



Texas FSA Today

November 2010

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

CROP ASSISTANCE PROGRAM (CAP)

Sign up for the Crop Assistance Program (CAP) began October 25, 2010, and continues through December 9, 2010. Up to \$550 million in disaster assistance will be issued to producers of rice, upland cotton, soybeans and sweet potatoes that suffered losses because of excessive moisture or related conditions in 2009. Check with your local FSA office for county eligibility.

Payments will be made available to producers of eligible crops that received Secretarial disaster designations due to excessive moisture or related conditions in 2009. A list of eligible disaster counties for CAP is located at <http://disaster.fsa.usda.gov>. Producers of eligible crops on farms in disaster counties who certify to a 5 percent or greater crop loss in 2009 due to excessive moisture or related conditions will receive a payment based on a predetermined payment rate times the planted acres of the crop. Per acre payment rates will be prorated by FSA in order to keep payments within available funds for the program. Producers will initially receive 75 percent of their CAP payment and once sign up is complete they will receive up to an additional 25 percent.

The general eligibility provisions, payment limits and adjusted gross income limits that apply to FSA programs apply to CAP. No person or legal entity may receive, directly or indirectly, more than \$100,000 in CAP benefits. For more information on CAP and sign-up dates contact your local FSA office.

POULTRY LOSS CONTRACT GRANT ASSISTANCE PROGRAM (PGAP)

FSA is providing the Texas Department of Agriculture (TDA) with a grant to offer assistance to eligible poultry producers in nine states including Texas to recover 2008 losses in revenue resulting from unexpected bankruptcies filed by live poultry dealers.

The Poultry Loss Contract Grant Assistance Program (PGAP) provides up to \$60 million in assistance to poultry growers nationwide whose poultry growing arrangement with a live poultry dealer that filed proceedings under chapter 11 of title 11, United States Code, in United States Bankruptcy Court during the 30-day period beginning on December 1, 2008, was terminated.

In order for a producer to be eligible for this program, it is important that they did not enter an agreement with another poultry dealer for at least one month after the termination of the original poultry growing arrangement. Additional eligibility requirements must be met and required supporting documentation must be provided by all program applicants.

The PGAP application is available on the TDA website, www.texasagriculture.gov. Applications must be submitted to TDA headquarters in Austin, Texas and must be received by 5 PM, Tuesday, November 30, 2010. For more information contact the TDA. PGAP applies to counties located primarily in East Texas--contact your local FSA office to determine eligibility.

CONSERVATION LOAN PROGRAM

The Farm Service Agency makes and guarantees conservation loans on farms and ranches to help conserve our natural resources. The Conservation Loan (CL) Program provides farmers with the credit necessary to implement conservation measures on their land.

The direct CLs loan limit is up to \$300,000 and guaranteed CLs up to \$1,112,000 (amount adjusted for inflation), may be available by applying with lenders working with FSA to obtain a guarantee.

Conservation practices must be approved by NRCS before FSA can provide financing. Producers who do not currently have an existing conservation plan should visit NRCS to develop one prior to requesting Conservation Loan Program assistance. Examples of conservation practices include installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; transitioning to organic production; manure management, including manure digestion systems; etc.

TRADE ADJUSTMENT ASSISTANCE FOR FARMERS

USDA recently announced a second petition under the Trade Adjustment Assistance for Farmers (TAAF) program for producers of 2008 shrimp.

Producers The program will provide technical training and financial benefits to eligible producers whose crops have been adversely impacted by foreign competition.

Shrimp assistance is approved for Alabama, Alaska, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Texas.

Please contact your local FSA office for sign-up deadlines. Late applications will not be approved. The application form is available at FSA offices or at: <http://www.fas.usda.gov/itp/taa/taatforms.asp>.

FINAL DELAP PAYMENTS

The final Phase III payments under the Dairy Economic Loss Assistance Payment (DELAP) program began the week of Oct. 12, 2010. The program is funded by \$290 million, of which \$273 million was distributed during Phase I and Phase II of the program.

Phase I payments were issued in mid-December 2009 to eligible dairy producers with production records from previous participation in dairy programs. Dairy producers who did not have production records at the FSA county office were issued payments in Phase II beginning June 18, 2010.

DELAP Phase III will be disbursed to eligible dairy producers that received DELAP benefits under Phase I or Phase II. For more information regarding payments under the DELAP program, visit the local FSA county office.

2011 DCP SIGNUP

Enrollment for the 2011 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2011. The Farm Service Agency (FSA) urges producers to make use of the eDCP automated website to sign up, or producers can visit the FSA office to complete their 2011 DCP contract.

Eligible producers receive direct payments at rates established by statute regardless of market prices. FSA will issue advance direct payments beginning Dec. 1, 2010.

THE ACRE OPTION

The Average Crop Revenue Election Program (ACRE) 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. 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. In exchange for participating in ACRE, a farm's direct payment is reduced by 20 percent, and marketing assistance loan rates are reduced by 30 percent.

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.

The June 1, 2011, deadline is mandatory for all participants. FSA will not accept late-filed applications.

TEXAS MEETS ACRE PROGRAM TRIGGER FOR NON-IRRIGATED CORN AND NON-IRRIGATED UPLAND COTTON

Texas met the revenue triggers allowing farmers to earn Average Crop Revenue Election (ACRE) program payments on planted acres of non-irrigated corn and non-irrigated upland cotton if the farm also meets the revenue trigger. Additionally, wheat and oats met ACRE revenue triggers on August 12, 2010.

States that meet the revenue triggers for other commodities will be determined after the 2009-2010 marketing year average prices are published by the National Agricultural Statistical Service (NASS). The scheduled publishing dates for the 2009-2010 marketing year average prices are as follows:

- Large chickpeas, small chickpeas, sunflower seed, canola, flaxseed, mustard seed, rapeseed, safflower, crambe and sesame seed – November 30, 2010
- Long grain rice, and medium and short grain rice – January 31, 2011

For more information on the ACRE program visit your local FSA office or the website at <http://www.fsa.usda.gov/dcp>.

CRP TRANSITION INCENTIVES PROGRAM (TIP)

Retired or retiring land owners or operators are encouraged to transition their Conservation Reserve Program (CRP) acres to beginning or socially disadvantaged farmers or ranchers through the Transition Incentives Program (TIP) which provides annual rental payments to the retiring farmer for up to two additional years after the date of the expiration of the CRP con-

tract, provided the transition is not to a family member.

Enrollment in TIP is on a continuous basis. Beginning or socially disadvantaged farmers and ranchers and CRP participants may enroll in TIP beginning one year before the expiration date of a CRP contract. For example, if a CRP contract is scheduled to expire on Sept. 30, 2012, the land may be enrolled into TIP beginning Oct. 1, 2011, through Sept. 30, 2012. The TIP application must be submitted prior to completing the lease or sale of the effected lands.

To be eligible, TIP requires that the retired or retiring farmer or rancher:

- Have land enrolled in the Conservation Reserve Program (CRP) that is in the last year of the contract.
- Agree to allow the beginning or socially disadvantaged farmer or rancher make conservation and land improvements.

Agree to sell, or have a contract to sell, or agree to long-term lease (a minimum of 5 years) the land under CRP contract to a beginning or socially disadvantaged farmer or rancher by Oct. 1 of the year the CRP contract expires.

DISASTER ASSISTANCE PROGRAMS

FSA disaster assistance programs include:

- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Supplemental Revenue Assistance Payments (SURE) Program
- Tree Assistance Program (TAP)

To be eligible for these programs, producers must obtain a policy or plan of insurance under the Federal Crop Insurance Act (FCIA) at a minimum CAT level for all insurable crops, and NAP coverage for non-insurable crops under SURE, TAP, and ELAP.

Farm-Raised Fish means all fish being produced for sale by an eligible producer. In the case of honey, the term "farm" means all bees and beehives in all counties that are intended to be harvested for a honey crop by the eligible producer.

Producers who do not purchase the required coverage will not be eligible for benefits unless an exception applies. The exception allows certain waivers for "Socially Disadvantaged Farmers and Ranchers", as well as "Limited Resource Farmers and Ranchers" and "Beginning Farmers and Ranchers".

It is highly recommended that even producers, who qualify under one the waiver provisions, purchase the required insurance or NAP coverage. Doing so will increase the farm guarantee utilized in the calculation of the SURE payment.

NAP DEADLINE

The final date to purchase Non-Insured Crop Disaster Assistance Program (NAP) coverage for native and improved grass for hay, grazing or seed use is December 1, 2010. The application and service fee must be filed by the December 1, 2010, deadline. Limited resource producers may request a waiver for service fees.

In order to be eligible for the permanent disaster programs producers must purchase NAP coverage.

To qualify for the Supplemental Disaster Assistance Program (SURE) producers must have coverage on all acreage that will be harvested as forage, (green chop, silage, etc.)

To qualify for the Livestock Forage Disaster Program (LFP) producers must have coverage on all acreage they intend to graze during the 2011 growing season.

A major change in program policy now provides producers with NAP coverage the option to purchase Pasture, Rangeland & Forage, Rainfall Index (RI) coverage through the Risk Management Agency without running the risk of not receiving benefits under both programs. NAP covers all risk associated with producing a crop. Below normal rainfall is the only risk covered under the Rainfall Index policy.

CCC-927 OR CCC-928 MUST BE SENT TO IRS

Producers who participated in 2009 or 2010 programs subject to adjusted gross income limitations (AGI) had to certify compliance with AGI rules. The average AGI verification process for 2009 and 2010 payment eligibility requires all program participants to provide written consent to IRS for the disclosure of certain information to FSA.

On October 6, 2010, a letter was mailed to producers who have not submitted:

- CCC-927: "Consent to Disclosure of Tax Information-Individual Form"
- CCC-928: "Consent to Disclosure of Tax Information-Legal Entity"

Individuals and legal entities, including members of legal entities, that certified to average AGI compliance for 2009 and/or 2010 payment eligibility must submit a completed CCC-927 or CCC-928 to IRS regardless of whether they received program benefits directly or as a member of a joint operation or entity. These forms must be submitted to IRS in order to avoid a demand for refund of program payments and benefits received.

FARM STORAGE FACILITY LOAN PROGRAM CHANGES

The Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a minimum down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. If a participant provides 20% or greater down payment, then the requirement for a severance agreement for loans under \$50,000 will be waived. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount not to exceed \$250,000.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

GRAZE-OUT PAYMENTS

Graze-Out payments are payments made to eligible producers who, although eligible to obtain a CCC loan or LDP, elect to use acreage planted with barley, oats, triticale, or wheat for livestock grazing. In addition producers agree to forgo any mechanical harvesting of the commodity on this acreage during the applicable crop year. The application period for graze-out

begins on the first day of mechanical harvest as determined by the County Committee and ends on March 31 of the calendar year following the year the crop is normally harvested.

VOTING FOR COUNTY COMMITTEE BEGINS

Ballots for this year's county committee election will be mailed to eligible voters on November 5, 2010. Voters must complete their ballots and return them to the Farm Service Agency county office by the close of business on December 6, 2010. If mailed, ballots must be postmarked by midnight December 6, 2010. Contact your local FSA office for a list of candidates.

Voter Requirements Persons meeting requirements in 1 or 2, plus 3, below, is eligible to vote:

1. Be of legal voting age and have an interest in a farm or ranch as either of the following:

- an owner, operator, tenant or sharecropper, or
- a partner in a general partnership or member of a joint venture that has an interest in a farm as an owner, operator, tenant or sharecropper; or

2. Not of legal voting age, but supervises and conducts the farming operations on an entire farm; and

3. Eligible to participate in any FSA program that is provided by law, regardless of the status of funding.

Discrimination Prohibited No person shall be denied the right to vote because of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status.

FARM LOAN YEAR END REVIEWS

Producers that have a farm loan with FSA are reminded they must provide data for their Year-End Analysis to their loan officer each year. Borrowers are urged to provide this information timely so that their files can be maintained.

APPLICATIONS FOR FSA FARM LOAN ASSISTANCE

Farmers and ranchers that intend to apply to the Farm Service Agency for loan assistance for the upcoming crop year are encouraged to file their applications as early as possible. Failure to apply early may result in a delay in processing loans due to the volume of applications. Contact your local FSA Farm Loan representative for more details and assistance in applying. Loan application forms may also be downloaded from the Texas FSA website at http://www.fsa.usda.gov/Internet/FSA_File/tx_dl_application_pkg.pdf.

FSA SIGNATURE POLICY

Using the correct signature when doing busi-

ness with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office
- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities

For additional clarification on proper signatures contact your local FSA office.

ONLINE SERVICES

Producers with Internet access can fill out a variety of FSA forms online. Producers can also register for secure electronic access that will allow them to electronically sign and transmit some forms directly to the county office staff. If you are new to the website, first you will want to obtain a Level 2 USDA Service Center Customer ID and password at: <http://www.eauth.egov.usda.gov/> and then click on "Create an Account Page" link.

If you already have a Customer ID and password, then click on the following eForms website at: <http://forms.sc.egov.usda.gov/eforms/mainservlet> and then click on the "Sign In" button. A disclaimer window will open and after you read the "Warning message" click on the "Continue" button.

Then the USDA Web services page will open to the eAuthentication login page. Enter your login User ID and password and then click on the "Login" button. To sign and transmit forms electronically, you must sign-up and get a User ID and password.

CHANGING BANKS

Almost all Farm Service Agency payments are made electronically using Direct Deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure continued uninterrupted service.

OPERATING LOAN APPLICATIONS

Farmers that plan to apply for annual operating loan assistance are encouraged to apply as soon as possible. Farmers should contact their local FSA office for information. Loan application forms may also be downloaded from the Texas FSA website at http://www.fsa.usda.gov/Internet/FSA_File/tx_dl_application_pkg.pdf.

SELLING LAND

If you're planning to sell farmland, there may be some program consequences you should be aware of. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Reviewing program implications with your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

UNAUTHORIZED DISPOSITION OF CROP COLLATERAL

The most common type of violation of marketing assistance loans is removing or disposing of a commodity pledged as loan collateral without prior authorization and providing an incorrect quantity certification

If a commodity pledged as collateral for a commodity loan has been disposed of through feeding, selling or any manner without prior written authorization from FSA, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and the producer's name will be placed on a loan violation list for a two-year period. Always contact your FSA office before any commodity under loan is fed or sold.

FARM RECONSTITUTIONS

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-cyclical Program.

- Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;
- Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;
- DCP Cropland Method — the division of bases in the same proportion that the DCP

cropland for each resulting tract relates to the DCP cropland on the parent tract;

- Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

If DCP direct payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded.

MARKETING ASSISTANCE LOANS

A Marketing Assistance Loan (MAL) is available to producers who share in the risk of producing a crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity.

Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation minimum grade and quality standards.

For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the Direct and Counter-Cyclical and/or ACRE Programs to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans.

FINAL AVAILABILITY DATES FOR MARKETING ASSISTANCE LOANS & LOAN DEFICIENCY PAYMENTS

- January 31-Mohair, Peanuts, Unshorn Pelts, Wool
- March 31-Honey, Oats, Wheat
- May 31-Corn, Cotton, Grain Sorghum, Rice, Soybeans

NEW FINANCIAL MANAGEMENT WEB PAGE

Producers who have level 2 e-authentication access can use the new Public Financial Management Information web page. The website allows producers to generate reports that show both current and historical financial information. This resource will allow users to view details on payments, collections and outstanding debt. The website is a great tool for producers to conveniently access financial information at any time. To view the Financial Management Information web page, visit <http://www.fsa.usda.gov/fmi>. Please contact your county office if you have any questions regarding the web page.

Note: Website use requires level 2 e-authentication access. Follow the steps below to obtain level 2 access...

1. Go to www.eauth.egov.usda.gov, complete a customer profile and submit it online
2. After submitting your customer profile, you will receive a confirmation email, and you must respond to it within 7 days to activate your account
3. Then you must complete the "Identity Proofing" process by visiting a local USDA Service Center and presenting a photo ID, such as your driver's license

Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.