



Livestock and Crop Disaster Programs Extended

On December 26, 2007, President George W. Bush signed legislation to extend the **Crop Disaster Program (CDP)**, **Livestock Compensation Program (LCP)**, and **Livestock Indemnity Program (LIP)** through December 31, 2007. The change allows crops planted prior to December 31, 2007, intended for harvest in the 2007 crop year, to be included for loss purposes under CDP. Similarly, under LCP and LIP, the date livestock and livestock feed losses could have occurred was extended to December 31, 2007. This change does not make 2008 crops planted in 2007 eligible for CDP.

Sign-up started September 10, 2007, for LCP and LIP. Sign-up started October 15, 2007 for CDP quantity losses. Prior to the extension, producers were eligible for losses that occurred between January 1, 2005, and February 28, 2007, due to a natural disaster, in a county approved for a Presidential or Secretarial disaster declaration.

All counties in Kentucky were covered by an eligible Secretarial Disaster Declaration for 2005 and 2007. The following counties are also eligible for 2006 losses: Allen, Ballard, Bell, Carlisle, Clinton, Fulton, Graves, Henderson, Hickman, McCreary, Pike, Simpson, Wayne, and Whitley.

Farmers that previously applied for losses in 2005 or 2006 should visit their local FSA Office to apply for benefits on 2007 losses. Benefits will be paid for the calendar year with the greatest losses. If you have not applied, visit the FSA Office to apply for eligible benefits in 2005, 2006 and 2007.

Livestock Compensation Program (LCP)

LCP compensates livestock producers for feed losses occurring between



January 1, 2005, and December 31, 2007, due to a natural disaster. Producers in primary counties declared secretarial disaster areas or certain counties declared presidential disaster areas between January 1, 2005, and December 31, 2007, are eligible as are producers located in counties contiguous to those counties. Producers incurring a loss in more than one of the 2005, 2006 or 2007 calendar years may apply for all years however they will only receive benefits in the year in which the payment is most beneficial. The

national payment rate represents 61 percent of the cost for corn needed to maintain the specific livestock for 30 days, as determined by FSA.

Eligible Livestock

The following are among the types of livestock operations that will be eligible for LCP: dairy cattle, beef cattle, buffalo, beefalo, equine, poultry, elk, sheep, goats, and swine. The payment rate for each livestock category will be 61 percent of the cost for corn needed to maintain the specific livestock for 30 days, as determined by FSA.

Livestock Indemnity Program (LIP)

LIP compensates livestock producers for livestock losses between January 1, 2005, and December 31, 2007, that resulted from natural disasters. To be eligible for LIP, an owner's livestock must have died in an eligible county as a direct result of an eligible disaster event; the livestock must have been maintained for a commercial farming operation on the day they died; and not have been produced for reasons other than commercial farming. Livestock producers incurring livestock losses in more than one of the 2005, 2006 and 2007 calendar years may apply for all years however benefits will only be paid for the year most beneficial.

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Message from the State Director ...

Jeffery S. Hall
State Executive Director

Another calendar year is in the books. While Farm Service Agency (FSA) operates on a fiscal year that ends September 30th, we all look to the beginning of a new year as a time for reviewing and planning. The year 2007 was filled with some major challenges. It was one of the driest years on record, plus the Easter weekend freeze. Now, we start this year with the optimism of a better year.

As we look at 2007 within FSA, farm program payments were the lowest during the current farm bill cycle. This is an indication that crop prices were higher than in the past, with fewer counter-cyclical payments and loan deficiency payments.

We had a very successful year in our farm loan programs, leading the nation in the number of new direct loans, while we kept payment delinquency at a low level.

We began implementing crop and livestock disaster programs as a result of legislation approved by Congress early in the year. In December, the crop and livestock disaster programs were extended to include losses suffered in 2007.

Now we are waiting on a new farm bill. There will obviously be some changes in FSA programs, but we must wait for Congressional action and the signature of the President before we can begin the process of implementing this new bill.

As always, this year will bring challenges that we never anticipated and rewards that we don't expect. May you have a prosperous 2008.

Livestock and Crop Disaster Programs Extended (2205, 2006 or 2007 Crop Years)

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Crop Disaster Program (CDP)

CDP provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters if the crop was planted or the crop would have been planted before December 31, 2007. Crops planted prior to December 31, 2007 for the 2008 crop year are not covered.

Who is Eligible to Apply

Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits.

Eligible Crops

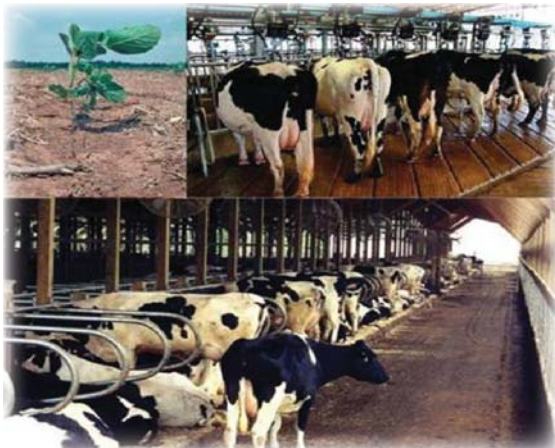
Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP. Losses on crops intended for grazing are not eligible. Eligible causes of loss are: adverse weather, weather-related insect and disease infestation, drought, and water rationing. A crop may be eligible for CDP if damaging weather prevented the crop from being planted or adversely affected the quantity and/or quality of the production. The payment rate is set at 42 percent of the established price. Farmers may receive a maximum of \$80,000 in CDP benefits.

Sign up for quality losses will take place at a later date.

Dairy Disaster Assistance Program III (DDAP) Extended

Sign-Up Begins December 3: DDAP-III will provide \$16 million in financial assistance to producers who suffered dairy production losses because of natural disasters. Sign-up began December 3, 2007.

Where to Apply: Dairy producers may apply to receive DDAP-III benefits at local FSA service centers. If you have already applied, contact your local FSA office to determine if 2007 would qualify for a larger payment. The final date to apply has not been determined.



Eligibility Requirements: Eligibility requirements producers must meet to receive benefits:

- producers must have suffered dairy production losses attributed to the declared natural disaster during the eligible period in an approved area; and
- producers must have produced and marketed milk any time between January 1, 2005, and December 31, 2007;
- producers must provide proof of monthly milk production commercially marketed by all persons in the eligible dairy

operation during the applicable milk marketing calendar year and claim period (January 2, 2005 - December 31, 2007).

Proof of Production and Losses: Producers must provide satisfactory production evidence for the claim period (January 2, 2005 - December 31, 2007).

FSA will calculate a producer's total dairy production losses using the base year production minus commercially marketed production during the disaster period. FSA will calculate base year production by multiplying the USDA National Statistics Service (NASS) average milk produced per cow in a state by the number of cows in a producer's operation. If NASS data is unavailable for the state where the eligible disaster occurred, the FSA deputy administrator for farm programs may develop an alternate method.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA report could result in civil penalties of up to 25 percent of the fair market value of the property.

Has Your Farming Operation Changed?

Contact your local
FSA Office
if you have...

Sold any land
Purchased any land
Changed tenants
Rented additional
land

United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write: USDA, Director of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

Continuous CRP

The Continuous Conservation Reserve Program (CRP) is a private lands environmental improvement program that allows participants the opportunity to enroll acreage in conservation practices that will reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

The CRP program is a voluntary enrollment program. Eligible landowners enter into contracts that range from 10 to 15 years in length. In return, the landowners will receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.



Most frequent practices under Continuous CRP are:

- grassed waterways
- filter strips
- buffers for wildlife and streams

To be eligible for enrollment in the Continuous CRP, participants and acreage must meet certain requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollments of acreage into Continuous CRP. Landowners may enroll in the program at any time during the year.

For more information on Continuous CRP enrollments contact your local FSA office.

CAUTION

Before you sell any land under CRP contract, call FSA to determine your contract liability.

Interest Rates

January 2008

DIRECT

Operating Loans	4.375%
Farm Ownership Loans	5.125%
Emergency Loans	3.75%
Commodity Loans	4.25%
Farm Storage Facility Loans	3.625%

Emergency Drought Assistance Information

FSA County Offices were authorized to accept requests for cost share from producers who suffered significant financial hardship as a result of taking emergency action because of the drought. Signup was authorized for providing emergency water to livestock and existing irrigation systems for orchards and vineyards. Because funding was not available at the time of signup, producers were notified that action taken to relieve drought conditions, before an actual approval is issued by the FSA office, is at the producer's own risk.



The Kentucky State FSA Committee has determined that drought conditions across Kentucky have significantly improved as of December 1, 2007, and emergency action to relieve drought conditions was no longer necessary. If producers, who have applied for cost share, take action or plan to take action after December 1, 2007, cost share approval may not be authorized.

Funding status for the Emergency Conservation Program Drought (ECPD) remains the same. Once funding is received, producers will be contacted to determine if emergency action was taken. Any person, who completes or has completed measures to provide emergency water to livestock, vineyards or orchards before written approval notification from the FSA office, does so at their own risk. If you applied and have questions about your status, contact your local FSA office.

176 Million Paid to Tobacco Quota Holders and Producers

On January 14, 2008, Farm Service Agency (FSA) began issuing the fourth round of Tobacco



Transition Program Payment (TTPP) payments to eligible quota holders and producers. In 2007, FSA paid \$176,540,099 to Kentucky tobacco quota holders and producers under TTPP.

Successor-In-Interest

Beginning January 16, 2008, quota holders and producers can enter into successor-in-interest contracts for subsequent payments which would enable contract holders to receive lump-sum payment from private entities by selling the remaining six TTPP payments.

Contract Holders

Contract holders may also elect to transfer their TTPP contract to a family member by completing Form CCC-971 (Transfer of TTPP Contracts Exempt from

Maximum Discount Rate) at their local County FSA Office.

For more information on the TTPP, visit the Tobacco Page on the USDA Farm Service Agency's web site at www.fsa.usda.gov or contact the National Tobacco Processing Center at 1-800-673-2331.

Signature Authority for Spouses

A husband and wife may sign FSA and CCC documents on behalf of each other unless written notification has been provided to the FSA office denying a spouse this authority. Spouses may sign most documents, except promissory notes, CRP easements, and certain security agreements.

NAP Deadline Fast Approaching

NAP is designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production for an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance.

Final Dates to Apply for Coverage Under NAP for 2008

Crop	Application Closing Date
Beans	Mar-15
Beets	Mar-15
Broccoli	Mar-15
Cabbage	Mar-15
Cantaloupe	Mar-15
Cauliflower	Mar-15
Corn	Mar-15
Cucumbers	Mar-15
Eggplant	Mar-15
Gourds	Mar-15
Herbs	Mar-15
Lettuce	Mar-15
Oats	Mar-15
Onions	Mar-15

Crop	Application Closing Date
Okra	Mar-15
Peppers	Mar-15
Potatoes	Mar-15
Pumpkins	Mar-15
Radish	Mar-15
Squash	Mar-15
Strawberries	Mar-15
Sweet Potatoes	Mar-15
Tomatoes	Mar-15
Turnips	Mar-15
Watermelon	Mar-15

Note: For any crop not listed above contact your local Farm Service Agency.

Landowner Designation

As a landowner, you may be able to designate the method used to divide the bases on the farm.

The parent farm owner and the purchaser or transferee must file a written memorandum of understanding with the local FSA office before the farm is divided. To be eligible for designation by landowner, the land sold or transferred must have been owned for at least 3 years. A deed does not satisfy the requirement for a written memorandum of understanding.

Contact your local FSA office for more information.

FSA Beginning Farmer Loan Program Helps Nicholas Hardesty Accomplish his Dream of Becoming a Farmer

Nicholas Hardesty of Meade County, Kentucky, grew up planning for a career as a farmer. He did not let the fact that he wasn't born into an established farming operation deter him from his goal. His parents owned three acres of land. He began showing hogs at a very young age and eventually started breeding hogs to improve the quality of his stock and provide other 4-H and FFA members a place to buy quality show animals at an affordable price. He used his profits to purchase small pieces of equipment to enhance his operation. Nicholas eventually added three acres of tobacco to his operation in 2001 at the age of 15. In 2006, his breeding efforts paid off as he was named the Kentucky Proud Top Swine Breeder.

FSA has had the pleasure of working with Nicholas for the last several years. He first applied to the Farm Service Agency in May, 2005, for a loan to expand his farming operation, adding beef cattle to his tobacco and hog operation.

Donna Marsch, FSA Farm Loan Manager, recalls when she first met with Nichols, she was impressed that he had such a detailed set of records for his past operat-



Nicholas Hardesty on farm with his cattle.

ing cycles. Nicholas expanded his operation that year by leasing a nearby farm and adding six bred beef heifers.

In 2006, Nicholas again worked with FSA to increase his cattle herd by 12 more bred heifers and a bull and to increase his operation for 2007. Nicholas today has over 65 cows, along with his hogs, hay, and tobacco operation. In the last two years, Nicholas has not only devel-

oped a herd of cattle to be proud of, but has also increased his tobacco from seven acres in 2005 to 15 acres in 2007. He received an Associates degree in business from Elizabethtown Community and Technical College and is considering furthering his education with a degree in agriculture.

Nicholas's determination has paid off big. Last summer Nicholas was chosen as one of four finalists for the coveted National FFA American Star Farmer award. Only one winner is selected each year. In October, 2007, Nicholas received the award at the 80th National FFA Convention held in Indianapolis, Indiana. Nicholas is the first Kentucky FFA member ever to receive the American Star Farmer Award in its 77-year history.

Nicholas Hardesty is an excellent example of what can be accomplished through the FSA Beginning Farmer Loan programs.

Farm Loans Available



FSA lends money and provides financial assistance to eligible applicants who operate family-size farms. Under the Guaranteed Loan Program, FSA guarantees loans made by conventional lenders for up to 95 percent of principle. The lender may sell the guaranteed portion of the loan to a third party; however, that will not change your relationship with your lender. All loans must meet certain qualifying criteria to be eligible for guarantees, and FSA will monitor the lender's servicing of the loan. For those unable to qualify for a Guaranteed Loan, FSA offers Direct Loans, which are made and serviced by FSA.

To qualify for a Direct Farm Loan, the applicant must have sufficient repayment ability and loan collateral.

For additional information on how to apply for a loan, contact your local FSA office.

Participation Loans

FSA offers a Joint Financing Loan Program within its direct Farm Ownership (FO) Program. If the applicant obtains 50% of the total funds needed from a commercial lender, the interest rate on the FO loan is fixed currently at 5 % and the term may be as long as 40 years. The commercial lender will hold the first mortgage on the farm to be purchased. This program offers a tremendous advantage to the applicant by receiving a low blended interest rate and extended loan terms.

COCORaHS Comes to Kentucky

CoCoRaHS is an acronym for the Community Collaborative Rain, Hail and Snow Network. CoCoRaHS is a unique, non-profit, community-based network of volunteers of all ages and backgrounds working together to measure and map precipitation (rain, hail and snow). By using low-cost measurement tools, stressing training and education and using an interactive Web site, CoCoRaHS' aim is to provide the highest quality data for natural resource, education and research applications.

Anyone can volunteer and participate. Volunteers record precipitation results in a database online.



The cost of the rain gage is \$22.00 dollars plus shipping and handling.

The database generates, organizes and displays reports for anyone to apply to daily situations ranging from water resource analysis and severe storm warnings. Every Kentucky county will have a precipitation map with daily updates. Having a network of volunteers will capture a true precipitation picture across Kentucky that can be very important, especially in drought years where every little bit of moisture matters.

CoCoRaHS will provide the National Weather Service with high resolution rainfall data that will

be used to provide more accurate flood and flash flood warnings.

Kentucky CoCoRaHS is a collaboration of the UK College of Agriculture, Kentucky Climate Center at Western Kentucky University, Kentucky's National Weather Service offices and Kentucky Farm Service Agency.

For more information or to become a CoCoRaHS observer visit the web site at <http://www.cocorahs.org>.

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When 'Partly Sunny' Isn't Good Enough

"Make hay while the sun shines" may be a good metaphor and a valuable life lesson, but for the people who really do "make" hay, it takes more than a forecast for sunny skies to make the proper plans. That's where the University of Kentucky College of Agriculture's new point agriculture, lawn and garden weather service comes in.



Tom Priddy, UK meteorologist, says there is a lot of weather information that farmers need but not currently provided, and "partly sunny with a 20 percent chance of showers just does not cut it." So, working with the National Weather Service, Priddy and his staff have devised new methods to get the right information out at the right time to the people who can use it. That information includes a county-by-county, zip code, and point agriculture, lawn, and garden weather forecasts for Kentucky and the U.S.

They have taken products provided by the National Weather Service and developed new agricultural weather services and educational tools that could make life on the farm a little more predictable and successful. When a farmer uses the information and tailors it to his own needs, it's hoped that it will result in better weather information for management decisions.

In each forecast, the data is run through agricultural criteria and provide "windows of opportunity" for various outdoor operations, such as hours of favorable spraying conditions.

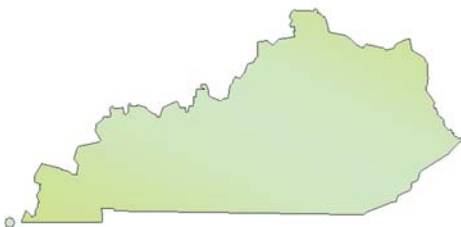
The new weather information is available for 48 states in continental U.S. at: <http://www.wagwx.ca.uky.edu/ukawc.shtml>

For dial-up users, go to: <http://www.wagwx.ca.uky.edu/dialup.shtml>

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Farm Service Agency
serving
Kentucky's Farmers.

Important Dates

- ✓ Feb. 18 Washington's Birthday - FSA Offices Closed
- ✓ March 1 Final date to purchase NAP coverage for Alfalfa, Clover, Grass-forage, Grass-grazing, Lespedeza and Mixed Forage
- ✓ March 31 Final date to apply for LDP on 2007 Small Grains
- ✓ May 26 Memorial Day - FSA Offices Closed
- ✓ July 4 Independence Day - FSA Offices Closed
- ✓ July 16 Final date to certify all crops, except small grain

Special Accommodations...

will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact their local FSA County office.