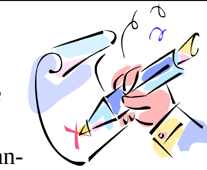
FSA
FARM SERVICE AGENCY

MAY 2009
DISTRICT 3 NEWSLETTER

AUDRAIN, CLARK, KNOX, LEWIS, LINCOLN, MACON, MARION, MONROE, PIKE, RALLS, & SHELBY COUNTIES

ACRE & DCP Signup Extended to August 14th



Sign-up in the new Average Crop Revenue Election (ACRE) Program option began **April 27, 2009**. In order to give producers time to decide whether to participate in DCP/ACRE or remain in the current DCP/CCP with the counter-cyclical program payment option, **the deadline to sign up was extended from June 1 to Aug 14**. No late file provisions apply. Guaranteed direct payments are the basis for both options with the opportunity to receive advance direct payment equal to 22% at the time of enrollment. You can forgo the ACRE option 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. All producers on a farm must agree to the ACRE election.

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 & 08 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 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 year's 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(TP): 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. (In the calculation, the direct payment is subtracted from the difference in the TP & average market price, limited to the difference in the TP less the national loan rate + the direct payment) The CCP addresses price risk only and not production risk while ACRE addresses both production losses and price through total revenue protection.

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 states ACRE revenue guarantee & 2 -Your actual farm revenue must be below the farms 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 can't 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 1of 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 5yr average yield divided by the states 5yr average 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 $4.20, soybeans-$9.88, wheat-$6.67 & GS-$3.69. (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 average 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 farm's average yields will be determined from production provided by a producer for the period of 04 - 08 by July 31, 2010.

Your cost to sign up for ACRE: 1- you will forfeit 20 percent of your DCP direct payments through 2012 , 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 exceed the total base acres by 120% or greater, the producer must select a crop payment priority by September 30th of the program year for the crops grown that year, as one crop may trigger for payment whereas another may not. 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.

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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. As previously noted, you must elect by September 30th of the program year 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 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, based on known 07 prices and current 08 commodity prices as we near the end of the 2008 marketing period (September 30th) that the beginning ACRE guarantees will be high by historical standards, and it is important to remember that guarantees cannot increase or decrease more than 10 percent each year thereafter. (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 with a 50% ownership interest.

Check out the following ACRE payment calculators developed by Missouri and Iowa Universities .

http://www.extension.iastate.edu/agdm/crops/xls/a1-45acrecalculator.xls

http://www.fapri.missouri.edu/farmers_corner/tools/ACRE.asp

New Repayment Options Available for Commodity Loans

Beginning April 15th producers now 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:

- The loan rate established for the commodity, plus interest
- A 30-calendar-day average based on market prices during the preceding 30 day period
- A 5-calendar-day moving average of applicable terminal market prices adjusted by county differential and applicable terminal market adjustments

New loan repayment option rates will be published daily and can be viewed on the FSA website at, http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing.

Buy-In Refund Available

Producers that purchased eligibility last fall for the Supplemental Revenue Assistance Program (SURE) by paying a $100.00 "buy-in" for a CAT and/or a NAP (Noninsured Crop Disaster Assistance Program) policy fee, may request a refund of this fee. A technical correction amended the Risk Management Purchase Requirement. Producers can request a refund of fees paid for the following situations:

- ***crops intended for grazing***
- ***crops that are not economically significant (less than 5% of total crop value of the farming operation)***
- ***crops for which the NAP fee exceeds 10 percent of the value of NAP coverage ($3636.36 in value for '08)***

Contact your FSA staff for more information and to request your refund.

Crop Acreage Reporting

County offices are taking crop reports on planted acres. Producers may also report CRP and permanent pasture/hay acres at this time. REMINDERS: Check planted acres and crop shares. Acreage, shares, and farming entities should be consistent with crop insurance, and crop sales receipts. Reporting deadlines are June 30th for small grains (wheat, oats, barley, and rye) and July 31st for spring seeded crops and CRP. **When producers report differently than the way they actually operate, they may not be considered eligible for program benefits.**

Disaster Buy-In Waiver Extension

Producers who did not obtain crop insurance or Non-insured Crop Disaster Assistance Program (NAP) coverage for 2008 can pay a buy-in fee through May 18, 2009, to become eligible for 2008 disaster assistance programs authorized by the Food, Conservation, and Energy Act of 2008.

Farmers have an additional opportunity to become eligible for several programs if they suffered 2008 agricultural losses due to natural disaster. If you have not already taken the necessary steps to become eligible for the Supplemental Revenue Assistance Program (SURE), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP), and the Tree Assistance Program (TAP), you are required to complete the following steps by May 18, 2009:

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.

In the case of each insurable crop, excluding grazing land, agree to obtain a policy or plan of insurance for the next insurance year for which crop insurance is available; coverage level should equal 70 percent or more of the yield at 100 percent of the price.

In the case of each noninsurable crop, agree to file the required paperwork and pay the applicable administrative NAP coverage fee by the applicable state application closing date for the next available year.

Those who choose to "buy in" under this provision will be considered, for insured crops, to have obtained a policy or plan of insurance for the 2008 crop year at a level of coverage not to exceed 70 percent of the yield at 100 percent of the price. For noninsurable crops, producers will be considered to have a level of coverage equal to 70 percent of the yield. These levels of coverage will be used to calculate the 2008 SURE guarantee.

Producers who meet the definition of "Socially Disadvantaged, Limited Resource," or "Beginning Farmer or Rancher," are not required to pay the buy-in fee.

NAP Production Reporting

Production records for individual crops need to be filed with our office to establish an approved NAP yield. If this is the first year you participated in NAP, you can provide production and acreage information from prior years to establish your yield. If you participated in NAP in previous years, you must report your production and acreage on a yearly basis to keep your yield up-to-date. Records submitted must be reliable or verifiable. Records need to show crop disposition. We recommend producers submit 2009 production records as soon as harvest is complete. **All production records must be submitted by the subsequent crop year's final acreage reporting date.**

Timely Filing of Loss

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting of program crops and may be completed by any producer with an interest in the crop. For losses on crops covered by the Non-insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576 (notice of loss) in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent. If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop. After this timeframe, applications are considered late and subject to field inspections to determine eligibility.

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Farm Service Agency
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Official Business

If your address has changed or have any questions about this newsletter please contact your local FSA office. Your address is pulled from your local FSA office database and mailed out to all producers within in the district.

DATES TO REMEMBER

May 4th through 29th
Soybean Request for Referendum

May 18th
Deadline to obtain 2008 NAP
& Crop Insurance Buy-in

May 25th
Offices Closed
Memorial Day Holiday.

May 31st
Final Date to Request 2008-crop Corn, Soybeans, and Milo Loans or LDPs.

June 30th
Final date to report small grains acreage (Wheat, Oats, Barley, Rye)

July 3rd
Offices Closed for Independence Day

July 31st
Final date to report spring planted crops including CRP

Ongoing
- **Farm Storage Facility Loans**
- **Continuous CRP Signup**
- **Farm Record Changes**

USDA Sets Date for Soybean Request for Referendum

The U.S. Department of Agriculture announced that it will offer soybean producers the opportunity to request a referendum on the Soybean Promotion and Research Order, as authorized under the Soybean Promotion, Research, and Consumer Information Act.

The Request for Referendum will be conducted at USDA's Farm Service Agency offices. To be eligible to participate, producers must certify and provide documentation that shows that they produced soybeans and paid an assessment on the soybeans during the period of Jan. 1, 2007, through Dec. 31, 2008.

Beginning May 4, 2009, and continuing through May 29, 2009, producers may obtain a form by mail, fax, or in person from the Farm Service Agency county offices. Forms may also be obtained via the internet at http://www.ams.usda.gov/lsmarketingprograms during the same time period. Individual producers and other producer entities may request a referendum at the county FSA office where their administrative farm records are maintained. For the producer not participating in FSA programs, the opportunity to request a referendum will be provided at the county FSA office where the producer owns or rents land. Completed forms and supporting documentation must be returned to the appropriate county FSA office by fax or in person no later than close of business May 29, 2009; or if returned by mail, must be postmarked by midnight May 29, 2009, and received in the county FSA office by close of business on June 5, 2009.

USDA will conduct a referendum if at least 10 percent of the nation's 589,182 soybean producers support a referendum. Not more than one-fifth of the producers who support having a referendum can be from any one state.

The soybean check-off program is administered by a 68-member producer board and is designed to expand uses of soybeans and soybean products in domestic and foreign markets. The national program is financed by a mandatory assessment of one-half of 1 percent of the net market price of soybeans.

For more information, contact the Marketing Programs Branch; Livestock and Seed Program, AMS, USDA; STOP 0251 - Room 2628-S; 1400 Independence Avenue, SW; Washington, D.C. 20250-0251; tel. (202) 720-1115; or via the Internet at www.ams.usda.gov/lsmarketingprograms or your local Farm Service Agency office.