation. Eligibility is determined by the county committee based on the type and extent of damage.

Local Contacts: Local USDA Service Center, Tribal Conservation District, or local conservation district office.

Conservation Reserve Program

Nature of Program: The Conservation Reserve Program (CRP) protects our most fragile farmland by encouraging farmers to stop growing crops on highly erodible and other environmentally sensitive acreage. In return for planting a protective cover of grass or trees on vulnerable property, the participant receives a rental payment each year of a multiyear contract. Cost-share payments are also available to help establish permanent areas of grass, legumes, trees, windbreaks, or plants that improve water quality and give shelter and food to wildlife.

Eligibility Requirements: To be eligible to be placed in CRP, land must be:

1. Cropland that is planted or considered planted to an agricultural commodity 2 of the 5 most recent crop years (including field margins) which is also physically and legally capable of being planted in a normal manner to an agricultural commodity; or
2. Marginal pasture land that is either:
 1. Certain acreage enrolled in the Water Bank Program, or
 2. Suitable for use as a riparian buffer to be planted to trees.

In addition to basic eligibility requirements, the cropland must also meet at least one of the following conditions. Land must be:

1. Considered highly erodible land according to the conservation compliance provision or, if a portion of a field, have a weighted average Erosion Index of 8 or higher,
2. Considered a cropped wetland,
3. Subject to scour erosion,
4. Located in a national or State CRP conservation priority area, or
5. Cropland associated with noncropped wetlands.

How To Apply: Producers submit bids stating an annual rental payment they would accept to convert eligible cropland to permanent vegetative cover. This bid is submitted to the county FSA office during an announced sign up period. USDA notifies persons whose bids are accepted after the close of the signup period. The participant, in return for annual payments, agrees to implement a conservation plan approved by the local conservation district for converting this land to a less intensive use.

FSA works with NRCS and other agencies to deliver other conservation programs, including the Environmental Quality Incentives Program (EQIP), which helps farmers and ranchers improve their property to protect the environment and conserve soil and water resources.

Flood Risk Reduction Program

Nature of Program: This provision of the 1996 Act authorizes voluntary contracts that provide one lump sum payment to producers who farm land with high flood potential.

Available Assistance: The payment will equal 95 percent of the 7-year Production Flexibility Program payments, and other payments to offset estimated Federal outlays on frequently flooded land. In return, the producer agrees to comply with applicable wetlands and highly erodible land requirements and to forego commodity loans, crop insurance, conservation program payments, and disaster payments.

Local Contacts: The USDA Service Center serving the reservation or the appropriate NRCS State Conservationist.

Washington Contact: American Indian Liaison, Community Assistance and Rural Development Division, NRCS, USDA, Washington, DC 20250; telephone: (202) 720-8576.

The Noninsured Crop Disaster Assistance Program (NAP)

The Noninsured Crop Disaster Assistance Program provides assistance to producers for crops that cannot be insured. It provides a "safety net" for farmers who grow such crops, limiting their losses from natural disasters and helping to manage their overall business risk. NAP protection is free of charge.

Eligible Crops: Eligible crops include agricultural commodities that are:

- Grown for food,
- Planted and grown for livestock consumption, including but not limited to grain and seeded and native foreign crops,
- Grown for fiber, except for trees,
- Specialty crops, such as aquaculture, floriculture, ornamental nursery, Christmas trees, turf or sod, industrial crops, and seed crops used to produce other eligible NAP crops.

Eligibility Requirements: Interested producers must make certain required crop information available to FSA by the NAP program deadlines. Certain farm records must be maintained throughout the year. To ensure that producers will be able to take advantage of NAP assistance, should it become available, operators must meet all program requirements.

Availability: NAP assistance becomes available when natural disaster causes production losses:

- Greater than 35 percent over a widespread area,
- Greater than 50 percent for an individual producer of a crop within the area.

PSA may define an eligible area as:

- A county,
- At least 320,000 acres, or
- Acreage on which the value of all crops grown is \$80 million or more.

The FSA county committee monitors local weather and crop conditions to determine when to request crop assistance. The committee assesses crop losses and makes recommendations to the FSA State Executive Director, who determines whether to offer assistance.

Producers' reports of crop acreage, crop damage, and actual production are used by the committee in deciding whether to recommend NAP assistance to farmers in the area.

Compensation Limits: NAP compensates for eligible crop losses exceeding 50 percent of the expected yield, based on the average market price of the commodity. Payments are made at a rate comparable to the compensation offered by the catastrophic level of crop insurance, usually 60 percent.

NAP payments to any single producer cannot exceed \$100,000 for any given crop year. The payment rate is reduced for any crop that is unharvested or prevented from being planted, to reflect the difference in costs incurred.

Where To Go for More Information:

FSA publishes commodity fact sheets that summarize the terms of the present year's program for various commodities. Other fact sheets are available on loan programs and conservation. These publications are free, and can be obtained by contacting the county FSA office, listed in telephone directories under "U.S. Department of Agriculture," or by writing the Farm Service Agency, Public Affairs Staff, 1400 Independence Ave., SW, Washington, DC 20250-0506 or by calling (202) 720-5237.

Since FSA's farm programs are administered through local offices, contact your local FSA office or Service Center for program applications and loan requirements, and to apply for FSA programs.

Information on FSA can also be found on the FSA home page at www.fsa.usda.gov

Foreign Agricultural Service

The Foreign Agricultural Service (FAS) is a USDA agency that represents the diverse interests of U.S. farmers

and the food and agricultural sector abroad. It also collects, analyzes, and disseminates information about global supply and demand, trade trends, and emerging market opportunities. FAS seeks improved market access for U.S. products and implements programs designed to build new markets and to maintain the competitive position of U.S. products in the global marketplace. FAS also carries out food aid and market-oriented technical assistance programs and operates a variety of congressionally mandated import and export programs. FAS helps USDA and other Federal agencies, U.S. universities, and others enhance the global competitiveness of U.S. agriculture and helps increase income and food availability in developing nations by mobilizing expertise for agriculturally led economic growth.

American Indian Trade Development Council

Since 1992, FAS has worked with the American Indian Trade Development Council (AITDC) to market American Indian products in the international marketplace, primarily in Asia. With FAS support, AITDC participated in the 1996 China Fisheries and Seafood Expo in Qingdao, China, exhibiting reservation-produced salmon and seafood. FAS is cosponsoring the Intertribal Agriculture Council's outreach efforts to American Indians and Alaska Natives in coordination with other USDA agencies.

Trade Leads and Buyer Alert

FAS has a number of ongoing programs that can benefit American Indian and Alaska Native tribes or individuals. Through its Trade Leads service, U.S. exporters learn about foreign inquiries to purchase U.S. food, farm, seafood, and forest products. Last year, FAS published over 5,000 trade leads. Using the Buyer Alert service, U.S. exporters can announce their products to interested foreign buyers. The Buyer Alert is distributed to over 14,000 buyers.

Foreign Buyers List and U.S. Supplier List

FAS also can provide exporters with a Foreign Buyers List that contains the names of 20,000 buyers of U.S. food products. The list is made available to U.S. exporters by country or commodity. The U.S. Supplier List includes suppliers of U.S. food products. The list is made available to FAS overseas offices that distribute them to foreign buyers seeking U.S. food products.

Food and Agricultural Trade Shows

FAS sponsors and endorses a variety of food and agricultural trade shows that provide good avenues to enter the best potential markets for U.S. products. These shows include about 25 food shows in mature and emerging market. FAS works with show organizers to secure a high level of services, and provides a range of marketing and public relations services, and guidance for new-to-market and new-to-exporting companies. Participation in all shows is on a first-come, first-served basis.

Market Access Program

The Market Access Program (MAP) uses funds from USDA's Commodity Credit Corporation (CCC) to help U.S. producers, exporters, private companies, and other trade organizations finance promotional activities for U.S. agricultural products. The MAP encourages development, maintenance, and expansion of commercial export markets for agricultural commodities, and includes consumer promotions, market research, technical assistance, and trade servicing activities.

Trade Assistance and Promotion Office

The Trade Assistance and Promotion Office (TAPO) serves as the first point of contact for persons needing assistance in exporting U.S. consumer-ready foods and agricultural products. Staff members provide basic export counseling and direct callers to the appropriate USDA office to answer specific technical questions regarding exports. Additionally, the staff can provide assistance in obtaining market research reports for various overseas markets. For assistance, contact

Trade Assistance and Promotion
Office U.S. Department of Agriculture, Foreign Agricultural Service
AG Box 1052
Washington, DC 20250
Phone:(202)720-7420
Fax: (202) 690-4374
Hearing impaired (TDD): (202) 690-4837

Risk Management Agency (RMA)

The Federal Agriculture Improvement and Reform Act of 1996 (the 1996 Act) created the Risk Management Agency (RMA). The 1996 Act also revised a requirement that producers obtain at least the catastrophic level of crop insurance to be eligible for most USDA farm programs, to allow producers to maintain their eligibility for these farm programs as long as they waived their right to any other emergency crop loss assistance.

RMA improves the economic stability of agriculture by providing producers a sound system of crop insurance. Federal crop insurance covers losses due to unavoidable causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. Currently 62 major crops are insurable. Crop insurance is available exclusively from crop insurance agents. Insurance protection must be purchased prior to sales closing dates that vary by crop and region.

In addition to administering the crop insurance program for the Federal Crop Insurance Corporation, RMA is responsible for coordinating an educational outreach program to help producers manage the financial risks inherent in the production and marketing of agricultural commodities. This cooperative effort involves the resources of the Cooperative State Research, Education, and Extension Service (CSREES), the Commodity Futures Trading Commission (CFTC), and numerous private sector organizations.

RMA also participates with other USDA agencies in an outreach program with the Intertribal Agriculture Council to increase awareness of USDA services available to American Indians and Alaska Natives.

Trusts Administered by the Bureau of Indian Affairs

Indian land is frequently held in trust by the Department of the Interior's Bureau of Indian Affairs (BIA) or a tribal governing body and leased to operators. Indian land held in trust is processed in the same manner as land held in an irrevocable trust. The name of the trust is the named insured. Often BIA trusts are referred to as allotments, identified by an allotment number (e.g., BIA Allotment Number 0006, which is the name of the trust and consequently the named insured). A separate policy is required for each allotment with different individual owners. Linkage for certain USDA farm program benefits for individual American Indians and Alaska Natives who own parcels of an allotment are established by that trust.

If the trust agreement provides that operators of leased land purchase crop insurance, a power of attorney will be executed by the BIA granting the operator the authority to purchase crop insurance on behalf of the trust.

If the BIA trust does not have an Employer's Identification Number (EIN), a nine-digit number may be established as follows: the first two digits identify the State, the next three the county, and the last four the allotment number.

How To Apply: An agreement should be prepared for the American Indian or Alaska Native lessor by the insurance representative, signed by the lessee, and attached to the lessee's application. This agreement may be executed in connection with an existing contract or application and must be filed at the service office when an acreage report is filed.

For More Information: Administrator, Risk Management Agency, USDA, Washington, DC 20250. Telephone: (202) (202) 690-2803.