“SCOOP”

ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

July 2008

2008 Marketing Assistance Loan Rates

Food, Conservation and Energy Act of 2008 provides the national loan rates for eligible marketing assistance loan commodities. The 2008 crop year national loan rates are as follows:

2008 National Average Loan Rates

Commodity	Loan Rates per Unit
Wheat	$2.75 per bushel
Corn	$1.95 per bushel
Grain Sorghum	$1.95 per bushel --------- **base county loan rate is converted to hundredweight
Barley	$1.85 per bushel
Oats	$1.33 per bushel
Upland Cotton	$0.52 per pound
Extra Long Staple (ELS) Cotton	$0.7977 per pound
Rice	$6.50 per hundredweight
Soybeans	$5.00 per bushel
Oilseeds (see below)	$0.0930 per pound
Graded Wool	$1.00 per pound
Non-Graded Wool	$0.40 per pound
Mohair	$4.20 per pound
Honey	$0.60 per pound
Dry Peas	$6.22 per hundredweight
Lentils	$11.72 per hundredweight
Small Chickpeas	$7.43 per hundredweight

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2008 Oilseed National Average Loan Rates

Oilseed Type	Loan Rates per pound
Sunflower (oil and non-oil types)	$0.0930
Flaxseed	$0.0930
Canola	$0.0930
Rapeseed	$0.0930
Safflower Seed	$0.0930
Mustard Seed	$0.0930
Crambe	$0.0930
Sesame Seed	$0.0930

2008 Direct and Counter-Cyclical Program (DCP) Signup Announced

Producers may now signup for the 2008 DCP Program through September 30, 2008. All required signatures must be on the CCC-509 Contract before it may be approved and earn payments. Failure to have all required signatures by September 30, 2008, will result in the farm being ineligible for direct or counter-cyclical payments for the year. Producers may enroll in any USDA Service Center, their administratively-assigned center, or electronically on the web. The electronic service is available at http://www.fsa.usda.gov/egov/edcp_default.htm. To access this service, producers must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at http://eauth.egov.usda.gov followed by a visit to the local USDA Service Center for identity verification.

Requirements for Producers Participating in the 2008 DCP Program

To meet the requirements for participating in the 2008 DCP program, producers must:

- comply with Highly Erodible and Wetland Provisions
- devote acreage equal to the base acreage to an agricultural or conserving use
- Effectively control weeds and otherwise maintain base acres according to sound agricultural practices. All base acreage shall be protected from erosion, including providing sufficient cover. For a list of approved covers and practices, contact your local FSA office.
- Not plant perennial fruits and vegetables (FAV) or harvest annual fruits and vegetables or wild rice on base acres unless an allowable exception has been met. See FAV Chart in this newsletter.
- All cropland acres on a farm must be reported. File an acreage report (FSA-578) with respect to all cropland on the farm. Fall-seeded crops must by May 15, 2008, and Spring-seeded crops by August 15, 2008.
- notify FSA when there is a transfer of or change of interest of a producer

Supporting Documentation Required for Producers Participating In the 2008 DCP Program

Before payments may be issued for the 2008 DCP Program, the following supporting documentation must be on file:

1. CCC-502, Farm Operating Plan for Payment Eligibility Review
2. AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC)
3. CCC-526, Payment Eligibility Adjusted Gross Income Certification

Planting Flexibility

Any commodity may be planted on the following:

- Any land, including base acres, on a farm NOT enrolled in DCP
- Non-base acres of a farm enrolled in a DCP contract
- Base acres of a farm enrolled in a DCP contract, except for fruits, vegetables (FAV) and wild rice unless an FAV exception is met.

Designation of Shares on the DCP Contract

Producers need to ensure that shares designated on the DCP participation contract meet the division of payment rules. In general, the DCP payment shares need to mirror the actual shares for crops produced on base acres. The table below defines the general DCP share requirements. Specific situations and questions may be addressed to your local County Office. Failure to comply with the division of payment rules will result in a loss of program payments.

Eligible to Receive DCP Payment

Situation	Lessor (landowner)	Lessee (tenant)
Landowner **cash leases** entire farm to lessee	No, because the base acreage has been cash leased to another. Landowner has no risk in the crop	Yes, if all other eligibility requirements are met
Landowner **leases grazing or haying rights** or privileges on base acreage to another, but land itself is not leased	Yes, if all other eligibility requirements are met, because the land itself has not been leased, only the right to graze or hay	No, because the land has not been leased, only the right to graze or hay
Landowner cash leases base acreage and lessee grazes or hays the land	No, because the base acreage has been cash leased to another	Yes, if all other eligibility requirements are met, because the lessee has leased the land, not just grazing or haying rights. The fact that the lessee uses the land for grazing or haying is not relevant
Landowner share leases all base acres to lessee	Yes, if all other eligibility requirements are met. However, **neither the lessor nor the lessee may receive 100 percent of the DCP payment**	Yes, if all other eligibility requirements are met, **however neither the lessor nor the lessee may receive 100 percent of the DCP payment**
Landowner leases (cash or share leases) only nonbase acres to lessee.	Landowner may be eligible to receive DCP Payment depending on lease arrangements for base acres on the farm.	No, because the lessee leases only nonbase acres.

The Effects of Fruits and Vegetables (FAV's) and/or Wild Rice Planted on Base Acres for the Direct and Counter-Cyclical Program (DCP)

Producers should be aware that planting and harvesting fruits (including nuts) and vegetables (FAV's) and/or wild rice on base acres shall be a violation of the Direct and Counter-Cyclical Program (DCP) having costly penalties unless one of the allowable exceptions is met. Listed below is a summary of the allowable exceptions and the effects each has on the DCP Direct and Counter-Cyclical payments.

Exception Title	**Allows for Planting and Harvesting of FAV's of Wild Rice on Base Acres without Penalty**	**Affect of Direct and Counter-Cyclical Payments if an Exception is Met**
Double Cropping	FAV's or wild rice are planted in a double cropping practice with a covered commodity or peanuts in cycle in an **approved double cropping region** Covered Commodities means a crop of wheat, oats, corn, grain sorghum, rice, upland cotton, barley, soybeans, canola, flaxseed, mustard seed, rapeseed, safflower, and sunflower seed. Approved Double Cropping Regions (Counties) in Arkansas are: Ashley, Benton, Clay, Crawford, Cross, Faulkner, Franklin, Independence, Jackson, Jefferson, Lee, Lincoln, Logan, Lonoke, Phillips, Pulaski, St. Francis, Sebastian, Woodruff and Yell.	No reduction in payments
Farm History	The farm's history reflects the planting of any FAV's or wild rice in at least one of the years from 1991-1995 or 1998-2001. Acres must have been previously certified in the FSA office.	Acre-per-acre reduction for every acre of FAV's or wild rice planted on base acres.
Producer	The producer has an average planting of the specific FAV or wild rice from any farm for the years from 1991-1995 or 1998-2001. FSA will need to assist the producer in calculating the average planting. Acres must have been previously certified in the FSA office. The producer must elect either planting period 1991-1995 or 1998-2001.	Acre per acre reduction for every acre of FAV's or wild rice planted on base acres

2008 Reconstitution Rules on Farms with Base Acres of 10.0 Acres or Less

The 2008 "Act" prohibits direct payments, counter-cyclical payments, or average crop revenue election payments to a producer on a farm, if the sum of the base acres on the farm is 10 acres or less except if the farm is owned by either:

- a socially disadvantaged farmer or rancher
- A limited resource farmer or rancher.

The rules for reconstitution of farm's with bases of 10.0 acres or less are as follows:

- Request may not be approved if received after the date of enactment of the 2008 "Act" (May 22, 2008), unless the producer has been previously notified by FSA before June 24, 2008.

- May be combined with another farm if 1 of the farm undergoes a change in land ownership. To quality for this exception, the owners of each of the farms participating in the new combination must be identical and have identical shares in both farms.

- Requested by August 1, 2008.

Power of Attorney for the 2008 DCP Program

Producers and landowners (grantors) who previously executed a Power of Attorney (FSA-211) or other Power of Attorney, authoring an attorney-in-fact to act on their behalf for anything other ***than "all current and future programs",*** will need to execute a new FSA-211 or other Power of Attorney.

Payment Eligibility and Limitations

In order to participate and request benefits in the USDA programs listed below, all producers must meet applicable "person", "actively engaged in farming", "cash-rent tenant", "permitted entity", "foreign person" and "average adjusted gross income" rules as outlined in the chart below. No program benefits subject to the limitation may be provided until all forms for the specific situation are provided and the necessary payment limitation and payment eligibility determinations are made. Currently, a farm operating plan is not required to be filed annually if the farming operation continues to be conducted as reflected on the farm operating plan and supporting documents on file in the County Office. However, producers are **required** to timely notify their local County FSA Office by filing a revised farm operating plan and supporting documentation as applicable when changes are made to the farming operation that will affect the original "person" or "actively engaged in farming" or average adjusted gross income determination. Changes may include, but are not limited to, changes in lease arrangements, additions or deletions of farms from the operation, changes in the structure of a farming operation such as member share changes, changes in contribution of inputs such as land, capital, equipment, active personal labor and management, increase in income that may affect the 3-year average gross income, and acquisitions of farming interests not previously disclosed including farming interests of a spouse or minor child. Failure to report such changes could affect eligibility for payment. Entities earning payment, including corporations, trusts, limited partnerships and estates, are required to provide the names, addresses and ID numbers of the entity members. Spouses may be considered separate "persons" for payment limitation purposes if this determination is requested and the applicable requirements are met. A producer's status as of **April 1** of each program year will be considered in making payment eligibility-payment limitation determinations. Actions taken after the status date shall not be used to increase the number of "persons" for the current year.

Applicable Payment Limitations Rules and Program Limits

Program or Payment	Person	Actively Engaged in Farming	Cash-Rent Tenant	Permitted Entity	Foreign Person	Adjusted Gross Income	Payment Limitation Amount
Direct Payments	X	X	X	X	X	X	$40,000*
Counter-Cyclical Payments	X	X	X	X	X	X	$65,000 **
Market Assistance Loans					X		
Marketing Loan Gains & Loan & Deficiency Payments	X	X	X	X	X	X	$75,000***
Conservation Reserve Program (CRP)	X	X	X	X	X	X	$50,000
Non-Insured Disaster Assistance Program (NAP)	X						$100,000
EQIP							$450,000***

*****separate $40,000 limitation for covered commodities and separate $40,000 limitation for peanuts

****** separate $65,000 limitation for covered commodities and separate $65,000 limitation for peanuts

******* separate $75,000 limitation for covered commodities and separate $75,000 limitation for peanuts, honey, wool, and mohair

“Actively Engaged in Farming” Rule – an individual or entity must have:

- Significant “left-hand” contributions to the farming operation
    - Capital, land, equipment, or a combination
- Significant “right-hand” contributions to the farming
    - Active personal labor or active personal management or a combination
- A claimed share of the profits or losses from the farming operation that is commensurate with the contributions to the farming operation
- Contributions that are at risk

Cash Rent Tenant Rule applies to any producer that rents land from another producer for cash or a crop share guaranteed as the amount of the commodity to be paid in rent. The provision also applies to tenants who rent land for 0 dollars or who farm on the land in exchange for compensation other than cash, such as controlling weeds on land not owned or barter arrangements. Any cash-rent tenant shall be ineligible to receive payment unless the cash-rent tenant makes either of the following:

- A significant contribution of active personal labor to the farming operation
- A significant contribution of both active personal management and equipment to farming operation

Permitted Entities Rule – an individual or entity may not receive specified payments, either directly or indirectly, from more than 3 “permitted entities.”

Foreign Person Rule applies to individuals and entities.

- Foreign individual is someone who is not a citizen of the U. S. or a lawful alien possessing a valid Alien Registration Receipt Card. The individual must provide significant contribution of land, capital, and active personal labor.
- Foreign Entity is a corporation, trust, estate, 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. Each foreign individual who is a stockholder or other type of member must provide significant active personal labor for the entity.

Spot Checks by FSA for Payment Eligibility

All CCC-501s (Members Information), CCC-502s (Farm Operating Plan for Payment Eligibility Review), and CCC-526s (Average Adjusted Gross Income Certification) are subject to spot check through our end-of-year review process. If selected for a spot check, producers will be asked to submit proof of their contribution to the operation such as seed, fertilizer and chemical bills, land lease agreements, land contracts or property tax payments, equipment lists, cancelled checks for paid labor or hired management, Federal and State income tax returns, financial statements, balance sheets, reports prepared for other government agencies, information prepared for private lender, and any other items the FSA County Committee determine are necessary. The producer is required to provide these items for the spot check so the FSA county committee can make a determination that the farming operation is actually being performed as was stated on the applicable CCC-501 or CCC-502 which was originally completed, and average adjusted gross income provisions are met as certified.

Average Adjusted Gross Income (AGI)

The Food, Conservation, and Energy Act of 2008 (Act), Pub. L. 110-234, will make changes to AGI for 2009, but for 2008 the provision of the Farm Security and Rural Investment Act of 2002 are still effective. Producers are ineligible for FSA program payments and benefits if their Average Adjusted Gross Income (AGI) is in excess of $2.5 million, unless 75 percent of the AGI is from farming, ranching or forestry operations. The average AGI for the individual or entity is the average of AGI, or comparable measure, of the individual or entity over the 3 tax years immediately preceding the year for which benefits are requested. To comply with the AGI requirement, all individuals or entities, including embedded entities must have a completed CCC-526 before program benefits can be issued. Producers should check with the COF to see if a new CCC-526 form is required

Spring Seed Crop Certification Deadline Extended

The July 15, 2008, spring seeded crop certification deadline has been extended to August 15, 2008. Late fees will not be applied if acreage reports are file by August 15 and all other crop reporting requirements are met. However, for Noninsured Disaster Assistance Program (NAP) purposes, producers are required to file an acreage report on the earlier of the extended acreage reporting date or no later than 15 calendar days before the onset of harvest. Under no circumstances will the extended acreage reporting date impact or change the deadline for filing other NAP forms. The extension is being granted National wide because of the delay in announcing the provision of the 2008 Farm Bill and extreme weather conditions.

Failed and Prevented Planting Deadline Extended

For 2008, the deadline to file failed credit and prevented planted acreage credit has been extended to August 15, 2008. Before approval the County Committee will still have to determine that the acreage meets the criteria for approval. The extension has been granted nationwide due to the delay in announce the provision of the 2008 Farm Bill and extreme weather conditions.

Quality Signup Begins - 2005-2007 Crop Disaster Assistance Program (CDP)

FSA County Offices are now accepting applications for ***quality and quantity*** losses for the 2005-2007 CDP Program. A deadline has not been announced at the current time. Interest producers should apply in their local FSA office. Basic information concerning quality eligibility rules are as follows:

- Eligible years are 2005, 2006 and 2007
- Crop must have had a multi-peril Federal Crop Insurance policy with Risk Management Association (RMA) or be covered by Non-insured Disaster Assistance Program (NAP)
- losses must be from *eligible cause of loss*
- Adjusted Gross Income, payment limitation, multiple cropping, apply
- producer must *first file a quantity application*, but the quantity application does *not* have to calculate to a loss or payment
- Only *harvested* production is eligible
- Producer *must provide verifiable production evidence* of the quality loss
- COF must *keep a copy* of the production records.
- A *single* ticket, bale, bin, etc (production) can be eligible
- The ticket, bale, bin, etc (production) must have a **25% loss** in ***both quality and price*** in order to be eligible for quality payment
- Each ticket, bale, bin, etc. (production) will be allocated to one of *six levels*. Five levels can calculate a payment. The sixth level *(unaffected)* is for unaffected production that does not meet the 25% loss levels.
- Payments will be calculated:
    - using the *35% threshold* (just like quantity losses)
    - *42% of from the CDP crop table price* or a producer's Marketing Contract price if applicable
    - Factored again according to the *level* the production meets
    - Adjusted for the amount received for quantity.
- RMA and some *NAP* crops may have *already* been adjusted for quality but producers may provide production evidence to see if *additional* adjustments are applicable
- Most crops can be eligible. Examples of *non-eligible crops*: aquaculture, Christmas trees, nursery, honey, turf grass sod, and maple sap. A complete list is available in the County Office
- The combined quantity and quality payment cannot exceed 95 percent of the total value of the crop absent the disaster.

Program Deadlines

Final date to request a reconstitution on a DCP farm	August 1, 2008
Reporting spring-seeded crops and all cropland all crop except NAP Crops	August 15, 2008
2008 DCP Signup	September 30, 2008