



# NEWSLETTER



## Illinois State FSA Office

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Springfield, IL 62711

217-241-6600  
217-241-6619 fax

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

## SEPTEMBER 2012

Scherrie V. Giamanco  
**State Executive Director**

Rick Graden  
**Executive Officer**

Mary Kirby – **Public Affairs Specialist**

Visit our Website at:  
[www.fsa.usda.gov/il](http://www.fsa.usda.gov/il)

## WELCOME TO THE ILLINOIS FSA STATE NEWSLETTER (5th 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



## PRODUCERS MUST REPORT NAP CROP LOSSES TO FSA

Producers must report crop losses resulting from a weather-related disaster event within 15 days of the disaster or when the loss first becomes apparent, for crops covered by the Noninsured Crop Disaster Assistance Program (NAP).

Prevented planting must be reported no later than 15 days after the final planting date.

Crop losses are acres that were timely planted with the intent to harvest, but the crop failed because of a natural disaster. It is important that producers file accurate and timely loss reports to prevent the potential loss of FSA program benefits.

Producers who have NAP coverage will be required to report crop losses on an FSA form CCC-576 - "Notice of Loss and Application for Payment Noninsured Crop Disaster Assistance Program."

## SEPTEMBER 30th SALES NAP CLOSING DATE FOR 2013 CROPS

The following crops have a 2013 NAP application closing date of September 30, 2012: Forage crops (mechanically harvested and/or grazed), barley and rye.

## NOVEMBER 20th NAP SALES CLOSING DATE FOR 2013 CROPS

The following crops have a 2013 NAP application closing date of November 20, 2012: apples, asparagus, blueberries, caneberries, cherries, grapes, nectarines, peaches, pears, plums, rhubarb, and strawberries.

NAP provides financial assistance to producers of noninsurable crops when low yields, loss of inventory or prevented planting occur due to natural disasters.

In order to meet eligibility requirements for NAP, crops must be noninsurable, commercially-produced agricultural commodity crops for which the catastrophic risk protection level of crop insurance is not available. If the Risk Management Agency (RMA) offers coverage for a crop in the county, then NAP coverage is not available for that crop.

In the event of a natural disaster, NAP covers the amount of loss greater than 50 percent of the expected production based on the approved yield and reported acreage.

Eligible producers can apply for coverage using form CCC-471, Application for

Coverage.

Producers must file the application and service fee by the applicable deadline. The service fee is \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.



### BEGINNING FARMERS AND RANCHERS

Wondering how to get started in farming? The Farm Service Agency (FSA) can answer your questions. FSA offers a wide range of loans and services to meet the needs of beginning farmers. FSA's experienced loan officers provide individualized planning to assist new farmers in building and growing their businesses.

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
- Except for an operating loan, applicant does not own farm acreage greater than 30 % of the median size farm in the county (for real estate loan eligibility)

Applications and additional information are available at your local FSA office or online at [www.fsa.usda.gov](http://www.fsa.usda.gov).

### RURAL YOUTH LOANS

The FSA's Rural Youth Loan program provides financial assistance and business planning to help rural youth get a start on their future, while ensuring the future of family farms. FSA makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. The maximum loan amount is \$5,000. These loans may be used to finance nearly any agriculturally-based, income-producing project.

Interested youth should contact their local FSA office for additional information and an application.

### CHANGES TO EMERGENCY LOANS

Recent modifications have been made to the Emergency Loan (EM) program to expedite calculation of grazing losses in pasture for livestock operations, and allow loans to be made earlier in the season. Producers will no longer have to wait

until the end of the production cycle to obtain a loan. This modification is applicable for applicants in the "Fast Track" designated counties that suffered from a drought intensity value of at least D2 (Drought-Severe) for 8 or more consecutive weeks or D3 (Drought-Extreme) or higher at any time during the growing season according to the U.S. Drought Monitor (see <http://droughtmonitor.unl.edu/>). This change will support producers who currently need assistance to help offset high production costs.

EM loan funds could be used for:

- If an operation liquidates livestock due to a lack of available feed, loan funds can be used to cover lost income from animals sold and lost income from offspring.
- Pasture losses
- Crops planted for grain and later chopped for use as silage
- Loss of nursery plants
- Losses in contract livestock, if the loss of income can directly be attributed to the disaster
- Lost milk production; milk is considered a physical loss
- Losses to perennial crops, such as Christmas trees, and fruit or nut bearing trees
- Equine losses for applicants whose primary income is received from breeding, raising, and selling horses.

In addition to Emergency Loans, FSA has a variety of other loan programs available to assist producers in returning to normal farming operations. Contact your local FSA office on loans that are available.

### FARM LOAN PROGRAMS

The Farm Service Agency (FSA) is committed to providing eligible family farmers with loans to meet their farm financing needs. In addition to loans, FSA provides financial assistance and business planning that help ensure the future well-being of American agriculture.

FSA has a wide range of financial products for eligible applicants, including direct and guaranteed loans that can be used to purchase or improve real estate, finance livestock and machinery, and provide annual operating.

Producers are encouraged to apply early so that a loan can be processed and funded in a timely manner. Applications and additional information are available at your local FSA office or online at

### NEW FARM LOAN PROGRAM WEB PAGE

The Farm Loan Programs (FLP) Web Page has been revamped with a new customer friendly design that provides access to FSA loan program information and resources. You are encouraged to visit the NEW FLP Webpage located at the following URL: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=landing>

### RMA CROP INSURANCE REMINDERS FOR THOSE AFFECTED BY AFLATOXIN

If you think your corn has aflatoxin, notify your crop insurance agent **before** you harvest the grain, put the grain in storage; or deliver it for sale. Your insurance provider will take samples for testing and submit them to an approved testing facility. Depending on the aflatoxin level present, the corn price may be discounted or, in rare cases, the grain will need to be destroyed.

Aflatoxin levels can increase in storage. Therefore, losses are only insurable if the grain is tested at an approved testing facility **before** being moved into commercial or on-farm storage. A producer may also make arrangements with their insurance provider to leave representative sample areas of the unharvested crop. The adjuster will take samples from these areas for aflatoxin testing. Producers cannot collect their own samples. Samples must be collected by their insurance provider or the disinterested third party, such as an approved elevator.

A list of approved testing facilities can be found on RMA's website: [rma.usda.gov/aboutrma/fields/il\\_rso/](http://rma.usda.gov/aboutrma/fields/il_rso/).

Brian Frieden urges all producers to contact their insurance agent with any questions concerning aflatoxin. Your crop insurance agent can provide you with additional information specific to your needs.

### LIVESTOCK PRODUCERS AFFECTED BY DISASTER URGED TO KEEP GOOD RECORDS

FSA urges livestock producers affected by natural disasters to keep thorough records of their livestock and feed losses, including additional expenses for such things as feed purchases because of lost supplies.

FSA recommends that owners and producers record all pertinent information of natural disaster consequences, including:

- Documentation of the number and kind of livestock that have died, supplemented if possible by
- photographs or video records of ownership and losses;
- Dates of death supported by birth recordings or purchase receipts;
- Costs of transporting livestock to safer grounds or to move animals to new pastures; and
- Feed purchases if supplies or grazing pastures are destroyed.

The department's authority to operate the five disaster assistance programs authorized by the 2008 Farm Bill expired on September 30, 2011. This includes SURE; the Livestock Indemnity Program (LIP); the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP); the Livestock Forage Disaster Program (LFP); and the Tree Assistance Program (TAP). Production losses due to disasters occurring after September 30, 2011, are not eligible for disaster program coverage.

### 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.

#### 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. New 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](http://www.fsa.usda.gov)

#### RISK MANAGEMENT AGENCY ANNOUNCES CHANGES TO COVER CROPS

Risk Management Agency (RMA) announced the intent to allow haying and grazing of cover crops without affecting the insurability of planted 2013 crops. This flexibility will allow farmers to provide much needed forage and livestock feed this fall and spring. Details regarding when livestock must be removed and when haying must be completed will be released later this fall.

#### EMERGENCY GRAZING FOR CRP EXTENDED

The deadline for emergency grazing of certain CRP acres has been extended until November 30, 2012. These practices include:

- CP1: Cool Season Grasses and Legumes
- CP2: Native Grasses
- CP4B: Permanent Wildlife Habitat Corridors
- CP4D: Permanent Wildlife Habitat
- CP10: Grass Already Established
- CP18B: Permanent Vegetation to Reduce Salinity
- CP18C: Permanent Salt Tolerant Vegetative Cover
- CP25: Rare and Declining Habitat
- CP38: SAFE (only acreage planted to practice standards correlating to standards of one of the above practices)

Prior to September 30, 2012, interested producers must submit new requests and requests to graze additional acres to their local Farm Service Agency (FSA) county office indicating the acreage to be grazed. All livestock must be removed by November 30, 2012. The extension does **not** apply to emergency haying of CRP.

## FSA NOW ACCEPTING CONTINUOUS SIGN-UP OFFERS FOR THE CRP HIGHLY ERODIBLE LAND INITIATIVE (HELI)

FSA is now accepting continuous sign-up offers for the CRP Highly Erodible Land Initiative (HELI). Illinois received a total allocation of 50,000 acres to enroll in the HELI CRP program. Offers will be accepted until either the state acreage allocation limit is reached or September 30, 2012, whichever occurs first.

New cropland or CRP acres that expire on September 30, 2012 with an erosion rate of at least 20 tons per acre per year may be offered in this initiative. Existing grass stands that are not considered expiring CRP will not be considered eligible. Producers should contact their FSA County Office to determine if their land qualifies for the Highly Erodible Land Initiative and to receive additional location-specific details.

Landowners enrolled in CRP receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible farmland. Incentive payments are not authorized under this initiative.

New land contracts approved during this continuous sign-up initiative will become effective the first day of the month following the month of approval and are valid for 10 years.

CRP contracts set to expire on September 30, 2012, may be offered for consideration and approved contracts will become effective October 1, 2012, and are also valid for 10 years.

## HIGHLY ERODIBLE LAND CONSERVATION (HELC) / WETLAND CONSERVATION (WC) COMPLIANCE- ALSO KNOWN AS 'SODBUSTER/SWAMPBUSTER' COMPLIANCE

Compliance with HELC and WC provisions is required to receive most FSA and Natural Resources Conservation Service (NRCS) program payments and benefits. For participants with HEL fields, they must be in compliance with tillage, crop residue, and rotation requirements as specified in the conservation plan. This is nothing new and has been part of overall program policy since 1985. Contact your local FSA office prior to any land clearing or drainage projects to complete Form AD-1026, HELC and WC Certification.

This includes clearing trees or brush, bringing any acreage into agricultural production (even if it was in production at some point in the past, taken out of production for some reason, and now the desire is to bring it back into production). It is important to note that wetland compliance violations can occur in several situations including 1) draining, dredging, filling, leveling, etc. an area determined to be a wetland to the point where producing an agricultural commodity is possible (it is not the act of planting a crop but simply the action of doing the draining, clearing, etc.), 2) improving drainage on land that may be currently in production but is determined to be a farmed wetland (i.e. the acreage was being farmed before 1985 but meets certain criteria and is considered a 'farmed wetland'- these areas may be farmed and maintained in the same manner as long as they are not abandoned but drainage/tiling actions cannot be done that would improve or enhance the system), 3) other actions that result in wetlands being converted.

These above examples are different from acreage that is determined 'prior converted' that was cropped before 12/23/85, does not meet farmed wetland criteria, and, therefore, are generally not subject to WC provisions.

On any acreage already identified as being highly erodible land, contact NRCS before doing any tillage (or grazing livestock) if it is not currently written into the conservation plan.

These actions could reduce the amount of required residue needed to stay in compliance. In addition, a sodbusting compliance violation could occur if you convert native vegetation, pastureland, or any other area for which an HEL determination has not been made by NRCS.

Also, NRCS is required to conduct status reviews on a percentage of farms every year to see if conservation plans are being followed on HEL tracts. If there is not enough crop residue because of tillage operations or livestock grazing, those tracts will likely be found out of compliance. This could result in losing all program payments on all farms in all counties for the affected participants.

Please follow the approved conservation plans and get written permission on anything that will result in a loss of adequate residue or result in sodbusting or swampbusting. Review conservation plans every year and know the rules. Areas you may think should be easily eligible to be cleared because they are flat and not subject to HELC provisions could be determined to be a wetland and any conversion would then make everyone associated with the area ineligible for benefits. It is your responsibility to notify FSA and NRCS of intentions to clear ground, improve drainage systems on what may be considered farmed wetlands, deviate from an approved conservation plan on HEL land, etc. BEFORE you do these actions so reviews can be conducted to ensure your eligibility is maintained.

Contact your local FSA or NRCS office for more details.

#### CHANGES TO IRS FORMS 1099-G AND 1099-MISC FOR CALENDAR YEAR 2012

In past years, IRS Forms 1099-G were issued to show all program payments received from the Farm Service Agency, regardless of the amount. For calendar year 2012, the 1099-G reporting will change.

IRS Form 1099-G (Report of Payments to Producers) will only be issued to producers whose reportable payments total \$600 or more for the calendar year. Additionally, if the producer has at least \$600 in reportable payments received from multiple FSA offices, only one Form 1099-G will be issued. Producers subject to voluntary withholding or backup (involuntary) withholding will receive the appropriate IRS form, even if combined payments are less than \$600.

The same changes will apply to producers and vendors who normally receive IRS Form 1099-MISC from FSA. Any producer who receives less than \$600 in combined payments should consult a tax advisor to determine if these payments must be reported on their tax return.

For more information regarding IRS reporting changes, please contact your local County FSA Office.

#### MARKETING ASSISTANCE LOANS

Marketing Assistance Loans, also referred to as Commodity Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans. The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

#### MILC PROGRAM

FSA's Milk Income Loss Contract Program (MILC) compensates dairy producers when domestic milk prices fall below a specified level. MILC payments are made when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt) as adjusted by the dairy feed ration adjustment. The monthly Boston price is posted online at:

[http://www.fmmone.com/Northeast\\_Order\\_Prices/NE\\_Prices\\_main\\_new.htm](http://www.fmmone.com/Northeast_Order_Prices/NE_Prices_main_new.htm).

Eligible producers should submit current milk production evidence for MILC payment. Eligibility for 2012 must be completed before payments can be disbursed. Please contact your local County Office to check the status of your eligibility. New dairy producers are encouraged to apply for the program any time before Sept. 30, 2012.

**FSA LOANS FOR TARGETED GROUPS**

FSA has programs to assist beginning, minority, and women farmers to finance agricultural enterprises. As these groups are traditionally under-represented in agriculture, FSA has a special pool of funds to assist these operations. Under these designated 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
- Except for an operating loan, applicant does not own a farm in excess of 30 percent of the county’s median size.

Each member of an entity must meet the eligibility requirements. Loan approval is also dependent on acceptable feasibility and security determinations.

Additional program information, loan applications, and other materials are available at the local USDA Service Center or visit [www.fsa.usda.gov](http://www.fsa.usda.gov) and [www.nrcs.usda.gov](http://www.nrcs.usda.gov)

<b>Selected Interest Rates for September 2012</b>	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.25%
Farm Ownership Loans — Direct	3.375%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans (7 years)	1.125%
Farm Storage Facility Loans (10 years)	1.625%
Farm Storage Facility Loans (12 years)	1.875%
Commodity Loans 1996-Present	1.250%

<b>Dates to Remember</b>	
Continues	Farm Storage Facility Loans
Continues	Continuous Conservation Reserve program