



December 2008

DeKalb County News

**DeKalb County
USDA Service Center**

DeKalb County FSA
1101 S. Polk
Maysville, MO. 64469
816-449-2112 (phone)
816-449-2082 (fax)

Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

County Committee
Ronald Carrel, Chair
John Burton, Vice-Chair
Lecil Andrews, Alternate
Ruth A. Owen, Advisor

Staff
G. Eugene Keats, CED
Darlene Fisher, PT
Kristy L. Gray, PT
Cindy L. Barker, PT
Robert Barton, Field
Daniel White, Field

Farm Loan Staff
Charles Meissen, Manager
Teresa Akers, Farm Loan
Officer
Tuesday mornings, 10:00
a.m. to Noon



New Year – New Farm Bill
After a year in which everything seemed unusual in terms of weather and farm programs, we have come to the end. Farm Bill provisions were implemented late, as signup did not begin until June 25. Planting was later than normal, so crop reporting was later. All in all, everything had to be rushed in order to complete signup and preparation for payments by October 1, 2008. Due to the late date of implementation of the Farm Bill, many provisions were extended or held over for 2008. Preparations are being made for 2009 which will involve some major changes, some new terms, and new ways of conducting farming operations. Signup is expected to begin when the software and forms are ready for the county offices. In the meantime, farmers should be aware that some of the changes ahead will require some planning and foreknowledge so that timely decisions can be made. For example, the new ACRE program will require some study to determine if it will fit into each operation. Since farm yields are different, each operation will need to make a decision regarding participation for each farm. In this newsletter we will introduce you to some of the new language and provisions that will apply in 2009. The old acronyms of DCP and CRP are still around, but there are some changes that will affect each one. The new acronyms of SURE and ACRE are going to command a lot of attention, and farmers need to have an understanding of both. We have previously introduced you to SURE, so you are aware that to be eligible for disaster payments, you must have all crops covered by insurance or NAP (Non-insured Assistance Program) if the crop is not insurable in the commercial market. Disaster programs are no longer legislated by Congress after natural disasters or droughts. There are crucial deadlines to watch with these new programs. Please read the related articles on each program and the information on the other major changes.

Dates to Remember	
Dec. 25	Christmas Day –Office Closed
Jan. 1, 2009	New Year’s Day-Office Closed
Jan. 2, 2009	Elected COC person and alternates take office
Jan. 19	Martin Luther King’s Birthday – Office Closed

Visit our Web site:
<http://www.fsa.usda.gov/mo>

Immediate Changes

Producers will notice three major changes immediately in 2009. First, as of about December 1, 2008, the office will no longer process checks. If you do not have direct deposit, it will take 5-7 days longer for you to receive your checks. This is important when taking CCC loans, and repaying those loans when the buyer’s check is joint payee. Your initial disbursement and refund will take longer. Second, for 2009, farms with crop acreage bases of 10 acres or less will not be eligible to enroll in DCP. This policy was waived for 2008 at the end of the year, but will be in effect for 2009. However, these farms can be reconstituted with other farms if the new combination meets the definition of a farm per FSA provisions. Third, since so many of the farm program provisions are changing, producers will be faced with signing all new forms for 2009. As you will note in other articles, new rules for “persons” who are farming and participating in entities, and adjusted gross income will necessitate new forms. Those forms are currently being written, and will soon be available in the offices.

Watch the News and Listen to the Radio for 2009 Signup Dates!

Supplemental Revenue (SURE)



SURE is a revenue based program which uses the entire marketing year's prices for crops plus the occurrence of natural disaster(s) to be implemented. It does not offer immediate payments. Producers are eligible for SURE if they have all crops insured or NAP policies purchased for non-insurable crops (including hay). It has been determined that pasture will not be required to be insured. If a producer has mixed grass hay, alfalfa, and alfalfa mixed hay, that would be three policies at \$250 each. NAP fees are due by March 15, 2009 at the FSA Office. Insurable crops must be covered by at least a CAT (catastrophic) level policy, but can be covered by multi-peril, crop revenue coverage, group risk plans, or other policies. The CAT fee for these crops is \$250 each. For 2009-2012, there is a cap of \$750 for CAT and the same for NAP per county, or \$1875 for all counties.



At the end of the marketing year after the national average monthly price for each crop is calculated, the SURE program compares actual revenue for a producer's farming operation (all crops in all counties planted or intended to be planted for harvest including hay) to the revenue that was expected at the beginning of the year. SURE pays 60% of the difference between the two if revenue is below expectations. There are several points to keep in mind:

- Every crop has a deadline to purchase insurance or NAP coverage. For spring crops including hay, the date is **March 15, 2009**. It is too late to purchase CAT or other insurance for 2009 wheat.
- In order for SURE to take effect, the county must have had a secretarial declaration of disaster or be a contiguous county, or must have incurred a 50% loss in total farm revenue regardless of county designation.
- An exception to the above rules are crops that would not make at least 10% of the value of all crops grown by the producer.



Average Crop Revenue (ACRE)

ACRE is a new component of the Farm Bill that protects against a shortfall resulting from price and/or production declines at the state and farm level. With ACRE, you will become familiar with two terms, "election" and "enrollment". You can only elect ACRE once. Once the farm is in, it is always in. However, each year, by June 1, you can enroll the farm in ACRE. If you do, your DCP (Direct Counter-Cyclical) payments are reduced by 20%, and the loan rate for any crop on which you want to obtain a CCC marketing loan is reduced 30%. In return, you could receive both DCP payments and ACRE payments. Payments are based on planted acres, but the planted acres on which payment is made cannot exceed the total base acres on the farm. Five years of production data will be needed to establish yields and production evidence will be required annually.

ACRE payments are made when two "triggers" are met. 1) The actual state yield for that crop times the higher of a calculated average market price or 70% of the national loan rate falls below 90% of the benchmark state yield (5 year olympic average yield) times guarantee price (2 year national average market price); and 2) The actual farm yield for a crop times a calculated national average market price or 70% of the national loan rate falls below the farm's expected yield (5 year olympic average planted yield times guarantee price (2 year national average market price) plus the per acre producer paid crop insurance premium. If you can fight through the jargon, actual revenue on the farm for the crop actually planted must fall below what was expected early in the crop year. This could be due to price or production or both.

Enrollment in ACRE means that you are giving up some benefit in DCP and marketing assistance loan rates in return for protection against a drop in crop price or a disaster causing low yield or both. This does not eliminate the counter-cyclical payments on the DCP. It is simply another option in farm management. There are still decisions to be made, such as which years to use for guarantees and benchmarks. When we know what those decisions are, we will let you know. That information will likely come when we publish the signup dates for 2009.

New Payment Limitation Rules



There has been a lot of news coverage lately about farm program payments and eligibility to receive those payments. The Farm Bill has made some changes in how those determinations will be made. Gone from FSA language this year will be the terms “persons” and “permitted entities”. Husbands and wives will no longer be combined as one “person”. Each “warm body” stands alone except in the case of minor children. FSA will use a new term called “attribution” which simply means that the portion of each farm’s payment will be attributed to each producer who is a part of that farming operation whether it is as an individual or a member of a joint operation such as a partnership, or a member of a corporation, trust, estate, or other entity. This means that if a producer operates as an individual and receives the payment limitation in that operation, his share of any other entity in which he has a share would not be paid. Previously this was not the case because they were separate entities, or may have been. A producer can be involved in as many operations as he wants to, but is limited to the payment limitation for that program:

- DCP Direct \$40,000
- Counter-Cyclical and ACRE \$65,000
- NAP \$100,000
- SURE, LIP, LFP, ELAP \$100,000
- CRP Annual Rental \$50,000
- LDP and Market Gains -- Unlimited

There are many different scenarios that can apply when a producer is involved in several different types of farming operations. Contact our office with questions about your situation.

Producers will still be required to be “actively engaged” in farming, and meet certain other rules such as the cash rent tenant rule. This will require all new forms for 2009.



Adjusted Gross Income

The Farm Bill also made some changes in the maximum adjusted gross income a producer can have and still qualify for farm payments. First, in 2009, certification will be for the years 2005, 2006, and 2007. Limitations are:

- \$500,000 – The limit for non-farm income. Above that, ineligible for all commodity program payments and benefits.
- \$750,000 – The limit for farm income. Above that, ineligible for direct payments only.
- \$1,000,000 – The limit for non-farm income. Above that, ineligible for all conservation program benefits unless 66.66% of the total adjusted gross income is average adjusted gross farm income.

Selected Interest Rates for December 2008	
Farm Operating Loans — Direct	3.875%
Farm Ownership Loans — Direct	4.875%
Farm Ownership Loans Beginning Farmer Down Payment	1.500%
Emergency Loans	3.750%
Farm Storage Facility Loans	3.000%
Commodity Loans 1996-Present	2.250%

CRP Reminders

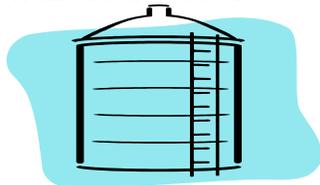
This is a good time to plan management practices for 2009. Some contracts are in the second cycle of practices, so the acreage has to be covered again. For Signup 26 (10/01/2003), this is year 6. For Signup 29 (10/01/2005), this is year 4. Disking is allowed until December 31(1/3 in strips). Burning and spraying cool season grass is allowed March 15 to April 30. Warm season grass can be burned through March 15.

Reasonable Accommodations

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment or hearing impairment. If special accommodations are required, please call the Farm Service Agency county office staff, and we will be happy to make any arrangements that are necessary.



If you are considering a new grain bin, ask FSA about a Farm Storage Facility Loan! Loans are seven year fixed payment loans. Eligibility is determined by the bushels of crops normally raised on the farming operation, and the amount of storage already available. Documentation is provided to show repayment ability. The loan can be made up to 85% of the total cost of the structure, concrete, wiring, fan, and other equipment. If the loan amount is over \$50,000, a deed of trust will be taken on the real estate.



Power of Attorney

FSA has a required power of attorney form available for those who find it difficult to visit the county office personally because of work schedules, distance, health, etc., that enables the participant to designate another person to conduct his or her business at the office. This can be done by completing an FSA-211, Power of Attorney. The form is available at your local USDA Service Center or online at: <http://forms.sc.egov.usda.gov>.

The FSA-211 form obtained and completed outside the USDA Service Centers offices must be notarized. To find out more, call the office.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.