

QLA Deadline Approaching

The deadline for the Quality Loss Adjustment (QLA) program signup is Friday, March 5th. Producers wishing to sign up will need to complete FSA Form-898 or be placed on a register at their local FSA service center by the March 5th deadline. QLA is designed to assist cotton producers who suffered quality losses due to an eligible disaster event due to qualifying drought (D3 or higher in impacted county), excessive moisture, flooding, hurricanes, snowstorms, tornadoes, typhoons, volcanic activity, or wildfires occurring in calendar year 2018 and/or 2019. Producers suffering a 5% quality loss in aggregate will be compensated for their total quality loss in the year the eligible event occurred. Below are relevant questions to assist growers in finalizing their QLA applications.

How does the local FSA office determine if a grower is eligible for QLA?

FSA service centers will compile affected bales and aggregate them to determine whether a producer experienced a 5% or more quality loss. For example, FSA will average all affected bales discounted below the \$0.52 base loan rate. If the quality loss is calculated at 5% or more, the grower will be compensated on the maximum of 70% of the ENTIRE quality loss. If the producer, fails to meet the 5% threshold, they are ineligible for benefits under QLA.

What are affected bales?

Affected bales are those discounted below the base loan value of \$0.52 or base contract price due to an eligible event.

What affected bales should a grower provide to FSA?

When applying for QLA, growers will need to provide FSA with every affected bale that received a net discount in order to determine whether the producer meets the 5% threshold. Growers should review discounted bales to determine which were affected by a qualifying disaster event.

Are all bales receiving a discount eligible for QLA?

NO...only bales discounted due to an eligible event (qualifying drought, excessive moisture, flooding, hurricanes, snowstorm, tornadoes, typhoons, volcanic activity) are eligible for QLA calculation. Bales receiving a discount that is not due to a qualifying event are ineligible for QLA.

Are premium bales calculated for QLA determination?

NO...premium bales are not aggregated with affected bales to determine QLA eligibility and should not be included in a QLA application.

Can a grower provide FSA all affected bales discounted at 5% or more?

NO.....QLA eligibility determination is aggregated on ALL affected bales....not just those discounted at 5% or more.

Do I need to provide FSA documentation when applying for QLA?

YES....growers will need proof that bales received a quality discount due to an eligible event. Gins, cooperatives, and merchants can provide growers a list of all discounted bales in a crop year. The grower can then determine which bales were discounted due to an eligible event to submit as proof when applying for QLA.

Is eligibility determined on a farm by farm basis?

NO....QLA will be calculated on a county-by-county basis. This means that all of producer's affected bales in a county are aggregated to determine QLA eligibility.

Can a grower qualify for QLA in more than one county?

YES.... QLA applications are on a county-by-county basis. For example, a grower suffering a 5% or more QLA loss in County A and B...will be paid on their entire quality loss in both counties.