

MAY 2010



Counties

Clay
Cloud
Dickinson
Ellsworth
Geary
Lincoln
Morris
Ottawa
Republic
Riley
Saline
Washington

District #3

DCP & ACRE Updates

Farms can be enrolled in the 2010 Direct and Counter-cyclical Payment (DCP) program or the Average Crop Revenue Election (ACRE) option through **JUNE 1, 2010**. Advance payments can be requested at 22 percent of the total "direct" amount. The ACRE option is intended to provide a safety net for crop revenue shortfall due to price and/or production declines at the state and farm level. Both state and farm "triggers" must be met before ACRE payments are made. To participate in ACRE, producers give up counter-cyclical payments and 20% of the "direct" DCP payment, and accept a 30% reduction in commodity loan rates. Once a farm is enrolled in ACRE, it remains through 2012.

**Supplemental Revenue (SURE)
Assistance Program Payments Being
Made**

A signup period for the SURE program began on January 4, 2010, for crop losses in 2008. SURE provides benefits for farm revenue losses due to natural disasters that occurred in the crop years 2008 through Sept 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops in all counties or, if crop insurance is not available, to participate in the NAP program except for grazed acreage. However, crop insurance or NAP coverage is not required for crops that are not of economic significance or those where the administrative fee required to buy NAP coverage exceeds 10% of the value of the coverage. Total farm revenue takes into account the value of production on the farm as well as insurance indemnities and certain farm program payments. **If you want to know if you qualify for 2008 payments, contact your FSA office.**

FARM STORAGE FACILITY LOAN (FSFL)

The FSFL program offers very low fixed-rate interest financing to build new (or to upgrade existing) storage structures and handling equipment. Recent changes to the FSFL program now expands eligible commodities beyond just grains to include hay, biomass, cold storage for fruits/vegetables; and offers additional loan periods of 7, 10, or 12 years depending on the amount of the loan. Loan principal is generally 85 percent of the net costs, and loans over \$50,000 require real estate mortgages. Contact your local FSA office for more details.

Conservation Reserve Program (CRP)

A "general" CRP signup is anticipated this summer, but no dates have been announced yet. However, CRP signup is on-going for "continuous" practices such as waterways, filter strips (next to streams), contour and terrace grass strips, windbreaks, and quail buffers. Practice CP38E is available for "official" fields of five acres or less that may be difficult to farm with large equipment. In addition, CP38E allows flexibility to eliminate "point rows", creating "blocks" of wildlife habitat. Many of the CRP continuous practices offer a \$100 per acre signing incentive up front, and higher cost-share and annual rental payments. Limited acreage allocations apply to some practices.

Adjusted Gross Income (AGI) Verification

Producers should have received a Kansas FSA State Newsletter in January noting a new requirement to file "Consent to Disclosure of Tax Information" with the Internal Revenue Service (IRS) to remain eligible for USDA payments. USDA and IRS have developed an electronic information exchange process strictly for the purpose of average AGI verification. Using this process, no actual tax data will be included, but cases that appear to exceed the average AGI levels will be identified and examined closer to ensure compliance.

However, IRS is requiring written consent from individuals and entities to provide USDA verification of the average AGI. Two new forms, CCC-927 for individuals and CCC-928 for entities, will be required to be completed by every person and/or their entities receiving farm program payments (directly or indirectly). **The CCC-927 and/or CCC-928 forms must be completed by JUNE 15, 2010, and sent directly to the Fresno, CA address on the forms.** IRS will not accept the power-of-attorney signatures on file for USDA. Failure to provide the consent forms will require the refund of program payments received in 2009 and/or 2010. Forms are available at your local FSA office.

LIVESTOCK INDEMNITY PROGRAM

The Livestock Indemnity Program (LIP) provides assistance for livestock deaths in excess of normal mortality that result from adverse weather events. Eligible events may include extreme heat, extreme cold, wildfires, tornados, lightning, floods, blizzards, and disease. Producers must file a notice of loss within 30 days of the death of livestock. The application for payment for 2010 death losses must be filed by January 30, 2011. Producers with livestock deaths due to adverse weather conditions should thoroughly document these losses as to the kind, weight range, number of livestock, and the date the animals were lost. Producers will also need proof of death, documented by such items as rendering truck receipts, veterinary records, measurement services, photos, and third-party written verification.

Farm Record Changes & Reconstitutions

Producers are reminded to report all changes in their farming operation to FSA that would affect the status of any farm. A farm, as defined by FSA, is generally made up of tracts that have the same owner and the same operator. The sale of a farm, or a tract of land within the farm, would be an instance that requires notifying the local FSA office so a farm reconstitution can be initiated using the FSA-155, *Request for Farm Reconstitution*. These requests must be made by **August 1** to be effective for the current program year. Further, tenant or lease changes (shares and/or cash rent) should be reported immediately because revisions may be necessary for numerous farm programs. Changes of address, or financial institutions for direct deposit, should also be reported as soon as possible.

DCP/ACRE Planting Rules and FAV

Much planting flexibility exists for producers enrolled in the Direct and Counter-cyclical Payment (DCP) program and the Average Crop Revenue Election (ACRE) program. However, failure to comply with the following requirements could result in the termination of a DCP or ACRE contract:

- ANY crop, including Fruits and Vegetables (FAV), can be planted on “**non-base**” acreage. Non-base acreage is any “effective cropland” acreage in excess of each farm’s total DCP/ACRE base acres.
- Any crop, **EXCEPT** for fruits (including nuts) and vegetables (other than lentils, mung beans, and dry peas) and wild rice, can be planted on DCP/ACRE base acres **UNLESS** an established “producer” or “farm” FAV history exists. Home gardens and FAV plantings of two acres or less are not considered commercial and exempt.
- Producers are required to timely file acreage reports for all “cropland” acres and must control erosion and weeds, including noxious weeds, on DCP/ACRE base acreage. The erosion and weed problems usually occur on land left idle (fallow). FSA makes field inspections during the growing season to monitor these provisions.

CONSERVATION COMPLIANCE

- Do you intend to break out timber or grass areas to create or to expand existing crop areas?
- Are there areas that you are considering cropping that have not been cropped in recent years?
- Are there wet areas in a field that you want to drain or modify in some way to make cropping easier?

If you answered “yes” to any of these questions, you should contact the USDA Service Center to comply with the Highly Erodible Land (HEL) and Wetland conservation provisions. Farmers/ranchers need to indicate their intentions and ensure all HEL and wetlands are included under an approved conservation plan. Planting any annual commodity on new land without a plan could jeopardize all eligibility for USDA benefits.

SPECIAL ACCOMODATIONS

Special accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment. If special accommodations are required, please call your FSA office and we will try to make any arrangements that are needed.

FARM LOAN PROGRAMS

Real Estate (Farm Ownership) Loans: FSA is currently offering **fixed interest rate loans as low as 1.5% for 20 years** for beginning or socially disadvantaged (minority) farmers. Established farmers and ranchers may qualify for **fixed interest rate loans as low as 5.0% for up to 40 years.**

Operating (Farm Operating) Loans:

FSA is currently offering **2.875% fixed interest rate loans for up to 7 years** to finance machinery, equipment, livestock, or modest real estate improvements. Funds may also be used to finance production expenses with repayment terms corresponding to the type of security offered.

FSA Guaranteed Loans:

Guaranteed farm ownership (real estate) and operating loans administered by FSA are available through commercial lenders. We have an “**interest assistance**” program that allows FSA to pay 4% of the interest expense on guaranteed operating loans on behalf of eligible farmers.

FSA Youth Loans:

Youth 10-20 years of age may borrow up to \$5,000 to establish income producing agricultural projects in conjunction with 4-H, FFA or a similar program. The youth loan program is designed to help individuals learn business and financial skills while managing risk and allowing them an opportunity to prosper.

2010-Crop Acreage Reports due June 1

JUNE 1, 2010, is the final date to timely file acreage reports for 2010-crop wheat, **oats**, barley, triticale, and other small grain crops. FSA measurement services using GPS equipment are available at established costs if you are unsure of your acreage. **AUGUST 1** is the deadline to report acres for all other crop and land uses.

NONINSURED ASSISTANCE PROGRAM (NAP)

- FSA-578, Acreage Report, must be filed by the earlier of the NAP crop reporting deadline (June 1 for most crops) or 15 days prior to any harvest (hay, graze, or grain) or destruction of the crop.
- CCC-576, Part B, Notice of Loss, must be filed within 15 calendar days after the date the disaster or the date damage becomes apparent, and prior to any crop harvest (hay, graze, or grain) or destruction.
- CCC-576, Part G, Payment Application, must be filed by the earlier of the date the CCC-471 (NAP application) is filed for the subsequent crop year or application closing date for the subsequent crop year.

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