



Kentucky
NEWS
May 2010



DCP and ACRE Sign-up June 1

Kentucky Producers have until June 1 to sign-up for DCP and ACRE Programs.

DCP: For **2010**, you may request advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. Counter cyclical payments vary depending on market prices.

ACRE: ACRE provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The decision to enroll in the ACRE program is irrevocable. The owner and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm will remain in ACRE through the 2010 crop year. For **2010**, the average price will be based on the 2008 and 2009 crop years.

FSA WILL NOT ACCEPT ANY LATE-FILED APPLICATIONS.

Reminder: Farmers are Cautioned to Control Weeds

If you have land under contract through the Conservation Reserve Enhancement Program (CREP) it is your responsibility to control undesirable growth. If you have a problem with weeds on fields enrolled in CREP, contact your local USDA office for assistance. **DO NOT** delay taking action. See article on page 5 for additional information .

Avoid Interruptions of Farm Payments

To avoid interruptions of FSA payments, participants subject to the Average Gross Income (AGI) rules must submit form CCC-927 (for an individual) and/or form CCC-928 (for legal entities) to the Internal Revenue Service (IRS) by **June 15** to avoid interruption of FSA farm payments. These forms may be obtained at your local FSA office or online at <http://forms.sc.egov.usda.gov/eforms/maidservant>. This form must be mailed directly to the IRS. Under an agreement between the IRS and USDA, written consent is required from each producer or payment recipient for the IRS to conduct a tax review to verify compliance with the Adjusted Gross Income (AGI) provisions. The forms CCC-927 and/or CCC-928 will provide IRS the required authorization. No actual tax data will be provided to FSA. The goal is to ensure that payments are not issued to producers whose AGI exceeds \$500,000 non farm income for commodity and disaster programs; \$750,000 farm income for direct payments; and \$1 million non farm income for conservation programs.

TAP: Tree Assistance Program signup begins **May 10, 2010** and ends **July 6, 2010**. See article on page 4 for signup information.

Kentucky State FSA Office Phone (859) 224.7601 www.fsa.usda.gov/ky

Message from the State Director...



John W. McCauley
State Executive Director

It has been an exciting first six months at the Farm Service Agency. It is an honor to serve in the administration of President Barack Obama and to have the opportunity to work with our agricultural producers from across the Commonwealth. We have a tremendous team of professionals here at FSA and their guidance and knowledge are an important part in the operation of the agency. Through our many programs in commodity, conservation and disaster assistance, we continue to provide support to our agricultural producers. I am very excited about the implementation of the Dairy Economic Loss Assistance Payment program that provided much needed financial relief to our dairy farmers. Earlier this year, we also implemented the Supplemental Agricultural Disaster Assistance Program that establishes permanent supplemental disaster assistance to both livestock and crop producers.

Last year, Kentucky FSA loaned almost \$120 million in direct and guaranteed loans to our agricultural producers. We had approximately \$49 million in Beginning Farmer loans and continue to lead the nation in Youth loans. We are truly the "Lender of First Opportunity."

The diversity of Kentucky agriculture is second to none. Our state has 83,000 farms that cover 13,700,000 acres. Whether it is the large grain producers in the west or our small fruit and vegetable growers across various regions in the Commonwealth, traditional or organic, Kentucky represents the best in agriculture. Our producers also provide the finest beef, pork and poultry produced in the nation.

Our new State Committee hit the ground running and have established a much needed County Operations Training (COT) Program. We are looking forward to 12 new COT trainees working hard over the coming year in an effort to fill County Executive Director vacancies.

Outreach is an integral part of FSA efforts to better serve the Kentucky agriculture community. With increased access to funding and other programs as well as representation on County Committees, we will expand our targeted and general out-

reach efforts to insure the delivery of farm programs and loan information to all agricultural community members.

We hope this newsletter provides you with helpful program details and deadlines that go along with program participation. Your county office is always your best source of information for FSA programs. We remain committed to our customers and our employees.

A handwritten signature in black ink that reads "John W. McCauley".

Special Accommodations...

will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact their local FSA Service Center.

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DISASTER ASSISTANCE PROGRAMS

SURE: Currently applications for Supplemental Revenue Assistance Program (SURE) are being taken for the **2008** Crop Year. Signup deadline has not been announced. SURE provides benefits for farm revenue losses due to natural disaster that were incurred starting in the crop year 2008 through September 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

Producers who received indemnities from crop insurance in 2008 should check with their FSA office to determine if they are eligible for SURE.

LFP: The Livestock Forage Disaster Program (LFP) provides compensation to eligible livestock producers who suffer grazing losses for eligible livestock due to drought conditions or fire on federally managed land that occur on or after January 1, 2008, and before October 1, 2011, during the calendar year in which the loss occurs.

For **2010** and subsequent years, sign-up applications must be filed no later than 30 calendar days after the end of the calendar year in which the grazing losses occurred. Losses must occur in calendar year the application is being filed.

ELAP: Emergency Livestock Assistance Program (ELAP) provides compensation to eligible producers of livestock, honey bees, and farm-raised fish for losses due to disease, adverse weather, or other loss conditions, including losses due to blizzards and wildfires. ELAP is for losses that are not covered by the Livestock Indemnity Program (LIP), Livestock Forage Program (LFP), or Supplemental Revenue Assistance Program (SURE).

Eligible producers under ELAP may receive assistance for losses that occur on or after January 1, 2010, and before October 1, 2011, during the calendar year in which the loss occurs. Eligible losses include feed losses, physical losses and additional cost incurred in providing feed to eligible livestock.



LIP: Livestock Indemnity Program (LIP) compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat and extreme cold. Eligible losses must have occurred on or after Jan. 1, 2008, and before Oct. 1, 2011.

Note: Participants who apply for livestock deaths that are caused by disease are required to provide documentation to support how disease was accelerated or exacerbated by an eligible adverse weather event before the County Committee approves the LIP application.

Types of documentation:

(a) adequate proof that the eligible livestock deaths occurred as a direct result of an eligible adverse weather event in the calendar year for which benefits are being requested.

(b) quantity and kind of livestock that died as a direct result of the eligible disaster event may be documented by: purchase records, veterinarian records, bank or other loan documents, rendering truck receipts or certificates, Federal Emergency Management Agency records, National Guard records, written contracts, production records, records assembled for tax purposes, property tax records, private insurance documents, and similar documents.

If adequate verifiable proof of death records documentation is not available, FSA will accept reliable records in conjunction with verifiable beginning and ending

continued from page 3

Disaster Assistance Programs, LIP

inventory records as proof of death.

Reliable records may include, but are not limited to: contemporaneous producer records existing at the time of the adverse weather event, pictures(s) with a date, brand inspection records, dairy herd improvement records, and other similar reliable documents.

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

TAP

Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers to replant or rehabilitate trees (including



nursery, ornamental, fruit, nut, or Christmas trees), bushes, and vines that were lost or damaged because of natural disaster.

Natural disaster includes plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other natural occurrence of such magnitude or severity so as to be considered disastrous, as determined by the Secretary.

TAP applies only to orchardists who commercially produce trees for production of an annual crop and nursery tree growers who suffer tree

deaths in excess of 15 percent after adjustment for normal mortality.

Normal mortality is defined as the number of expected lost tree, bush, or vine types in the individual stand normally occurring during a calendar year for a producer, computed using a percentage established for the area by the FSA State Committee.

Signup begins May 10, 2010, for losses that occurred January 1, 2008 through May 7, 2010, and ends July 6, 2010. Contact your local Service Center for all other losses.

DELAP



The USDA Kentucky Farm Service Agency (FSA) Dairy Economic Loss Assistance Payment (DELAP) Program provided a one-time payment to assist dairy producers who recently experienced low milk prices and high production costs. DELAP payments were intended to help offset economic losses that producers incurred during the months of February through July of 2009. Over 1,000 Kentucky Dairy producers have received **\$3,149,646.56** for dairy loss assistance payment.

NAP Production Reporting

Producers enrolled in the Non-insured Assistance Program (NAP) are required to provide production records for individual crops each year to establish an

approved NAP yield. If this is the first year you participated in NAP, you can provide production and acreage information for this and from prior years to establish your yield. If you participated in NAP in previous years, you must report your production and acreage on a yearly basis to keep your yield up-to-date. Records submitted must be reliable and verifiable. Records need to show crop disposition. It is recommended producers submit 2009 production records as soon as possible after harvest.

All production records must be submitted by the subsequent crop year's final acreage reporting date.

NAP Coverage Deadlines

NAP applications are due at different times based on the crop being insured. Producers should apply for NAP coverage using form CCC-471 (Application for Coverage).

Related service fees are due when the application is filed. The application and service fee **MUST** be filed by the crop sales closing date. Contact your local FSA office for the filing dates for your crops.

NAP Service fees are:

- ✓ \$250 per crop per county **OR**
 - ✓ \$750 per producer per county.
- Fees cannot exceed a total of \$1,875 per producer for individuals with farming interests in multiple counties.

NOTE: NAP coverage is required for all NAP crops in order to be eligible for SURE.

BCAP

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to approved biomass conversion facilities (BCF) for use as heat, power, bio-based products or bio-fuels. Initial assistance will be for the collection, harvest, storage and transportation (CHST) costs associated with the delivery of eligible materials. The proposed rule published on February 8 in the Federal Register resended the approval authority for any new CHST applications.



CRP Contract Maintenance



Conservation Reserve Program (CRP) and Conservation Reserve Enhancement program (CREP) participants are reminded that contract acres must be maintained according to the approved conservation plan. Annual mowing of CRP acres for cosmetic purposes is prohibited. Control of undesirable plants (such as Johnson grass, Kudzu, Thistles, Multiflora Rose), noxious species, insects and other pests to a level that prevents adverse impacts to surrounding lands is required. Woody growth shall be controlled on grassland planting. Maintenance responsibilities include excluding livestock and controlling soil erosion and disease. Harvest of CRP acreage is prohibited unless special authorization is obtained. Management and Maintenance activities shall cease during the period between **May 15th** and **August 1st** in order to avoid interference with grassland bird nesting activities. CRP participants should make periodic checks of the enrolled acreage to insure that all practices are functioning properly. Any failure of a practice due to disaster events should be reported immediately to the administering Farm Service Agency Service Center.

Double Cropping Standards

The Kentucky State FSA Committee has established new double-cropping standards for FSA program purposes beginning with the 2010 crop year. Double cropping occurs when two specific crops can be planted and harvested on the same acreage in the same crop year under



normal growing conditions. Under the new guidelines adopted, the additions to established double-cropping crops include a double crop of soybeans, grain sorghum, corn, tobacco and popcorn after a first crop of wheat, barley, oats, rye or triticale when these small grains are planted for forage. Sudan Grass may follow small grains planted for forage or grain. A double crop of soybeans, grain sorghum corn, tobacco or popcorn may follow an annual grass planted for hay. A complete list of approved double-cropping practices is available at the your local USDA Service Center.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA report could result in civil penalties of up to 25 percent of the fair market value of the property.

May Farm Loan Interest Rates	
90-Day Treasury Bill	0.125%
Farm Operating Loans - Direct	2.875%
Farm Ownership Loans - Direct	5.000%
Limited Resource Loans	5.000%

Meet the FSA State Committee



Left to right: Joseph H. Spalding, Lebanon, KY, Mary Berry-Smith, New Castle, KY, David R. Duncan, Jr., (Chairperson), Paint Lick, KY, Alison Wiediger, Smiths Grove, KY, and James L. Kay, Versailles, KY.

The Obama Administration appointed these individuals to serve on the Kentucky Farm Service Agency State Committee. The State Committee members will work with the State Executive Director in managing the activities of FSA Programs. State Committees keep farmers informed of agency program activities while resolving appeals and complaints within the agricultural community.

The individuals appointed to serve on Kentucky's State Committee include:

David R. Duncan, Jr. (Chairperson), from Paint Lick, Kentucky, recently served as Chairman of the Garrard County Extension District Board and the Garrard-Lincoln Counties FSA Committee. Duncan was a member of the Board of Regents for Northern Kentucky University for nearly 12 years. He has been involved in many organizations in Paint Lick. He also served on the United Way of Bluegrass and the Human Rights Commission in Lexington, KY. In 2009, he was named the minority farmer of the year.

James L. Kay, from Versailles, Kentucky, has been a Director and shareholder for Kay Company Inc., a land, coal, and holding company, since 1972. Kay's managerial experience ranges from serving on the Elk Grocery Company Board of Directors to operating real estate for over three decades. From 1985 to 2007, Kay was Director of Denton Farms. He has remained active in his community, serving six years on the United Way of Woodford County. He also serves on the Regional Board of Kentucky Bank in Versailles for the past 10 years.

Mary Berry-Smith, from New Castle, Kentucky, worked on her family farm in Port Royal, the eighth generation in her family to do so, before going to the University of Kentucky in 1976. In 2002, after years of farming, Smith and her husband Chuck Smith founded Smith-Berry Vineyard and Winery. Smith serves on the board of United Citizens Bank in Henry County Kentucky.

Joseph H. Spalding, from Lebanon, Kentucky, is a self-employed farmer, growing tobacco and grain on over 500 acres of land. He has served on the Board of Directors for both the Farmers National Bank and the Burley Tobacco Growers Cooperative Association. Spalding was named Outstanding Young Farmer of the Year both in 1978 and 1979. In 1989, he was named Outstanding Farmer by the Lebanon and Marion County Chamber of Commerce.

Alison Wiediger, from Smiths Grove, Kentucky, has been farming using organic methods since 1995. She started exploring organic methods and growing crops organically in 1989. Wiediger was employed as an IT professional in various capacities and businesses since 1979. She was recently the Network Administrator for the Hart County Board of Education in Munfordville, KY.

Reporting Crop Acreage Important for FSA Programs

Acres reports are required for many Farm Service Agency programs. Acres reports are needed to maintain eligibility for Price Support loans, the Noninsured Crop Assistance Program (NAP) and the Conservation Reserve Program (CRP).

The final date to report all crops, except small grains and certain NAP crops is July 15 The final date to report small grains is May 31.

Reports filed after the reporting deadline are subject to a late reporting fee.

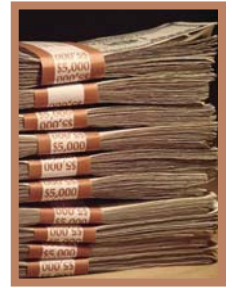
Please remember that filing an accurate acres report, including failed acres and prevented planting acres, can prevent the loss of benefits for a variety of programs.

Failed acres must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acres reports on crops for which NAP assistance may be paid are due in the county office by the earlier of final crop reporting date or 15 calendar days before the onset of harvest or grazing.

Payment Limitation Rules Change

Effective for **2010**, the regulations have changed that govern the requirements to be 'actively engaged' in farming rules. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by the Farm Service Agency (FSA).



Under the rules change, every stockholder or member of a legal entity, such as a corporation, does not have to contribute labor or management if both of the following apply:

- at least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management that altogether qualifies as a significant contribution to the farming operation;
- the total direct payments received, both directly and indirectly, by the legal entity and each of the members does not exceed \$40,000.

Cold Storage Facilities now Eligible for Farm Storage Facility Loan (FSFL) Program

The Farm Storage Facility Loan (FSFL) program has changed to allow producers to build cold storage facilities to store their fresh fruits and vegetables. This program is part of USDA's 'Know Your Farmer, Know Your Food' initiative.

To be eligible, cold storage facilities must have a useful life of 15 years and include:

- ✓ New structures suitable for a cold storage facility;
- ✓ New walk-in prefabricated permanently installed coolers suitable for storing fresh fruits and vegetables;
- ✓ New permanently affixed cooling, circulating and monitoring equipment;
- ✓ Electrical equipment integral to the proper operation of a cold storage facility; and must be
- ✓ An addition or modification to an existing storage facility.

USDA will not make cold storage facility loans for portable structures, portable handling and cooling equipment, used or pre-owned structures or cooling equipment or structures not suitable for a fresh fruits and vegetables' cold storage facility.



The maximum loan amount for a Farm Storage Facility loan is \$500,000 per loan.

Contact your local FSA Service center for additional information



Farmer Receives FSA Loan to Help Farming Operation

For many years, the Farm Service Agency was considered as “The Lender of Last Resort”. However, the Farm Service Agency should be considered as *“The Lender of First Opportunity”*.

Let’s look at Brandon and Valerie Taul, a young farm family near McQuady, KY. Brandon was raised on his parent’s farm, raising tobacco, cattle, hay, and grain crops. After graduation, Brandon worked for his father full time, taking on additional responsibilities each year. In 2006, Brandon and Valerie came to FSA to get a financial start on their own. Brandon had been raising his own tobacco for several years, but since he was just getting started he had to rely on help from his parents. Brandon and Valerie wanted to gain independence as they increased their own operation. After approaching FSA, Brandon and Valerie were able to finance their operation with an annual operating loan from FSA.

Since that time, the Taul’s have taken advantage of FSA’s real estate loan program in order to construct a dwelling on their property. FSA offered a low fixed rate with no down payment. This was perfect for the young couple just getting started. Brandon and Valerie now raise 50 acres of tobacco of their own. Brandon helps his parents with their operation when time allows. A hard worker, Brandon is considered one of the top young farmers in the area. He was selected as one of the top 20 farmers in the state to complete the Kentucky Agriculture Leadership Program. Brandon is concerned about the future in agriculture and serves on the Breckinridge County Ag Development Board.

If you feel that FSA can help you with a loan please contact your local FSA office.

Farm Loan Programs

FSA offers loans for farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,094,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural Youth Loans, loans to Beginning Farmers and loans for socially disadvantaged applicants are also available.

Farm Loan Lender Meeting



Pictured left to right: Roger Thomas, Executive Director of the Governor’s Office on Agricultural Policy, John W. McCauley, State Executive Director, USDA-Farm Service Agency, and Bill McCloskey, Kentucky Agricultural Finance Corporation at the FSA Guaranteed Lender Meeting in Elizabethtown on April 29.

United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write: USDA, Director of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

USDA Farm Service Agency
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Return Service Requested

May 2010

Kentucky FSA NEWS



Farm Service Agency
serving
Kentucky Farmers

*Prevented planting or
Failed Acreage*

To ensure program eligibility, report prevented and/or failed crop acreage to FSA. Prevented planting must be reported no later than 15 calendar days after the final planting date for the crop. Failed acreage must be reported before the disposition of the crop.

IMPORTANT MESSAGE

If you suffered damage from the May floods, contact your local FSA office to see what assistance might be available.

**REMINDER
Bank Account Changes**

If you make any changes in your bank account or change banks notify FSA to ensure payments reach your account timely. Payments can be delayed if we are not aware of changes to your account or routing numbers.

FSA Signature Policy

All members of a general partnership must sign for the general partnership unless an individual is authorized to act on behalf of the general partnership and bind all members.

Farm Record Changes

If you have sold or bought land, changed tenants, or rented additional land, notify your local FSA Office so farm records can be updated.