



Oklahoma Farm Service Agency Summer 2008 Newsletter



Jim Reese, State Executive Director

Oklahoma FSA State Office
100 USDA, Suite 102
Stillwater, OK 74074

Greetings from the Farm Service Agency! USDA has a new "Farm Bill" to implement. While it is more like 20% Farm Bill and 80% other programs, the farm provisions draw the most attention and debate. While many provisions are similar to past legislation, there are changes that you need to be aware of. This newsletter will include some with others to be announced as they are developed. These are critical dates to be aware of.

Aug. 15, 2008 Acreage Reporting Deadline for all summer crops in Oklahoma. All summer crops are required to be reported to your local FSA office in order to participate in FSA programs.

Sept. 16, 2008 Buy-in deadline for 2008 permanent disaster program eligibility. This is described in more detail in the Permanent Disaster Programs article.

Sept. 30, 2008 Signup deadline for 2008 DCP contracts. Many county offices will be required to sign up over 50 producers a day to comply with this Sept. 30 deadline so please schedule or plan your office visit soon. Appointments are required in some offices and not in others, but they are helpful in all offices.

The farm bill included Permanent Disaster Programs: SURE, TAP, ELAP, LIP, and LFP. In order to provide as much print space as possible for the description of these programs I will not spell out the acronyms of each program. Articles describing them are included elsewhere in this newsletter.

Many provisions of the farm bill were effective immediately on May 22, other provisions of these new programs are still being determined. FSA began 2008 DCP signup 19 days after enactment. This newsletter is an effort to give you the most up to date information available before the above mentioned deadlines. Some minor changes may occur as federal regulations are published and approved. The new Average Crop Revenue Election Program (ACRE) is not included in this newsletter because of lack of space and detail. It will not be available until the '09 DCP signup.

Your county office will have the most up to date information. Thank you for your part in **providing the safest, most affordable food supply in the world.**

New Permanent Disaster Programs

The 2008 Farm Bill created the following new permanent agriculture disaster assistance programs:

Supplemental Revenue Assistance Payment Program (SURE) covers crop losses due to natural disasters. To receive benefits from SURE, farmers must: 1) carry crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage on **all** crops produced on their farming operation (this includes grazing crops) and 2) be located in a county declared by the Secretary as a disaster county or a contiguous county, or show proof of an individual loss of at least 50 percent. Farmers carrying higher levels of insurance will be eligible for higher payments. SURE covers whole-farm crop losses. For 2008, since crop insurance and NAP deadlines have passed, a fee may be paid for SURE coverage if paid by September 16, 2008, at the local FSA office.

Livestock Indemnity Program (LIP) will assist with a payment for livestock death losses in excess of normal mortality and due to adverse weather, as determined by the Secretary of Agriculture. Payment rates will be based on 75 percent of fair market value.

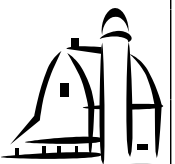
Livestock Forage Disaster Program (LFP) will be available to producers who suffered grazing losses for eligible livestock due to drought or fire. To be eligible, the producer must first have purchased either a pasture, range, and forage policy from Federal Crop Insurance or obtained Noninsured Crop Disaster Assistance Program (NAP) coverage on the land suffering the loss. For 2008, since crop insurance and NAP deadlines have passed, a fee may be paid for LFP coverage if paid by September 16, 2008, at the local FSA office. Qualifying conditions for drought are based on the U. S. Drought Monitor and length and severity of drought conditions will dictate payment.

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) is intended to 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. To be eligible, producers must have crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage for all insurable and non-insurable crops grown on the entire farming operation. For 2008, since crop insurance and NAP deadlines have passed, a fee may be paid for ELAP coverage if paid by September 16, 2008, at the local FSA office.

Oklahoma FSA State Committee

Chair: Joe Kelly—Altus

Members: Jay Franklin-Vinita—Joe Mayer-Guymon—Mary White-Ardmore—Steve Wooderson-Blackwell



New Permanent Disaster Programs-cont.

Tree Assistance Program (TAP): The TAP was 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.

To be eligible, producers must have crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage for all insurable and non-insurable crops grown on the entire farming operation. For 2008, since crop insurance and NAP deadlines have passed, a fee may be paid for TAP coverage if paid by September 16, 2008, at the local FSA office.

Buy-in Waiver for Permanent Disaster Programs

FSA will allow producers who would otherwise be ineligible for the new disaster assistance programs to become eligible by paying a fee as required by the 2008 Farm Bill.

The 2008 Farm Bill requires producers who wish to participate in the new disaster programs to have crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage for all farms in all counties in which they have an interest. Since the 2008 Farm Bill was enacted after the application periods had closed for those programs, producers who did not have such coverage can no longer comply with this requirement in order to be eligible for the new disaster programs. However, the 2008 Farm Bill authorizes a waiver that allows producers to pay a fee, called a "buy-in" fee, to be eligible for this new disaster assistance. For 2009, the fees must be paid by the applicable crop sales or application closing date.

Every producer whose crops, including grazing lands, are not fully covered by crop insurance or NAP may take advantage of this one-time opportunity for 2008. The buy-in fee is due **no later than September 16, 2008**, 90 days after the date of enactment, as required by the 2008 Farm Bill. Those who miss this opportunity will not be eligible for disaster assistance. Producers are also reminded that the payment of the applicable buy-in fee does not afford the producer crop insurance or NAP coverage; it only affords eligibility for the 2008 disaster programs.

The crop insurance and NAP coverage requirements will be waived in 2008 for producers who did not obtain crop insurance or NAP coverage by the applicable sales closing date, if the producer files an application for waiver and pays a buy-in fee in an amount equal to the 2008 applicable NAP coverage or catastrophic risk protection (CAT) plan fee for the crop or grazing lands.

Producers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher," do not have to meet the Risk Management Purchase Requirement, and, therefore, are not required to pay the fee.

The buy-in fee for 2008 eligibility only for either the CAT or NAP is \$100 per crop, but not more than \$300 per producer per administrative county, or \$900 total per producer for all counties less any previously paid fees for insurance and/or NAP, depending on whether the buy-in fee is for CAT or NAP (which are considered separately for determining the total fee to charge). The applicable buy-in form must be completed and applicable fees paid by September 16, 2008. Payment of the applicable fees will allow the producer to be eligible for benefits for losses under Supplemental Revenue Assistance Payments (SURE) Program, Livestock Forage Disaster Program (LFP), Tree Assistance Program (TAP), and Emergency Assistance Livestock, Honeybees and Farm-Raised Fish Program (ELAP).

What SURE will provide

To be potentially eligible for SURE payments, a producer must 1) farm in a county that has received a Secretarial disaster declaration (or be in a county next to one that has received a declaration), or 2) have incurred a total loss of production on the farming operation because of weather that is greater than 50% of the normal production of the farm in that calendar year. For purposes of SURE, a farm is defined as all the crop acreage in which a producer has an interest nationwide. As of this newsletter, only nine counties in NW Oklahoma have been approved by the Secretary in 2008. They are Beaver, Cimarron, Dewey, Ellis, Harper, Roger Mills, Texas, Woods, and Woodward. Contiguous counties which would also be eligible are Alfalfa, Beckham, Blaine, Custer, and Major.

SURE payments will be issued to an eligible producer in an amount equal to 60% of the difference between the disaster assistance program guarantee and total farm revenue. Good production on one crop can offset losses on another crop, but for example purposes, a single crop SURE payment will be calculated something like this:

$$200 \text{ acres} \times 30 \text{ bu.} \times 1.15 \times \$8.00 \times 65\% = \text{Program Guarantee}$$

$$(200 \text{ acres} \times 25 \text{ bu.} \times \$7.75) + 15\% \text{ of DCP Direct payments} + \text{LDPs, Marketing Loan Gains, and total Counter-cyclical (CC) Payments} + \text{Insurance Payments} = \text{Farm Revenue}$$

Program Guarantee – Farm Revenue = Difference X 60% = SURE payment

In the example above, 30 bu. is a calculated SURE yield. 1.15 is a statutory multiplier. \$8.00 and 65% represent your insured price and yield level, respectively.

In the Farm Revenue portion of the example, 25 bushels was the actual yield. \$7.75 is the average marketing year price (determined after the Marketing year). It also includes 15% of direct payments, LDPs, Marketing Loan Gains, total CC Payments, and insurance payments. How some of these factors are computed is yet to be determined, as the regulations have not been published. This is a general overview for educational purposes only. As you can see, your program guarantee is contingent on your insurance coverage levels.





Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by crop losses due to natural disasters. **Obtaining NAP coverage also ensures eligibility should various disaster programs included in the 2008 Farm Bill be implemented.** Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is not available. Crops are grouped by FSA for coverage and loss determination purposes. NAP covers losses greater than 50% of your expected production at 55% of the historical average market price.

How to apply: File a CCC-471, Application for Coverage, with the local FSA office and pay the applicable service fee.

What is the cost? \$250 per crop per county, up to \$750 per producer per county, not to exceed \$1875 per producer for all counties. **Once paid, the fee is not refundable.**

Deadline: The application must be made and the service fee paid by the application closing date for the crop. Contact your local FSA Office for application closing dates for specific crops you are growing or planning to grow. A summary of the dates is also included.

Summary of Various NAP Application Closing Dates

Normal Date to buy coverage	2009 Date by which to buy coverage	Applicable Crops
August 31	December 1, 2008	Alfalfa (for the following crop year), Canola Small grains intended for grazing or hay Cool season grasses intended for fall & winter grazing
September 30	December 1, 2008	Most perennial fruit and nut crops
November 30	December 1, 2008	Grasses or mixed forage intended for next year's hay, Pecans
January 31	January 31, 2009	Annual fruits or vegetables with early spring planting dates
March 15	March 15, 2009	Most summer or fall harvested crops Warm season grasses intended for summer grazing Dry peas and beans (cowpeas, mungbeans, etc.) Forage sorghum/hay grazer

Note: Although the date by which coverage can be purchased has been delayed for several 2009 crops, coverage does not begin until the later of the date the crop is planted or 30 days after NAP is purchased. For example, if canola is planted September 15, 2008, but NAP is not purchased until October 1, any weather-related losses that occur prior to October 31, 2008, will not be covered by NAP.

Reporting crop(s): To remain eligible for NAP, you must annually report crop **acreage** and **production**. Failure to report either acreage or production can make you ineligible for NAP benefits, drastically reduce NAP benefits, or potentially make you ineligible for other disaster programs.

What if the crop fails? When a covered crop is affected by a disaster, you must notify your local FSA office by completing a written notice of loss (CCC-576) within 15 calendar days after the natural disaster occurrence or the damage to the crop becomes apparent.

Acreage Reports

Producers who participate in the Direct and Counter-cyclical Program (DCP), or request a commodity loan (MAL) or LDP, will be required to annually report all crops planted or those growing on the participating farms. The total DCP cropland acreage reports are required for program participation in 2008 and subsequent years. Conservation Reserve Program (CRP) acreage must be reported to receive the CRP annual rental payments. Any crop acreage for which NAP benefits will be requested must be reported to establish eligibility of the crop and producer. Producers who request prevented planting acreage credit must report the acreage within 15 calendar days after the final planting date. If a producer wants to request failed acreage credit, the acreage must be reported as failed acreage before the disposition of the crop. The COC will determine eligibility for failed acreage credit. The owner, operator, person authorized by power-of-attorney or tenant may report crop acreage for which they have a share.

The final date to timely report fall seeded and spring seeded small grain crops is May 31, for Alfalfa, Beaver, Cimarron, Ellis, Garfield, Grant, Harper, Kay, Major, Noble, Texas, Woods, and Woodward Counties. May 15 is the reporting date for all other counties in Oklahoma on seeded small grain crops. The final date to report summer crops for 2008 in all counties is August 15.



Farm Stored Facility Loans (FSFL)

The FSFL program provides producers the opportunity to build or expand storage for agricultural commodities or add permanent equipment to existing storage. The current terms for July are 3.65% interest for 7 years with a maximum of \$100,000. The recently passed Farm Bill will increase the maximum terms to 12 years and \$500,000. Permissible uses will be expanded to include oilseeds, pulse crops, hay, renewable biomass and other storable commodities.



Keep your records current!!!

Please contact our FSA office when changes occur with your farm operation. This includes farm operator, owner, and address changes. It is particularly important to make sure FSA is informed of any changes in the management or operational structure of your farm. If you have formed or dissolved a partnership, corporation, trust, limited liability company, or any other similar entity, it is critical that you inform FSA to assure program eligibility.

You should also inform your crop insurance agent and other businesses (e.g. your bank) to which you are a customer, so that your farming operation is conducted consistently with all businesses. Discrepancies in how you do business can affect USDA benefits from more than one agency.



Farm Loan Programs \$\$\$

Oklahoma FSA Farm Loan Program Accomplishments in 2007

Oklahoma FSA made 711 Direct Ownership, Operating, and Emergency loans for a total of \$37,481,000.00 dollars. FSA approved 374 Guaranteed Ownership and Operating loans for \$96,347,000.00 dollars. Oklahoma's total loan liabilities in 2007 exceeded \$808,222,267.00, which included \$358,076,093.00 in Direct Loans and \$450,146,174 in Guaranteed Loans.

2008 Farm Bill News

The 2008 Farm Bill increased maximum loan limits on Direct Loans. Loan limitations on both Direct Farm Ownership Loans and Operating Loans have **increased from \$200,000 to \$300,000**.

Down Payment Loan Program is now open to Socially Disadvantaged farmers and ranchers in addition to qualified Beginning Farmers and Ranchers.

The interest rate for this program will be the Direct Farm Ownership Loan rate less 4% or 1.5%, whichever is greater. The maximum loan limit changed from \$100,000 to an amount not to exceed 45% of the least of the following: the purchase price of the farm or ranch to be acquired, the appraised value of the farm or ranch to be acquired or \$500,000. **Note: This will result in a maximum of \$225,000 (45% of \$500,000)**. There is no longer a limitation on purchase price. The maximum loan term is extended from 15 years to 20 years and the **down payment amount is reduced from 10 % to 5 %**.

Guarantee Loan Program changes include the guaranteed OL term limit waiver is extended through December 31, 2010.

For more information on the Farm Bill changes or if you have questions about any of our loan programs please contact your local FSA office.

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer."