



# Gentry/Worth County *FSA NEWSLETTER* MAY 2009

## Gentry County FSA Office

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7:00 a.m. – 4:30 p.m.

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## County Executive

Director  
Mark Cadle

## Farm Loan Program Manager

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### To Gentry and Worth County Producers:

Spring is here and once again the planters are sitting waiting on drier conditions! It's hard to believe that we are facing the problems with wet conditions and delayed planting again this year. Here at the Farm Service Agency we are beginning the spring with the implementation of a new annual farm program called ACRE. If you're a producer on a farm with base acreage, you have the option of either participating in the old annual farm program called DCP or participating in the new ACRE program. The article entitled DCP and ACRE Signup Extended is long but I hope it will help answer some of the questions you may have about the ACRE program. I will be holding producer meetings in June or early July to further explain the ACRE program before the signup period ends on August 14, 2009, however, I have not set dates or locations for the meetings at this time because I would like to see how planting and other field work is progressing to allow as many producers to attend as possible.

Producers who have an application approved under the Emergency Conservation Program (ECP) for cost-share assistance to repair land due to the heavy rains and flooding in the spring of 2008 have until May 31, 2009 to complete the work and submit bills to your local office.

Along with planting and all your other necessary spring activities comes the annual requirement to report your acres to FSA. Filing an accurate 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. See the article later in the newsletter fully explaining your requirements to timely report failed and prevented planting acres to maintain program benefits.

Have a safe and productive spring season. Mark Cadle, CED

### CRP Management Tidbits

I wish to remind producers that the non-disturbance period to protect the habitat of ground nesting birds begins May 1 and extends through July 15. This means that no activity can be conducted on CRP including mowing, weed control, and management practices. If there is a severe noxious weed problem in the field, producers can request approval from the County Committee to spot treat. As of July 16, activity can resume such as managed haying and grazing. Some contracts allow mowing of up to ½ of each field from July 15<sup>th</sup> to August 15<sup>th</sup>. Certain CRP acreages can be hayed or grazed every third year by making a request and paying 25% of the rental rate fee. Haying and grazing activity can continue until September 30. If you participated in the Critical Use Feed Program in 2008, you are restricted from haying or grazing any acreage in that field or at a minimum twice the acreage actually hayed or grazed for the standard three year period.

Mid-Contact Management Practices that can begin on July 16 are disking, burning warm season grass, and spraying warm season grass. Contact the office if you have any questions concerning management and operation of your CRP acreage

### 2009 Crop Acreage Reporting Deadlines

Acreage reports are required in order to be eligible for program benefits if you participate in DCP, CRP, ACRE or to apply for grain loans or LDP payments. **June 30** is the deadline to report wheat, other small grains and crops for which NAP assistance may be paid. **July 31** is the deadline to report spring crops, CRP, hay and pasture - all cropland on the farm needs to be reported. You will need to know your planting dates. Acreage reported after the deadline will be considered late filed and a measurement service fee (minimum \$46/farm) will be charged for a field visit to verify physical evidence. You must report your intended use of insured NAP crops the earlier of 15 days before normal harvest of the crop or its final reporting date. Your reported acres to crop insurance should match FSA's.

### Filing a Notice of Loss for Failed & Prevented Planted Crops

Notice of Loss, is used to report failed acreage and prevented planting of program crops. Failed acreage must be reported to the FSA office within 15 days of the disaster event or when losses become apparent and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

### New Repayment Options Available for Commodity Loans

Beginning April 15th producers will have new options for making loan repayments. In an effort to minimize fluctuations in the market the new options afford producers the opportunity to choose which method benefits them the most. This new method will replace the current one, which is based on the previous day's market rates. The three new repayment options are: 1-The loan rate established for the commodity, plus interest. 2- A 30-calendar-day average based on market prices during the preceding 30 day period. 3- A 5-calendar-day moving average of applicable terminal market prices adjusted by county differential and applicable terminal market adjustments. The new loan repayment option rates will be published daily at [www.fsa.usda.gov](http://www.fsa.usda.gov)

## DCP & ACRE Signup Deadline Extended

Sign-up in the new Average Crop Revenue Election (ACRE) Program is now underway. In order to give producers time to decide whether to participate in ACRE or remain in DCP only, the deadline to sign up in both programs was extended from June 1 to **Aug 14**. You may enroll in the DCP Program only and elect to receive advance direct payments and then later modify your enrollment to include the ACRE program or you may enroll in DCP and ACRE at the same time but you must enroll before **Aug 14** – no late file provisions apply. When you enroll in ACRE your direct payments on a farm are reduced by 20%. You can forgo ACRE this year and enroll in a later year for the balance of the farm bill through 2012 if you wish. Once enrolled in ACRE however, the farm must remain in ACRE through 2012 - even if owners or operators change on the farm, the ACRE contract stays in effect on the farm through 2012. You must also annually enroll in ACRE & DCP to be eligible for benefits. You may elect the ACRE option on a farm-by-farm basis as with DCP.

ACRE payments are based on State revenue losses and are calculated using a 5-year average state yield and the most recent 2-year average state price for each crop. For 2009, the 2-year price average will be based on the 2007 & 2008 crop years. An ACRE payment is only issued when both the State and your farm have incurred a revenue loss. The payment is based on 83.3 percent of the farm's planted acres (not to exceed the total base on the farm) times the difference between the state ACRE revenue guarantee and the years actual state revenue times the ratio of the farm's 5yr average yield divided by the states 5yr average yield.

Under the DCP counter-cyclical payment (CCP), price protection program, payments are earned when the season average marketing price for a commodity is below the national target price. (Target price: wheat-\$3.92, corn-\$2.63, G.S.-\$2.57, & SB-\$5.80) There is a maximum payment level per bu of farm yield: wht-\$ .65, corn\$.40, G.S.-\$.27 & SB-\$ .36 and it is paid on 83.3 percent of the farms base acres, not what is actually planted on the farm. The CCP addresses price risk only and not production risk while ACRE addresses both production losses and price through total revenue protection. If you choose to participate in ACRE you will not receive counter-cyclical payments but instead be eligible for ACRE payments.

To be eligible for an ACRE payment on a particular crop, 2 triggers must be met: 1) The actual state revenue must be below the state's ACRE revenue guarantee & 2) Your actual farm revenue must be below the farm's ACRE revenue guarantee. These are figured for each individual crop. It is possible to get an ACRE payment on one crop but not another. If the state trigger has been met then we will figure each individual farm to determine if the farm's trigger is met. If neither trigger is met, then no ACRE payment will be made for that crop. The actual state revenue will not be known and payments cannot be made, until the state average market prices and yields have been determined at the end of the marketing year (Sept – Aug) therefore no payments can be made until Oct 1 of the following year. Advance payments are not authorized under ACRE.

If both ACRE triggers are reached, the payment to the farm will be the difference between the state guarantee and the state actual revenue times the ratio of the farm's 5 yr avg yield divided by the states 5 yr avg yield. For example, if the farm average yield is 10 % above the state average yield, the ACRE payment will be increased by 10% for the farm or decreased if the farm yield is below the state average. It does not matter what price you get for your crop, the state average price is used to determine the farm revenue loss.

The **state revenue guarantee** is **90 %** of the average state yield times the last two-year average marketing price. Currently the projected 07 & 08 2yr avg. price is: corn \$4.15, soybeans-

\$9.73, wheat-\$6.64 & GS-\$3.64. (Note these price levels are much higher than the CCP-Target Price levels). For the **farm level revenue guarantee**, the same two-year average price is used, times the average of the last five years of yields for a farm – (a 90% factor is not applicable to the farm revenue guarantee only to the state revenue). The value of the farmer paid crop insurance premium is also added to the farm level guarantee – so the higher your level of crop insurance the more likely you are to meet the farm trigger. Both state & farm guarantees will be recalculated each year using prices from the past 2 years and yields from the past 5 years.

The 5 year avg yield is an “Olympic” average of the past five years for state and farm yields - (The highest and lowest values during this period are thrown out, and the values for the three remaining years are averaged). Average yields are adjusted to bushels per planted acre rather than per harvested acre. **The 2004-08 Missouri average yields for ACRE** will be about: Corn -138 bu., Soybeans-37.7 bu, Wheat-50 bu. & Gr.Sorg.-92 bu. A farms average yields will be determined from production provided by RMA (Risk Management Agency) or if not available, you will need to provide 04 - 08 past year production by July 31, 2009.

Your cost to sign up for ACRE: 1) you will forfeit 20 percent of your DCP direct payments through 2012 (The average direct payment in Gentry and Worth counties is about \$17.50/ac x .20 = **\$3.50/ac**), 2) you will give up any potential counter-cyclical payments through DCP, and 3) the loan rate used to calculate any loan deficiency payments (LDP) or marketing loans will be lowered by 30 percent. The loss of potential CCP's and LDP's may not be too critical, because if market prices fall enough to trigger those payments it is likely that the ACRE payment would be at least as large – unless, in a year in which prices were low the yields were high enough to keep revenue above the ACRE guarantees.

ACRE guarantees and the size of the payment are tied to state level yields, not farm yields like most crop insurance policies and are based on longer term average prices and yields. ACRE does not protect a farmer who has a poor production year when the state as a whole does not. ACRE payments can be a useful risk management tool for sharply falling prices or widespread yield losses but they do not replace farm level crop insurance protection. ACRE payments could be zero in all four years, or they could be sizable.

ACRE payments are made on 83.3% of your planted & approved prevented planted acres not to exceed the farm's total base acres. When the total planted acres on a farm are greater than total base acres the producer must choose which crops planted acres to enroll in ACRE first– as one crop could pay more than another. If your farm has 50 ac of corn base and 50 ac of bean base, you are eligible for ACRE payments on 83.3% of each crop on all 100 acres. If you plant 75 acres of corn and 25 acres of beans, and both qualify for ACRE, payments are made on 83.3% of each. If you plant 100 ac of corn and 50 ac of beans, and both qualify for ACRE payments, your payment acres are capped at the 100 total base acres of the farm – not 83.3% of 150 ac. You must elect when you sign up which crops to get paid on first, so in the above example if you elected corn then beans, you would be paid on 100 ac of corn. If you elected beans then corn, you would be paid on 50 ac of beans and 50 ac of corn but if there was no payment on beans you would only get paid on 50 ac of corn. You can be paid on more planted ac of a certain crop than your base acres for that crop but you can't be paid for more planted acres than your total base acres for all crops.

ACRE payments will be triggered sooner than CC and LDP payments and if prices ever do reach CC and LDP levels, ACRE payments are expected to be substantially larger than traditional CC and LDP payments. The actual level of ACRE guarantee established for the 2009 crop will not be known until September 2009. It seems likely that the beginning ACRE

guarantees will be high by historical standards, and guarantees cannot increase or decrease more than 10 percent each year afterward. (This 10% limit is not applicable to the farm revenue guarantee) This could make the ACRE program attractive, especially since target prices and loan rates are essentially frozen at their levels. If production is stable and prices either trend upward or are steady over the next four years no ACRE payments are likely, and the producer will simply lose 20% of the direct payment. However, if prices trend downward from present levels and/or state yields are low ACRE payments could be earned. Each producer will need to assess their expectations for the future & their need for financial risk protection before signing up in ACRE.

To be eligible for ACRE payments owners, operators and other producers on a farm must: have base acres on the farm, share in the risk of producing a crop on base acres on a farm enrolled in ACRE, annually report the use of cropland acreage on the farm, annual report production for all crops, and comply with conservation & wetland protection requirements on all of their land.

The Crop Insurance Premium is included in the farm ACRE guarantee but for farms that are not insured or farms covered by the Non-insured Assistance Program (NAP) or by a Catastrophic (CAT) policy, this amount will be zero. Crop Insurance or NAP insurance is not required for participation in ACRE or DCP – remember however to be eligible for the SURE program crop disaster payments which does cover individual farm crop losses, if its triggers are met, all crops must be insured.

If you sell a farm that has been enrolled in the ACRE program, it will remain in the ACRE program. If you divide a farm that has been enrolled in the ACRE program, all the resulting farms will remain enrolled in the ACRE program. A DCP farm cannot be combined with an ACRE farm; the farms must either remain separate or the DCP farm will have to be signed into ACRE

Payment limits under the two program options are similar, although allocated differently across programs. Under the traditional option, the payment limit on direct payments is \$40,000 / producer. If ACRE is elected the payment limit on direct payments is reduced by 20%. The limit on countercyclical payments is set at \$65,000 while the cap on ACRE program payments is \$65,000 plus the 20% direct payment reduction. There is no limit on marketing loan gains or loan deficiency payments under either program option except the loan rate is reduced 30% for determining eligibility under ACRE.

Farms with DCP base acres of 10.0 ac or less will not receive a direct, counter-cyclical, or ACRE program payment, unless the farm is owned by a socially disadvantaged or a limited resource farmer.

The websites shown below contain payment calculators developed by Missouri and Iowa Universities which can be used to estimate payment scenarios for the ACRE program.

<http://www.extension.iastate.edu/agdm/crops/xls/a1-45acrecalculator.xls>  
[http://www.fapri.missouri.edu/farmers\\_corner/tools/ACRE.asp](http://www.fapri.missouri.edu/farmers_corner/tools/ACRE.asp)

**Following is an example of ACRE payments for corn: assume**

5-year Olympic **State** average yield is **138** bushels  
 5-year Olympic **Farm** average yield is **128** bushels.  
 2007-2008 average marketing year price is **\$4.15** per bushel.

The average crop insurance premium for corn per acre is \$17.00

'09 **state revenue guarantee** = 90% x 138 bu. x \$4.15 = **\$515.43**

'09 **farm level guarantee** = (128 bu. x \$4.15) + \$17.00 = **\$548.20**

Below examples use projected actual state yields of between 120 to 138 and a projected average price of \$4.00 or \$3.73.

- A - Assume the state actual yield is 130 bu. x \$4.00 = \$520.00  
actual state revenue = not eligible for payment; over \$515
- B - Assume the state actual yield is **128 bu.** x \$4.00 = **\$512.00**  
actual state revenue = elig - under \$515 state guarantee
- C - Assume the state actual yield is **120 bu.** x \$4.00 = **\$480.00**  
actual state revenue = elig - under \$515
- D - Assume the state actual yield is 138 bu. x **\$3.73** = \$514.74  
actual state revenue = elig - under \$515

Below examples use projected actual farm yields of between 70 to 138 and projected average state price of \$4.00.

- E - Assume the farm actual yield is 138 bu. x \$4.00 = \$552.00  
actual farm revenue = not eligible for payment; over \$548
- F - Assume the farm actual yield is 136 bu. x \$4.00 = \$544.00  
actual farm revenue = elig- under \$548 farm guarantee
- G - Assume the farm actual yield is **120 bu.** x \$4.00 = **\$480.00**  
actual farm revenue = elig- under \$548
- H - Assume the farm actual yield is **70 bu.** x \$4.00 = **\$280.00**  
actual farm revenue = elig- under \$548

ACRE payment per acre = (state revenue guarantee - actual state revenue) x .833 x (farm 5yr avg yld / state 5yr avg yld) x your planted acres not to exceed all base acres on the farm.  
Per above examples

ACRE payment for (B) = (\$515.43 - \$512.00) = \$3.43 x 83.3 % =  
 \$2.86 x (128 bu. / 138 bu. or .93) = \$2.66/ac  
 ACRE payment for (C) = (\$515.43 - \$480.00) = \$35.43 x 83.3 % =  
 \$29.51 x (128 bu. / 138 bu. or .93) = \$27.44/ac

Assume a state average corn yield of 120 and the state price of \$4.00.

ACRE payment for (G) = (\$515.43 - \$480.00) = \$35.43 x 83.3 % =  
 \$29.51 x (128 bu. / 138 bu. or .93) = \$27.44/ac  
 ACRE payment for (H) = (\$515.43 - \$480.00) = \$35.43 x 83.3 % =  
 \$29.51 x (128 bu. / 138 bu. or .93) = \$27.44/ac

Note in example A - if the 09 **state actual average yield** was 130 instead of 128 the actual state revenue would be \$520/ac which is over the state guarantee of \$515 and the state trigger is not met and no payment is eligible even if your farm had a total loss.

Note in example B - if the 09 **average state price** was **\$4.03** instead of \$4.00 (128 x \$4.03 = \$515.84) it puts the state actual revenue over the guarantee of \$515.43 the state trigger is not met and no payment is earned.

Note in example E - if the 09 **average actual farm yield** was 138 instead of 120 (138 x \$4.00 = \$552) it puts the actual farm revenue over the farm guarantee of \$548.20 and the farm trigger is not met and no payment is earned.

Note the difference in G & H above – with a 09 **farm actual yield** of 120/ac compared to 70 bu/ac yield – they still receive the same ACRE payment of \$27.44/ac because payment is based on the state loss in yield. A lower farm actual yield doesn't improve your payment – it only helps meet your farm revenue trigger – you need RMA crop yield or revenue insurance for production loss protection. Similar scenarios can be applied to Soybeans, Wheat etc.

The maximum ACRE payment can't exceed 25% of the state guarantee. (corn example; \$515 x .25 = \$128.75/ac) Also the average market price used to determine the annual actual state and farm revenue can't be lower than 70% of the national loan rates.

(The 09 national loan rates are corn-\$1.95, soybeans-\$5.00, wheat-\$2.75 and gr. Sorghum\$2.95) example beans \$5.00 x .7 = \$3.50

**UNITED STATES DEPARTMENT OF  
AGRICULTURE  
FARM SERVICE AGENCY  
GENTRY/WORTH FSA OFFICE**

512 East Hwy. 136  
Albany, MO 64402

**2008 SURE Disaster Buy-In Waiver Extended to May 18**

Producers who did not obtain (NAP) crop insurance coverage for 2008 can pay a buy-in fee through May 18, 2009, to become eligible for 2008 disaster assistance programs. If you suffered 2008 agricultural losses due to natural disaster you may now become eligible for the Supplemental Revenue Assistance Program (SURE) by completing the following steps by May 18, 2009: 1) Pay a \$100 "buy-in" fee per crop. The maximum fee is \$300 per county, per producer, not to exceed \$900 for multi-county producers. 2) For each insurable crop, excluding grazing land, agree to obtain crop insurance for the next insurance year for which crop insurance is available at least at the 70 % level. 3) For each NAP crop, agree to obtain coverage for the next available year. This requirement to buy insurance the next year applies to this last buy-in only. (Producers who meet the definition of "Socially Disadvantaged, Limited Resource," or "Beginning Farmer or Rancher," are not required to pay the buy-in fee.)

Your 2008 production reported to your crop insurance provider should be downloaded to FSA along with the national average market prices. Producers with hay, pecans and other NAP crops meeting SURE requirements will need to provide 2008 production evidence by July 31, 2009. It would be good if you could bring this in when you report your 2009 acres.

For 2009 producers who purchased Crop or NAP Insurance on all crops (grass for grazing is an exception) will be eligible for SURE disaster assistance. Producers are eligible when a county that has a Secretarial Disaster Designation or adjacent to one or you have a greater than 50% loss regardless of county designation and have a 10% loss in production of at least one crop.

Crops which are considered 'Not of Economic Significance' do not require you to buy insurance on them and you still maintain eligibility for SURE payments on other crops. Any crop which you project to contribute less than 5% of the total expected value of all crops you have an interest in can be considered 'not of economic significance' and you would not be required to have insurance on it. Also a crop for which the fee for NAP coverage (\$250) exceeds 10% of the value of NAP coverage can be exempt. USDA has determined this value to be \$9090 - so if your estimated value of a crop is less than \$9090, you would not need to buy insurance to be eligible for SURE payments on your insured crops. Not having to buy NAP insurance on crops with a value of less than \$9090 could be very important for many producers as you will remain eligible for SURE disaster protection on your 09 insured program crops. To be below this \$9090 level your NAP acres would need to be less than about 70 ac of hay, 70 ac of Fescue seed, 35 ac of hay & Fescue seed, 36 ac of pecans, etc. We will use your estimates but they need to be reasonable to pass a review if there are SURE payments. If you choose to claim these exemptions & not buy Insurance, the crop is not used in any SURE payment calculation and it is not insured. For 2008 crops, based on a \$100 fee, this crop "Not of Economic Significance" figure is \$3636 for producers who have 2008 crop losses. Payments for SURE cannot be computed until marketing prices and farm revenue are computed after the marketing year.

**Final Signup & Reporting Deadlines**

|                       |  |                |   |
|-----------------------|--|----------------|---|
| <b>May 18</b>         | <b>To pay fee for 2<sup>nd</sup> 2008 SURE Disaster buy-in Waiver</b>  | <b>July 31</b> | <b>To provide production evidence for NAP Crops for proven yld.</b>   |
| <b>May 31</b>         | <b>For Loan on 08 Corn-Grain Sorghum-Soybeans @ 1.625% interest.</b>   | <b>July 31</b> | <b>To report Corn, Soybeans, Gr. Sorghum, CRP, un-insured NAP crops (All cropland on a farm must be reported.)</b>                    |
| <b>June 1</b>         | Status Date for Determining 'Entity Type' for Payment Limitation (Individual, corp., LLC etc)                                    | <b>Aug. 1</b>  | <b>To request Farm Reconstitution for current year.</b>   |
| <b>NAP acres</b>      | Report <b>intended acres</b> of insured NAP crops earlier of 15 days before harvest or July 31 (Hay ,grass could be May - June)  | <b>Aug 14</b>  | <b>To sign up in the DCP &amp;/or ACRE (22% Advance 2009 DCP Payments – balance of DCP payment to be paid in Oct 09.)</b>             |
| <b>Crop Losses</b>    | Report <b>Notice of Loss</b> within 15 days of when disaster occurred or when damage to the crop became apparent to the producer | <b>Ongoing</b> | <b>FSFL Grain &amp; Hay storage facility loans @ 2.5% int. ( Info on hay barn standards is still pending – watch next newsletter)</b> |
| <b>June 30</b>        | <b>To report Wheat, Oats, Barley</b>   | <b>Ongoing</b> | <b>CRP- cont-signup (waterways, filter strips, buffers, CP-33's etc)</b>  |
| <b>May 15</b>         | Spring deadline to seed Cool Season Grass  | <b>Ongoing</b> | <b>MILC- Milk Income Loss signup through Sept 30, 2012</b>  |
| <b>Jun 15</b>         | Spring deadline to seed Warm Season Grass  | <b>Ongoing</b> | <b>EQIP, WRP &amp; WHIP Signup through NRCS</b>   |
| <b>May 1 - Jul 15</b> | Wildlife Nesting Season (No Mowing, Disking, Burning on CRP)   | <b>Ongoing</b> | <b>CRP Required Management Practices Producers should check your Plans to ensure you are current.</b>                                 |

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