



NEWSLETTER



March 2011

TENNESSEE FSA Office

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2011 DCP Signup

Enrollment for the 2011 Direct and Counter-cyclical Program (DCP) will continue through June 1, 2011. USDA urges producers to make use of the eDCP automated website to sign up, or producers can visit any USDA Service Center to complete their 2011 DCP contract.

USDA 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 2011, eligible producers may request partial direct payments as an advance on the total amount.

CRP Signup Opens

The Conservation Reserve Program (CRP) general signup is set to begin on March 14, 2011, and continue through April 15, 2011. During the signup period, farmers and ranchers may offer eligible land for CRP's competitive general signup at their county Farm Service Agency (FSA) office.

Land currently not enrolled in CRP may be offered in this signup provided all eligibility requirements are met. Additionally, current CRP participants with contracts expiring this fall may make new contract offers. Contracts awarded under this signup are scheduled to become effective Oct. 1, 2011.

FSA, which administers the CRP program, will evaluate and rank eligible CRP offers using an Environmental Benefits Index (EBI) that shows the environmental benefits to be gained from enrolling the land in CRP. The EBI consists of five environmental factors

(wildlife, water, soil, air and enduring benefits) and cost. Decisions on the EBI cutoff will be made after the sign-up ends and after analyzing the EBI data of all the offers.

In addition to the general sign-up, CRP's continuous sign-up program will be ongoing. Continuous acres represent the most environmentally desirable and sensitive land. More information can be found online at:

<http://www.fsa.usda.gov/crp>

ACRE

The optional ACRE Program provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2011, signup deadline is mandatory for all participants. USDA will not accept any late-filed applications.

A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3% (85% in 2012) of the farm's planted acres times the difference between the state ACRE guarantee and the state revenue times the ratio of the farm's yield divided by the state expected yield. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced by 20%, and marketing loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

Grassland Reserve Program (GRP) Enrollment

Applications for GRP in FY 2011 must be submitted by March 18, 2011. Rental contracts can be for periods of 10, 15, or 20 years. Permanent easements are also available for producers interested in a long term conservation arrangement. For more information about GRP rental rates or easement payments, just contact your local county FSA office.

Livestock Programs Available

FSA administers several programs that may be available to assist livestock producers who have suffered losses due to adverse weather. Producers need to document the number and kind of livestock that have died as a direct result of these winter storms. There may also be situations where producers are transporting feed to their livestock. Producers should document these additional costs.

Among the key programs are the Livestock Indemnity Program (LIP) and the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP). For livestock death losses to be eligible under LIP, producers must file a notice of loss with their local FSA office within 30 calendar days from when the loss is apparent to the producer.

Contact your local FSA office for additional information.

GRAZE-OUT Program

GRAZE-OUT Payments are eligible for 2008-2012 crop years to eligible producers who elect to use their acreage planted to wheat, barley, oats or triticale for grazing by livestock and agree to forgo any other harvesting during the applicable crop year. The application period begins the first day the crop is normally, mechanically harvested as determined by the COC and ends on March 31 of the following year.

Eligible producers must complete Form CCC-633 GRAZING before March 31 to be considered for payments. Producers must show on the CCC-633, the actual tracts and field locations of acres grazed and the acreage must be certified on the FSA-578 with an intended use of "grazing". The intended use cannot be changed once certified. Crop acreage requested for GRAZE-OUT is not eligible for MAL or LDP's, a crop insurance indemnity or NAP.

NAP Enrollment

Producers must apply for coverage before a disaster strikes. Noninsured Crop Disaster Assistance Program (NAP) applications for coverage must be filed using Form CCC-471 and pay the applicable service fees by the closing date. Application closing dates vary by crop. Producers can contact the FSA Office for specific crop application sales closing dates.

Producers are reminded about the need for insurance coverage on crops in order to remain eligible for the agency's Disaster Assistance Programs such as SURE, LFP, TAP, and ELAP. Producers must purchase at least catastrophic (CAT) level of insurance for all insurable crops.

NAP provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occur due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including fruits and vegetables, aquaculture, pecans, turf grass and forage crops just to name a few.

More information about NAP may be found on the FSA web site located at <http://www.fsa.usda.gov>

Farm Loan Programs

FSA is committed to providing family farmers with loans to meet their farm credit needs. To find out more about FSA loan programs, contact the FSA county office staff or visit the website at www.fsa.usda.gov.

FSA Payment Record

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 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.



Honey Loans

Honey loans are a type of marketing assistance loan, and they are available until March 31, 2011. The national loan rate for honey is \$0.69 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-

loan inspections are required before the loans can be disbursed.

Actively Engaged

USDA has amended the requirements of being 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

Adjusted Gross Income

USDA and the Internal Revenue Service have an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to USDA.

This is to ensure that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to AGI rules must submit form CCC 927 (Individual) and/or CCC 928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. These forms may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainse/v1et>.

[Name] County FSA Office
 Address Line 2
 Address Line 3



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INFORMATION ON COMPENSATION FOR CLAIMS OF DISCRIMINATION
 If you believe USDA improperly denied farm loan benefits to you between 1981 and 2000 because you are Hispanic, or because you are female, you may be eligible to apply for compensation. If you want to register your name to receive a claims package, you can call the Farmer and Rancher Call Center at 1-888-508-4429 or access the following website: www.farmerclaims.gov

Remember Hay Net
 Producers are encouraged to use Hay Net on the FSA website (<http://www.fsa.usda.gov/haynet>). This online service allows producers with hay and those who need hay to post ads so they can make connections. Hay Net is a popular site for farmers and ranchers who have an emergency need, such as the one caused by the current wintry conditions. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

Selected Interest Rates for March 2011	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	5.00%
Farm Ownership - Direct	4.875%
Limited Resource	5.00%
Farm Ownership - Direct Down Payment, Beginning Farmer	1.50%
Emergency	3.75%
Farm Storage Facility	2.875-3.875%
Sugar Storage Facility	4.125%
Commodity Loans 1996-Present	1.250%

Dates to Remember	
March 18	Grassland Reserve Enrollment Ends
March 31	Honey Loans Close
April 15	CRP General Signup Ends
June 1	ACRE Signup Ends
June 1	2011 DCP Enrollment Ends

USDA is an equal opportunity provider and employer.