



Northwest Ohio FSA News May 2010

Newsletter Distribution

This newsletter is distributed to all producers served by Farm Service Agency county offices in Northwest Ohio. While the return address for this mailing on the reverse of this newsletter is that of the Wood County Farm Service Agency, producers should contact their servicing county Farm Service Agency office for additional information and program details.

2010 DCP and ACRE Signup

Producers have through June 1, 2010 to timely file a 2010 crop year Direct and Counter-Cyclical Program or Average Crop Revenue Election Program contract (CCC-509). **There are no late-filing provisions;** thus, DCP contracts must have all signatures of producers having more than a zero percent share of contract acreage by June 1, 2010.

Designation of ACRE Payment Acres

Producers on a farm participating in the 2010 ACRE program can designate the covered commodity(s) that may receive potential 2010 ACRE program payments if the planted and considered planted (P&CP) acres of all covered commodities on the participating farm exceed 120 percent of the total base acres on the farm. The maximum potential ACRE payment acres for each covered commodity are calculated by multiplying the P&CP acres for each covered commodity times 83.3 percent. The total ACRE payment acres on the farm cannot exceed the farm's total base acres.

Producers do not have to make a designation if only one crop is planted or if the sum of the P&CP acres of all covered commodities on the farm is less than 120 percent of the total base acres on the farm. All producers who share in the covered commodities must sign form CCC-528 to designate ACRE payment acres by September 30, 2010. Payment acres will be allocated based on the percentage of the P&CP acres of a covered commodity to the total P&CP acres of all covered commodities on the farm if no designation is made.

2009 ACRE Program Production Reports

Producers participating in the ACRE program for 2009 are required to report 2009 production to be used to compute 2009 ACRE payments, if applicable, and 2010 benchmark farm yields. The reporting deadlines for 2009 production reports are June 30, 2010 for small grains and July 15, 2010 for all other crops. Production reports may be submitted by the 2009 crop year operator, owner or other producer with an interest in the reported acreage. Failure to file a production report (FSA-658) for a farm enrolled in ACRE will result in the farm's producers being ineligible for any ACRE contract payments and the actual yield used to determine future benchmark farm yields will be zero.

2009 ACRE Benchmark Farm Yields

Producers participating in the ACRE program for program year 2009 must establish a benchmark farm yield for each covered commodity that is planted. A benchmark farm yield is the Olympic average of the average yield per planted acre for the farm for the 5 most recent crop years. For 2009, the benchmark farm yield is comprised of data from crop years 2004 through 2008. Because of situations where producers did not have control of farms for the preceding 5 years or a specific covered commodity may not have been planted on the farm in 1 or more of the preceding 5 crop years, "plug yields" were established by commodity and county. Producers may use the ACRE plug yield to establish the benchmark farm yield or may report production evidence.

Production must be reported on form FSA-658. Producers will be required to certify, but not submit, the documents to support their production at the time FSA-658 is filed. However, the documentation will be required at a later date to verify the reported production. The production reporting deadlines to establish the 2009 benchmark farm yields are June 30, 2010 for small grains and July 15, 2010 for all other crops.

DCP/ACRE Fruit and Vegetable Plantings

Producers may plant any crop on Direct and Counter-Cyclical Program or Average Crop Revenue Election contract acres except fruits and vegetables. Exceptions apply to farms and/or producers with an established history of planting fruits and vegetables and home gardens of 2.0 acres or less. Producers without an established farm or producer history will be considered in violation of the terms and conditions of their contract at the time of planting fruits or vegetables, unless the crop is destroyed and no harvest has occurred. Producers should contact their local FSA office regarding their individual situation to ensure they remain in compliance with this provision.

Land Uses for DCP/ACRE Contract Acres

DCP and ACRE contract acreage must be used for an agricultural or related activity and not for nonagricultural, commercial or industrial use. Agricultural uses include sod, farm ponds, wildlife habitat, pasture and trees. Nonagricultural uses include golf courses, commercial development, buildings and permanent structures. Producers must provide timely notification to their local FSA office when land will be devoted to nonagricultural uses as the farm's DCP, ACRE, or CRP contract acres and associated payments may be affected.

Idle DCP/ACRE Contract Acres

Idle DCP and ACRE contract acreage must be protected from erosion and weeds throughout the crop year. Maintenance payment reductions will be assessed if DCP contract acres are not properly maintained. Suggested covers include:

- Annual, biennial or perennial grasses and legumes.
- Volunteer stands other than weeds.
- Crop residue from no till or minimum till practices.

Supplemental Revenue Assistance Payments (SURE) Program Signup

What is SURE?

- SURE is one of 5 new disaster programs collectively referred to as Supplemental Agricultural Disaster Assistance (SADA) programs.
- SURE is a permanent disaster program provided by the 2008 farm bill.
- SURE provides a revenue guarantee (SURE Guarantee) for a producer's total farming interest.
- SURE works in combination with Federal crop insurance and the Noninsured Crop Disaster Assistance Program (NAP) to reduce producers' financial risk.

SURE Eligibility:

- The producer's SURE farm must be located in a county or a contiguous county that received a Secretarial disaster declaration.
- If not located in a declared county, producers may still be eligible for the SURE program if actual production on their farm is 50 percent or less than normal production, as measured by overall revenue.
- In addition, the producer must suffer at least a 10 percent production loss attributable to a disaster condition on at least one crop of economic significance in order to be eligible for the program. A "significant crop" contributes at least 5 percent of the expected revenue for a producer's whole farm.
- Producers must meet risk management purchase requirement (RMPR) to be eligible for the program. Producers must obtain at least catastrophic risk protection (CAT) level of crop insurance for all insurable crops and NAP coverage for all non-insurable crops where NAP coverage is offered.
- Producers were given two opportunities to "buy-in" (\$100/crop) to meet the RMPR. The first opportunity ended September 16, 2008. The second opportunity provided in the Stimulus Act ended May 18, 2009. Buy-in 2 producers had to purchase at least a 70/100 plan of insurance for the next available year. Buy-in provisions did not entitle producers to actual coverage.
- RMPR exemptions include socially disadvantaged, limited-resource farmers and ranchers, or beginning farmers and ranchers.
 - A socially disadvantaged farmer or rancher is a farmer or rancher who is a member of a socially disadvantaged group.
 - A limited resource farmer or rancher is a producer with direct or indirect gross farm sales not more than \$100,000 in both of the previous 2 years and total household income at or below the national poverty level for a family of 4.
 - A beginning farmer or rancher is an individual or entity who has not operated a farm or ranch for more than 10 years and substantially participates in the operation.

- Producers may make a "de minimis" election to the RMPR for crops that are not of economic significance, as defined above, or for which the NAP fee exceeds 10 percent of the value of the NAP coverage. The value of any crop that was granted a de minimis exception will not be included in calculating the SURE guarantee and the total farm revenue.
- Producers must comply with other general eligibility requirements.

SURE Farm:

- For the SURE program, a farm means all crop acreage that is planted and intended to be for harvest for commercial sale or for feed even if the farm is located in multiple counties.

SURE Guarantee:

- SURE payments are made in the amount of 60% of the difference between the SURE guarantee and the total farm revenue.
- The SURE guarantee for insured crops is calculated as the product of: the number of planted or prevented planted acres, the higher of the weighted adjusted actual production history (APH) yield or the weighted counter cyclical (CC) yield, the coverage level, the crop insurance price, producer price election percentage, 115 percent.
- The SURE guarantee for NAP crops is the product of: the number of planted or prevented planted acres, the higher of the weighted adjusted approved yield or the CC yield, 50 percent (the NAP coverage level), the NAP price, 120 percent.
- The inclusion of the crop insurance coverage level in the guarantee encourages a producer who normally buys lower levels of coverage, such as CAT coverage, to buy higher coverage levels.
- The SURE guarantee for the farm may not exceed 90 percent of the farm's expected revenue.
- If a producer is exempt from the risk management purchase requirement, FSA will use proxy values in place of actual insurance or NAP data when calculating the SURE guarantee. The producer's crop yield will be 65 percent of the higher of the weighted CC yield or county expected yield. The SURE guarantee will be based on the minimum level of coverage available, which is generally CAT coverage for insurable crops or the standard NAP level of coverage for non-insurable crops.

SURE Expected Revenue:

- The farm expected revenue is the sum of the individual insured and NAP covered crop expected revenues across all of a producer's acres planted and intended to be planted for harvest.

- The expected revenue for each insured crop equals the product obtained by multiplying the greater of a producer's adjusted APH yield or CC yield by the number of acres planted and intended to be planted for harvest and then by the crop insurance price.
- The expected revenue for each NAP covered crop equals the product obtained by multiplying the greater of a producer's adjusted APH yield or CC yield by the number of acres planted and intended to be planted for harvest and then by the NAP price.

SURE Total Farm Revenue:

- The total farm revenue is the sum of the estimated values for individual insured and NAP covered eligible crops across all of a producer's eligible acres planted and intended to be planted for harvest, plus government payments from commodity and disaster programs.
- Production (quantity of the commodity produced) times National Average Market Price received for the marketing year adjusted for quality as applicable + program payments including all of the following:
 - 15% of direct DCP payment; 100 percent of counter-cyclical payments.
 - 100 percent of Average Crop Revenue Election (ACRE) payments.
 - 100 percent of Marketing Loan Gains (MLGs) and Loan Deficiency Payments (LDPs).
 - 100 percent of crop insurance indemnities and settlements less producer-paid premiums calculated on a crop unit basis and limited to a minimum value of zero.
 - 100 percent of NAP payments and settlements.
 - 100 percent of any other natural disaster assistance payments for the same loss.
- An imputed indemnity will be calculated for "buy-in 2" crops with loss.
- The revenue from all crops on the farm will be added together to calculate total farm revenue, even if the farm has acreage in multiple counties.

Effects of "Economic Stimulus" Act on SURE:

- The Stimulus Act increases assistance for producers who suffered 2008 losses.
- For insurable crops that became eligible for the SURE program during the first or second buy-in and crops with insurance policies providing less than 70 percent yield coverage and 100 percent price coverage the SURE guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted APH yield or CC yield times 70 percent yield coverage times 100 percent of the crop insurance price times 115 percent.
- For crops with insurance policies providing at least 70 percent yield coverage and 100 percent price coverage the SURE guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted APH yield or CC yield times the elected yield coverage times the crop insurance price

times the elected crop insurance price percentage times 120 percent.

- For Non-insurable crops the program guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted NAP yield or CC yield times 70 percent yield coverage times 100 percent of the NAP price times 120 percent.

The Interim SURE Signup Process:

- **A signup deadline has not been announced; however, producers who believe that they may qualify for benefits should visit their local FSA office soon.**
- In order to expedite availability of the SURE program, FSA is taking applications and making payments under interim procedures. The interim process will be implemented with a number of information technology tools, but not all the SURE program rules could be incorporated into these tools. Software to fully implement all the SURE program rules is currently under development, and when it is available, all applications taken under the interim process will be reprocessed and adjustments may be made to interim payments.
- The fully automated process will allow for the adjustment of NAP APH values; however, the interim process will use the unadjusted values for calculating the SURE program guarantee and expected revenue for uninsurable crops.
- For the interim process, FSA will use APH yield data for calculating the SURE program guarantee and expected revenue without comparison to the CC yield. The fully automated SURE process will make this comparison.
- If a farm has a crop that has both FSA and RMA acreage for insured crops, payment acres for the SURE guarantee will be based on acres for which an indemnity was received if RMA acres do not differ from FSA acres by more than 5 percent, not to exceed 50 acres. For the interim process, RMA acres will not be automatically reconciled with FSA acres, but full SURE software will enforce this reconciliation.
- This final reconciliation process may result in producer underpayments or overpayments.

SURE Payment Limitation:

- The total payments received from the five supplemental agricultural disaster assistance programs added together, excluding payments made under the Tree Assistance Program (TAP), which has a separate \$100,000 payment limitation, may not exceed \$100,000 per crop year.

Adjusted Gross Income Provisions for SURE:

- For the 2008 crop year, a person or legal entity is not eligible to receive disaster assistance payments if their average adjusted gross income (AGI) for 2005, 2006, and 2007 exceeds 2.5 million.

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Prevented Planted/Failed Acreage Credit

Producers who are prevented from planting a DCP/ACRE covered commodity can request acreage credit by reporting the acreage on form FSA-578 and completing a prevented planting credit request on form CCC-576 within 15 calendar days after the commodity's final planting date. Prevented planted acreage must be verified with crop insurance data or a producer paid field visit. Prevented planting credit will not be earned if the acreage is planted to a subsequent crop that does not meet the definition of a double crop.

Producers can receive credit for failed acreage if the acreage is reported on form FSA-578 and a request for acreage credit is made on form CCC-576 before disposition of the crop. The acreage must have been timely planted under normal conditions with the intent to harvest but failed as result of a disaster related condition. Failed acreage may be verified with crop insurance data or a field visit. FSA offices have the option to use County Committee knowledge to verify the disaster condition.

NAP Notice of Loss and Appraisals

A notice of loss must be filed within 15 days after the date of the disaster occurrence or the date damage to the specific crop becomes apparent for production losses. A notice of loss due to prevented planting must be filed within 15 days of the final planting date for the specific crop. Producers are required to file a notice of loss for each disaster occurrence that causes damage to or loss of the specific crop. If a notice of loss has been filed, producers of hand harvested crops are required to notify FSA offices 15 calendar days after harvest is complete and before destruction of the crop so an appraisal of remaining production can be completed.

Producers who have reported a NAP crop and choose not to harvest the specific crop acreage must leave intact all eligible acreage and units for which an application for payment will be made until the units are appraised and released. Producers can leave representative samples of crop acreage for inspection and appraisal.

Crop Reporting Requirements

Producers must report the crops and land uses for all cropland on the farm to be eligible for program benefits under the Direct and Counter-Cyclical Program, ACRE, marketing assistance loans and loan deficiency payments. Acreage reports are also required to establish eligibility for the Conservation Reserve Program and Noninsured Crop Disaster Assistance Program payments. The final reporting date for 2010 crop year small grains is June 30, 2010. The final reporting date for all other crops is July 15, 2010. If a crop has NAP coverage it must be reported within 15 calendar days of the onset of harvest.

Northwest Ohio FSA Offices

Allen Co. FSA Office	419-223-0010
Defiance Co. FSA Office.....	419-782-4781
Fulton Lucas West Co. FSA Office	419-335-6061
Hancock Co. FSA Office	419-422-5438
Hardin Co. FSA Office	419-673-7238
Henry Co. FSA Office	419-592-2926
Ottawa Lucas East Co. FSA Office	419-898-2651
Paulding Co. FSA Office.....	419-399-3841
Putnam Co. FSA Office.....	419-523-4871
Seneca Farm Loan Office.....	419-447-7071
Van Wert Co. FSA Office	419-238-6780
Williams Co. FSA Office	419-636-2057
Wood Co. FSA Office	419-352-5171
NW Ohio District Director, Joel Obrecht .	419-352-5171

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