



SW Mo FSA News

**December
2008**

**District 8
USDA
Service Centers**

Barry County FSA
Cassville, Mo. 65625
417-847-2862

Barton County FSA
Lamar, Mo. 64759
417-682-3571

Bates County FSA
Butler, Mo. 64730
660-679-6112

Cass County FSA
Harrisonville, Mo.
64701
816-884-4432

Cedar County FSA
Stockton, Mo. 65785
417-276-4712

Dade County FSA
Greenfield, Mo. 65661
417-637-991

Hickory County FSA
Hermitage, Mo. 65668
417-745-6496

Jackson County FSA
Blue Springs, Mo.
64015
816-229-5113

Jasper County FSA
Carthage, Mo. 64836
417-358-8198

Lawrence County FSA
Mt Vernon, Mo. 65712
417-466-7107

Newton/McDonald FSA
Neosho, Mo. 64850
417-451-1007

St Clair County FSA
Osceola, Mo. 64776
417-646-8107

Vernon County FSA
Nevada, Mo. 64772
417-667-8137

Signup for 2009 DCP announced

Producers have from December 22, 2008 through **June 1, 2009**, to sign-up in the 2009 DCP Program. Beginning with the 2009 crop year, regulations no longer provide for a "late-filed" signup period or fee. Therefore enrollment is not permitted after June 1, 2009. DCP contracts (CCC-509) will not be approved until all producers on the farm have signed and submitted all applicable documentation by **June 1**.

All producers on a farm with a crop *share lease* agreement must sign the DCP contract agreeing to the shares before payments can be made.

Producers/owners on a farm with a *cash lease* agreement with a zero share may either sign the contract agreeing to a zero share or provide supportive / necessary contractual documents, such as cash lease, instead of signing for a zero share.

For 2009-2012 crop yrs, a lease will be considered a cash lease if; 1- the lease provides for a guaranteed cash payment and/or a fixed quantity of the crop **or** 2 - a guaranteed amount is coupled with a share of the crop.

If the lease is a cash lease, the owner is not eligible for direct, counter-cyclical or ACRE Program payments. **Note** - the leasing of grazing or haying privileges is not considered cash leasing and owners may receive direct DCP payments associated with any base acres allotted to grassland hayed or grazed on a farm. Remember that contracts not having all signatures of producers before June 1, 2009, will not be considered for any purpose. Producers on a farm are solely responsible for ensuring that timely enrollment occurs.

Compliance – To receive benefits producers enrolling in 2009 DCP agree to the following: 1- to timely report the acreage of all cropland on the farm 2 – file a farm operating plan (for payment eligibility determination) 3 – certify to compliance with the highly erodible land and wetland conservation provisions 4 - certify to compliance with the adjusted gross income provisions.

Enrolled base acres must be devoted to an agricultural or conserving use & not to a non-agricultural commercial or residential use. Base acres that are devoted to an agricultural or conserving use through non-cultivation require effective control of noxious weeds through sound agricultural practices.

The planting of fruits (including nuts) and vegetables on base acres is prohibited, as in the last farm bill and could result in the termination of the contract or a reduction in the DCP payments. (The planting of F&V on acreage above your base acres would have no effect.)

Generally a farm that has a 10.0 acre base or less shall not be eligible to receive DCP payments on that farm. Payments can only be issued to producers on a farm with 10.0 base acres or less when all owners on the farm certify to meeting requirements for 1 of the following: Socially Disadvantaged Farmer or Rancher or Limited Resource Farmer or Rancher" (A Socially Disadvantaged person is defined as a member of a group who has been subject to racial, ethnic or gender prejudice because of their identity to a group rather than their individual qualities and a Limited Resource farmer for **most** of our area is one whose gross farm sales is less than \$155,200 and has a total household adjusted gross income of less than \$21,200 in the previous 2 yrs.)

At any time before the end of the contract period (October 1, 2008, through September 30, 2009) a contract may be terminated upon written agreement of all producers receiving payment and all producers shall repay advance direct payments received for the crop year, plus interest.

Changes to a contract after it is signed such as ownership, producer or crop share arrangements must be made no later than September 30, 2009. All applicable producers & owners on the contract must sign to reflect any change. The failure of producers to timely report changes to a filed contract may result in the loss of payments for all producers on the farm for that crop year.

Farm reconstitutions to be effective for 2009 need to be requested by Aug 1. Reconstitutions that divide or combine farms with signed contracts will result in the termination of the initial contract. Producers must enroll the base acres of the resulting farm by the later of June 1, 2009, or 30 days after notification of the new bases & yields on the resulting farm or the contract cannot be approved. Farms that have total bases of 10.0 acres or less may reconstitute or combine that farm with another to meet eligibility requirements and earn payments, if other reconstitution rules are met. Also, after June 1, 2009, the combination of a farm enrolled in DCP with a farm not enrolled in DCP is **not** allowed.

Producers may request advance Direct Payments at a rate of 22 percent for contracts with all required signatures. Direct payment rates are established by statute regardless of market prices and counter-cyclical payment rates vary depending on market prices. The advance payments will be issued as soon as practical following completion of enrollment. Due to the time required to process payments— none can be processed in time for a 1099 for year 2008.

Counter-cyclical payments are authorized, as in the last farm bill, when the effective price is less than the target price of the commodity. The effective price is equal to the sum of the higher of - the national average market price received during the 12-mo. marketing year or the national average loan rate for the commodity. Direct payments vary by farm yield but average about \$16/base-ac for corn, milo, wheat and about \$7/ base acre on soybeans.

Base acres in effect on October 1, 2008, will be in effect for 2009 DCP. Producers may plant that part of their cropland in excess of the total base acres on the farm to any commodity. The direct payment for each covered commodity will be computed by multiplying: 83.3 percent of the covered commodity's base acres, times the farms payment yield, times the payment rate, times the producer's share. A final direct payment will be made to producers as soon as practicable after October 1, 2009.

Direct Payments and Maximum Counter-Cyclical (CC) Rates For Covered Commodities for Crop Year 2009					
Crop Units \$/bu	Target Price	Direct Payment Rate	Nat. Loan Rate	Minimum Effective Price	Max CC Rate
Wheat	3.92	.52	2.75	3.27	.65
Corn	2.63	.28	1.95	2.23	.40
Gr. Sorg.	2.57	.35	1.95	2.30	.27
Barley	2.24	.24	1.85	2.09	.15
Oats	1.44	.024	1.33	1.354	.086
Soybeans	5.80	.44	5.00	5.44	.36

As was the case in prior years, producers must refund to CCC any unearned payments resulting from another owner or producer assuming an interest in the base acres for the crop year. Interest on refunds from predecessors is not charged if the refund is made by September 30, 2009.

Average Crop Revenue Election (ACRE)

Producers will have an opportunity to enroll in ACRE this spring - details about ACRE will be announced at a later date.

Producers may first enroll in the DCP Program, elect to receive advance direct payments and then later modify their enrollment to include the ACRE program or they may wait and elect to enroll in DCP and ACRE at the same time but before June 1. You can forgo ACRE this year and enroll in a later year for the balance of the farm bill if you wish.

ACRE provides a safety net based on State revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For 2009, the 2-year price average will be based on the 2007 and 2008 crop years.

An ACRE payment is issued when both the State and the farm have incurred a revenue loss. The payment is based on 83.3 percent of the farm's planted acres times the difference between the State ACRE guarantee and the State revenue times the ratio of the farm's yield divided by the State expected yield. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced

by 20 percent, and marketing assistance loan rates are reduced by 30 percent. The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

County Committee Election Results

Congratulations to those elected or re-elected to represent farmers their county on the FSA County Committee. Below are those elected for a three year term and their county:

Barry County- Bart Renkoski
 Barton County- Larry Crockett
 Bates County- Mike Cameron
 Cass County- Bill Wendel
 Cedar County- Don Gannaway
 Dade County- James Parker
 Hickory County- Mila Swearingin
 Jackson County- L E Montgomery
 Jasper County- Richard Bloss
 Lawrence County- Nolan Kleiboeker
 Newton/McDonald Co's- n/a
 St Clair County- Harold Catt
 Vernon County- Belvin Legleiter

FSA appreciates all of the voters for taking time to complete the election ballot. The county committee system works only because of your participation. County Committee's provide a vital role in the overseeing of the administration of federal agriculture production, farm loan, conservation, price support and emergency programs on a local level.

County committee members will hold their organizational meeting in January to determine who will serve as the committee chairman and vice-chairman. Results will be posted in our next newsletter.

Request for Pork Check-off Referendum

The USDA has announced that it will conduct a Request for Referendum among eligible producers and importers of hogs, pigs, pork, and pork products to determine if they want a referendum on the Pork Promotion, Research, and Consumer Information Order, commonly known as the Pork Checkoff Program. Only producers who desire a referendum on the Pork Program should participate.

USDA will only conduct a referendum if at least 15 percent of the total number of eligible pork producers request a referendum. If necessary, the referendum will be conducted within one year after the results are announced. If it is not supported, a referendum would not be conducted.

The Request for Referendum on the Pork Checkoff Program will be held Dec. 8, 2008 through Jan. 2, 2009. Producers who were engaged in pork production or in the importation of hogs, pigs, pork, or pork products between Jan. 1, 2007, and Dec. 31, 2007, and were at least 18 years of age on or before Dec. 31, 2007, are eligible to participate.

The Request for Referendum will be conducted at the USDA Farm Service Agency (FSA) offices. Eligible producers may obtain Referendum Request form, LS-54-1: from FSA offices

either in person, by mail, by fax or online at:
<http://www.ams.usda.gov/LSMarketingPrograms>

In order to vote, form LS-54-1 and supporting documentation, such as a sales receipt, veterinary bill, feed bill, copies of grower contracts, cancelled check etc must also be submitted to the appropriate county FSA office by the close of business Jan. 2, 2009 or if mailed it must be postmarked no later than Jan. 2, and received by Jan. 9, 2009. Requests will be counted Jan 10th and results will be released by the Sec. of Agric. after Feb 1, 2009.

Milk Income Loss Contract Program

The Milk Income Loss Contract Program (MILC) begins Dec 22 and will continue through the program's expiration date, Sept 30, 2012. MILC payments are on an operation-by-operation basis up to a maximum of 2.4 million pounds of milk produced and marketed (about 120 cows) from Oct. 1, 2007, through Sept. 30, 2008. The production limit per operation increases to 2.985 million pounds (about 145 cows) for each fiscal year from Oct. 1, 2008, through Aug. 31, 2012. The production limitation reverts back to the original limit of 2.4 million pounds per fiscal year in Sept. 2012.

The 2008 Act adjusts the trigger price of \$16.94 cwt., depending on the extent to which feed costs increase. The feed cost adjustment takes effect when the monthly National Average Dairy Feed Ration Cost (calculated from the "entire month" prices published by the National Agricultural Statistics Service) is greater than \$7.35 per cwt. beginning Jan. 1, 2008, through Aug. 31, 2012. Calculations from Jan. 1, 2008, through Aug. 31, 2012, will be made at 45 percent of the percentage that the National Avg. Dairy Feed Ration Cost exceeds \$7.35 per cwt.

Beginning with Fiscal Year 2009 marketing's, which started Oct. 1, 2008, the 2008 Act made changes to the provisions for payment eligibility to add an adjusted gross income (AGI) limit. If the individual or entity has annual non-farm AGI for the relevant base period greater than \$500,000, the individual or entity is not eligible for MILC benefits. The base period will be set pursuant to AGI regulations yet to be issued. That rule will also define what is considered to be non-farm income. During the signup application period, participating dairy operations must select the month of the fiscal year to start receiving payments for eligible production. Producers submitting a contract application within 30 days of the beginning of the application period can select any preceding month as the start month. Producers submitting contract applications after Jan. 21, 2009, will not have the option of selecting an earlier month as the payment start month for the dairy operation for a fiscal year; and will be limited to applicable start month selection rules. Those general rules are that the start month must either be the month the contract is submitted or some later month. Changes in the month may be made from year to year so long as the designation is made by the fourteenth of the month proceeding the new start month. Pound limits run from the start month and all pounds for which payment is received count against the limit for that fiscal year.

Eligible dairy producers are those who commercially produce milk in the United States. To receive program approval, producers must enter into a MILC contract with CCC and provide monthly milk marketing data. Dairy producers can apply for MILC at local FSA offices.

New Adjusted Gross Income rules:

For 2009-2012 commodity and disaster programs, the Average Adjusted Gross Income (AGI) limitation to qualify for program benefits was reduced from \$2.5 million AGI from all sources to a three-year average non-farm AGI of

\$500,000. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to \$750,000 per year from farm income in order to qualify for direct payments but doesn't affect counter-cyclical payments.

For conservation programs, the average nonfarm AGI limitation is \$1 million or less for eligibility. Also individuals or entities with non-farm AGI in excess of \$1 million remain eligible for conservation programs if 66.66 percent or more of the total AGI is derived from farming.

The three entity rule is out - program payments are now limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly. Also - spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Individuals & entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for payments & benefits which means - the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

The rule requires each partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular, substantial, and documented as separate and distinct from any other member's contribution. This now limits the ability of passive stockholders to realize benefits. Producers need to provide copies of Trusts, LLC's etc for FSA to verify ownership and signature authority if you haven't already.

New rules allow increasing the number of persons to a farming operation or entity only if there is a 20-percent increase to base acres on a farm and only allows one new person to the operation. However, based on the complexity of the change in farming operations, the State FSA Office may approve additional persons or legal entities for payment in the farming operation. Payment limits per person are \$40,000 for direct payments, \$65,000 for CC or ACRE payments, \$50,000 for CRP, \$100,000 for NAP/SURE/LFP and LDP & MAL unlimited.

Rural Youth Loans

FSA provides operating loans up to \$5,000 to eligible individual rural youths age 10 to 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and developed and carried out by rural youths involved in 4-H, FFA, or a similar organization. Project must be planned and operated with assistance of the organization advisor, produce sufficient income to repay the loan, and provide practical business and educational experience in agriculture-related skills. Qualified applicants must meet FSA eligibility requirements, reside in a town of fewer than 50,000 people, and conduct a modest income-producing project in a supervised program. Loan funds may be used to: buy livestock, seed, equipment, and supplies; buy, rent or repair tools/equipment; and pay operating expenses for the project. To apply, applicants must submit a FSA application with completed plans and budgets signed by project advisor and parent/guardian. Contact your local FSA county office for more information.

SURE Program for 2009

Remember per details discussed, in our last Aug. newsletter on the 2009 SURE program, that to be eligible for SURE assistance the producer is required to have all crops in all counties covered by NAP or insurance as applicable. The fees for 2009 for NAP insurance is \$250/crop w/\$750 max/county. For 2009 producers will need to purchase the above coverage by **March 15**, 2009 on grass for hay, grass for grazing, pecans and other NAP crops. SURE does not offer payments for specific crop losses, but rather will provide assistance for overall Revenue losses which is computed based on all commodities produced. Producers can be eligible when a county that has a Secretarial Disaster Designation or adjacent to one or if the producer has a greater than 50% loss regardless of county designation and a 10% loss in production of at least one crop. Payments cannot be computed until Marketing prices and farm revenue are computed after the marketing year. Remember- to also be eligible for possible Livestock assistance programs, grass for grazing must be insured. More info on SURE will be in our next newsletter.

Reporting Deadlines

December 22	Sign-up begins for 2009 DCP Program. - First date to request 22% Advance 2009 DCP Payments - balance of DCP payment to be paid in Oct 2009.
March 15	Final date to purchase NAP Ins. on Pecans, Hay, Pasture & other NAP Crops
March 15	Final date to purchase FCIC Crop Insurance on Corn-Grain Sorghum-Soybeans
March 31	Final date for Loan on 08 Small Grains
May 31	Final date for Loan on 08 Corn – Grain Sorghum - Soybeans
June 1	Final date to signup in the DCP Program
June 30	Final date to report Wheat, Oats, Barley
July 31	Final date to report Corn, Soybeans, Grain Sorghum, CRP, NAP crops; Pecans – Hay – Pasture, etc. (All cropland on a farm must be reported for DCP)
July 31	Final date to provide production evidence for NAP Crops (Pecans) proven yields.
August 1	Final date to request Farm Reconstitution for current year
August 10	Final date to control weeds on idle DCP Cropland Base Ac. used for pay.
Sept 30	Final date to purchase FCIC Crop Insurance on Wheat
Sept 30	Final date to revise shares and successor-in-interest changes for DCP contracts
Ongoing	CRP & SAFE continuous Signup – (For waterways, filter strips, buffers, CP-33's etc.)
Ongoing	EQIP, WRP & WHIP Signup through NRCS

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