



NEWSLETTER



Illinois State FSA Office

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Hours
Monday - Friday
8:00 a.m. - 4:30 p.m.

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Visit our Website at:
www.fsa.usda.gov/il

WELCOME TO THE ILLINOIS FSA STATE NEWSLETTER (3rd Edition)

As USDA – Farm Service Agency is moving to a paperless, electronic version of County Newsletters, the State Office has developed a State wide Newsletter that will be posted to this site every month. This is a uniform Newsletter available to all producers in the state. If you would like to have a hard copy of this newsletter for your use, please stop by your local county office to obtain one. If you wish to receive electronic county office news, and have not signed up to do so yet, please contact your local county office and provide them with your email address. We appreciate your patience while we transition into a new more efficient, cost saving way of providing you with the most up to date information possible.

Sincerely,
Scherrie V. Giamanco – State Executive Director

USDA ANNOUNCES RESULTS FOR CRP

GENERAL SIGN-UP

Agriculture Secretary Tom Vilsack announced May 25, 2012 that the U.S. Department of Agriculture will accept 3.9 million acres offered under the 43rd Conservation Reserve Program (CRP) general sign-up. During the extended five-week signup, the Department received nearly 48,000 offers on more than 4.5 million acres of land, demonstrating the CRP’s continuing leadership as one of our nation’s most successful voluntary efforts to conserve land and improve our soil, water, air and wildlife habitat resources. Under Vilsack’s leadership, USDA has now enrolled nearly 12 million acres in the CRP since 2009. Illinois had 2,276 offers accepted that includes 52,190 acres.

FSA ADOPTING GOVDELIVERY

The USDA Farm Service Agency offices are moving toward a paperless operation. Producers are asked to enroll in the new GovDelivery system which will provide notices, newsletters and electronic reminders instead of a hard copy through the mail. FSA, like many other organizations, is trying to work smarter and be more efficient.

Moving to electronic notifications via email will help conserve resources and save taxpayer dollars. County Committee ballots will continue to be mailed to all eligible producers.

ACREAGE CERTIFICATION

Time is nearing for producers to certify their 2012 acreage. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Failed acreage must be reported before disposition of the crop.

Prevented planting is the inability to plant the intended crop acreage with proper equipment by the final planting date for the crop type because of a natural disaster. Producers who request prevented planting must report their acreage and complete a CCC-576 Notice of Loss, Part B within 15 days after the final planting date.

Producers will need to provide documentation showing field preparation, seed purchase, and other information that proves their intent to plant the acreage.

Acreage reports are required for many Farm Service Agency programs. Acreage report deadlines vary by county.

Producers are encouraged to contact their local FSA office for specific crop reporting deadlines.

Acreage reports on crops covered by NAP are due in the county office by the earlier of July 15 or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported.



DIRECT AND GUARANTEED LOANS

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. The agency offers a variety of direct and guaranteed loan financing options for eligible applicants who may be looking for that first opportunity, as well as for those who have been farming for a number of years, and have a temporary need for obtaining direct or guaranteed financing to expand or restructure parts of their farming operation. Loan funds are targeted towards qualified beginning farmer applicants and for Socially Disadvantaged groups.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

The one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.

FSA loans are available to applicants who meet all eligibility requirements including the test for credit elsewhere.

As with all farm loan program applications, loan approval is also dependant on acceptable feasibility and security determinations.

To find out more about FSA loan programs, contact the county office staff.

MINORITY FARM REGISTER

Minority farmers and ranchers across the nation can voluntarily join the USDA Minority Farm Register to receive information and opportunities from USDA agencies.

The register is a shared outreach list that will help USDA, community-based organizations (CBOs) and minority-serving educational institutions communicate with minority farmers and ranchers. Producers who join the register may receive outreach materials, newsletters and program announcements from USDA agencies and approved

outreach partners. USDA will carefully control access to and use of the Register.

Individuals wishing to join the Register can visit your local county FSA office and complete the registration form. Registration forms are also available in Spanish (AD-2035SP) and English (AD-2035) on the FSA web site (www.fsa.usda.gov) under "Forms."

CHANGING BANKS

Almost all Farm Service Agency payments are made electronically using Direct Deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

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 ensure continued uninterrupted service.

FORMS AD-1026 AND CCC-931 ARE AVAILABLE IN SPANISH

USDA is working hard to make more Spanish forms available to the public. Producers can now access the following forms in Spanish:

- [AD-1026 - Highly Erodible Land Conservation \(HELIC\) and Wetland Conservation \(WC\) Certification](#)
- [CCC-931 - Average Adjusted Gross Income \(AGI\) Certification and Consent to Disclosure of Tax Information](#)

Please stay tuned as more Spanish forms are made available at:

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>

FARM RECONSTITUTIONS

When changes in farm ownership or operation take place and 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 August 1 of the fiscal year for farms subject to Direct and Counter-Cyclical Program (DCP).

- **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 transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

- **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.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount for each loan through FSFL is \$500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding \$50,000.

Loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Producers may choose to apply for FSFL requesting their FSFL be disbursed as a partial

disbursement and the remaining final disbursement.

The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov

COMPLIANCE

Compliance and spot checks will be utilized during the 2012 crop year. Instead of locally selecting farms, contracts, deficiency loans, etc. for spot check and review, a nationwide selection of producers is used to achieve a statistical sampling of participating producers.

COUNTY COMMITTEE NOMINATIONS

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to ALL farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

The COC nomination period runs from June 15, 2012 through Aug. 1, 2012. For more information contact your local FSA office.

Nomination forms can be found at:

<http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA669-A.PDF>.

Nomination forms can also be found in Spanish at:

http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA669-A_SPANISH.PDF

RURAL YOUTH LOANS

The Farm Service Agency makes loans to rural youth to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization's advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

YOUTH LOAN ELIGIBILITY REQUIREMENTS

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or legal resident alien;
- Be 10 years to 20 years of age;
- Comply with FSA's general eligibility requirements;
- Reside in a rural area, city or town with the population of 50,000 or fewer people;
- Be unable to obtain 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 your local county office for help preparing and processing the loan application forms.

BEGINNING AND LIMITED RESOURCE LOANS

FSA has a program to assist beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 % of the county's median size

Each member of an entity must meet the eligibility requirements. Loan approval is not guaranteed.

Additional program information, loan applications, and other materials are available at your local USDA Service Center or by visiting www.fsa.usda.gov.

PREVENTED PLANTING

Prevented planting is the inability to plant the intended crop acreage with proper equipment by the final planting date for the crop type because of a natural disaster. Producers who request prevented planting must report their acreage and complete a CCC-576 Notice of Loss, Part B within 15 days after the final planting date for the applicable crop. Producers will need to provide documentation showing field preparation, seed purchase, and other information that proves their intent to plant the acreage.

Contact your local FSA office for questions and additional eligibility requirements.

REMEMBER HAY NET

Producers are encouraged to use Hay Net on the FSA website (<http://www.fsa.usda.gov/haynet>). This online service allows producers with hay and those who need hay to post ads so they can make connections.

Hay Net is a popular site for farmers and ranchers who have an emergency need. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

SWAMPBUSTER REGULATIONS

The term "swampbusting" means converting a wetland to crop production. To maintain compliance, producers cannot plant an agricultural commodity on a converted wetland or convert a wetland to make it possible to produce an agricultural commodity.

Producers are required to file an AD-1026, agreeing not to convert wetlands. Therefore, before a producer plants or converts a determined or an undetermined wetland for possible crop production, they are required to notify FSA. FSA and NRCS will determine whether the area is a wetland.

Producers who convert wetlands to possible crop production or plant an agricultural commodity on an already converted wetland are ineligible for all FSA and most NRCS benefits on any land they own or operate.

SODBUSTER REGULATIONS

The term "sodbusting" means converting land from native vegetation, such as rangeland or woodland, to crop production after December 23, 1985. In addition, highly erodible land conservation (HELC) compliance rules require all acreage, regardless of when it was brought into production, to be farmed using an approved conservation plan. HELC compliance violations include conducting unauthorized tillage practices or grazing on highly erodible lands.

Farmers and ranchers should be aware that if they use highly erodible land for crop production or grazing without proper conservation measures, they risk losing eligibility to participate in all FSA and most NRCS programs. Before producers clear, plow or otherwise prepare areas not presently under crop production for planting, they are required to file an AD-1026, indicating the area to be brought into production.

If Natural Resources Conservation Service indicates on a CPA-026 that the area will be highly erodible land, the producer will be required to develop and implement a conservation plan on the affected acreage, before bringing land into production.

FSA SEEKS COMMENTS ON NEW MICROLOAN PROPOSAL

To further assist beginning farmers and ranchers, FSA is seeking comments on a new Microloan program that would simplify and streamline the process for producers obtaining operating loans under \$35,000. The intended effect of the proposed rule is to make the operating loan program more widely available and attractive to smaller operators through reduced application requirements reducing application processing times, and also added flexibility in meeting the managerial ability eligibility requirements.

The proposed microloan program rule may be viewed at:

<http://www.fsa.usda.gov/FSA/federalNotices?area=home&subject=lare&topic=frd-pi>. Comments must be submitted no later than July 23, 2012, through the following website: <http://www.regulations.gov> or by mail to Director, Loan Making Division (LMD), FSA, USDA, 1400 Independence Ave., SW, Stop 0522, Washington, DC 20250-0522.

UNAUTHORIZED DISPOSITION OF 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 producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

HISPANIC AND WOMEN FARMERS

A process to resolve the claims of Hispanic and women farmers and ranchers who believe they were discriminated against when seeking USDA farm loans has been established.

If you believe that the United States Department of Agriculture (USDA) improperly denied farm loan benefits to you between 1981 and 2000 because you are Hispanic, or because you are female, you may be eligible to apply for compensation.

For additional information on this and other settlement issues contact:

Hispanic and Women Farmer Claims Process:

www.farmerclaims.gov or call 1-888-508-4429

Pigford – The Black Farmers Discrimination Litigation:

www.blackfarmercase.com or call 1-866-950-5547

Keepseagle – The Native American Farmers Class Action Settlement:

www.IndianFarmClass.com or call 1-888-233-5506

FARM RECORD CHANGES

June 1, 2012 is the deadline to provide changes to your farm records at the local FSA office for the 2012 crop year. If you are changing your operation entity type, adding or dropping cropland or farms, or adding entities to your operation, contact the FSA county office by June 1.

MILC PROGRAM REQUIREMENTS REMINDER

Dairy producers must meet program requirements in order to maintain eligibility in the event that prices drop and trigger a MILC payment.

To maintain program eligibility, MILC participants must notify their local FSA office of any operation changes, such as a change in producer, shares, address or bank routing number. In order for dairy producers to receive a MILC payment, they must meet adjusted gross income (AGI) requirements by completing, "CCC-931 - AGI Certification and Consent to Disclosure of Tax Information."

Dairy producers who want to enroll in MILC must fill out, "CCC-580 - Milk Income Loss Contract" and select a start-month for which the Commodity Credit Corporation (CCC) will begin issuing payments to the dairy operation. Current dairies that participate in MILC can make changes to their start-month with certain restrictions.

Any start-month changes must be made on or before the 14th of the month before the selected MILC production start-month. The change must also be made before requesting payment and before the original MILC production start-month has passed.

Changes to the dairy operation start-month must be designated on FSA's form, "CCC-580M - Milk Income Loss Contract (MILC) Modification."

For more information about the MILC program, please contact your local FSA office or visit the web at: www.fsa.usda.gov.

PAYMENT ELIGIBILITY/PAYMENT LIMITATIONS

FSA is transitioning to the Business File for 2012. The web-based interview style process gathers payment eligibility/payment limitation information from program participants. After the information is complete, the Business File will automatically generate a CCC-902 for the producer's signature. The transition to the Business File will help FSA have an electronic record of payment eligibility information on the web and facilitate the ability for multi-county program participants to have access to their payment eligibility information in any county across the country. Additionally, FSA recognizes not all program participants are able to complete their payment eligibility information in this manner. For those that are unable to complete the documents at a local FSA office, program participants can still complete the paper-based CCC-902 and return to the County Office to be entered in the Business File. There is no deadline to complete payment eligibility information, but no payments can be made until a determination is made.

For 2012, FSA has combined Average Adjusted Gross Income (AGI) certification and consent to disclosure of tax information to the internal revenue service on form "CCC-931 (dated 12-7-11) AGI Certification and Consent to Disclosure of Tax Information." Program participants must complete this form and return to the County Office for processing. Unlike past years the local County Office is responsible for reviewing the form for correctness and mailing to the IRS. **Important:** Please be aware that in 2012 a fourth Average Adjusted Gross Income limitation has been added to the existing three limitations. The limitation states: the total income (both farm and nonfarm) cannot exceed \$1 million.

Please contact your local FSA office with any questions regarding these changes for the 2012 program year.

Member Contributions

All partners, stockholders or members with an ownership interest in a legal entity must make a contribution, whether compensated or **not** compensated, for active--*

- personal labor,
- active personal management,
- or a combination of active personal labor and active personal management to the farming operation;

*Note: there are exceptions for spouses.

Each partner, stockholder, or member must be able to show, by reasonable means, that such activities are **performed on a regular basis** throughout the year, are **identifiable and documentable** and are **separate and distinct** from **any** other partner.

MEMBERS APPOINTED TO COUNCIL FOR NATIVE AMERICAN FARMING AND RANCHING

Secretary Vilsack appointed 15 members to the Council for Native American Farming and Ranching. The council will advise the Secretary by suggesting changes to FSA regulations that would promote Native American participation in USDA programs. For a complete list of appointed members visit the following website:

http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=ner&newstype=newsrel&type=detail&item=nr_20120524_rel_0167.html

FAILED ACREAGE

Reports of failed acreage must be filed before disposition of the crop and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

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 or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

CRP CONTRACTS SCHEDULED TO EXPIRE SEPTEMBER 30, 2012

Participants that have Conservation Reserve Program (CRP) contracts scheduled to expire September 30, 2012 have two options available, let the contract expire or submit an offer to re-enroll the acreage. Participants that allow the acreage to expire will receive their final payment in October of 2012. After September 30, 2012 the acreage is no longer under a CRP

contract and may be planted, hayed or grazed. Before planting, check to see if the land is subject to the highly erodible conservation and wetland conservation compliance provisions. If eligible, participants may apply for early release of CRP acres, which would allow preparation of the land for planting before September 30, 2012.

Participants should contact their local Farm Service Agency Office to reinstate crop acreage bases, if they were reduced when the contract was originally approved. Expired contract acres that were devoted to trees will NO longer be considered cropland and may be ineligible for subsequent CRP contracts and other farm programs.

Participants may also re-enroll acreage that is expiring September 30, 2012 by contacting their local Farm Service Agency Office by August 1, 2012 (this will allow time for preparing the new application). Offers will be accepted if the land meets eligibility requirements and will be eligible to receive a 10-15 year contract that would become effective October 1, 2012. A new Conservation Plan of Operations (CPO) will be required as well as other eligibility requirements.

Please contact your local FSA office for further information.

Selected Interest Rates for June 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.50%
Farm Ownership Loans — Direct	3.50%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans (7 years)	1.250%
Farm Storage Facility Loans (10 years)	1.875%
Farm Storage Facility Loans (12 years)	2.125%
Commodity Loans 1996-Present	1.125%

FSA SIGNATURE POLICY

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

Dates to Remember	
July 16	Deadline to provide 2010 ACRE production on FSA-658
July 16	Deadline to report spring planted crop acreage
Continues	Farm Storage Facility Loans
Continues	Continuous Conservation Reserve program

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office
- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities
- Spouses shall not sign on behalf of each other on a CCC-931 Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information
- Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

