



United States  
Department of Agriculture

# *New York State Newsletter*

## *Fall / Winter 2009 Edition*

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### **2010 DCP Signup**

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2010. 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 2010 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 2010, eligible producers may request to receive advance direct payments based on 22 percent of the direct payment. USDA will issue advance direct payments beginning Dec. 1, 2009. Counter-cyclical payment rates vary depending on market prices. Counter-cyclical payments are issued only when the effective price for a commodity is below its target price. The effective price is the higher of the national average market price received during the 12-month marketing year for each covered commodity and the national average loan rate for a marketing assistance loan for the covered commodity.

### **The ACRE Option**

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. 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. For 2010, the 2-year price average will be based on the 2008 and 2009 crop years.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3 percent (85 percent 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 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, 2010, deadline is mandatory for all participants. USDA will not accept any late-filed applications.

### **Marketing Assistance Loans**

Marketing Assistance loans are commodity loans available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. 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 you regain beneficial interest.

Commodity loan eligibility also requires you comply with conservation and wetland protection requirements; beneficial interest requirements, report how you use cropland acreage on the farm and ensure that the commodity meets CCC 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 Program 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.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

### **Unauthorized Disposition of Loaned Grain**

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producers name will be placed on a loan violation list for a two-year period. Always call the office before any grain under loan is fed or sold.

### **NAP Coverage**

The Non-Insured Crop Disaster Assistance Program (NAP) was designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance. Statute limits NAP to each commercial crop or agricultural commodity, except livestock, for which CAT is not available.

The application deadline date for the 2010 coverage on fruit tree, nut trees & perennial crops is November 20, 2009. For Honey and Maple Sap, the application closing date is December 1. In order to be eligible for disaster assistance programs, like SURE, producers are required to timely purchase, at a minimum, CAT coverage for all insurable crops and/or NAP coverage for all non-insurable crops on their entire farm.

NAP coverage for 2010 costs \$250 per crop, but not more than \$750 per producer per county, or not more than \$1875 total per producer for all counties.

Producers who already have coverage on 2009 NAP crops may choose to continue coverage on the same crop or crops for 2010, if the applicable service fee is submitted by the application closing date. A new CCC-471, application for coverage is not required to be signed when applying for continuous coverage of the same crop or crops.

### **Supplemental Disaster Assistance Programs**

The 2008 Farm Bill amended the Trade Act of 1974 to create five new disaster programs, collectively referred to as Supplemental Agriculture Disaster Assistance programs. These 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 purchase at least catastrophic risk protection (CAT) level of crop insurance for all insurable crops and/or Noninsured Crop Disaster Assistance Program (NAP) coverage for non-insurable crops under SURE, TAP, and ELAP.

In the 2008 Farm Bill; in general, the term "farm" means the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the eligible producer. In the case of aquaculture, the term "farm" means all fish being produced in all counties that are intended to be harvested for sale by the 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 meet the definition of a Socially Disadvantaged, Limited Resource Producer, or Beginning, do not have to meet this risk management purchase requirement.

### **Livestock Indemnity Program**

The 2008 Farm Bill includes the Livestock Indemnity Program (LIP) which provides compensation to eligible livestock producers who have incurred livestock death losses due to a natural disaster, on or after January 1, 2008, and before October 1, 2011. Losses because of adverse weather, as determined by the Secretary during the calendar year, including blizzards, disease, extreme cold, extreme heat, floods, hurricanes, and wildfires, are eligible for LIP.

FSA advises farmers and ranchers who lose livestock due to adverse weather to compile and document their livestock death losses. Producers are advised that **verifiable** death loss documentation will not be accepted by County Offices until their LIP applications are filed.

Adequate documentation must prove the death of eligible livestock occurred as a direct result of an eligible adverse weather event in the calendar year for which benefits are being requested.

If adequate verifiable proof of death records documentation is **not** available, a livestock producer may provide reliable records, along with verifiable beginning and ending inventory, as proof of death.

Certifications of livestock deaths by third parties may be accepted FSA **only** if verifiable proof of death records or reliable proof of death records along with verifiable beginning and ending inventory records are **not** available.

### **CREP & Continuous CRP Available**

The Conservation Reserve Enhancement Program (CREP) allows farmers and ranchers to voluntarily enroll environmentally sensitive land into a program that decreases erosion, restores wildlife habitat and safeguards ground and surface water. CREP is a partnership with federal and state government and is limited to specific geographic areas. USDA has indicated there will not be general signups scheduled for the Conservation Reserve Program (CRP) in 2008. The budget has no available funding for CRP general signups, and instead advocates enrollment in either CREP or Continuous CRP.

Environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will be eligible for annual rental payments and cost-share of up to 50 percent on approved practices. These targeted programs will remain funded, and continue to provide heightened environmental benefits on select areas.

### **Voting for County Committee Begins**

Ballots for this year's county committee election will be mailed to eligible voters on November 6, 2009. Voters must complete their ballots and return them to the Farm Service Agency county office by the close of business on December 7, 2009. If mailed, ballots must be postmarked by midnight December 7, 2009. Eligible voters in a local administrative area who have not received a ballot should contact the FSA county office staff.

**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 Programs**

The Farm Service Agency (FSA) offers loans for farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,094,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural Youth Loans, Loans to Beginning Farmers and loans for socially disadvantaged applicants are also available through FSA.

For detail information loan eligibility or the different available loan programs, just contact the county office staff for an appointment with a farm loan officer.

### **Farm Loan Year End Reviews**

Producers that have a farm loan with FSA are reminded they must provide data for their Year-End Analysis (YEA) to their loan officer each year. Borrowers are urged to provide this information timely so that their files can be maintained. The office will contact you for the data you will need to provide us.

### **Down Payment Loan Program**

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

- The applicant must make a cash down payment of at least 5 percent of the purchase price.
- The maximum loan amount does not exceed 45 percent of the least of (a) the purchase price of the farm or ranch to be acquired; (b) the appraised value of the farm or ranch to be acquired; or (c) \$500,000 (Note: This results in a maximum loan amount of \$225,000).
- The term of the loan is 20 years. The interest rate is 4 percent below the direct Farm Ownership Loan rate, but not lower than 1.5 percent.

- The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.

### **Youth Loans**

experience. The maximum loan amount The Farm Service Agency makes loans to rural youths to establish and operate a modest, income producing, agriculture-related, educational project while participating in 4-H, FFA, or a similar organization. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational is \$5000.

#### **Youth Loan Eligibility Requirements:**

- Be a citizen of the United States or a legal resident alien
- Be 10 years to 21 years of age
- Live in a rural area or in a town of 50,000 people or fewer
- Must obtain a written recommendation and consent from a parent or guardian if the applicant has not reached the age of majority under state law
- Comply with FSA's general eligibility requirements
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms. The FSA staff can help you with questions you may have about a particular program.

### **NASS News**

Farmers should be expecting a visit or call from enumerators for New York's Agricultural Statistics Service. NASS is collecting Fruit Chemical Use data on apples, grapes and cherries for a look at farm use of chemicals on fruit crops. This data is a component of the Pesticide Data Program and is used by EPA to determine the risk assessment of pesticide usage on America's food supply. The survey gives fruit producers the opportunity to provide first-hand information on their crop production practices. NASS enumerators are also on the phone to gather final production data on all fruits and vegetables. These surveys are in progress now through early December.

### **Changing Banks**

Almost all Farm Service Agency payments are made electronically using Direct Deposit. This innovation has cut down on the number of missing and late payments and reduced the time required to move funds. It has been calculated that having a problem with a payment is 20 times greater with checks than with Direct Deposit. Another benefit is that Direct Deposit to your account can be made within 48 hours.

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.

### **Producer Payment Statements**

FSA has gone to a new system of mailing producer payment statements. The statements are no longer sent from your local office, they are now mailed from a centralized location. Unfortunately, this means the statements show up roughly one week after the payment has been electronically deposited in your chosen bank account. FSA knows producers are anxiously awaiting payments, if you have any questions about potential deposits, contact your financial institution or call your local FSA office.

### Online Services

Producers, if you have Internet access you can electronically log on, fill out and print a variety of FSA paper forms in the comfort of your home as your schedule allows. You can also register for secure electronic access that will allow you 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.

USDA eAuthentication is the system used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet. This includes things such as submitting forms electronically, completing surveys online, and checking the status of your USDA accounts.

If you already have a Customer ID and password, then click on the following eForms website at:

<http://forms.sc.egov.usda.gov/eforms/mainsevtlet> 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.

Submitting an e-Form is convenient. You can access information anytime day or night seven days a week. It's faster and forms and applications can be submitted and received in the county office in a matter of minutes, not days or weeks.

### 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.

### Farm Reconstitutions

In program terminology, farms are constituted to group all tracts having the same owner and the same operator under one farm serial number. When changes in 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

**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.