



January 2010

# Wisconsin State News

Wisconsin  
State FSA Office

Wisconsin State FSA  
8030 Excelsior Dr.  
Suite 100  
Madison, WI 53717  
608.662.4422 ext. 129  
608.662.9425  
www.fsa.usda.gov

## Inside This Issue....

From the Desk

DCP & ACRE Sign-up  
Deadline is June 1,  
2010

Wool, Mohair, & Un-  
shorn Pelts LDPs Avail-  
able

NAP Coverage Remind-  
er for Spring-Seeded  
Crops

Crop Insurance and  
NAP Requirements for  
Disaster Programs

County Committee  
Advisor Nominations  
Due February 1

Loan Briefings for State  
Dairy Industry held  
Statewide

Annual Notifications

## From the Desk of Brad Pfaff, Wisconsin State Executive Director

I hope this New Year finds you and your family healthy and happy. We at the USDA Wisconsin Farm Service Agency have been happy to assist you this past year as we look forward to 2010.

As you know, FSA is an agency that works for farmers. With 56 county service centers throughout the state, FSA assists producers who participate in federal farm programs and farm loan programs.

In 2009, Wisconsin FSA processed direct and counter cyclical payments for over 80,000 farms, made approximately \$185 million in milk income loss contract (MILC) payments, provided over \$335 million in direct and guarantee farm real estate and operating loans, and implemented a new Bio-Mass Crop Assistance Program (BCAP) among other things.

Wisconsin FSA recognizes the importance of agriculture in our local and state economy. We recognize the dedication, hard work, and pride that our producers have in the work they do.

Thank you for your continued work and leadership in growing and producing an abundance of healthy and nutritious food. Your work is appreciated by not only the FSA family, but by the entire state!

## DCP and ACRE Sign-up Deadline is June 1, 2010

Sign-up for the 2010 Direct and Counter-cyclical Payment (DCP) Program and Average Crop Revenue Election (ACRE) has begun and will continue until June 1, 2010.

FSA computes DCP Program payments using base acres and payment yields established for each farm and makes direct

payments at rates established by statute regardless of market prices. For 2010, direct payments may be requested in advance based on 22 percent of the direct payment for each of the farm's commodities. Counter-cyclical payment rates vary with market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

The ACRE program provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national average price. Producers can also use the electronic (eDCP) and (eACRE) services, which will save time, reduce paperwork and speed up contract processing at FSA offices. It is available to eligible DCP and ACRE participants. To access these online services, an active USDA eAuthentication Level 2 account is necessary, which requires filling out an online registration form at: <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

Producers completing these steps and have an active USDA eAuthentication Level 2 account can access the eDCP and eACRE services online at: <http://www.fsa.usda.gov/dcp> and then click on the link "Access eDCP/eACRE Online Services" which is located under the "I Want to..." section. Lastly, click on the "Access eDCP/ACRE Service" link.

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.



## Wool, Mohair, and Unshorn Pelts LDPs Available

As commodity market prices drop, the possibility exists that the posted prices may fall below county loan rates. In order to be eligible for a payment, there must be an LDP rate in effect earlier than the date beneficial interest is lost or the date the LDP application is submitted.



The deadline to apply for 9-month loans and LDPs for unshorn pelts, wool, and mohair produced in crop year 2009 is January 31, 2010.

Producers must complete and file page 1 of the CCC-633 EZ form at the county office before beneficial interest is lost in the commodity in order to be eligible for possible LDP payments.

Loan rates are similar to last year. Contact your county office at least a week prior to the time you would like to take out the loan.

## NAP Coverage Reminder for Spring-Seeded Crops

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 closing date for Non-Insured Assistance Program coverage on spring-seeded crops is March 15, 2010. This deadline date also applies to producers who have a policy that expires on March 15 and want to renew coverage for 2010.

NAP coverage is available for crops only where insurance coverage is not available under Federal Crop Insurance policies provided by private insurance agents.

NAP is designed to cover losses due to damaging weather conditions. The program covers losses of more than 50 percent of

normal yields or the farm's yield calculated using actual production histories. Payments for production lost in excess of 50 percent are paid at 55 percent of the values established for the crop.

The cost per policy is \$250 per crop per producer with a \$750 cap per county. NAP coverage begins 30 days after the application is filed and the \$250 administrative fee has been paid. The \$250 administrative fee is non refundable.

Producers who meet the definition of "Socially Disadvantaged, Limited Resource," or "Beginning Farmer or Rancher," are not required to pay the filing fee.

Producers with 2009 NAP coverage must remember to complete the following to qualify for benefits:

- Timely file acreage reports and keep track of harvested production using acceptable methods.
- File a "Notice of Loss" within 15 days of when a loss is apparent, due to drought, hail, etc.

For more information on NAP coverage please contact your nearest Farm Service Agency county office.

## Crop Insurance and NAP Requirements for Disaster Programs

The 2008 Farm Bill created permanent disaster programs for a variety of crops and livestock. Many of the disaster programs created through the 2008 Farm Bill require some level of crop insurance coverage, the "Risk Management Purchase Requirements." Producers must be aware of these requirements for 2010 and future years if they want to be eligible for benefits under these programs once a crop loss or disaster occurs.

SURE (Supplemental Revenue Assistance Programs) provides benefits for farm crop revenue losses due to natural disaster. For a producer to be eligible for the SURE Program, all of the farming operation's crops (planted or intended) and all hay crops that are of economic significance must be cov-

ered by either Federal Crop Insurance (CI) or FSA's NAP coverage. Coverage must also be obtained for other crops for which CI or NAP is available, such as nursery, honey, aquaculture, and floriculture. However, statute does not require coverage for grazed crops for the SURE program.

LFP (Livestock Forage Disaster Program) will be available to eligible livestock producers who suffered grazing losses for eligible livestock because of drought on land that is either native or improved pasture land with permanent vegetative cover or planted to a crop specifically for providing grazing. All crops intended for grazing must be covered by crop insurance or NAP to be eligible.

TAP (Tree Assistance Program) provides assistance to orchardists and eligible nursery tree growers who produce nursery, ornamental, fruit, nut or Christmas trees for commercial sale that lost trees, bushes, or vines, because of a natural disaster, as determined by the Secretary. Tree vine and bush losses must exceed 15 percent plus normal mortality. TAP requires that all crops in all counties be covered by a plan of crop insurance or NAP. This includes all the commodity crops, hay, pastures, fruit, nut, Christmas trees, and ornamental nursery. In short, all crops grown. Program details and sign up dates for this program will be announced in the future.

ELAP (Emergency Assistance for Livestock, Honeybees and Farm Raised Fish Program) will provide emergency relief to producers of livestock, honey bees and farm-raised fish, because of losses from adverse weather or other conditions, such as blizzards, wildfires, and losses due to colony collapse as determined by the Secretary. This program, like TAP, requires that all crops in all counties also be covered for ELAP eligibility.

LIP (Livestock Indemnity Program) program is available to eligible livestock producers on farms that have incurred livestock death losses in excess of normal mortality, because of adverse weather, as determined by the Secretary during a calendar year. These livestock deaths had to occur after January 1, 2008. The LIP program does not require a risk management purchase.

In summary, for a producer to be eligible for the SURE, LFP, TAP and ELAP certain program specific crop insurance or non insured assistance program crop coverage must be obtained. The crops must be covered by either CI or FSA's NAP coverage. Coverage must also be obtained for other crops for which CI or NAP is available, such as nursery, honey, aquaculture, and floriculture. Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmers" do not have to meet these CI or NAP coverage requirements.

For more information about any of the above programs contact your local FSA county office.

### **County Committee Advisor Nominations Due February 1**

County committee members and county executive directors need to submit names of nominees for the FSA County Committee (COC) Advisor to the State Committee for confirmation by February 1, 2010. Advisors are a valued voice for underrepresented groups and socially disadvantaged (SDA) farmers.

Advisor nominees must be actively participating in farming or ranching in the county or area, and evidence their willingness and ability to serve in writing.

SDA farmers are members of a group that have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. SDA farmers include African-Americans, American Indians/ Native Americans, and Alaska Natives, Asian and Pacific Islanders, Hispanics, and women.

For more information or a description of the duties of the Advisor position, interested individuals need to contact their local county office executive directors before the February 1 deadline.



## Loan Briefings for State Dairy Industry Held Statewide

During the first two weeks of November, the Wisconsin Farm Service Agency (FSA) held briefings for dairy industry professionals and others, discussing how the agency can respond to the credit needs of livestock and other farmers. The hour-long briefings provided basic information about FSA loans and financial services that partners can share with others.



Since the Wisconsin livestock industry has been hit hard by numerous factors, including low prices, which has been compounded with global economic issues; credit to farmers will become scarce this fall.

Agribusinesses, suppliers, veterinarians, lenders, technical college and extension professionals, accountants, attorneys, farmers and the public were invited to the briefings.

Many farmers and FSA partners don't know that FSA offers financial planning and credit counseling services, as well as low interest, flexible loans. FSA loan officers can partner with commercial lenders, where others just aren't able.

FSA is a major source of credit for Wisconsin farmers, with over \$1 billion in credit extended, and involvement with about one out of every seven farms with direct or guaranteed loans.

Direct loans are made by FSA loan officers and carry a low, fixed interest rate with extended terms.

FSA also offers loan guarantees to private lenders, when there is a collateral, equity or repayment gap. Loan guarantees offer two benefits: farmers can still do business directly with their lender and also take advantage of locking in historically low rates.

All loans from FSA require a good credit history, must be fully secured, and have a cash flow plan to repay the loan, all other debts, and expenses.

If you were unable to attend one of the briefings, please contact your local county

FSA office for more information.

## Annual Notifications

### Program and Payment Limits

The following programs are subject to payment limitation and eligibility provisions:

- ACRE: Direct Payment earned reduced by 20 percent; Not to exceed \$32,000
- DCP/Direct Payment: \$40,000
- ACRE: Counter-Cyclical Payment: \$65,000 plus any ACRE Direct Reduction
- DCP/Counter-Cyclical Payment: \$65,000
- LDPs and Market Gains: Unlimited
- Conservation Reserve Program: \$50,000
- Emergency Conservation Program: \$200,000
- Non-insured Assistance Program: \$100,000
- ELAP, LFP, LIP, & SURE: \$100,000

### Direct Attribution

FSA program payments are limited by direct attribution to individuals or entities. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly.

An attribution is defined as crediting payments made to entities, such as corporations, estates, trusts and limited partnerships, to "real persons" based on the share of the entity held by the individual stockholder, heir, beneficiary, etc.

### Reporting Farm Operation Changes

Producers are responsible for notifying the Farm Service Agency of changes in their farm operation or entity status. Changes that may affect the status include, but are not limited to: a change in contract shares, which may reflect a change of land lease from cash rent to share rent or vice versa; modification of a variable/fixed bushel rental arrangement; a change in the size of the farm operation due to an addition or deletion of a farm; a change in the structure

of the farm operation, including changes in member's shares; a change in the contributions of farm inputs of capital, equipment, active personal labor, or active personal management; and a change of farming interest not previously disclosed to the county office, including the farming interests of a spouse or minor child.



### **Controlled Substance**

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting, distributing or growing a prohibited plant. Prohibited plants include marijuana, opium poppies and other drug producing plants.

### **Conservation Compliance**

All USDA program participants are required to have a conservation system in place on all highly erodible land (HEL). Renting new cropland, purchasing new land, breakup additional land, changing crops, and changing or removing existing conservation practices can result in compliance issues. Contact your Farm Service Agency county office before taking any of the above actions. It is also important that you contact FSA before modifying, tilling, draining, dredging, filling or leveling any wetland or drainage ditches. Failure to obtain advance approval for any of these activities can result in loss of all federal payments and program eligibility.

### **Direct Deposit**

All payments issued by the county FSA office are by direct deposit (electronic funds transfer) to a pre-designated checking or savings account with your financial institution. Forms are available from county FSA offices. If you have already signed up, it is important that you notify your county office of any changes to your account number or financial institution; failure to do so could result in delays of future payments or loss of payment benefits for an extended period.

### **Leased Land or Equipment**

Individuals leasing land or equipment from an individual, joint operation or entity with an interest in the farming operation must make lease payments by the agreement due date. If no date is specified by contract, the lease payment must be made by December 31 of the applicable crop year or the date established by the local county committee if more restrictive.

### **Report Record and Cropland Changes**

If you have bought, sold or have had rental changes, make sure these are reported to FSA as soon as possible after the changes occur. For farm ownership changes you will need to provide FSA with evidence of the change such as a recorded deed, land contract or real estate tax bill.

Operator changes, rental changes, or a change in the general control of a farm must also be reported to insure FSA's records are correct. Producers should provide FSA with evidence such as rental agreements or leases that will be used by FSA to confirm the change.

Landowners and operators must also inform FSA of any cropland changes to the farm. Conversion of cropland to non-cropland, a non agricultural use such as buildings, parking lots, lawns etc., must be reported to FSA to insure program eligibility. Also, croplands that are no longer suitable for producing a crop or are subject to a restrictive or permanent easement that prohibits the planting of annual crops must be reported to FSA.

### **Foreign Person Rule**

The foreign person rule applies to individuals and entities participating in FSA programs.

The definition of a foreign individual is someone who is not a citizen of the U. S. or a lawful alien possessing a valid Alien Registration Receipt Card.

A Foreign Entity is a corporation, trust, es-

tate, or other similar organization, that has more than 10 percent of its beneficial interest held by individuals who are not citizens of the U. S. or lawful alien possessing a valid Alien Registration Receipt Card.

An individual determined to be a “foreign person” must provide a significant contribution of land, capital, and active personal labor. Also, each foreign individual who is a member of an entity determined to be a “foreign person” must provide active personal labor to enable the entity to provide a significant contribution of active personal labor.

### **Foreign Landowner Notification**

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. FSA administers this program for the USDA. Foreign persons who have purchased or sold agricultural land in the United States are required to report the transaction to FSA within 90 days of the closing. Failure to submit a FSA-153 could result in civil penalties up to 25 percent of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of this reporting requirement. It is the foreign person’s responsibility to report the land transaction.

### **Actively Engaged Determinations and Cash Rent Tenant Rules**

Any producer who is determined “not actively engaged in farming” will be ineligible for USDA payments under some programs. This includes: Direct and Counter-Cyclical Program (DCP) and any payment or benefit requiring a determination of “actively engaged in farming.”

Any farm operation that cash-rents land is considered a cash-rent tenant and in order to remain eligible for USDA benefits, specific rules must be met. A cash-rent tenant must either make a significant contribution of active personal labor or a significant contribution of both active personal management and equipment to the operation.

There are also specific requirements if the equipment is leased to operate the farm.

### **Special Accommodations**

Upon request, special accommodations will be made for individuals with disabilities. If special accommodations are required, contact your local service center so that the necessary arrangements can be made.

### **Providing Information**

Statutory provisions require that all entities, individuals, partnerships, joint operations, corporations, and trusts provide the names, addresses, and ID numbers of the entity’s members to local Farm Service Agency (FSA) county committees.

Spouses may be considered separate “person” for payment limitation purposes as a member of a joint operation. If a spouse requests payments, all the applicable eligibility requirements must be met.

Producers are reminded that no program benefits will be made until FSA has made all necessary payment limitation and eligibility determinations. Producers will be considered ineligible until all required forms pertaining to their farm operations are provided to FSA.

Producers or FSA county committees may initiate the payment limitation and payment eligibility determinations. If the producer requests the determination, the request may be filed anytime before the final date for submitting a CCC-902, Farm Operating Plan for Payment Eligibility Review form and other required forms.

### **Signature Authority**

County offices require verification that signature authority is on file before accepting a signature on any program or related documents on behalf of another. Producers can present evidence of signature authority, such as corporate charter, bylaws, court orders of appointment, operating agreements, trust agreements, last will and testaments, or articles of partnership.

The FSA-211, Power-of-Attorney, form can



also be completed to grant signature authority to another individual or entity. Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying this authority has been provided to the county office. Spouses may not sign the FSA-211 or as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities on each others behalf. Spouses may sign on behalf of each other for a husband/wife joint venture with a permanent tax ID number.



Please contact your county office for more information on the signature authority documentation your entity must provide.

### **FSA & RMA Monitors Federal Crop Insurance Program**

FSA is required to assist the Risk Management Agency (RMA) to improve the integrity of the Federal Crop Insurance Program through the prevention of fraud, waste and abuse. FSA is required to monitor the crop insurance program, report problems to RMA and assist RMA and insurance providers when auditing certain claims.

FSA offices are responsible for the oversight plan which includes close monitoring and oversight of the crop insurance program locally and growing season inspections on a selected number of insured producers. This plan also includes an expanded exchange of data between FSA, RMA and local reinsured companies. Information provided to the FSA office and reinsured companies by insured producers will be reconciled in an effort to research and identify inconsistencies. FSA County Committees have the opportunity to suggest changes to the crop insurance program, but we are not involved with the decision making process.

FSA also assists RMA by gathering facts and reporting observations as they pertain to weather, crop plantings, maintenance and harvest. Producers who become aware of potential crop insurance abuse should report the information to the local FSA office.

Producers must insure they inform agents

of entity changes in their farming operations and, changes in the risks and interests in the crops insured. FSA and RMA annually review discrepancies between records and found discrepancies in a number of cases, which often resulted in the loss insurance benefits.

### **Adjusted Gross Income**

The 2008 Farm Bill changed existing payment limitation and eligibility requirements.

- Payment limits are no longer limited by the definition of “person”. Payment limitation is limited by direct attribution to persons, an individual, natural person, and legal entities.
- There are no longer restrictions on the number of entities that an individual can receive payment through as long as the individual payment limitation is not exceeded.
- Payment limitations are controlled at the entity level first and once the criteria are applied, then payment earned is attributed to the individual members based on their individual entity shares.

There are also changes in Adjusted Gross Income (AGI).

- If the AGI nonfarm income exceeds \$500,000, the person or legal entity is ineligible for all commodity, Non-Insured Disaster Assistance Program and disaster program payments and benefits.
- If the AGI farm income exceeds \$750,000, the person or legal entity is ineligible for direct payments under the Direct Counter-Cyclical/ACRE Programs.
- If the AGI nonfarm income exceeds \$1,000,000, the person or legal entity is ineligible for all conservation program benefits unless two thirds of the total AGI is average adjusted gross farm income.

The rules regarding what is included in gross farm income has also expanded.

Wisconsin State FSA Office  
 8030 Excelsior Dr. Ste 100  
 Madison, WI 53717



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<b>Dates to Remember</b>	
January 18, 2010	Offices will be closed for Martin Luther King Jr. Holiday
January 30, 2010	-LIP application for payment deadline for livestock losses between Jan. 1, 2009 - Dec. 31, 2009 -LFP application deadline for grazing losses between Jan. 1, 2008 - Dec. 31, 2009 -ELAP application for payment deadline for Jan. 1 2009 - Sept. 10, 2009 losses qualified losses -ELAP application for payment deadline for Sept. 11, 2009 - Dec. 31, 2009 qualified losses
January 31, 2010	LDPs & 9-month loans for unshorn pelts wool and mohair deadline
February 1, 2010	COC Advisor Nominations due
February 15, 2010	Offices will be closed for George Washington's Birthday Holiday
March 15, 2010	NAP application deadline for spring-seeded crops
June 1, 2010	DCP/ACRE enrollment deadline
Continuous	-Conservation Reserve Program (CRP) continuous sign-up -CREP sign-up -SAFE sign-up -Farm Storage Facility Loans -MILC sign-up

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