



Sign-up for New Livestock and Crop Disaster Programs

On May 25, 2007, President Bush signed into law legislation providing funds for a Crop Disaster Program (CDP), Livestock Compensation Program (LCP), and Livestock Indemnity Program (LIP). Eligible livestock producers can now apply to receive benefits under the new Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP). Signup started September 10, 2007. Eligible farmers can sign-up for the Crop Disaster Program (CDP) beginning October 15, 2007, if they suffered quantity losses to their crops. Sign-up for CDP quality losses has not been announced.

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

Livestock Compensation Program (LCP)

LCP compensates livestock producers for feed losses occurring between January 1, 2005, and February 28, 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 February 28, 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 must choose only one year for which they want to



apply for benefits.

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. Producers will not be penalized if they reduced the average number of livestock they owned for grazing during the production year for which assistance is being provided. Livestock producers applying must submit adequate proof that the feed

loss or incurred additional feed costs were for the claimed eligible livestock and occurred as a direct result of an eligible disaster event.

LCP benefits may not exceed the smaller of the calculated payment rate or the value of the feed loss as determined by FSA. Producers may receive no more than \$80,000 under LCP.

Where to Apply: Eligible livestock producers can now apply for benefits. Livestock owners should file in their administrative county office. A livestock owner's administrative county office is generally where the livestock owners farm records are maintained.

Livestock Indemnity Program (LIP)

LIP compensates livestock producers for livestock losses between January 1, 2005, and February 28, 2007, that resulted from natural disasters, including losses due to blizzards that started in 2006 and continued into January 2007. Producers in primary counties declared secretarial disaster areas or certain counties declared presidential disaster areas between January 1, 2005, and February 28, 2007, are eligible as are producers located in counties contiguous to those counties.

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Message from the State Director ...



Jeffery S. Hall
State Executive Director

The 2002 Farm Bill has expired without any extension or renewal. This does not mean Farm Service Agency (FSA) payments stop. It only means it is business as usual until Congress takes action on a new farm bill or an extension of the previous legislation.

The House of Representatives completed action on their part of the Farm Bill in July. Activity in the Senate Agriculture Committee has increased, but has not produced any proposed legislation. This is necessary before there can be any debate by the Senate.

After the Senate completes their work, an agreement must be reached between the two legislative bodies before the bill can become law. This is often a difficult and time consuming process. The time lines are still unclear, but there are only two options. First, the new Farm Bill is completed and implemented as soon as possible. Second, Congress decides to extend the current farm bill for an unlimited time. Either way, we should have a new farm bill before the end of this year.

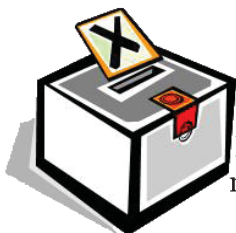
Beyond the typical farm program activity, we are implementing a disaster program that covers crop and livestock disasters in calendar years 2005 and 2006. However, some situations will be covered this year. Unfortunately, the current drought is not covered in this crop and livestock disaster program.

Although the state of Kentucky has received an official disaster declaration resulting from the drought, losses are not covered under the disaster legislation approved in May. The disaster declaration will make farmers eligible for emergency loans through FSA. (see article on page 7)

The livestock and crop disaster programs are different from those in the past. The biggest difference with this program is the Congressional requirement that farmers must have carried a crop insurance policy or an FSA Non-insured Assistance Program policy on eligible crops to qualify for disaster program payments. Other differences in this program are covered in this newsletter.

Your county FSA offices is always your best source of information of FSA programs.

County Committee Elections



Nominations for the county committee election were due in the county office by August 1, 2007. The election ballots will be mailed out beginning November 2, 2007. Voters have until December 3, 2007, to return their properly completed ballots to the county office. Elected committee members and alternates take office on January 1, 2008.

Prospective Voter Requirements - Anyone who meets these requirements are eligible to vote for county committee members.

- ✓ Voter is of legal voting age and participates or cooperates in any FSA program, or
- ✓ The voter is not of legal voting age, but supervises and conducts the farming operations on an entire farm.
- ✓ The voter must also be eligible to participate in any FSA program provided by law, regardless of the status of funding.

Vote: Make a Difference

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.

Producers who had NAP coverage may choose to continue coverage on the same crops for next year, if the applicable service fee is submitted by the application closing date. A new form CCC-471, Application for Coverage, is not required to be signed when applying for continuous coverage of the same crops.

Producers who choose to add or delete a crop from the previous year's coverage or changing crop shares must file a new CCC-471, with signatures, and pay the applicable service fee.



Producers with NAP coverage are required to file a Notice of Loss within 15 days of when a loss is apparent; timely file acreage reports; and keep track of harvested production using acceptable methods.

Final Dates to Apply for Coverage Under NAP for 2008

| Crop | Application Closing Date |
|-------------|--------------------------|
| Apples | Nov-20 |
| Blueberries | Nov-20 |
| Caneberries | Nov-20 |
| Grapes | Nov-20 |
| Honey | Nov-20 |
| Peaches | Nov-20 |
| Pears | Nov-20 |
| Pecans | Nov-20 |
| Rhubard | Nov-20 |

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

Disaster Programs Sign-up

Livestock Indemnity Program (LIP)

Continued from page 1

Also, producers in a primary (or contiguous) county that received an Administrator's Physical Loss Notice directly associated with a disaster declaration made by President Bush may also be eligible. Producers incurring eligible livestock losses in more than one of the 2005, 2006 or 2007 calendar years must choose only one year for which they want to apply for benefits.

Where to Apply: Eligible livestock producers can now apply for benefits. Livestock owners should file in their administrative county office. A livestock owner's administrative county office is generally where the livestock owners farm records are maintained.

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 before February 28, 2007, or, in the case of prevented plantings, for crops for crops that would have been planted before February 28, 2007. Producers who incurred qualifying losses in 2005, 2006 or 2007 must choose only one year to apply for benefits. Producers may apply for benefits for losses to multiple commodities as long as the losses occurred in the same crop year.

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. This is a legislative change from prior Crop Disaster Programs. Eligible producers must share in

the risk of producing the crop and is entitled to share in the proceeds from the crop produced.

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.

Eligible farmers can sign-up for the Crop Disaster Program (CDP) beginning October 15, 2007, if they suffered quantity losses to their crops. Sign-up for CDP quality losses has not been announced.

2007 National Compliance and Spot Check Review



FSA is committed to delivering accurate program payments to America's agricultural producers. The accuracy of payments not only benefits farmers and ranchers, but also maximizes taxpayer dollars and government efficiency.

As part of the 2007 national Compliance Review, FSA's national office is requiring local FSA county offices to conduct compliance reviews and spot checks of certain producers selected by the national office through a statistical sampling method. A statistical sample of FSA employees, County Committee (COC) and State Committee (STC) members have also been selected for review using this same process.

FSA may review a producer's operations in multiple states and counties, depending on the scope of the producer's operations. FSA will review both the accuracy of the representations made by the selected producers in connection with participation in FSA programs as well as the producers compliance with applicable program requirements. The reviews may need to be conducted at various times throughout the year depending on the FSA programs in which the producers are participating. FSA appreciates the cooperation of its customers as the agency continues to enhance its operations.

USDA Issues Final 2006- Crop Counter-cyclical Payments (CCP) for Upland Cotton and Peanuts

On September 5, 2007, USDA announced that eligible producers with enrolled base acres in the Counter-cyclical Payment Program (CCP) will begin receiving final 2006-crop upland cotton and peanut counter-cyclical payments today.



In contrast, strong 2006-crop market prices for corn, grain sorghum, soybean and rice have caused the effective prices of these crops to exceed their respective target prices. Thus USDA will not issue any 2006-crop CCP's for these crops.

Farm Storage Facility Loans

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

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

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 the county office staff.



Change of address must be reported to your LOCAL FSA County Office.

A directory of local FSA County offices is available on-line at: <http://www.fsa.usda.gov/ky/>

Review Conservation Plan before Removing Crop Residue from HEL Cropland

The drought that Kentucky producers have faced this year has left many critically short of winter forage and feed stocks. As a last resort many producers have found it necessary to chop and bale much of their corn residue, removing valuable cover normally left over winter to control erosion and to no-till into next spring. Farmers should be aware that the removal of this residue from their Highly Erodible Land (HEL) could put their operation at risk of non-compliance with the Food Security Act and ultimately ineligible for some USDA payments.



NRCS advises farmers to take these steps to ensure that they are not out of compliance.

- Know what your own conservation plan for your HEL fields call for. If conservation tillage is a part of that plan, compliance will depend on how much residue remains over winter.
- If residue has been or will be removed from these HEL fields, plan ahead to ensure they are immediately planted to a winter cover crop.

By taking these simple steps this fall, farmers can rest comfortably knowing next spring they will have an excellent cover to plant into and also not be out of compliance.

CCC will Report Market Gain to IRS

Beginning with the 2007 calendar year, FSA/Commodity Credit Corporation (CCC) will report producer market gains associated with the repayment of a CCC loan, whether the producer repays the loan with cash or uses commodity certificates in exchange of the outstanding loan collateral. The market gain will be reported on IRS Form 1099-G. IRS Bulletin 2007-33, Notice 2007-63, dated August 13, 2007, provides answers to frequently asked questions about the tax treatment of market gain associated with the repayment of CCC loans under the nonrecourse marketing assistance loan (MAL) program.



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.

Has Your Farming Operation Changed?

Contact your local FSA Office if you have...

- ✓ Sold any land
- ✓ Purchased any land
- ✓ Changed tenants
- ✓ Rented additional land

TTPP Program

Tobacco Transition Payment Program (TTPP) permits contract holders, at their option, to transfer their payment rights to a third party (successor) in exchange for a lump-sum payment equal to or greater than the maximum discount rate established by the Commodity Credit Corporation.

Quota holders and producers who wish to sell their remaining seven annual payments in return for a lump-sum payment must do so by completing Form CCC-962 with a registered lump sum provider by November 1, 2007.

A list of registered Lump Sum Providers is available on the internet at www.fsa.usda.gov or at your local FSA County Office.

Interest Rates

October 2007

DIRECT

| | |
|-----------------------------|--------|
| Operating Loans | 5.125% |
| Farm Ownership Loans | 5.50% |
| Emergency Loans | 3.75% |
| Commodity Loans | 5.25% |
| Farm Storage Facility Loans | 4.375% |

Emergency Conservation Program (ECPD)

Farms experiencing severe drought conditions in 2007 may be eligible for cost-share assistance under the Emergency Conservation Program (ECPD). As of October 2, 2007, forty Kentucky counties have been approved to implement ECPD for the 2007 drought.

Those counties are:

Adair, Bell, Boyd, Boyle, Bracken, Calloway, Carlisle, Carter, Christian, Clark, Clay, Elliott, Estill, Franklin, Garrard, Grant, Graves, Greenup, Hardin, Harlan, Harrison, Henry, Knox, Laurel, Lawrence, Lee, Lewis, Lincoln, Madison Marshall, Monroe, Oldham, Owsley, Pendleton, Pulaski, Powell, Russell, Scott, Trigg and Wayne.

Emergency measures eligible for cost share include:

- installing pipe to another source of water

- water storage tanks and troughs
- developing springs or seeps for livestock water
- wells where there is no other source of water available.



A producer qualifying for ECPD assistance may receive cost share not to exceed 75 percent of the cost of installing eligible temporary measures. Cost sharing for permanent measures may not exceed 50 percent of the total eligible cost.

Cost-share assistance is limited to \$200,000 per person per natural disaster.

Producers who have experienced severe drought conditions requiring outside assistance to provide supplemental emergency livestock water may contact their local FSA County Office to apply. Local FSA County Committees will establish a deadline to request assistance.

To be eligible for cost-share, practices shall not be stated until a request has first been filed at the FSA County Office and an on site inspection of the problem area has been made by an FSA representative.

Contact your local FSA County office for county sign-up dates.

Final DCP Payments for 2007



USDA announced that approximately \$4 billion in final 2007 direct payments will soon be issued to producers with base acres enrolled in the Direct and Counter-cyclical Program (DCP).

To receive direct payments, producers with base acres must be enrolled in the DCP for an eligible commodity for the respective program year. Direct payments are tied to historical acreage bases and yields established for a farm, rather than the current farm's production. It is a complicated formula: for each commodity, the direct payment for each crop year equals 85 percent of the farm's commodity base acreage, times the farm's direct payment yield, times the direct payment rate. The Commodity Credit Corporation (CCC) reduces final direct payments by any advance direct payments producers have already received.

If there are any unearned advance counter-cyclical payments, Commodity Credit Corporation will automatically subtract those amounts from the final Direct and Counter-cyclical Program payments you are about to receive.

Farm Service Agency distributes direct payments for the Commodity Credit Corporation.

Direct Payment Rates

| Commodities | Price Per Bushel |
|--|-------------------------|
| Barley | \$0.24 |
| Corn | \$0.28 |
| Grain Sorghum | \$0.35 |
| Oats | \$0.024 |
| Soybeans | \$0.44 |
| Wheat | \$0.52 |
| Seed Oils | Price Per Pound |
| Canola, Crambe, Flaxseed, Mustard Seed, Rapeseed, Safflower, Sesame, Sunflower | \$0.008 |
| Peanuts | \$36 per short ton |
| Rice | \$2.35 per hundred wgt. |
| Upland Cotton | \$0.0667 per lb. |

120 Kentucky Counties Eligible for FSA Emergency Loans

On October 2, 2007, Acting Secretary of Agriculture Chuck Conner declared 120 counties in the Commonwealth of Kentucky, as primary natural disaster areas due to damages and losses caused by drought conditions that occurred from February 1, 2007, and continuing. The deadline to apply for loans for this disaster designation is June 2, 2008.

The disaster assistance includes emergency (EM) loans at a low annual interest rate of 3.75% from USDA's Farm



Service Agency (FSA). Emergency loans may be used to restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation, and refinance certain debts.

Emergency loans may be made to farmers who:

- ✓ Own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area;
- ✓ Are established family farm operators and have sufficient farming or ranching experience;
- ✓ Are citizens or permanent residents of the United States;
- ✓ Have suffered at least a 30-percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property;

- ✓ Have an acceptable credit history;
- ✓ Are unable to receive credit from commercial sources;
- ✓ Can provide collateral to secure the loan; and
- ✓ Have repayment ability.

Farmers can borrow up to 100-percent of actual production or physical losses, to a maximum amount of \$500,000.

Loans for crop, livestock, and non-real estate losses are normally repaid within 1 to 7 years; depending on the loan purpose, repayment ability, and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

All Kentucky counties are still eligible for Federal disaster assistance due to damages and losses caused by extremely cold temperatures that occurred from April 5, 2007, through April 10, 2007. The deadline to apply under this disaster designation is February 1, 2008.

Further information on the emergency loan program is available from the local USDA Service Center or on the FSA website at: www.fsa.usda.gov/ky.

USDA Issues \$1.8 Billion in Conservation Reserve Program

Acting Agricultural Secretary Chuck Conner announced beginning October 1, 2007, USDA will distribute approximately \$1.8 billion in Conservation Reserve Program (CRP) rental payments to participant across the country for fiscal year 2008 for completed performance in the prior fiscal year.

"By participating in CRP, producers and other landowners throughout the nation are improving air and water quality, enhancing wildlife habitat and reducing erosion," said Conner. "These practices are making a real difference today and promoting a healthier environment for the next generation."

Producers in Kentucky holding about 16,880 contracts on 9,581 farms will receive \$27,288,903.

CRP is the largest public-private partnership for conservation and wildlife habitat in the United States. This voluntary program helps agricultural producers enhance environmentally sensitive land. CRP contract duration is from 10 to 15 years.

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- eLDP
- eDCP
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Important Dates

- ✓ **Oct. 8** Columbus Day (Offices Closed)
- ✓ **Nov. 2** COC Election Ballots mailed to eligible voters
- ✓ **Nov. 12** Veterans Day (Offices Closed)
- ✓ **Nov. 22** Thanksgiving Day (Offices Closed)
- ✓ **Dec. 3** Last day to return completed ballots to the FSA County Office. *Ballots must be returned to the FSA County Office or be postmarked by December 3.*
- ✓ **Dec. 25** Christmas Day (Offices Closed)
- ✓ **Jan 1, 2008** Elected committee members and alternates take office.

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.