



“SCOOP”

ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

October, 2006

2005 Corn and Soybean Counter-Cyclical Payments

County Offices are in the process of issuing final 2005 crop corn counter-cyclical payments. The final counter-cyclical payment for corn is .35 cents per bushel. Producers who accepted the first and second partial advance payments will receive .07 cents per bushel. The final counter-cyclical payment rate for soybeans is zero because the effective price was higher than the target price.

Movement of Commodities Security Farm-Stored Loans

A commodity under loan may be released for delivery to a buyer before repayment when requested by the producer and approved by the County FSA Office BEFORE removing the commodity from farm storage. The designated buyer must repay the loan on the removed quantity by no later than 15 days after the expiration of the delivery period of the authorization. The buyer must also provide evidence of the dates of delivery and the quantity delivered. Producers who remove mortgaged collateral without County FSA authorization, even though the producer still maintains control of the commodity, may be considered in violation of loan provisions and subject to administrative actions.

Final 2006 Direct Payments for DCP

Eligible producers can expect to receive their final direct payment this month. Producers who did not elect to receive an advance direct payment will receive their entire direct payment for the year in one lump sum. The direct payment for a crop equals 85% of the farm's base acreage *times* (x) the farm's direct payment yield *times* (x) the direct payment rate x the producer's share.

Arkansas is Making Progress on our New Digital Maps

The following link on the FSA internet shows how county offices are progressing with their new digital maps:

[http:// www.fsa.usda.gov/Internet/FSA_File/september2006clupprogress.pdf](http://www.fsa.usda.gov/Internet/FSA_File/september2006clupprogress.pdf)

Producers are reminded that once a county finishes their maps a notification letter is sent allowing 30 days for producers to review and modify. After that time the line work and associated acres are permanent and official. These new acreages may affect the program payments such as DCP, NAP, and Conservation Reserve Program (CRP). Don't miss your opportunity for review.

2007 Direct and Counter-Cyclical Program (DCP)

Sign-up Period

Producers have until June 1, 2007, to designate shares and sign the 2007 Direct and Counter-Cyclical Program (DCP) Contract. FSA will accept late-filed signatures on the DCP Contract June 1, 2007 through September 30, 2007, provided a \$100.00 late-filed fee is paid for the farm. All required signatures must be on the CCC-509 Contract before it may be approved and earn payments. Failure to have all required signatures by September 30, 2007, will result in the farm being ineligible for direct or counter-cyclical payments for the year. Producers sign DCP contracts annually and may choose not to participate in the program in any given year. Producers may enroll in any USDA Service Center, their administratively-assigned center, or electronically on the web. The electronic service is available at http://www.fsa.usda.gov/egov/edcp_default.htm. To access this service, producers must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

Requirements for Producers Participating in the 2007 DCP Program

To meet the requirements for participating in the 2007 DCP program, producers must:

- comply with Highly Erodible and Wetland Provisions.
- devote acreage equal to the base acreage to an agricultural or conserving use.
- effectively control weeds and otherwise maintain base acres according to sound agricultural practices. All base acreage shall be protected from erosion, including providing sufficient cover. For a list of approved covers and practices, contact your local FSA office.
- not plant perennial fruits and vegetables (FAV) or harvest annual fruits and vegetables or wild rice on base acres unless an allowable exception has been met. See FAV Chart in this newsletter.
- all cropland acres on a farm must be reported. File an acreage report (FSA-578) with respect to all cropland on the farm. Fall-seeded crops must be reported by May 15, 2007, and Spring-seeded crops by July 15, 2007.
- notify FSA when there is a transfer of or change of interest of a producer.

Supporting Documentation Required for Producers Participating in the 2007 DCP Program

Before payments may be issued for the 2007 DCP Program, the following supporting documentation must be submitted:

1. CCC-502, Farm Operating Plan for Payment Eligibility Review
2. AD-1026, Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC)
3. CCC-526, Payment Eligibility Adjusted Gross Income Certification

Designation of Shares on the DCP Contract

Producers need to ensure that shares designated on the DCP participation contract meet the division of payment rules. In general, the DCP payment shares need to mirror the actual shares for crops produced on base acres. The table below defines the general DCP share requirements. Specific situations and questions may be addressed to your local County Office. Failure to comply with the division of payment rules will result in a loss of program payments.

Eligible to Receive DCP Payment

Situation	Lessor (landowner)	Lessee (tenant)
Landowner cash leases entire farm to lessee	No, because the base acreage has been cash leased to another. Landowner has no risk in the crop	Yes, if all other eligibility requirements are met
Landowner leases grazing or haying rights or privileges on base acreage to another, but land itself is not leased	Yes, if all other eligibility requirements are met, because the land itself has not been leased, only the right to graze or hay	No, because the land has not been leased, only the right to graze or hay
Landowner cash leases base acreage and lessee grazes or hays the land	No, because the base acreage has been cash leased to another	Yes, if all other eligibility requirements are met, because the lessee has leased the land, not just grazing or haying rights. The fact that the lessee uses the land for grazing or haying is not relevant
Farm is share leased	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of the DCP payment	Yes, if all other eligibility requirements are met, however neither the lessor nor the lessee may receive 100 percent of the DCP payment

Planting Flexibility

Any commodity may be planted on the following:

- Any land, including base acres, on a farm NOT enrolled in DCP
- Non-base acres of a farm enrolled in a DCP contract
- Base acres of a farm enrolled in a DCP contract, except for fruits, vegetables (FAV) and wild rice unless an FAV exception is met.

2007 Reconstitutions

Farm reconstitutions may now be processed for the 2007 program year provided proper signatures and supporting data are obtained. The method and priority order for farm divisions with DCP base acres is as follows:

- **Estate:** Used when a will or written agreement by heirs state the distribution of base acres
- **Landowner Designation Method:** Used when land is sold/transferred with a written agreement by the buyer/transferee or seller agreeing to the distribution of base acres. The seller/transferor must have owned the land at least three years unless the County Committee waives the requirement.
- **Default:** Used when the estate and landowner designation method does not apply. This method distributes bases to the new farms at the tract level as they exist on the parent farm before reconstitution.

Farms may be enrolled into DCP by the later of June 1 or 30 calendar days following producer notification of the reconstitution.

Changes in Farming Operation

Failure to notify FSA of changes in your farming operation may adversely impact your eligibility for USDA benefits. You should also be aware of Highly Erodible Land Conservation, Wetland Conservation, Payment Eligibility, and Payment Limitation provisions, which impact your eligibility for DCP payments. Changes to your farming operation may include, but are not limited to, a change in the structure of your farming operation or changes in your rental agreement, buying land, selling land, and change in producer. Any change to your farming operation *must be* reported to FSA when the change occurs, but no later than September 30, 2007. Failure to timely report changes may result in ineligibility for DCP benefits.

Succession-in-Interest

If a transfer of, or change in, the interest of the producers on a farm in base acres for which DCP payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under the contract. If a change in interest occurs requiring a succession to the DCP Contract, the revised contract must be signed by September 30, 2007.

DCP Payments

DCP payment computations use base acres and payment yields established for each farm. Producers receive direct payments at rates established by statute regardless of market prices. Counter-cyclical (cc) payments are issued only when the effective price (which takes into account the direct payment rate, market price and loan rate) for a commodity is below the target price for a commodity. The FY 2007 crop year direct payment rates and maximum potential counter-cyclical rates are listed below:

Commodity	Unit of Measure	Direct Rate	Maximum CC Rate
Wheat	Bushel	0.52	0.65
Corn	Bushel	0.28	0.40
Grain Sorghum	Bushel	0.35	0.27
Barley	Bushel	0.24	0.15
Oats	Bushel	0.024	0.086
Upland Cotton	Pound	0.0667	0.1373
Rice	Pound	.0235	.0165
Soybeans	Bushel	0.44	0.36
Other Oilseeds	Pound	0.0080	0.00
Peanuts	Ton	36.00	104.00

Revision/ New

Payment schedule for 2007 DCP is as follows:

- beginning December 2006: up to a 22% advance direct payment
- October 2007: balance of final direct payment
- there will be one partial payment of 40% for 2007 CC payments. It may be issued in February 2008.

A producer must refund to CCC any payment which exceeds the amount actually earned including the refund of any unearned partial counter-cyclical (cc) payment when actual market prices exceed the projected market prices used in determining the partial payment rates.

The Effects of Fruits and Vegetables (FAV's) and/or Wild Rice Planted on Base Acres for the Direct and Counter-Cyclical Program (DCP)

Producers should be aware that planting and harvesting fruits (including nuts) and vegetables (FAV's) and/or wild rice on base acres shall be a violation of the Direct and Counter-Cyclical Program (DCP) having costly penalties unless one of the allowable exceptions is met. Listed below is a summary of the allowable exceptions and the effects each has on the DCP Direct and Counter-Cyclical payments.

Exception Title	Allows for Planting and Harvesting of FAV's of Wild Rice on Base Acres without penalty when	Affect of Direct and Counter-Cyclical Payments if an Exception is Met
Double Cropping	FAV's or wild rice are planted in a double cropping practice with a covered commodity or peanuts in cycle in an approved double cropping region Covered Commodities means a crop of wheat, oats, corn, grain sorghum, rice, upland cotton, barley, soybeans, canola, flaxseed, mustard seed, rapeseed, safflower, and sunflower seed. Approved Double Cropping Regions (Counties) in Arkansas are: Ashley, Benton, Clay, Crawford, Cross, Faulkner, Franklin, Independence, Jackson, Jefferson, Lee, Lincoln, Logan, Lonoke, Phillips, Pulaski, St. Francis, Sebastian, Woodruff and Yell.	No reduction in payments
Farm History	The farm's history reflects the planting of any FAV's or wild rice in at least one of the years from 1991-1995 or 1998-2001. Acres must have been previously certified in the FSA office.	Acre-per-acre reduction for every acre of FAV's or wild rice planted on base acres.
Producer	The producer has an average planting of the specific FAV or wild rice from any farm for the years from 1991-1995 or 1998-2001. FSA will need to assist the producer in calculating the average planting. Acres must have been previously certified in the FSA office. The producer must elect either planting period 1991-1995 or 1998-2001.	Acre per acre reduction for every acre of FAV's or wild rice planted on base acres

Program Deadlines

2007 DCP Signup	October 1, 2006 – June 1, 2007
Apples – Intended Use: FH, PR, Asparagus, Blueberries, Caneberries (blackberries & raspberries), Figs, grapes, Peaches – Intended Use: FH, PR, Pears	November 20, 2006
Final Loan and LDP Availability for Wool, Mohair, Peanuts, and Unshorn Pelts	January 31, 2007
Final Loan and LDP Availability for Wheat, barley, Oats, Honey, Canola, Crambe, Flaxseed, Rapeseed, and Sesame Seed	March 31, 2007
Reporting fall-seeded crops	May 15, 2007
Final Loan and LDP Availability for Upland Cotton, Rice, Corn, Dry Peas, Grain Sorghum, Lentils, Mustard Seed, Safflower Seed, Small Chickpeas, Soybeans, and Sunflower Seed	May 31, 2007
Late-filed 2007 DCP Sign-up (\$100.00 fee)	June 1, 2007– September 30, 2007
Reporting spring-seeded crops and all cropland	July 15, 2007
Final date to request a reconstitution	August 1, 2007