South Carolina State FSA Newsletter

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State Executive Director's Column

The 2008 Farm Bill, also known as the Food, Conservation and Energy Act of 2008, is now law. About eight months after the expiration of the 2002 Farm Bill, the new version has moved into the implementation stage. This comprehensive package contains 15 separate titles, with new programs for livestock and poultry, a permanent disaster program and a separate title for horticulture. This newsletter gives all of the information on the new programs presently available. I wanted to write a few notes about programs not detailed in the newsletter as we are still awaiting further information.

There are some important changes in payment limitations and adjusted gross income provisions. This was a very contentious part of the Farm Bill debate. The payment cap for program benefits has changed and payments are directly attributed to individuals rather than entities. Individuals with non-farm adjusted gross income greater than $500,000 are not eligible for program benefits. If the farm income exceeds $750,000, the individual loses eligibility for direct payments.

Marketing loans will still be available, but loan rates will be adjusted. Loan Deficiency Payments will still be an option, but the payment rate and when beneficial interest of the commodity is lost will change.

The credit title increased loan limits on farm ownership and operating loans from $200,000 to $300,000. The 15-year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010. Additional priority is provided to beginning farmers and socially disadvantaged farmers for FSA loan programs.

Overall, conservation program funding is increased, but the acreage cap on the Conservation Reserve Program is reduced to 32 million acres. Additional emphasis will be placed on targeted conservation programs and special wildlife initiatives.

With the many new programs, the cost of this legislation is well above the previous farm bill. Total spending is estimated at $297 billion, or $25 billion above the cost of the 2002 law. Just over 14 percent of the total spending will be directed toward the commodity support programs. That compares to 27 percent over the past five years.

As you can imagine, many of the rules regarding most of these programs are still being written. Farmers and ranchers are advised to stay tuned and check with your local FSA office for more detailed information as it becomes available. As always, our dedicated FSA team stands ready to assist you in any way possible.

J. Kenneth Rentiers, Jr.
State Executive Director

IMPORTANT DATES TO REMEMBER

November 3, 2008	Ballots to be mailed to eligible voters
November 26, 2008	Final Enrollment Date for Farms with 10.0 base acres or less in DCP for 2008 ONLY! (Temporary Extension)
December 1, 2008	Final NAP Application date for fall seeded crops and perennial grasses
December 1, 2008	Final date to return ballots to your local FSA Office for tabulation for Committee Elections.
December 15, 2008	Final NAP Application date for Most Cool Season Crops (Greens)

URGENT: Congress Suspends 10.0 Acre Provision of New Farm Bill

The 2008 Farm Bill originally provided that producers on farms with DCP base acres that total 10.0 acres or less will not receive a direct or counter-cyclical program payment, unless the farm is wholly owned by a socially disadvantaged or a limited resource farmer or rancher. **THIS PROVISION HAS BEEN SUSPENDED**!

H.R. 6849 was enacted on **October 13, 2008**. The legislation provides for both of the following:

- **suspending** the 10.0 acre provision for the **2008** crop year
- extending the 2008 DCP signup for farms with 10.0 base acres or less of covered commodities and peanuts until **November 26, 2008**.

H.R. 6849 allows for contract year 2008 **only**; farms with 10.0 base acres or less of covered commodities and peanuts may receive payments, provided **all** eligibility criteria has been met.

H.R. 6849 provides for an **extension** of the 2008 DCP enrollment deadline for farms with 10.0 base acres or less. Producers on farms with 10.0 base acres or less have until **November 26, 2008**, to initiate and complete enrollment of a farm for 2008 DCP. H.R. 6849 does **NOT** extend the DCP signup deadline for farms with **greater than** 10.0 base acres.

Producers on farms with 10.0 base acres or less that completed enrollment of a farm by all producers with a share of the covered commodities or peanuts signing the CCC-509 by October 15, 2008, are considered eligible for payment. Such producers do not need to file another CCC-509 for 2008.

Producers on farms with 10.0 base acres or less that did not enroll by signing CCC-509 because you were told you would not receive a payment in 2008, an **extension** of time has been granted to enroll your farm for payment no later that **November 26, 2008**.

SUPPLEMENTAL RESERVE ASSISTANCE PROGRAM

The 2008 farm bill, known as the Food, Conservation and Energy Act of 2008, created an Agricultural Disaster Trust Fund. A large part of this fund will finance Supplemental Revenue Assistance Program or (SURE).

To be eligible for SURE, a producer must insure all of his/her eligible crops of economic significance. For the 2009 crop year, producers need to monitor crop insurance sales closing dates and

FSA's NAP application closing dates to make sure the insurance requirements are met. Producers who did not insure some of their crops in 2008 had the opportunity to become eligible for SURE payments by paying the catastrophic (CAT) policy fee or the (NAP) policy fee of $100 for each uninsured crop to FSA by September 16.

SURE is a revenue guarantee program, similar to crop revenue insurance without the increasing guarantee feature. If the farm's crop revenue is less than the guarantee, the SURE payment makes up 60 percent of the difference. The crop revenue includes not only the estimated value of the crop produced, but also other USDA payments and crop insurance indemnity payments received. This prevents farmers from receiving double payments for the same losses. All guarantees and revenues under SURE are calculated as the sum for all crops and in all counties involved in the "farming operation", even if land in more than one county or state is involved. Payments are not made for losses to individual crops or insurance units.

The SURE Farm Guarantee is simply the sum of all the crop insurance guarantees purchased for the current crop year, increased by 15 percent. The extra 15 percent is designed to fill part of the revenue gap not covered by insurance. For example, a producer who purchased a 75 percent guarantee on all crops would have that raised to 86.25 percent for SURE. There is also an overall "cap" on the SURE guarantee equivalent to a 90 percent insurance guarantee on all crops.

If the crop insurance proven yield (APH yield) is less than the yield used by the Farm Service Agency to calculate counter cyclical payments (CCPs), then the CCP yield is used instead for calculating the SURE guarantee. Producers who have used "plug" yields to calculate their APH yields in some low production years will also have their SURE yield recalculated.

The SURE "Farm Revenue" includes the actual number of bushels harvested for each crop valued at the average cash marketing year price as determined by the USDA. The cash marketing year price may be higher or lower than the harvest futures price used to calculate crop insurance indemnity payments. In addition, the revenue includes any crop insurance indemnity payments and prevented planting payments received, and 15 percent of any direct payments, all the counter cyclical payments and loan deficiency payments received for the 2008 crop. If payments are received under any other USDA disaster programs, these are included, as well.

If the farm revenue calculation is below the SURE guarantee, the producer will be paid 60 percent of the difference. There is a limit of $100,000 per year per eligible producer, based on the same rules outlined for other commodity programs in the new farm bill.

To assist farmers and ranchers in evaluating their options with SURE, USDA has created a SURE Calculator. To utilize the Calculator, visit the website http://www.fsa.usda.gov, click on the Farm Bill banner and look under "Tools". Please note that the calculator and instructions linked on the FSA website are for informational purposes only. This calculator in no way binds FSA to potential payments under SURE and should not be relied on as the sole source of information to make final management decisions.

PAYMENT LIMITS

The 2008 Farm Act retains the $40,000 limit on direct payments and the $65,000 limit on counter-cyclical payments. The limit on direct payments is reduced by 20 percent for farmers that elect to participate in the new Average Crop Revenue Election (ACRE) program. The $65,000-limit on counter-cyclical payments is increased by the same amount as the direct payment limit is reduced. The Act removes any limits on marketing loan benefits.

The 2008 Farm Act eliminates the three-entity rule and requires that payments be attributed to a living person. If a payment cannot be attributed to a living person within four levels of ownership (i.e., where a series of companies own other companies), then payments to the original entity owning the farm are reduced in proportion to the indirect ownership of the fourth level entity in the first level entity. For instance, if after tracing ownership of the entity eligible for payments, it is determined that at the fourth level of ownership, a 10-percent interest is held by an entity such as a corporation or partnership and not a person, then payments to the original entity are reduced by 10 percent.

The rule that allows a spouse to qualify for a separate limit is retained. In addition, the 2008 Farm Act treats both spouses as satisfying the active management requirement as long as one spouse provides personal labor or management.

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 2009 coverage on fall seeded crops, aquaculture, nursery plants, mushrooms, floriculture, all perennial grasses for forage or grazing, orchard/vineyard crops, sod grass, caneberries and honey has been extended to December 1, 2008. 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 2009 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 2008 NAP crops may choose to continue coverage on the same crop or crops for 2009, 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.

Producers who choose to add a new crop(s) or delete a crop(s) from previous year's coverage or changing crop shares must file a new CCC-471 with signatures and pay the applicable service fee.

DON'T MISS OUT ON VOTING!

Committee Election Ballots to be mailed by Nov. 3, 2008

Ballots must be returned to the FSA county office or postmarked by Dec. 1, 2008. Eligible voters may contact their local FSA county office before the final date to return ballots if they do not receive a ballot.

The election of responsible agricultural producers to FSA county committees is important to ALL farmers and ranchers with large or small operations. It is crucial that every eligible producer take part in this election because county committees are a direct link between the farm community and the U.S. Department of Agriculture.

Committee members are a critical component of the day-to-day operations of FSA. They help deliver FSA farm programs at the local level. Farmers who serve on committees help decide the kind of programs their counties will offer. They work to make FSA agricultural programs serve the needs of local producers.

AVERAGE CROP REVENUE ELECTION (ACRE)

Producers can enroll in ACRE any year during crop years 2009-12. A producer must enroll all covered commodities (wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, peanuts, dry peas, lentils, small chickpeas, and large chickpeas) for a participating farm. Upon enrollment, the farm is enrolled in ACRE for the remainder of the 2008 Farm Act, which ends with crop year 2012. After enrollment, a farm is no longer eligible to receive Counter-Cyclical Program Payments. Also, as a condition for the farm's enrollment in ACRE, direct payments for the farm are based on 80 percent of the legislated direct payment rate, and marketing loan benefits are based on 70 percent of the legislated national marketing loan rate.

The ACRE program provides participating producers a revenue guarantee each year based on market prices and average yields for the respective commodities. The guarantee is based on State-level planted yields and national market prices, but payments are dependent upon State and farm-level planted yields and national market prices. Additional information will be available as final rules are written.

2007 Final Counter-Cyclical Payment Rate for Cotton

Cotton is due a final payment because the effective price is below the target price. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average price received by producers. The final payment rate is the target price minus the effective price. The final 2007 CC payment rate for cotton is shown in the following table:

Upland Cotton	Dollars Per Pound
Target Price	0.7240
National Average Loan Rate	0.5200
National Average Farm Price	0.5930
Higher of Loan rate or Farm Price	0.5930
Direct Payment Rate	0.0667
Effective Price	0.6597
Final CC Payment Rate (Target Price minus Effective Price)	0.0643
First Partial Payment Rate	0.0309
Final CC Payment Rate Less First Partial Payment	0.0334

The 2007 national average price received by producers for cotton can be found at:

http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=foa-cc and will be posted after November 1.

CONSERVATION RESERVE PROGRAM

IF you love the Birds and the Bees and the Flowers and the Trees, you are going to love the Conservation Reserve Program…..

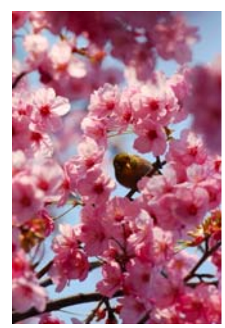
Through the Conservation Reserve Program, USDA is serious about restoring and enhancing habitat for wildlife.

Practices available now are:

- **Restoration of longleaf pine plantations** that provide habitat for numerous species of plants and animals. Land must have 4 out of 6 year cropping history in years 1996 through 2001 and be longleaf suitable soils. Other eligibility requirements apply.
- **Establishment of bird buffers** that provide habitat for the bob-white quail and numerous other bird species. The bird buffer strips established under CCRP have been proven to increase quail populations in the State. Land must have 4 out of 6 year cropping history in years 1996 through 2001. Other eligibility requirements apply.
- **Establishment of riparian buffers** on marginal pastureland that protect water quality for all animals, including humans. This practice establishes a strip of trees next to an eligible permanent water body used for livestock drinking water. The livestock are fenced out of the protected water body and cost-share assistance and other lucrative benefits are provided to install wells as an alternate water source. Livestock producers that have utilized this practice in the past have stated that providing reliable clean well water to their livestock has greatly improved herd health.

Practices that will be available in the near future:

- **Cost-share for thinning CRP pines**. A new practice will be available for land currently under CRP contracts and planted to pines. This practice will provide cost-share assistance for pre-commercial thinning. If the trees are ready for commercial thinning, eligible producers can still apply, and if approved may thin their pines with no reduction in annual rental payments. Thinning thick monoculture pine stands to an acceptable level will greatly improve wildlife habitat.
- **Cost-share for pollinator habitat improvement**. Portions of land currently under CRP contracts may be eligible to receive cost-share assistance to be converted to mixes of grasses/wildflowers/forbs needed for pollinator habitat. Why care about pollinators? Native pollinators such as bees and butterflies are in decline. One out of every three bites of food you eat is dependent on pollinators. By establishing pollinator habitat you are helping ensure an adequate food supply for our country, even if you are not producing food commodities on your farm.



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FARM LOAN PROGRAMS

Increase in Guaranteed Loan Dollar Limit

On October 1, 2008, the loan limit for FSA's Guaranteed Loan program increased to $1,094,000.

NOVEMBER INTEREST RATES

Farm Operating	3.375%
Farm Operating – Limited Resource	5.000%
Farm Ownership	4.875%
Farm Ownership – Limited Resource	5.000%
Farm Ownership – Beginning Farmer Down Payment	1.500%
Emergency – Actual Loss	3.750%

The Disaster Set-Aside Program

The Disaster Set-Aside (DSA) program is available to eligible FSA borrowers who have suffered losses in their operation as a result of a natural disaster and cannot pay all of their expenses, debts to other creditors and FSA farm loan payments.

Under the DSA program, borrowers may be eligible to delay any or all of their FSA farm loan payments due this year or next (but not both). This payment will be moved to the end of the borrower's loan to be paid on or before the final due date. Loans with less than 2 years remaining are not eligible. DSA will only be approved if all farm loan payments will be up-to-date after the payments are set aside.

To apply for DSA, borrowers must provide FSA with a letter, signed by all parties liable for the debt, requesting DSA and their actual production, income and expense records for the last three years. FSA might request additional information later if it is needed to make an eligibility decision. Complete applications must be submitted to FSA before a borrower's account becomes 90 days past due and prior to the end of the disaster designation.

Current disaster designations for South Carolina are as follows:

Date Declared	Code	Disaster Description	Final Date to Apply
03/22/08	M1750	Severe Storms and Tornadoes	11/24/08
08/15/08	S2609	Hail Storms	04/15/09
09/15/08	S2755	Drought and Excessive Heat	05/15/09
10/08/08	M1810	Tropical Storm Hanna	06/08/09

For more information, please contact your local FSA office.

ALL SOUTH CAROLINA COUNTIES QUALIFY FOR USDA EMERGENCY LOANS

Farmers and Ranchers Can Apply for USDA Assistance Due to Drought and Excessive Heat

All South Carolina counties are eligible for USDA assistance as a result of a U.S. Department of Agriculture disaster designation declared for 44 primary disaster area counties in the state. The disaster designation is a result of losses caused by drought and excessive heat that occurred from January 1, 2008, and continuing. The decision makes all qualified farm operators in the designated areas eligible for low-interest emergency (EM) loans from USDA's Farm Service Agency (FSA).

All counties were designated natural disaster areas on September 15, 2008. All qualified farm operators in the counties are eligible for EM loans, provided eligibility requirements are met. Farmers in eligible counties have eight months from the date of the declaration to apply for loans to help cover part of their actual losses. FSA will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. FSA has a variety of programs, in addition to the emergency loan program, to help eligible farmers recover from adversity.

USDA has also made other programs available to assist farmers and ranchers, including the Emergency Conservation Program, Federal Crop Insurance and the Noninsured Crop Disaster Assistance Program.

Interested farmers may contact their local USDA Service Centers for further information on eligibility requirements and application procedures for these and other programs. Additional information is also available online at: http://disaster.fsa.usda.gov.

Why You Should Love Bees

South Carolina Beekeepers Association will be working with the USDA on several future projects. Bees provide one-third of the food we consume. The loss of most of the wild bees has made managed colonies more important to agriculture. There are berries and other crops that are wind pollinated, but they perform much better when bees are added. One only needs to speak with South Carolina melon growers or other market growers to realize the importance of a steady and dependable supply of pollinators. Managed colonies of today are for the most part most docile and would care less about people that are not working in the colony. South Carolina Beekeepers Association looks forward to progressing with these new projects being instituted by the USDA.

Wes Bommer, South Carolina Beekeepers Association