



USDA Service Center
Pima/Santa Cruz Office
3241 N Romero Road
Tucson, AZ 85705-9223
CG: (520) 836-1960
Phone: (520) 292-2999
FAX: (520) 292-9099

Office Hours: Thursday
7:30 am - 3:00 pm
All other weekdays -
By Appointment Only

County Committee
Andrew Smallhouse,
Chairperson
Robert Noon, Vice-
Chairperson
Gary Deen, Regular Mbr
Marie Pyeatt, Advisor

Farm Programs Staff
Debbie Hopkins, CED
Lori Emmert, PT
Shirley Ciskowski, PT
Michelle Ontiveros, PT
Angie Carranza, PT
Kathy Fanning, PT

Farm Loan Staff
Shawnee Stevenson, FLM
Kent Erickson, FLO
Patrick Fox, FLPT

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*We Support our men and
women in the
Armed Forces*



WASHINGTON, Dec. 19, 2008 – Secretary of Agriculture, Ed Schafer, today said that enrollment for the 2009 Direct and Counter-cyclical Payment (DCP) Program for farms with base acres will begin Dec. 22 both online and at local USDA service centers and will continue until June 1, 2009.

The June 1, 2009 deadline is mandatory for all participants. USDA will not accept any late-filed applications.

Producers will be required to complete new payment limitation forms prior to signing up into DCP. The new forms will apply to all producers and operations regardless if there have been any changes to the operation.

Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2009, eligible producers may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. USDA will issue advance direct payments beginning Dec. 2008 when all eligibility requirements have been met. Counter-cyclical payment rates vary depending on market prices. Counter-cyclical payments are issued only when the effective price for a commodity is below its target price. The effective price for each covered commodity and peanuts equals the direct payment rate plus the higher of the national average market price received by farmers during the 12-month marketing year or the national average loan rate.

It is imperative you call the office to schedule your appointment for enrollment. We will give you guidelines on the current requirements and the items you will need for enrollment.

2009 County Committee Elections

We would like to express our appreciation for those who took the time and effort to vote in this year's County Committee Election. We are especially thankful to the candidates who showed dedication to the FSA Committee system by agreeing to participate in the County Committee for Pima County.

- Robert Noon, County Committee, Chairman
- Gary Deen, Vice Chairman
- Andrew Smallhouse, Voting Member
- Marie Pyeatt, Advisor

MILK INCOME LOSS CONTRACT PROGRAM

The 2008 Farm Bill reauthorizes the MILC Program, which operates similarly to the counter-cyclical payment program for crops, and makes three key changes in program operation. Under the 2008 Act, the MILC payment rate and the per-operation poundage limit are modified, depending on when the milk is produced. In addition, a "feed cost adjuster," is introduced over the life of the 2008 Act, which adjusts the \$16.94 per hundredweight (cwt.) benchmark price upward depending on the cost of feed rations. When available, MILC payments are based on a payment rate percentage that is multiplied by the difference between a now-flexible target (\$16.94 per cwt. or higher) and the specific month's Boston Class I price of milk.

USDA's Commodity Credit Corporation (CCC) issues MILC payments on an operation-by-operation basis up to a maximum of 2.4 million pounds of milk produced and marketed (about 120 cows) from Oct. 1, 2007, through Sept. 30, 2008. **The production limit per operation increases to 2.985 million pounds** (about 145 cows) for each fiscal year from Oct. 1, 2008, through Aug. 31, 2012. The production limitation reverts back to the original limit of 2.4 million pounds per fiscal year in Sept. 2012.

Beginning with Fiscal Year 2009 marketings, which started Oct. 1, 2008, the 2008 Act made changes to the provisions for payment eligibility to add an adjusted gross income (AGI) limit. If the individual or entity has **annual non-farm AGI for the relevant base period greater than \$500,000, the individual or entity is not eligible for MILC benefits.** The base period will be set pursuant to AGI regulations yet to be issued. That rule will also define what is considered to be non-farm income.

Eligible dairy producers are those who commercially produce milk in the United States. To receive program approval, producers must enter into a MILC contract with CCC and **provide monthly milk marketing data.** Dairy producers can apply for MILC at local FSA offices. Please Call for more details.

NAP Coverage – Plan for 2009

2009 Crop Year Sales (Application) Closing Dates are set by the state committee. Producers are required to apply for the NAP program prior to these dates in order to remain eligible for payments.

- **January 31, 2009**

Cucumbers, Grapes, Bermuda & Sudan Grasses, Herbs, Basil, Jojoba, Pecans, Chile Peppers and Raisins.

- **February 28, 2009**

Pinto Beans, Corn, Cotton, Okra, Olives, Peanut, Swt Potato, Pumpkins, Sorghum, and Squash.

Producers are reminded of these dates to ensure continued eligibility for the 2009 crop year.

Producers must: (1) Annually provide records of crop acreage, crop yields, and production evidence for NAP crop to be eligible; (2) Inform FSA **within 15 days of the date any disaster condition occurred or damage to the crop became apparent.** ****Producers must file this form even if they intend to harvest the crop.**

The program requires that producers must report the acreage and shares for all crops potentially eligible for NAP certify crop production history and report current crop year production on or before the deadline. They must also certify that they comply with all highly erodible land and wetland conservation requirements.

Producers must apply for NAP coverage using Form CCC-471, "Application for Coverage," and pay the service fee of \$250 per crop per county or \$750 per producer per county. The fee cannot exceed a total of \$1,875 per producer with farming interest in multiple counties.

ACRE Program

Producers who are eligible for the DCP Program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program. The enrollment period for the ACRE Program will begin in the spring. Producers may first enroll in the DCP Program, elect to receive advance direct payments and then later modify their enrollment to include the ACRE program or they may wait and elect to enroll in DCP and ACRE at the same time in Spring 2009.

The optional ACRE Program 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. A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For the 2009 crop, the 2-year price average will be based on the 2007 and 2008 crop years.

An ACRE payment is issued when both the State and the farm have incurred a revenue loss. The payment is based on 83.3 percent (85 percent in 2012) of the farm's planted acres times the difference between the State ACRE guarantee and the State revenue times the ratio of the farm's yield divided by the State expected yield. The total number of planted acres for which a producer may

receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced by 20 percent, and marketing assistance loan rates are reduced by 30 percent.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year. Please contact your local FSA Office for an appointment to enroll.

Pima County FSA Office Closure:

**January 19th Martin Luther Kings Jr.'s
Birthday
Office will re-open January 20th**

**February 16th President Washington's
Birthday, office re-opens February 17th**



Payment Limitation

To qualify for commodity and disaster programs under the new farm bill, applicants now must adhere to new **Adjusted Gross Income (AGI)** restrictions. The AGI ceiling limitation was reduced from \$2.5 million from all sources to a three-year average **non-farm AGI of \$500,000**. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to \$750,000 per year from farm income in order to qualify for direct payments issued under the Direct and Counter-cyclical Program (DCP).

For conservation programs, the average nonfarm AGI limitation is \$1 million or less for eligibility. However, an individual or entity who has non-farm AGI in excess of \$1 million remains eligible for conservation programs only if 66.66 percent or more of the total AGI is derived from farming, ranching and forestry operations. In addition, the AGI limitation for conservation programs

may be waived on a case-by-case basis if it is determined that environmentally sensitive land of special significance would be protected.

Another change in eligibility is that program payments are limited by direct attribution of payment totals directly to individuals or indirectly to individuals through entities.

A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the entity and also the individual, both directly and indirectly as an officer, partner or shareholder in an entity. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Also, individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination. For more information on how these provisions apply to your own situation, contact your local FSA office.

News Flash



The County Office will be conducting Grower Meetings to provide information about changes in the Payment Limitation rules for 2009. Time and location of meetings to be determined. Notification will be under separate mailings.



UNITED STATES DEPARTMENT OF AGRICULTURE
Pima/Santa Cruz County Farm Service Agency
3241 N Romero Road
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IMPORTANT DATES & DEADLINES

January 19th Office Closed Holiday Observed
21st Phase 1 of MILC Applications Due
31st NAP Closing Date
February 5th Pima County Committee Meeting
27th Deadline for Crop Disaster Program
(quality and quantity applications 2005-2007)

June 1st deadline to enroll in DCP/CC Program ***no late file available**

FSA Homepage: www.fsa.usda.gov
Arizona State FSA Homepage: www.fsa.usda.gov/edso/az/az.htm
USDA eCommerce Home (forms web site): <http://www.sc.egov.usda.gov/Main.asp>

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To file a complaint, write the Secretary of Agriculture, USDA, Washington, D.C. 20250, or call (202) 720-7327 (voice) or (202) 720-1127 (TDD). USDA is an equal opportunity provider and employer.

Special accommodations will be made, upon request, for persons with disabilities, vision impairment, or hearing impairment upon request. If accommodations are required, please call Debbie Hopkins, CED, at 520/836-2028