



NEWSLETTER



April 2012

Pennsylvania Farm Service Agency

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Hours
Monday - Friday
8:00 a.m. - 4:30 p.m.

State Committee

- Chairwoman
Sheryl Vanco

Member
Greg Hostetter

Member
Larry Kehl

Member
Janet Lewis

Member
Dr. Robert Mikesell

CRP Signup Ends April 6, 2012

Farmers and ranchers have until April 6, 2012 to enroll eligible land into the Conservation Reserve Program (CRP) during the general sign-up period, which opened March 12th.

Contracts awarded under this sign-up are scheduled to become effective Oct. 1, 2012. Additionally, current CRP participants with contracts expiring this fall may make new contract offers.

FSA will evaluate and rank eligible CRP offers using an Environmental Benefits Index (EBI) that shows the wildlife, water, soil, and air benefits of enrolling the land in CRP. Decisions on the EBI cutoff will be made after the sign-up ends and after analyzing the EBI data of all the offers.

For more information on this and other programs contact the local FSA office in a USDA Service Center near you.

New Continuous CRP Initiative

FSA has announced a new conservation initiative to protect up to 750,000 acres of the nation's most highly erodible croplands. This initiative will assist producers with targeting their most highly erodible cropland (land with an erodibility index of 20 or greater) by enabling them to plant wildlife-friendly, long-term cover through the Conservation Reserve Program (CRP).

Producers can enroll land on a continuous basis beginning this summer at their local Farm Service Agency (FSA) county office. With the use of soil survey and geographic information system data, local FSA staff can quickly determine a producer's eligibility for the initiative.

Producers are encouraged to contact their local FSA office or visit FSA's website at www.fsa.usda.gov/crp for additional information regarding CRP.

BCAP Project Area Sign-up

Applications are being accepted for the USDA Farm Service Agency's next round of Biomass Crop Assistance Program (BCAP) Project Areas. Proposals will be accepted until April 23, 2012.

BCAP provides incentives to farmers and forest landowners to grow non-food crops to be processed into biofuels. Because most energy crops are perennial and take time to mature before harvest, BCAP is designed so sufficient quantities of feedstock will be available to meet future demand. Since these crops can grow where other crops cannot, it provides farmers new opportunities to diversify into more markets.

The BCAP Project Areas where these crops are grown will be selected from proposals producers or biomass facilities submit to FSA. The Request for Proposal and additional information can be found at <http://www.fsa.usda.gov/bcap>. You may contact the local FSA office for more details.

GovDelivery

The USDA Farm Service Agency offices are moving toward a paperless operation. Producers are asked to enroll in the new GovDelivery system which will provide notices, newsletters and electronic reminders instead of a hard copy through the mail.

FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email will help conserve resources and save taxpayer dollars. County Committee ballots will continue to be mailed to all eligible producers.

Producers can subscribe to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe>.

Farm Safety

Flowing grain in a storage bin or gravity-flow wagon is like quicksand, it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical aspects of grain handling equipment, also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

These hazards, along with pinch points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged.

FSA wants all farmers to have a productive crop year, and that begins with putting safety first.

DCP/ACRE Sign-Up

The 2012 Direct and Counter-Cyclical Program (DCP) enrollment runs from Jan. 23, 2012 through June 1, 2012. Here are some IMPORTANT REMINDERS:

- All producers planting on **DCP base** acres must be identified on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.

- Changes on the farm after enrolling June 1 in DCP/ACRE **must** be reported to your local FSA office. Changes may include:

- Ownership changes
- Producer changes (Individuals and Entities)
- Change in crop shares arrangements

Note: Changes cannot be made after Sept. 30, 2012.

Adjusted Gross Income

USDA and the Internal Revenue Service have established an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent is required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

This ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-931 to their local FSA County Office by June 15 to avoid interruption of program benefits. This form may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainseervlet>.

Acreage Certification

Time is nearing for producers to certify their 2012 acreage. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Failed acreage 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.

Acreage reports are required for many FSA programs. Small grains must be reported by 6/15, most other crops must be reported by 7/15, and cabbage and processing beans must be reported by 8/15.

Producers are also reminded that the new 11/15 reporting deadline will be implemented in the fall of 2012 for the following crops: apiculture, spring harvested perennial forage, forage seeding, PRF, and all fall-seeded small grains.

Please contact the FSA county office for more information on the new acreage reporting deadlines.

Farm Record Changes

June 1, 2012 is the deadline to provide changes to your farm records at the local FSA office for the 2012 crop year. If you are changing your operation entity type, adding or dropping cropland or farms, or adding entities to your operation, contact the FSA county office by June 1.

Unauthorized Disposition of Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe. Always call the county office before you haul any grain.

Direct and Guaranteed Loans

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

The one-time loan origination fee charged on FSA guaranteed farm ownership and

operating loans has increased from 1 percent to 1.5 percent of the guaranteed portion of the loan, for loans obligated after October 1, 2011.

To find out more about FSA loan programs, contact the county office staff.

Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The

partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

Rural Youth Loans

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization's advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien;
- Be 10 years to 20 years of age;
- Comply with FSA's general eligibility requirements;
- Reside in a rural area, city or town with a population of 50,000 or fewer people;
- Be unable to get a loan from other sources;
- Conduct a modest income-producing project in a supervised program of work as outlined above;
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

Operating Entity Changes

We would like to remind all FLP customers to consult with their FLP staff prior to making any changes to their farming operation structure. Changes in operation such as formation of LLC or Partnership can result in the need for an assumption of your FSA loans. We have seen an increase in the use of LLC and partnership activity for tax purposes, liability protection and estate planning. FSA loans have owner and operator requirements that need to be addressed when new operating entities are formed.

MILC Program

Dairy prices may authorize potential MILC payments, but all dairy producers need to be aware of the program requirements should those conditions arise.

New dairies that have not previously participated in the MILC program will need to fill out the CCC-580, Milk Income Loss Contract.

Dairy operators currently enrolled in MILC, need to notify the local county office if there have been any changes to their dairy operation.

If a payment rate is announced, dairy producers enrolled in the MILC program will need to provide the local county office with documentation showing the eligible milk production and commercial milk marketing for the months with a MILC payment rate in effect.

MILC program participants are also required to comply with FSA's Adjusted Gross Income requirements each fiscal year. This certification, on a CCC-931, must be completed prior to a payment being disbursed.

When producers enroll in MILC, a payment start month is selected. This month remains the same through all program years, unless a change is requested by the dairy. Dairy producers are allowed to change their start month an unlimited number of times throughout their enrollment in MILC provided that the changes are requested timely.