



Howell County News

March 2009

Non-insurable crop Assistance Program (NAP)

Howell County
USDA Service Center

Howell County FSA
3210 Hoover Drive
West Plains, Mo 65775
417-256-7117 (phone)
417-256-5564 (fax)
www.fsa.usda.gov/mo

Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

County Committee
Steve Gleghorn
Pat Chapin
Don Nielsen

Staff
Dennis Johnson , CED
Susie Williams, PT
LeAnn Barnard, PT



March 16 is the deadline to purchase NAP Insurance coverage on '09 NAP crops and to be eligible for SURE crop revenue protection for 2009. NAP crops requiring separate fees are: Alfalfa, Alfalfa-mix (less than 25% Alf), Grass-Hay, Grass-Grazing (grass includes all cool & warm season grasses & mixtures of grasses & any legumes-except Alf), Sorg-Forage, Small Grains for Forage and for Grazing, Pecans, Walnuts, fruits & vegetables and crops not insurable. The fee is \$250 per crop not to exceed \$750 per producer per county with a maximum of \$1875 per producer in all counties.

There has been a major change in the way Hay and Fescue Seed are insured for NAP under the new farm bill which makes it much more probable to receive a payment, especially for fescue seed producers. In the past both hay & seed were tied together in figuring a loss which made it near impossible to receive a payment on a seed loss if your hay yielded over half its normal yield. Now each use stands alone for determining a loss.

There is only one NAP fee (\$250) for fescue grass used for hay or seed or both, on all fescue for hay or seed that you have an interest in. Your NAP coverage and loss calculations will be determined separately on acres intended as hay and on acres intended as seed. You should report your intended use of insured NAP crops the earlier of 15 days before normal harvest of the crop or its final reporting date.

Losses will be computed on intended acres only. If you harvest seed on acres other than you intended, you need to keep that production separate, by load tickets, storage etc, for correct loss computation and for APH proven yield calculations – the same applies to hay production.

To ensure you remain eligible for payment, following are some rules to follow when grass is harvested for its intended use or for other than its intended use. For grass harvested for its intended use: your loss = expected production – harvested production. You are required to file a notice of loss within 15 days of when a disaster occurred or when the loss became apparent to you. (Some years it may be hard to determine if you have a loss until harvest begins but you should file a notice of loss soon after harvest starts so a field inspection can be made to verify the cause of loss). Your production evidence should be provided soon after harvest so your claim and payment can

be processed. Intended Hay or Seed put to another use will require an appraisal of its intended use on the acres put to another use (hay, seed, grazed or abandoned). Your production loss will = expected prod. – any harvested prod. – appraised prod.

If intended hay or seed will be put to another use you must, before putting the crop to another use, setup or leave representative samples so a loss appraisal can be done and within 15 days of the crops harvest date (June 15 for seed & May 15 for Hay) request an appraisal. (Required sample areas must be 3-4 ft in dia. and rules for acreage put to another use require three samples for the first 10 acres and one for each additional 40 ac. and placed in representative areas over the field. If intended seed will be hayed and not seeded, then leaving strips will work. If intended hay or seed will be grazed, then sample areas must be protected from livestock – a 16' cattle panel circled, wired and set with 4 steel post will work or round bale feeders upside-down with woven wire around and staked will work.) You should notify FSA of their location within 15 days after placing the sample areas.

History requirement for NAP crops intended as seed: For you to be eligible for NAP ins. on crops intended for seed, like fescue seed, you must have harvested the crop for seed in at least 3 of the last 5 years. Also, you will be limited in acres for payment to the Olympic average of the last 5 years (dropping the high and low). There is no history requirement for intended hay unless you do not harvest it as hay but graze it – then, for the loss to be calculated on a tonnage loss, you would need the 3 of 5 yr history of hay production. If you don't have history your loss will be computed as a grazing loss. Pasture-grazing losses are computed based on your hay production loss records from similar grass cut for hay on your farm – if this is not available FSA hay loss records from similar farms may be used.

NAP Proven Yields: Producers with no proven yield history will receive 65% of the county established yield as your guarantee yield. Producers can greatly improve their yield guarantee and low yield payments by providing past years production evidence to the FSA office for a proven yield. Your history requirements can also be met by proving your yield on seed and hay.

Proven yield evidence must be consecutive from the most recent year. We can use 4 to 10 years of evidence to establish a proven yield – at least a 4 yr average must be used. If you provide

just 08 production then 80% of the county average yield or T-yield can be used or the other 3 to get your average. If you provide 08 and 07 then 90% of the T-yld for the other 2 will be used. And if you provide 3 years then 100% of T for the last year will be used. Once you provide 4 consecutive years there is no advantage to provide more unless previous yr yields are higher than your average. On years no grass crop was intended for seed you are allowed to skip a year. On years you had a yield less than 65% of the county T-yld and the loss was due to a natural disaster year in the county, then 65% of T can be used for that year's average. Producers who have not planted a crop more than twice can use 100% of T in their 4 year APH average.

We can accept late filed acreage reports to establish an APH proven yield history. For each year you are providing past production evidence, you will need to identify on a map those fields cut for seed and/or hay and the number of acres for an accurate APH determination. There is no late file fee for late filed acreage reports when establishing an APH for the first time. Once an APH is established then acreage reports and production evidence must be provided every year by the final acreage reporting deadline for the crop – July 31 for grass crops. All late-file reports for NAP APH yield history must prove existence of the crop and disposition of the crop. Prior year acreage reports will prove existence of the crop. If you did not report a crop in any year you must provide additional evidence. For disposition of the crop you need to provide production evidence: such as sales receipts showing - date of sale, the crop type, pounds or units sold, producer's name, shares if applicable, and farm represented. The same rules apply to other NAP crops.

Proving production evidence for Hay proven yields may be more difficult as most is fed. A producer's original farm records for each year identifying number of bales per farm or field with average weight of bales may be provided – size of bales or scale weight tickets will help. Don't just provide a current spreadsheet of past years hay production, as it can't be approved. We will make copies of your original production records. You will need to summarize each year's hay production and acres separately in total tons and identify acres harvested on a map, the same as with fescue seed.

NAP yield guarantees are 50% of your APH-proven yield. Any acres not harvested will have a factor of 70% applied to your payment on un-harvested acres. The difference between your actual yield below 50% of your APH guarantee X 55% of the crops price guarantee will be your payment.

(Proving a fescue seed yield of 300 lbs would give you a guarantee yield of 150 lbs. If the 09 base price is set at \$0.40, then $\$0.40 \times .55 = \$0.22/\text{lb}$ payment for each lb your yield is under 150 lbs. If your 09 crop averaged 100 lbs/ac you could receive a NAP payment of \$11.00 /ac. With a cost of \$250 for NAP on grass you would need 23 acres to break even on 100 lb seed yield - lots of scenarios.)

NAP insurance for pasture or grazing is a separate fee and is not required for, nor included in the SURE program. Eligibility for NAP payments for grazing is similar to hay noted above but is dependent on # of Livestock per acre also. Grazing is also required for eligibility for possible Livestock Feed Program (LFP) benefits noted below.

SURE Program Eligibility for 2009

FSA's new crop disaster program - Supplemental Revenue Assistance Program (SURE) has replaced our old crop disaster programs of past years. In order to be eligible for a payment under SURE, you are required to purchase insurance on all crops produced each year in your farming operation. In addition your county must have received a Secretarial Disaster Designation or be contiguous to a county with this designation or your total farming operation must have a 50% loss in revenue due to weather related conditions and the producer must also have a 10% loss in production on at least one crop.

Producers may qualify for a SURE payment if the total revenue for your total farming operation is less than your SURE revenue guarantee. Like higher levels of crop insurance, SURE protects not only against loss in yields but against low crop prices during the marketing year. Basically the higher your level of insurance guarantee the more likely a payment could be earned through SURE. Yield guarantees also vary by your proven yield-APH and are affected by your counties average yield and price.

Stimulus Funding for FLP Loans

As part of the recently approved economic stimulus package, FSA's Farm Loan Programs (FLP) is scheduled to receive an extra \$173 million in funding for the direct operating loan (OL) program. Many states have a current backlog of approved OL loans waiting for funding. As of February 23, the backlog stood at 1,039 loans valued at more than \$72 million. Producers' financial needs have increased significantly with the elevated costs of production inputs and the downturn in the agricultural economy. This growing need, coupled with FLP's successful marketing efforts, has generated increased demand for FSA OL loans as well as farm ownership loans.

Dairy Prices Trigger MILC Payments

Due to low milk prices FSA will be making payments in April to producers through the FSA's Milk Income Loss Contract, or MILC, program. The 2008 Farm Bill made changes to the MILC program, most notably the addition of a dairy feed ration cost adjustment in addition to changes to the payment rate and modifications to the per-operation poundage limit, depending on when the milk is produced.

FSA makes MILC payments on a monthly basis when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt) as adjusted for feed costs.

The monthly Boston price is posted online at:
http://www.fmmone.com/Northeast_Order_Prices/NE_Prices_mainnew.htm#Advance.

FSA determines the per hundredweight payment rate for the applicable month by subtracting the Boston Class I price for that month from the \$16.94 MILC payment trigger price, and multiplying the difference by 45 percent. The payment factor of 45 percent will decline to 34 percent on September 1, 2012.

FSA issues payments no later than 60 calendar days after FSA receives production evidence for the applicable month or the entire month's National Average Dairy Feed Ration Cost is posted for the applicable month, whichever is later.

FSA makes payments on up to the maximum eligible pounds of milk produced and marketed by each operation per fiscal year. The annual maximum eligible pound limit per dairy operation is 2.985 million pounds per fiscal year. The amount drops to 2.4 million pounds per fiscal year on September 1, 2012.

More information about the MILC program can be found on the FSA website <http://www.fsa.usda.gov>.

Livestock Indemnity Program (LIP)

LIP will compensate producers for livestock death losses in excess of normal mortality rates due to adverse weather that occurred on or after 01/01/2008 and before 10/01/2011. Producers who had livestock deaths due to adverse weather conditions should document these losses as to the kind, weight range, number of livestock, and the date the animals were lost. Producers must have proof of death of livestock by the following:

- Rendering truck receipts or certificates
- Veterinary records
- Dairy herd improvement records
- Third-party verification

The third party must certify in writing name, address, and telephone number, affiliation of the third party to the participant, details of knowledge of livestock deaths, and the number and kinds of livestock. The third party may not be someone who is affiliated with the operator, such as a hired hand or family member. Producers should take photos, keep veterinary records, disposal costs, and third-party verification. At this time, the forms and procedure for taking loss applications are not yet available at your county FSA office. Maintain records of your losses in order to be eligible when all requirements are known.

Payment Limitation Comment Period Extended

The Farm Service Agency (FSA) has announced that the comment period for the regulation defining actively engaged participation in a farming operation has been extended for an additional 60 days, FSA is seeking a diverse range of comments from different areas of the United States and farming communities.

With this extension, the public may continue to submit comments until April 6, 2009. The extension document is available at <http://www.fsa.usda.gov/FSA/federalNotices?are=home&subject=lare&topic=frd-ii>.

FSA Payment Record (1099-G)

During the last week of January, producers who have received payments from FSA should have also received a CCC-1099-G from the Kansas City office. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to you during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

If you have a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data. If you choose to visit the office, bring your CCC-1099-G with you.

CREP, SAFE & Continuous CRP Available

At this time USDA has no general signups scheduled for the Conservation Reserve Program (CRP) in 2009. However, environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP), Conservation Reserve Program State Acres For wildlife Enhancement (SAFE) Practice, and Continuous CRP will still be eligible for enrollment. These targeted programs remain funded, and continue to provide a heightened environmental benefit on select areas.

Sodbuster, Swampbuster

Most Farm Service Agency programs require compliance with sodbuster and swampbuster provisions.



These provisions require producers to follow an approved conservation system on all highly erodible land planted to an annual crop as determined by the Natural Resources Conservation Service.

Be sure to have determinations made on any new land you plan to plant to annual crops. If you plan to plant a different crop on your current cropland, check with NRCS to assure the new crop will qualify under your conservation system.

Swampbuster provisions state that converting a wetland to make possible the planting of a crop will result in the loss of all USDA benefits. To avoid this possibility it is strongly recommended that producers check with NRCS before starting to work in the fields.

Dates to Remember	
Mar. 16	Deadline to obtain 2009 NAP coverage on spring-seeded crops, forages, and pecans
Mar. 31	Final Availability for 2008 crop wheat, barley, oats, honey loans and LDPs
Continues	Farm Storage Facility Loan Program.
Continues	Continuous Conservation Reserve Program.

Visit our website at: www.fsa.usda.gov/mo

Selected Interest Rates for March 2009	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.00%
Farm Ownership Loans — Direct	3.50%
Farm Ownership Loans — Beginning Farmer Down Payment	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans	2.25%
Commodity Loans 1996-Present	1.50%

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