



# Cass County Farm Service Agency NEWSLETTER

February 2009

Issue No. 1

**Cass County FSA Office**  
1127 E State Street  
Cassopolis MI 49031  
269-445-8641 Ext 2  
269-445-0619 Fax

**COUNTY COMMITTEE**  
Michael Gordon  
David Grabemeyer  
Carl Sparks  
Esther Leach

**STAFF**  
Marcia J Collins, CED  
Kay Strom, PT  
Judi Kidman, PT  
Zelda Cloud, PT  
Rhonda Barnett, PT  
John Green, FA  
Robert Dohm, FA  
Richard Swartz, FA

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



<http://www.fsa.usda.gov>



## **COC ELECTION RESULTS**

Congratulations to Carl Sparks, who was elected to the County Committee to represent Penn, LaGrange, Newberg, Volinia, and Marcellus Townships for a 3 year term. At the annual organizational meeting, Mike Gordon was elected County Committee Chairperson and Dave Grabemeyer was elected Vice-Chairperson. Carl Sparks is the member; with Esther Leach as the Advisor. Thanks to all who took the time to vote and a great big thank you to those who were willing to serve on the committee!

## **2009 DIRECT AND COUNTER-CYCLICAL PAYMENT (DCP) PROGRAM SIGNUP BEGINS!**

Signup has started for the 2009 Direct and Counter-cyclical Payment (DCP) Program for farms with base acres. You can signup online or at local USDA service centers. Signup will continue until June 1, 2009. The June 1, 2009 deadline is mandatory for all participants. FSA will not accept any late-filed applications.

FSA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2009, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. FSA will issue advance direct payments later this month, if requested. Counter-cyclical payment rates vary depending on market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

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 and ends June 1, 2009. Once ACRE is elected for the farm it will remain enrolled in ACRE for the duration of the 2008 Farm Bill, regardless of owner/operator changes.

***PLEASE NOTE: DCP & ACRE APPLICATIONS WILL NOT BE ACCEPTED AFTER JUNE 1, 2009 AND THERE WILL BE NO LATE FILING FEE EITHER!***

## **RECONSTITUTION RULE CHANGES**

The policy was established that prohibited farms having base acres of 10.0 acres or less from being combined with another farm *no longer applies* and reconstitutions may be approved if all other requirements are met.

Generally, no producer on a farm that has a total of 10.0 base acres or less shall be eligible to receive DCP payments on that farm. Farms that have total bases of 10.0 acres or less may reconstitute and earn payments, if all other reconstitution rules are met.

## **ACRE**

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 State 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 farms 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.

## **NEW ADJUSTED GROSS INCOME (AGI) PROVISIONS**

The Food, Conservation, and Energy Act of 2008 made changes to the average AGI provisions. There are now *three* average AGI limitations that are applicable to the commodity, price support, disaster, and conservation programs. The new average AGI limitations will be implemented for 2009 and subsequent program years. For 2009, the *average* of the AGI reported to IRS for the years 2005, 2006 and 2007 will be used for certification purposes.

**Each** of the following, when directly or indirectly requesting benefits subject to AGI provisions, **must** certify to AGI compliance for payment eligibility:

- Individuals
- Legal entities
- **all** interest holders, stockholders, or members of a legal entity
- **all** members of a joint operation or general partnership
- BIA on behalf of individual Native Americans or Indians represented.



The three AGI limitations are as follows:

<b>IF average adjusted gross...</b>	<b>THEN the person or legal entity is INELIGIBLE for...</b>
nonfarm income exceeds \$500,000	all commodity, price support, and disaster assistance program benefits.
farm income exceeds \$750,000	direct payments under DCP.
nonfarm income exceeds \$1 million	all conservation program benefits, <b>unless</b> 66.66 percent or more of the average AGI was derived from activities related to farming, ranching, and forestry operations.

A worksheet is available in the FSA Office to assist producers in the completion of form CCC-926, Average Adjusted Gross Income (AGI) Statement for 2009 and subsequent years.

## **PAYMENT ELIGIBILITY AND PAYMENT LIMITATION PROVISIONS FOR 2009**

The Food, Conservation, and Energy Act of 2008 made changes to payment eligibility and payment limitation provisions to be implemented for the 2009 and subsequent program years.

Actively engaged in farming still requires the following:



- significant contribution of capital, land, equipment, or combination thereof
- significant contribution of active person labor, active personal management, or combination thereof
- contributions must be commensurate with the claimed share of the profit or loss of the farming operation
- contributions must be at risk for a loss.

The landowner exemption still applies. A person or legal entity who is a landowner may be considered “actively engaged in farming” under the landowner exemption. *Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.*

**Each** of the partners, stockholders, or members must make a contribution of active personal labor and/or active personal management to the farming operation that must be performed on a regular basis, identifiable and documentable, and separate and distinct from the contributions of any other partner, stockholder, or member of the farming operation.

The contribution of the partners, stockholders and members must be significant and commensurate. The legal entity will make contributions to the farming operation that are at risk for a loss, with the level of risk being commensurate with the claimed share of the farming operation. The failure of any partner, stockholder, or member to meet this requirement will result in a reduction of payments to the payment entity commensurate with the ownership share held by that interest holder.

Any change to a farming operation that results in the increase in the number of persons or legal entities for payment limitation purposes must be bona fide and substantive. Contact your local FSA Office for further information.

## **DISASTER DESIGNATIONS AFFECTING CASS COUNTY**

- Drought conditions from May 1, 2008, through September 17, 2008
- Severe frost/freeze and cold weather events from March 1, 2008, through May 31, 2008
- Storms with excessive rain, flooding and high winds from April 12, 2008, through September 16, 2008

## **PLANTING TRANSFERABILITY PILOT PROJECT**

The 2008 Farm Bill provides for the development of a pilot project for certain states to permit the planting of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing on base acres during each of the 2009 through 2012 crop years. DCP base acres on a farm for a crop year will be reduced by an acre for acre planted under the pilot program. This program is dependent on regulations not yet issued which will cover eligibility and the method by which producers can be approved for participation. Michigan has a maximum of 9,000 base acres eligible for enrollment during the pilot year.

## **COMMODITY LOANS**

Producers who are interested in obtaining a commodity loan may do so now. Interest rates are *verrrrry* low, 1.625% APR. The deadline to get wheat, oats, and barley loans is March 31, 2009. For corn and soybeans, it's May 31, 2009.



## **ATTENTION NAP POLICY HOLDERS!!!**

Producers must file a *notice of loss* with their local FSA office within 15 calendar days from the disaster occurrence or date damage to the specific crop acreage is apparent to the producer for yield losses or the final planting date for prevented planting. The notice of loss must be filed for *each* weather-related event or adverse natural occurrence that causes damage to or loss of the specific crop or commodity. Producers must also report all crop acreages each year.

Producers are responsible for providing accurate and complete *reports of production* on a timely basis each and every year after harvest. The deadline to report production at certification of the year following harvest. It is the producer's responsibility to report the total amount of production for their entire unit. It is not FSA's responsibility to determine the producer's amount of production.

## **NAP COVERAGE**

March 15, 2009 is the deadline to purchase NAP for most spring planted crops. The application and service fee must be filed in the county office by the crop deadline. The service fee is \$250 per crop per county or \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer for individuals with farming interests in multiple counties. Limited resource producers may request a waiver for service fees. NAP participants must report their planted acres by July 15, 2009.

## **SURE**

Producers who want to qualify for the new disaster program, SURE, must purchase crop insurance or NAP on all crops of economic significance. We are waiting for the regulations for the SURE program to be published; as information is received for the program we will make this information available.

## **CHANGES TO ISSUING PROGRAM PAYMENTS**

Effective December 3, 2008, all farm program payments, regardless of application source, will be routed to the National Payment Service for processing. All checks generated by National Payment Service will be printed by the Treasury Department's Kansas City facility on Treasury's check stock. Payment recipients receiving payment by check should expect a slight delay in receipt of the check because the information must be transferred to Treasury. There is no delay when payment is made by electronic funds transfer.

The Financial Services Center will print the disbursement transaction statements and mail the statements to the payment recipient. **County Offices will no longer mail or file the statements.** The statements have been slightly redesigned to provide additional information for the program participant. The program participant will receive one statement listing all payments issued on the same day from the same County Office. All statements having invalid or incorrect addresses will be returned to the Service Center where the payment originated for corrective action.

## **Crop Disaster Program Signup Deadline**

The Farm Service Agency's (FSA) Crop Disaster Program (CDP) signup period for years 2005-2007 will end Feb. 27, 2009.

The ending date of Feb. 27 applies to the receipt of a signed and completed FSA-840 application along with all supporting documentation and required forms at the applicable county FSA office. Sign-up information and required forms are available at each county FSA office. Late filed applications will not be approved after the Feb. 27 deadline. All application determinations will be made by March 27, 2009. For further questions about CDP and the sign-up deadline, producers may contact their county FSA office or visit FSA's website at <http://www.fsa.usda.gov>.

## **Bank Account Changes**

Current policy mandates that FSA payments be electronically transferred into your bank account. In order for payments to be made, producers need to notify the FSA county office if your account has been changed or if another financial institution purchases your bank. Payments can be delayed if the FSA office is not aware of updates to your account and routing numbers.



UNITED STATES DEPARTMENT OF AGRICULTURE  
 CASS COUNTY FARM SERVICE AGENCY  
 1127 E STATE STREET  
 CASSOPOLIS MI 49031

PRESORTED STANDARD  
 U.S. POSTAGE PAID  
 LANSING, MI  
 PERMIT NO. 19

**IMPORTANT DATES TO REMEMBER**

February 16	Presidents’ Day Holiday – Offices Closed
February 27	2005 through 2007 Crop Disaster Program Application Deadline
March 15	Sales Closing Date for NAP Policies on Spring-Seeded Crops
March 31	Final Loan/LDP Availability Date for Barley, Canola, Honey, Oats or Wheat

**TRANSFER OF ADMINISTRATIVE COUNTY FOR A FARM**

A change in a farm’s administrative county may be permitted to a contiguous county that currently has an FSA office without completing a farm combination in the receiving county *if at least one of the following applies*:



- the principal dwelling of the farm operator has changed
- a change has occurred in the operation of the land
- there has been a change that would cause the changed administrative County Office to be more accessible, such as a new highway, relocation of the County Office, building site, etc.
- the producer documents that the changed administrative County Office is significantly more convenient.

This transfer must be signed by the farm operator and *all* owners. This is a one-time option for the producer if done because of convenience. Owners and operators should be aware that transferring a farm can affect their eligibility to vote in specific County Committee elections.

**SPECIAL ACCOMMODATIONS**

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 County Office in person or by phone.

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