



# NEWSLETTER



**March 2012**

## **Virginia State FSA Office**

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State Executive  
Director**

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**Hours**  
Monday - Friday  
7:30 a.m. - 4:30 p.m.

### **State Staff**

Pete Adamson, Chief  
Farm Loans

Vacant, Chief  
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Connie Washburn-Marsh, Chief  
Administration

Linda Cronin, Public Affairs &  
Outreach Specialist

### **Virginia FSA Internet**

More Information about Virginia FSA  
programs, activities and news can be  
found on the VA FSA Internet at  
<http://www.fsa.usda.gov/va>

## **County Committee Advisors**

Statewide Minority Advisors to the County Committee (COC) have been named. As the COC Advisor they will be a voice for under-represented groups and socially disadvantaged farmers and ranchers in the community. County committee members and their county executive directors, reach out to producer groups who are under-represented on county committees to find the right person to serve as Advisor.

Advisors serve for a 12 month period not to exceed nine consecutive years. They attend each COC meeting, including executive sessions and they participate. One of their primary responsibilities is to increase awareness of and participation in FSA activities, including elections. They help develop interest and incentives for socially disadvantaged group members to consider FSA work as a career. Advisors also solicit candidates from socially disadvantaged groups for nomination during the election process.

## **CRP General Sign-Up**

FSA County Offices will begin accepting offers for enrollment and reenrollment in the Conservation Reserve Program (CRP) on March 12. This 4-week General sign-up ends

April 6. The last General CRP sign-up in Virginia was March 14 – April 15 of 2011 when almost 3,000 acres were accepted for enrollment. A General sign-up provides landowners and operators an opportunity to address the most critical natural resource concerns. General sign-up is competitive. Offers received during the sign-up period are compared with all other offers received nationally and ranked to determine which acres will provide the greatest environmental benefit. The Environment Benefits Index (EBI) is used to rank offers. Once an offer is determined to be acceptable, producers will work with NRCS to develop a Conservation Plan. FSA will provide financial assistance to participants to assist with the cost of implementing conservation practices. Additionally, annual rental payments are provided for the term of the 10 or 15 year contract period.

All CRP conservation practices are available for consideration during a General sign-up. However, many CRP practices are available to Virginia producers on a *continuous* basis. Grass waterways, filter strips, riparian buffers and quail habitat field borders are a few examples of CRP practices that are non-competitive and available on a continuous bases.

To learn more about the CRP and what practice options are available in Virginia, call your local FSA Service Center or go online at [www.fsa.usda.gov/va](http://www.fsa.usda.gov/va).

## CREP Improves Herd Health, Cleans Virginia Waters

Joe Shomo owns 700 acres in rural Augusta County, Virginia, and rents an additional 900 acres. Shomo and his partner Sam Leonard run a 700-head cow/calf Angus operation. The two men are very passionate about farming and conservation.

According to Shomo, several of his neighbors were CREP participants along the Backcreek River, a major tributary of the South Fork of the Shenandoah River. Shomo and Leonard talked with their neighbors about their experiences with the CREP program and determined the program was worth exploring.

In 2002 they entered into a contract on 42 acres. They built nearly 12,000 feet of fence and installed 15 watering stations for their cattle. The fencing keeps the cattle out of the Backcreek River. Shomo and Leonard also installed riparian buffers to filter the animal waste before runoff went into area streams.

"There are only two farmers that border Backcreek now that are not enrolled in CREP," says Leonard. "The water is now noticeably cleaner."

Shomo says the financial aspect of the program has also been good. "I recovered nearly 85 percent of my investment for the fencing, watering systems, and tree plantings," says Shomo.

Shomo and Leonard say the cattle's health has shown definite improvement. "They prefer to drink from the watering stations rather than the creek," says Leonard. "We are installing additional fencing now but the cattle already walk to the watering

stations to get the fresh, clean water rather than drink the creek water."

Shomo has also seen noticeable weight gain in his herd because the cattle do not have to walk as far to get to the water.

Shomo says now that the pastures are fenced they can rotate the cattle. He says this allows the pastures to regenerate better and offers better feed for the herd. "We work hard to be good stewards of the land," says Shomo. "I think the farming community is doing a lot to improve the water quality of the Chesapeake Bay. We are at the riverhead, and that is where good water quality starts."

Shomo added that he feels the agriculture community is sometimes unjustly blamed for causing all the water quality issues affecting the Bay. He says farmers, with the help of USDA and programs like CREP, are doing all they can to preserve the Bay's water quality.

## New Continuous CRP Initiative

FSA has announced a new conservation initiative to protect up to 750,000 acres of the nation's most highly erodible croplands. This initiative will assist producers with targeting their most highly erodible cropland (land with an erodibility index of 20 or greater) by enabling them to plant wildlife-friendly, long-term cover through the Conservation Reserve Program (CRP).

Producers can enroll land on a continuous basis **beginning this summer** at their local Farm Service Agency (FSA) county office. With the use of soil survey and geographic information system data, local FSA

staff can quickly determine a producer's eligibility for the initiative.

Producers are encouraged to contact their local FSA office or visit FSA's website at [www.fsa.usda.gov/crp](http://www.fsa.usda.gov/crp) for additional information regarding CRP.

## DCP/ACRE Sign-Up

2012 Direct and Counter-Cyclical Program (DCP) enrollment runs from Jan. 23, 2012 through June 1, 2012. Here are some IMPORTANT REMINDERS:

- All producers planting on **DCP base** acres must be identified on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.
- Changes on the farm after enrolling June 1 in DCP/ACRE **must** be reported to your local FSA office. Changes may include:
  - Ownership changes
  - Producer changes (Individuals and Entities)
  - Change in crop shares arrangements

**Note:** Changes cannot be made after Sept. 30, 2012.

## Farm Storage Facility Loans (FSFL)

With the implementation of the 2008 Farm Bill producers of eligible commodities can obtain low-interest financing to build or upgrade farm storage and handling facilities. The USDA Farm Service Agency (FSA) administers FSFL on behalf of the USDA Commodity Credit Corporation (CCC).

The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15-20 percent, with CCC providing a loan for the remaining 80-85 percent of the net cost of the eligible storage facility and permanent drying and handling

equipment. 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.

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.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, or barley harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

For more information about FSFL or other FSA price support program, please visit your FSA county office.

## Supplemental Revenue Assistance Program (SURE)

The sign-up for 2010 SURE losses continue through **June 1, 2012**.

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that incurred in the crop year 2010. SURE is available to eligible producers on:

• Farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops.

• Any farm in which, for the crop year, the actual production on the farm because of disaster-related conditions is 50 percent or less than normal production of the farm.

## 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.

Producers can subscribe to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe>.

## Actively Engaged

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management;
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

## 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.

## FSA Payment Record 1099-G

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not

intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data.

## 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.

## Maintaining the Quality of Loaned Grain

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up,

airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

## 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 the county office before you haul any grain under loan.

## Beginning and Limited Resource Farmers

FSA assists 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 percent of the county's median size.

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

## Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating or help purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for socially disadvantaged applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of a group.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.



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<b>Selected Interest Rates for February 2012</b>	
90-Day Treasury Bill	0.125%
Farm Operating Loans - Direct	1.375%
Farm Ownership Loans - Direct	3.375%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.5%
Emergency Loans	3.75%
Farm Storage Facility Loans	1.375%
Commodity Loans 1996-Present	1.125%

<b>Dates to Remember</b>	
	Deadline for spring-planted crop insurance purchase or change
	Deadline for non-insured (NAP) spring crop coverage purchase at FSA
March 12 – April 6	General CRP Signup
Continues	Continuous Conservation Reserve Program and CREP