



DISTRICT 5 – Allen –Butler–Chase – Coffey – Cowley – Greenwood – Lyon – Marion – Morris – Sedgwick – Sumner - Wabaunsee – Wilson – Woodson

FSA Annual Notification – February 2006

PAYMENT ELIGIBILITY AND PAYMENT LIMITATION REQUIREMENTS

Producers should be aware of payment limitation and payment eligibility requirements to be eligible for most United States Department of Agriculture (USDA) benefits. Program payments that require eligibility determinations prior to payment include the Direct and Counter Cyclical Program, Conservation Reserve Program, Loan Deficiency, Marketing Loan Gains, Environmental Quality Incentive, and Disaster Assistance Programs.

No program benefits can be afforded any producer until form CCC-502, Farm Operating Plan for Payment Eligibility Review and supporting documentation has been provided and County Committee determinations made. The Farm Operating Plan does not need to be filed annually. However, producers are required to notify the County Office of any changes in the farming operation which would affect a “person,” actively engaged in farming,” cash-rent tenant, or foreign person determination. Changes that may affect a determination include, but are not limited to the following:

- Contract shares that may reflect a change of land lease from cash rent to share rent or a change from share rent to cash rent, modification of a variable/fixed bushel rent arrangement.
- The size of a producer’s farming operation by the addition or deletion of a farm that may affect the application of a cropland factor.
- The structure of a farming operation, including any change in the member’s share.
- Contributions of farm inputs of capital, equipment, active personal labor, or active personal management.
- The acquisition of farming interests not previously disclosed on CCC-502 or update, including the farming interests of a spouse or minor child.
- An increase in income that may affect the 3-year average for the determination of average adjusted gross income or other change that affects eligibility under the average adjusted income limitation.

By statute, entities earning program benefits subject to a payment limitation must provide to the county committee the names, addresses, and ID numbers of the entities’ members. The entity is also required to inform its members of the requirements to designate “permitted entities.” Signature authority is required for all entities. Form **AD-1026**, Highly Erodible Land Conservation (HELC) and Wetland Certification (WC), must also be on file and a County Committee determination made prior to receiving benefits for most programs.

A “person” or entity can earn \$40,000 per year in Direct payments, \$65,000 in Counter Cyclical payments, \$50,000 under the Conservation Reserve Program, \$450,000 under the Environmental Quality Incentive Program, and \$100,000 under the Noninsured Crop Disaster Assistance Program. Other programs also have payment limits, such as Loan Deficiency payments and Marketing Loan gains of up to \$75,000, a separate marketing loan gain, or LDP limitation of \$75,000 exists for honey, peanuts, mohair, and wool. Spouses, if certain conditions are met, may be considered a separate person for payment limitation purposes if they request to be. An individual or entity cannot be eligible to receive certain payments and benefits if the average adjusted gross income (AGI) exceeds \$2.5 million unless at least 75 percent of the average AGI was derived from farming, ranching, or forestry operations. Payment limitation and payment eligibility determinations may be initiated by the County Committee or requested by

the producer. All payment limitations and eligibility determinations, as well as AGI certifications, are subject to spot check. A “not actively engaged in farming” determination may result in the loss or denial of all program benefits and request for repayment of USDA payments or loans.

Noncompliance with the adjusted gross income provisions, either by exceeding the \$2.5 million limitation or by failure to submit the applicable certification statement, will result in the determination of ineligibility for all program benefits subject to the adjusted gross income provisions. Program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible individual or entity in any entity, general partnership, or joint operation that receives benefits subject to the average adjusted gross income limitation.

FOREIGN INVESTORS 90-DAY REPORTING RULE

Foreign owners of U.S. agricultural land are required by law to report their land holdings, acquisitions, leases of 10 years or more, and land use changes within 90 days to the local FSA office. Failure to report these changes can result in a civil penalty of up to 25 percent of the fair market value of their interest in the agricultural land.

NON-INSURED ASSISTANCE PROGRAM (NAP) *CROP DISASTER*

- CCC-471, Application for Coverage, varies between commodities, please contact your local FSA office
- CCC-576, Part B, Notice of Loss, must be filed within 15 calendar days after the date the disaster or damage becomes apparent.
- CCC-576, Part G, Payment Application, must be filed by the earlier of the date the CCC-471 is filed for the subsequent crop year or application closing date for the subsequent crop year.
- CCC-578, Report of Acreage Report, must be filed by the earlier of May 31 or 15 days prior to harvest of the crop.

CRP ANNOUCEMENTS MADE

The USDA Farm Service Agency has announced Conservation Reserve Program (CRP) re-enrollments and contract extensions for producers that have contracts that will expire September 30, 2007. Applicable CRP producers will be receiving a letter from their local FSA office identifying their eligibility for the re-enrollment or extension, the ranking process, as well as the steps and time frames in which interested parties need to respond.

The next **general CRP sign-up** period has also been set to begin **March 27, 2006** and will end **April 14, 2006**. This will be an opportunity for producers to submit offers to enroll eligible fields into the competitive bid process. All offers will be ranked according to the Environmental Benefits Index (EBI). FSA staff members will explain the EBI ranking factors to allow each producer the opportunity to maximize their EBI score.

Please contact your local FSA office for more details about the 2007 re-enrollments and extension, the General CRP sign-up, or to schedule an appointment.

CHANGE OF OWNERSHIP AND/OR OPERATOR

If you have bought, sold, or are renting different land, make sure you report the changes to the FSA office as soon as possible after they occur. For farm ownership changes you will need to provide a recorded deed or recorded land contract. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility.



A farm, as defined by FSA, is generally made up of tracts that have the same owner and the same operator. A sale of land in the 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 June 1.

A special provision exists that would allow contract acres to be divided in a manner agreed to by all sellers and buyers. The method of division, known as the "Designation by Landowner" provision, must be requested and requires all sellers and buyers agree to the method by signing the FSA-155, or providing a memorandum of understanding that includes signatures of all sellers and buyers.

FARM LOAN PROGRAMS

The Farm Loan Program division of FSA makes loans to family farmers and ranchers to purchase farmland and finance agricultural production to assist family farmers who are temporarily unable to obtain commercial credit. The maximum indebtedness for Direct Farm Ownership and Operating Loans is \$200,000 each. FSA also has a **Guaranteed Loan program**. Guaranteed loans are made and serviced by local lenders. Guaranteed lending limits are \$852,000. Another FSA program that is often overlooked and under utilized is the Rural Youth Loan Program. These loans can be made to rural youth for a variety of projects. Applicants must be between the ages of 10 and 21 and be a member of 4-H, FFA, or similar organization. Maximum outstanding balances for these loans is \$5000. A cash flow is developed with the applicant to determine income and expenses related to the project and repayment is based on the revenue produced. For additional information on these and other programs, contact your local County office.

SIGNATURE AUTHORITY FOR SPOUSES

Spouses can sign FSA program documents on behalf of each other for most FSA farm programs in which either has an interest, without signing any special forms. This signature authority for spouses to sign for each other will be in effect unless notification denying either spouse this authority has been provided to FSA. For *crop loans*, an FSA-211 must be on file for spouses to sign for each other.



RMA & FSA CROP MONITORING

The passage of the Agricultural Risk Protection Act of 2000 initiated some changes to the Federal Crop Insurance Programs administered by the Risk Management Agency (RMA). The Farm Service Agency (FSA) now assists RMA and private insurance providers in monitoring crop conditions. This is an effort to reduce waste, fraud, and abuse in the program. RMA requests that cases they select be spot checked by FSA during the growing season. FSA refers all suspected cases of waste, fraud, or abuse to RMA. Persons, who are aware of waste, fraud, or abuse of the Federal Crop Insurance Program, may contact their local FSA office. Referrals made to the FSA will remain confidential and can be made anonymously.

CONDUCT BUSINESS ON-LINE

Producers can obtain an eAuthentication level 2 account and conduct USDA business on-line 24 hours a day, 7 days a week from home. This access requires filling out an online registration form at <http://www.eauth.egov.usda.gov>, followed by a Service Center verification. **Business On-Line** visit to a USDA for identification. You must have an e-mail address.

Once access is obtained, producers can conduct USDA business online such as eLDP's (Loan Deficiency Payments), eForms, Customer Statement, Financial Inquiry and other programs that will become available electronically in the future.

DIRECT AND COUNTER CYCLICAL SIGNUP

The annual signup for the Direct and Counter Cyclical Program (DCP) Signup has begun and will continue through June 1, 2006. Producers must annually enroll in DCP, and may request advance payments on either or both the Direct or Counter Cyclical payments. One half of the Direct Payments may be requested in any month January through September, and final payment issued after October 1, 2006. Please contact your local FSA Office for an appointment.

SPECIAL ACCOMMODATIONS

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

Non-Discrimination Statement

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.