



# Kentucky NEWS

June 2008



## 2008 Farm Bill

The Food, Conservation, and Energy Act of 2008 (2008 Act), Public Law 110-234, was enacted into law May 22, 2008. Many provisions of the 2008 Act are effective for 2008.

### DCP Continued through 2012

The 2008 Act provides for continuing DCP for 2008 through 2012 and authorizes an Average Crop Revenue Election (ACRE) Program for 2009 through 2012.

**Sign up for 2008 DCP begins June 25**

2008 covered commodities eligible for DCP are: Barley, Corn, Grain Sorghum, Oats, Other Oilseeds (Canola, Crambe, Flaxseed, Mustard Seed, Rapeseed, Safflower, Sesame Seed, or Sunflower Seed), Peanuts, Rice, Soybeans, Upland Cotton and Wheat.

Base acres in effect on Sept. 30, 2007, will be in effect for 2008 DCP. For 2009, pulse crops (chickpeas, dry peas, and lentils) will be added as a covered commodity.

**Payment Acres:** Under the 2002 Act, payment acres were 85 per-

cent of the applicable base acres. The 2008 Act provides for direct payment base acres to decrease to 83.3% starting in 2009.

**NEW:** Generally, farms that have 10 base acres or less will not receive direct or counter-cyclical payments unless that farm is wholly owned by socially disadvantaged or limited resource farmers.

**Direct Payments:** Direct payments will be issued for the 2008 through 2012 crop years for covered commodities (other than pulse crops). Advance direct payments will be available with payment percentage rate of 22 percent.

Crop	2008 through 2012 Payment Rate
Barley	\$0.24/bu
Corn	\$0.28/bu
Grain Sorghum	\$0.35/bu
Oats	\$0.024/bu
Other Oilseeds	\$0.80/cwt
Soybeans	\$0.44/bu
Upland Cotton	\$0.667/lb
Wheat	\$0.52/bu

**Counter-Cyclical Payments** will be issued if the effective price is less than the target price for the covered commodity. Payments are made after October 1 or as soon as practical after the end of the marketing year for the commodity.

**Payment Limitation:** The payment limitation amounts for direct payments received, directly or indirectly, by a person or legal entity are \$40,000. The payment limitation amounts for counter-cyclical payments are \$65,000. Each participant receiving a payment must have a current certification of AGI or CCC-526 on file.

**Power of Attorney:** Producers and landowners who previously executed FSA-211 or other Power of Attorney, authorizing 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.

### CDP Sign Up

- ✓ CDP Quantity losses sign-up continues.
- ✓ CDP Quality losses sign-up date begins **June 23**

*Message from the State Director ...*

Jeffery S. Hall  
State Executive Director

The 2008 Farm Bill is now law, but not without some drama. Nearly eight months after the old law expired, the new version has moved to the implementation phase. Holding true to recent history, the Food, Conservation and Energy Act of 2008 is more comprehensive. It has 15 different titles, adding programs for livestock and poultry, a permanent disaster program, a separate title for horticulture, plus several other added areas of emphasis.

Focusing on the titles that most directly impact Farm Service Agency (FSA), there will be some interesting changes that will require some decisions by producers. The Direct and Counter Cyclical Program will continue, but an optional Average Crop Revenue Election (ACRE) is available in Crop Year 2009. The rules are yet to be written on ACRE, but it does apply to all covered commodities, and once you change you can't go back.

Marketing loans will still be available, but loans rates will be adjusted to the new law. Loan deficiency payments are still an option, but the rate for the payment and when beneficial interest of the commodity was lost will change. Again, we must wait on the rules to be written in order to know the specifics.

There are also changes in payment limitations and adjusted gross income provisions. This ended up being one of the more contentious parts of the entire farm bill debate. The payment cap for program benefits have changed and payments are directly attributed to individuals rather than entities. Individuals with non-farm adjusted gross income greater than \$500,000 are not eligible for program benefits. If the farm income exceeds \$750,000 the individual loses eligibility for direct payments.

The credit title increased the loan limits on farm ownership and operating loans from \$200,000 to \$300,000. The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010. Additional priority is given to beginning farmers and socially disadvantaged farmers for FSA loan programs.

Overall, conservation program funding is increased, but the acreage cap on the Conservation Reserve Program is reduced to 32 million acres. Additional emphasis will be placed on targeted conservation programs and special wildlife initiatives.

A new disaster assistance program is created to assist farmers with eligible losses due to natural disasters. The program is intended to complement existing crop insurance programs and eliminate the need for ad-hoc disaster programs.

With many new programs, the cost of this legislation is above the previous farm bill. The Congressional Budget Office estimates the total spending at nearly \$297 billion. That is about \$25 billion over the actual cost of the 2002 Farm Bill. Just over 14 percent of the total spending will be directed towards the commodity support programs. That compares to 27 percent over the past five years.

Conservation spending will increase by more than forty percent to \$26.5 billion. The biggest increase will go to the Food Stamp Program. Spending will increase by \$47 billion and will account for three out of every four dollars spent by this farm bill over the next five years.

The best advice is stay tuned for additional information on implementation of this new farm bill. Program changes will begin rolling out over then next few weeks. Bigger changes will take some time to develop, but as always, check with your local FSA Service Center employees for the most current information.

A handwritten signature in black ink that reads "Jeffery S. Hall". The signature is written in a cursive, slightly slanted style.

## 2008 County Committee Elections

The Kentucky Farm Service Agency (FSA) is soliciting candidates for the County FSA Committee (COC) from June 15 through August 1, 2008.

One of FSA's responsibilities is to conduct County Committee elections in an open manner that ensures accountability. County FSA Offices will provide local organizations representing socially disadvantaged groups with detailed information about the COC election process. FSA is reaching out to agricultural communities to get equitable representation on their county committees. The members on County Committees are nominated and elected by local producers who are eligible to participate in FSA programs.

### Are You a Beginning Farmer or Rancher

Beginning farmers and ranchers can provide a fresh, new perspective to the local County Committee. Your interest in becoming a successful contributor to the local farming community can provide the Committee with a refreshing, energetic boost! Farm Service Agency is interested in recruiting you to participate on the local County Committee!

Beginning farmers are eligible to nominate candidates and/or vote for County Committee membership. County Committee members are a crucial link between the local agricultural community and the USDA. Among other issues, the local County Committee meets to discuss how USDA can develop programs and opportunities to assist beginning farmers and ranchers to establish successful, economically viable, and productive farming operations.

### Local Administrative Areas (LAA)

A county or multi-county area served by the county committee is divided into 3 or 5 LAA Areas. Each LAA is represented by one member on the county committee. A person may only vote in one LAA in each county or multi-county area in which they participate or cooperate in FSA programs or programs administered by FSA.

### Who Can Vote

Agricultural producers of legal voting age can vote if they participate or cooperate in any FSA program. A person who is not of legal voting age but supervises and conducts the farming operations of an entire farm can

The poster features the USDA logo and the Farm Service Agency name. It lists the following dates and events:

- June 15, 2008**: Nomination period begins. Forms are available from your local FSA Office and online at <http://www.fsa.usda.gov>
- August 1, 2008**: Last day to file nomination forms at the local FSA Office
- November 3, 2008**: Ballots mailed to eligible voters
- December 1, 2008**: Last day to return voted ballots to the local FSA Office
- January 1, 2009**: Elected committee members and alternates take office

The poster concludes with the slogan "FSA Counts on You: Nominate and Vote!" and a photograph of a diverse group of farmers. A small note at the bottom states "USDA is an equal opportunity employer and provider."

also vote. More information about voting eligibility requirements can be found online at: [http://www.fsa.usda.gov/ News & Events/County Committee Elections](http://www.fsa.usda.gov/News%20&%20Events/County%20Committee%20Elections). Producers may contact their local USDA Service Center for more information.

## Continuous CRP

The advertisement shows a lush green field with yellow wildflowers. The text reads: "Small parcels make a **BIG** difference!" and "Consider Re-enrolling in Continuous CRP".

Continuous CRP Practices are designed to address environmentally sensitive areas that should not be cropped.



## 2008 Reconstitution

August 1 is the deadline to request a farm reconstitution for 2008.

**NEW:** A farm having base acres of 10.0 acres or less may not be combined with another farm unless one of the farms undergoes a change in land ownership.

## ACRE Program

As an alternative to receiving counter-cyclical payments and in exchange for a 20-percent reduction in direct payments and a 30-percent reduction in marketing assistance loan rates during each crop year, producers will have an opportunity to make an irrevocable election to instead receive average crop revenue election (ACRE) payments for the initial crop year for which the election is made through the 2012

## Disaster Assistance

Five new disaster assistance programs will be available to make payments to farmers and ranchers.

**SURE Program:** The Supplemental Revenue Assistance Payments Program will be available to eligible producers on:

- farms in disaster counties, including contiguous counties, that have incurred crop production losses and/or crop quality losses during the crop year. Disaster counties are counties covered by a qualifying natural disaster declaration.
- any farm in which, during the

calendar year, the total production of the farm because of weather is greater than 50 percent of the normal production of the farm.

To be eligible for the SURE Program, the producer must have purchased or be enrolled in the following, for each:

- insurable crop on the farm, a policy or plan of insurance under the Federal Crop Insurance Act
- noninsurable commodity on the farm, filed the required paperwork and paid the assistance fee by the applicable State deadline, for the noninsured crop assistance program.

**For 2008,** producers who do not meet this requirement may have this provision waived if the producers pay a fee in an amount applicable to the noninsured crop disaster assistance program fee or catastrophic risk protection plan fee by no later than **August 20, 2008.**

**LIP:** The Livestock Indemnity Program will be available to eligible livestock producers on farms that have incurred livestock death losses in excess of normal mortality because of adverse weather during the calendar year, including losses because of hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

**LFP:** The Livestock Forage Disaster Program will be available to eligible livestock producers who suffered grazing losses for eligible livestock because of:

- drought, on land that is either:
  - native or improved pastureland with permanent vegetative cover,
  - planted to a crop specifically for

providing grazing

- fire, on rangeland managed by a Federal agency, if the eligible producer is prohibited from grazing on the managed rangeland.

**EALHF:** The Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish Program will provide emergency relief to producers of livestock (including horses), honey bees, and farm-raised fish because of losses from adverse weather or other conditions, such as blizzards and wildfires, as determined by the Secretary of Agriculture.

**TAP:** The Tree Assistance Program is reauthorized, subject to funds being appropriated, to provide assistance to orchardists and eligible nursery tree growers who produce nursery, ornamental, fruit, nut, or Christmas trees for commercial sale that lost trees because of a natural disaster as determined by the Secretary of Agriculture.



## Prevented Planting or Failed Acreage

To ensure program eligibility, report prevented and/or failed crop acreage to FSA. Prevented planting must be reported no later than 15 calendar days after the final planting date for the crop. Failed acreage must be reported before the disposition of the crop.

## Reporting Crop Acreage Important for FSA Programs

Acreage reports are required for many Farm Service Agency programs. Acreage reports are needed to maintain eligibility for Price Support loans, the Noninsured Crop Assistance Program (NAP) and the Conservation Reserve Program (CRP).

**The final date to report all crops, except small grains and certain NAP crops has been extended to August 15 for 2008.**



June 2 was the reporting deadline for small grains. Reports filed after the reporting deadline are subject to a late reporting fee.

Please remember that filing an accurate acreage report, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports on crops for which NAP assistance may be paid are due in the county office by the earlier of final crop reporting date or 15 calendar days before the onset of harvest or grazing.

**NAP** (Noninsured Assistance Program) provides financial assistance to eligible producers affected by natural disasters. To be eligible you must file form CCC-471 with your local FSA Office and pay the applicable service fee by the application closing date.

CROP	Application Closing Date
Christmas Trees	Sep-1
Crustaceans	Sep-1
Finfish	Sep-1
Flowers	Sep-1
Grass-Sod	Sep-1
Nursery	Sep-1
Barley-GR	Sep-30
Rye	Sep-30
Wheat	Sep-30
Apples	Nov-20
Blueberries	Nov-20
Caneberries	Nov-20
Grapes	Nov-20
Honey	Nov-20
Peaches	Nov-20
Pears	Nov-20
Pecans	Nov-20
Rhubarb	Nov-20

## Farm Storage Facility Loans



Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn.

Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities. All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact your local FSA Service Center.

### Interest Rates

*June 2008*

#### DIRECT

- Operating Loans 3.125%
- Farm Ownership Loans 4.875%
- Emergency Loans 3.75%
- Commodity Loans 3.00%
- Farm Storage Facility Loans 3.375%
- TTPP Discount 7.00%



### Direct Farm Ownership and Direct Farm Operating Loans

The maximum loan amount authorized is increased from \$200,000 to \$300,000 for each program. Available loan dollars are projected to increase for these programs due to the increase in loan size.

### Farm Ownership Loan Program Down Payment

The program is expanded to include Beginning Farmers and Socially Disadvantaged Farmers. The interest rate is specified as the greater of the direct Farm Ownership rate less 4% or 1.5% whichever is greater. The maximum loan amount is changed from \$100,000 to an amount not to exceed 45 percent of the lesser of: (a) the purchase price of the farm or ranch; (b) the appraised value of the farm or ranch; or (c) \$500,000. The loan term is extended from 15 to 20 years. The required down payment is reduced from 10% to 5%.

### Suspension Period for Borrowers

The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010. This allows additional time for borrowers to receive guaranteed loans.

## July 18

*Final Date  
to Apply for  
2005 - 2007  
Livestock Compensation  
Program (LCP)  
and  
Livestock Indemnity  
Program (LIP)*

## New CRP Practice - State Acres for Wildlife Enhancement



Kentucky land owners and operators of certain cropland in designated geographic areas may enroll eligible land in a new continuous Conservation Reserve Program (CRP) conservation practice titled State Acres for Wildlife Enhancement (SAFE).

**SAFE** is a wildlife management tool that helps state and regional agencies, non-profit organizations and others to address local wildlife objectives through habitat restoration. SAFE provides conservation partners the flexibility to create projects and install conservation practices that target the specific needs of high-value wildlife species. By developing SAFE projects, these organizations and their partners enhance the effective-

ness of CRP by helping to establish higher-quality habitat and healthier ecosystems for species of concern and other wildlife.

Offers for enrollment in SAFE practices are accepted on a continuous CRP basis. Offers are automatically accepted provided the land and producer meet certain eligibility requirements. Offers for continuous sign-up are not subject to competitive bidding. Continuous sign-up contracts are 10 to 15 years in duration. For more information on Kentucky's SAFE sign-up contact your local FSA Service Center.

## Crop Disaster Program (CDP)

The Crop Disaster Program (CDP) provides payments to eligible producers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters. Producers may receive benefits for only one of these years. However, producers may apply for benefits for losses to multiple crops as long as the losses occurred in the same crop year. Sign-up for quantity losses began October 15, 2007 and continues. Sign-up for quality losses begins June 23.

To be eligible for Quality Losses, producers must submit receipts that contain all three of the following items: Price, Production, and Quality affected. Quality losses must be due to an eligible disaster condition.

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. Quantity losses in excess of 35 percent are eligible for CDP. Quality losses in excess of 25 percent are eligible for CDP.

## CRP for Critical Feed Needs

On May 27, Secretary of Agriculture Ed Schafer authorized certain acreage enrolled under CRP to be available for hay and forage after the primary nesting season ends for grass-nesting birds (August 1 for Kentucky). Acreage eligible for critical feed use includes acreage that is fully established and devoted to the following CRP practices:

- CP1, Establishment of Permanent Introduced Grasses and Legumes
- CP2, Establishment of Permanent Native Grasses
- CP4B, Permanent Wildlife Habitat
- CP10, Vegetative Cover

No more than 50 percent of the eligible CRP acreage may be used for



haying. Grazing can be conducted at 75 percent of the NRCS recommended stocking rate on 100 percent of the eligible acres or at 100 percent on 75 percent of the eligible acres. The most environmentally sensitive land enrolled in CRP is ineligible for critical feed use. Land within 120 feet of a stream or other permanent water body is ineligible.

Sign-up for interested CRP participants began on June 2. The modification for critical feed use is only for 2008. All forage use must be completed no later than Nov. 10, 2008.

To participate CRP participants must apply at the local FSA Office and obtain a modified conservation plan from NRCS. No payment reduction will be assessed; however a \$75 fee will be charged per contract to process the required contract modification.

**Kentucky FSA News**  
is published by

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## 2008 Crop

### MAL's and LDP's



2008 crop Marketing Assistance Loans (MAL's) and Loan Deficiency Payments (LDP's) will be available on barley, canola, corn, crambe, dry peas, flaxseed, grain sorghum, honey, lentils, mohair, mustard seed, oats, rapeseed, rice, safflower, sesame seed, small chickpeas, soybeans, sunflower seeds, wheat and graded and non-graded wool.

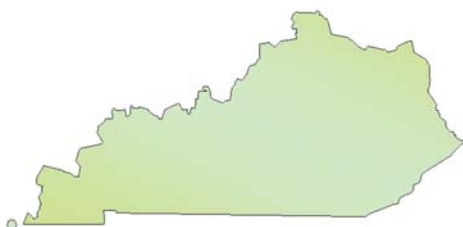
Beneficial interest policy for the 2008 crop year will remain the same as 2007. There is a combined \$75,000 payment limitation for MAL's and LDP's for barley, corn, dry peas, grain sorghum, lentils, oats, minor oilseeds, rice, small chickpeas, soybeans and wheat. There is a separate combined \$75,000 payment limitation for the following: graded and non-graded wool, honey, mohair, peanuts and unshorn pelts.

Hay, silage, and unshorn pelts derived from the eligible loan commodities are eligible for LDP, but not for MAL's.

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Farm Service Agency  
serving  
Kentucky Farmers

### 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 Service Center.

## *Important Dates*

- ✓ July 4 Independence Day - FSA Offices closed
- ✓ July 18 Deadline to enroll in 2005 - 2007 LCP and LIP Office.
- ✓ August 1 Final date to file COC nomination forms at County
- ✓ August 15 Final date to certify all crops, except small grain and value loss crops. The date has been extended from July 15 for 2008 only
- ✓ Sept 1 Final date to apply for coverage under NAP for Sod-Grass, Christmas Trees, Crustaceans, Ornamental Nursery, and Flowers
- ✓ Sept 30 Final date to apply for coverage under NAP for 2008 on Barley-GR, Rye and Wheat
- ✓ Sept 30 Final date to enroll in 2008 DCP
- ✓ Nov 20 Final date to apply for coverage under NAP for 2008 on Apples, Blueberries, Caneberries, Grapes, Honey, Peaches, Pears, Pecans, and Rhubarb