



Linn County News

March/April 2009

LINN County
USDA Service Center

Linn County FSA
121 Pershing Rd
Brookfield, Mo. 64628
660-258-7265(phone)
660-258-3257 (fax)
www.fsa.usda.gov/mo

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

County Committee
Vickie Ervie
Lee Jaynes
James Pfeiff

County Committee
meets March 13, 2009

Staff
Susan McLain
Roberta Kehr
Caroline Frizzell
Danny Neil
Greg Smith



DCP Sign-up Continues

Sign-up for the 2009 Direct and Counter-cyclical Payment (DCP) Program continues **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 began to issue advance direct payments in December 2008. 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.

The electronic DCP (or eDCP) service will save you time, reduce paperwork and speed up contract processing at FSA offices. It is available to anyone eligible to participate in the DCP Program. To access this online service, you must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

Producers eligible for the DCP Program are also able to enroll in the Average Crop Revenue Election (ACRE) Program or the Counter-cyclical Program. The enrollment period for the ACRE Program will begin in the spring. You may first enroll in the DCP Program, receive advance direct payments and then later modify your enrollment to the ACRE program or you may wait and elect to enroll in DCP and ACRE at the same time in spring 2009.

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.

MILC participants must select a month for which FSA will begin issuing payments for each fiscal year. Starting with the dairy operation's selected

month, FSA will issue MILC payments based on that month's milk production and the milk production for each consecutive month thereafter with the effective payment rate until the operation reaches the production cap or the fiscal year ends. The 2008 Farm Bill also excludes producers whose non-farm average adjusted gross income (AGI) exceeds \$500,000 from receiving MILC payments. Producers will have to sign an AGI statement when signing up for the program. 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>.

The regulation, published Dec. 29, 2008, invited comments

on the interim rule for implementation of key eligibility requirements for many FSA and Natural Resources Conservation Service (NRCS) programs. The regulations were revised as mandated by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) to make changes in payment eligibility, payment attribution, maximum income limits and maximum dollar benefit amounts for participants in CCC-funded programs. In addition, certain provisions were incorporated that are discretionary.

The actively engaged provision requires that 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.

The new rules require each partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. The rule limits the ability of passive stockholders to continue to realize benefits from the entity.

The substantive rule changes make the requirement for adding new persons to a farming operation more restrictive. The addition of a person to an existing farming operation can be met through an increase of 20 percent of base acres to the operation; previously the requirement was an increase of 20 percent in cropland.

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 received a CCC-1099-G, we recommend that you check the amounts shown with those in your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with eAuthentication user ID's and passwords can access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

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.

Flexible or Combination Crop Lease Agreements

Producers should be aware that FSA rules on how lease agreements are treated have changed. Crop lease agreements that provide for incentives, or combination leases that provide both a fixed amount and also a share of the crop or crop proceeds, should be brought to the attention of the FSA office so that the correct determination can be made.

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.

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%

Emergency Program

Producers that were approved for flood damage repairs for 2008 damage only have until May 31, 2009 to complete those repairs. Completion must be reported to this office and bills submitted very shortly after that.

Dates to Remember	
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.

Here is hoping for a better Year in 2009.

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

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.