

U.S. Department of Agriculture
Chouteau County FSA Office
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County Committee Members

Carl Wishman
Rod DeBrucyker
Mark Gasvoda
Sarah Robertson

Next County Committee Meeting:

October 14, 2010
9:00 a.m.

FSA Office Personnel

Bill Evans, CED
Sharon Roudebush
Debbie Cappis
Jim Freeman
Tracy Cowan
Alan Anderson
Janet Smith

Dates to Remember:

September 30 – Alan Anderson's retirement date

September 30 – MPCl deadline for obtaining coverage or changing coverage levels for wheat, PRF-RI, and perennial hay crops

October – 2010 final DCP and ACRE direct, 2009 ACRE final, and 2010 CRP payments to be issued

November – Beginning date for 2011 DCP and ACRE enrollment

November/December – FSA committee election for Highwood/Geraldine area.

December 1 – Deadline to obtain 2001 NAP Honey coverage

March 15, 2011 – Deadline to obtain 2011 NAP coverage on all other crops.



Chouteau County FSA News September 2010

Decisions Concerning Crop Insurance Directly Affect Disaster Program Eligibility

*****DEADLINES APPROACHING *****

When disaster conditions occur, will you be interested in applying for crop or livestock disaster programs? If so, it is important that you understand the insurance requirements of the disaster programs that are administered by FSA.

SURE – The SURE program is FSA's crop disaster program. The basic crop insurance rule for this program states that the applicant have multi-peril crop insurance (MPCI) or NAP coverage on each crop that is of "economic significance" to the farming operation. Your farming operation includes all land that you farm in all counties. Forage crops intended for grazing are **excluded** from the SURE insurance requirement. A crop is considered to be "economically significant" if its expected value is equal to 5% of more of the total expected value of all crops grown by the producer. If you choose not to insure a crop, based upon your determination that the crop was not "economically significant", you will need to provide FSA with written documentation of your calculations before your SURE application may be acted upon. The FSA county committee will determine whether or not your calculations were reasonable based upon expected yields and prices at the time that you made your decision not to insure the crop. If the FSA committee determines that you did not insure a crop that was "economically significant" to your farming operation, you will be ineligible for SURE benefits.

Under the SURE program, producers must first suffer a qualifying production loss. If FSA determines that a producer had a qualifying production loss, SURE benefits will be calculated based upon the overall revenue loss for the entire farming operation. FSA uses your MPCl and NAP guarantees to determine your expected farm revenue figure. Therefore, producers with higher levels of MPCl coverage will potentially be eligible for greater benefits under the SURE program. Producers with lower levels of MPCl coverage will have lower MPCl guarantees, and therefore it will be more difficult for those producers to show a qualifying revenue loss.

Decisions Concerning Crop Insurance Directly Affect Disaster Program Eligibility – Deadlines Approaching – CONTINUED FROM PAGE 1

LIVESTOCK FORAGE PROGRAM (LFP) – The LFP provides livestock producers with disaster payments when qualifying drought conditions occur. Livestock producers wishing to maintain potential eligibility for this program must have purchased either MPCl rangeland insurance or NAP coverage for acreage intended to be grazed. If MPCl coverage is purchased, the level of coverage will not affect the amount of benefits that may be earned through the LFP. The number of acres that are insured, however, may have an effect upon LFP benefits, as only the acreage that is insured will be used when calculating whether or not the applicant had enough “expected forage” to sustain the herd. LFP applicants are NOT required to have purchased MPCl or NAP coverage on crops that are intended for mechanical harvest.

ELAP – The ELAP provides emergency relief to producers of livestock, honey bees, and farm-raised fish. ELAP covers losses from disaster events such as adverse weather or other conditions, such as blizzards and wildfires not adequately covered by any other disaster program. To be eligible for ELAP, producers must have purchased MPCl or NAP coverage on every crop for which coverage is available. The “crop of economic significance” determination that applies to the SURE program does NOT apply to ELAP.

LIVESTOCK INDEMNITY PROGRAM (LIP) – The LIP provides compensation to producers for livestock deaths that result from natural disaster conditions. Unlike the other FSA disaster programs, LIP does NOT have insurance requirements.

WAIVER OF INSURANCE REQUIREMENTS FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMERS AND RANCHERS – Producers considered to be “socially disadvantaged”, “limited resource”, or “beginning farmers or ranchers” are not required to purchase MPCl or NAP coverage to participate in the SURE, LFP, or ELAP programs. It is important to note, however, that eligibility for SURE benefits is always enhanced by the purchase of higher levels of MPCl coverage. Therefore, SURE applicants that do qualify for a waiver of the insurance requirement (due to the socially disadvantaged, limited resource, or beginning farmer provisions) will see reduced benefits under that program if insurance above the CAT level is not purchased.

2011-CROP INSURANCE DEADLINES FOR CHOUTEAU COUNTY CROPS

Winter Wheat (MPCl) – 9/30/2010	Alfalfa, Alfalfa/Grass Mix Hay (MPCl) – 9/30/2010
Spring Wheat (MPCl) – 3/15/2011	Barley (MPCl) – 3/15/2011
Oats (MPCl) – 3/15/2011	Dry Peas, including lentils (MPCl) – 3/15/2011
Safflower (MPCl) – 3/15/2011	Canola (MPCl) – 3/15/2011
Pasture, Rangeland, Forage (MPCl) – 9/30/2010	
Honey (NAP) – 12/1/2010	
ALL NAP CROPS (other than honey) - including grass intended for grazing, small grains intended for hay, small grain/legume mixes intended for hay, camelina, grass hay, grass or alfalfa intended for seed, flax, beans etc. – 3/15/2011	

Determination of Payment Limitation Through Direct Attribution May Limit Your Eligibility to Receive Program Payments

Payment limitations for programs or contracts approved after the passage of the 2008 Farm Bill are determined through a method called “direct attribution”. This is very different from the manner in which payment limitations were determined for the last 20 years. One significant change is that the “three entity” rule no longer applies. Some producers will be eligible to receive more benefits due to this new approach to payment limitation, while other producers may see their payments reduced. Through “direct attribution” FSA counts each producer’s pro-rata share of an entity’s payments against that individual’s payment limitation. The specific payment limitations for FSA programs are:

<u>DCP (direct payments)</u> - \$40,000	<u>DCP (counter-cyclical payments)</u> - \$65,000
<u>ACRE (direct payments)</u> - \$32,000	<u>ACRE (additional)</u> - \$65,000 + 20% reduction in direct payment
<u>CRP</u> - \$50,000	<u>SURE, LFP, LIP, & ELAP</u> - \$100,000 (collectively)

The payment limitations listed above apply to individuals, entities, stockholders, and/or members.

DCP example: Bill owns land as an individual, and also is a 50% stockholder in Evans Inc. Bill’s DCP payments on his deeded land are calculated to be \$30,000. The calculated DCP payments for Evans Inc. are \$40,000. Since Bill holds a 50% ownership interest in Evans Inc., his pro-rata share of the corporation’s payment would be \$20,000. Bill’s individual payment of \$30,000 + his pro-rata share of the Evans Inc. payment (\$20,000) equals \$50,000, which is \$10,000 above the \$40,000 payment limitation. Therefore, either Bill’s individual payment, or the corporation’s payment will be reduced by \$10,000.

Producers wishing to offer (or re-enroll) land into the CRP should ensure that they clearly understand how direct attribution will affect their eligibility to earn payments on their new CRP contracts. Payment eligibility for CRP contracts that were approved prior to October 1, 2008 will continue to be determined in accordance with the rules that were in place when the contract was approved. When FSA determines the eligibility of a producer to earn payment on new contracts, however, we must calculate each individual, stockholder, or member’s payment as if 100% of the CRP contracts were subject to the “direct attribution” regulations. Therefore, producers with more than one farming operation might not be eligible to earn the CRP payments applicable to the new or re-offered contract.

CRP example: Bill owns land as an individual, and is also a 50% stockholder in both Evans Inc. and Longhorn Farms Inc. In 1998, Bill and both entities offered land into CRP. Bill, Evans Inc., and Longhorn Farms Inc. are each currently earning \$50,000 of CRP payment annually. Bill’s CRP contract will expire on 9/30/2011. The CRP contracts held by Evans Inc. and Longhorn Farms Inc. are not scheduled to expire until 9/30/2012. If Bill offers his deeded land back into CRP during the 2011 signup period, he will NOT be eligible to earn the payment on that contract. Bill holds a 50% ownership interest in both Evans Inc. and Longhorn Farms Inc., and his pro-rata share of the CRP payment from those entities is equal to \$50,000 (\$25,000 from each entity). Since the CRP payment limitation is \$50,000, and Bill has already earned that amount through application of the “direct attribution” rules, he will be ineligible to earn additional CRP payments at this time.

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Alan Anderson to Retire From Farm Service Agency

Alan Anderson will be retiring from Farm Service Agency on September 30, 2010. Alan has worked for FSA in Chouteau County since January of 1991. The service that Alan has provided to the farmers and ranchers in Chouteau County will be greatly missed. If you get a chance, please stop by our office to congratulate Alan on his retirement decision, and thank him for all that he has done to assist you over the past 20 years.

USDA Secretarial designation triggers second FSA disaster program

U.S. Secretary of Agriculture Tom Vilsack has declared Rocky Boy's Indian Reservation and Hill County primary natural disaster areas and three Montana counties - Blaine, Chouteau and Liberty - contiguous counties due to severe storms, with excessive rain, flooding and flash flooding that occurred from May 13 to June 28, 2010. "The Secretarial Disaster Designation signed on Aug. 11, 2010 can help producers affected by the recent flooding," Montana FSA State Executive Director Bruce Nelson said. "The designation makes it easier for eligible producers to apply for assistance through the Supplemental Revenue Assistance Payments (SURE) Program." SURE was one of the disaster programs created under the 2008 Farm Bill that provides financial assistance for crop production and or quality losses due to a natural disaster. SURE Program applications for 2010 crop losses will not be accepted until 2011, when the 2010 National Average Market Prices become available. Earlier this month, a Presidential Disaster Declaration was announced for Rocky Boy's Reservation and neighboring counties that triggered eligibility to apply for the Emergency Loan Program. For more information, visit your local FSA office or www.fsa.usda.gov/mt.

Access Montana Farm Service Agency news and program deadlines online @
www.fsa.usda.gov/mt

Up-to-date information concerning FSA programs may be obtained on our Montana FSA web-site at www.fsa.usda.gov/mt. At this site, you will also be able to view or download the most recent Montana FSA newsletter, and/or subscribe to receive email updates concerning FSA programs.

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