



November 2009

# Wisconsin State News

Wisconsin  
State FSA Office

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## From the Desk of Brad Pfaff, Wisconsin Executive Director

Hello, my name is Brad Pfaff, and I am proud to serve as USDA's Wisconsin Farm Service Agency Executive Director.

FSA plays an important role in the lives and economies of Wisconsin farm families. As the eldest son of fourth generation dairy farmers from northern La Crosse County, I know first-hand the importance of FSA's work. I am proud of this agency, its employees and the farmers FSA serves.

Like you, agriculture is important to me. I have spent the majority of my life working on behalf of family farmers. Prior to being named the state executive director, I served over twelve years on the congressional staff of U.S. Representative Ron Kind assisting the congressman with agriculture and rural development issues. In addition, I served on the staff of U.S. Senator Herb Kohl. In addition, I was then elected to serve on the La Crosse County Board of Supervisors in 2009.

My wife Betty and I, along with our two young children, continue to live in La Crosse County where we are close to the land and can stay involved with the family farm.

## LFP Sign-Up Underway in 20 Counties

Livestock producers in 20 Wisconsin counties may receive payment for

eligible livestock grazing losses that occur due to drought or fire on or after January 1, 2008, and before October 1, 2011, under the Livestock Forage Disaster Program (LFP).

All crops intended for grazing need to have crop insurance coverage or Non-insured Assistance Program coverage for the crop year that the benefits are requested. Producers considered limited resource, socially disadvantaged or beginning farmers are exempt from the insurance requirement.

The following Wisconsin counties met the criteria for 2009 and have been designated as being eligible:

Ashland	Barron
Bayfield	Burnett
Chippewa	Douglas
Dunn	Florence
Iron	Marinette
Oneida	Pierce
Polk	Price
Rusk	St. Croix
Sawyer	Taylor
Vilas	Washburn

FSA began accepting 2009 calendar year applications September 14, 2009. The 2009 applications must be filed by January 30, 2010. Late filed applications for LFP cannot be approved.

For subsequent years, sign-up applications must be filed no later than 30 calendar days after the end of the calendar year in which the grazing losses occurred.



The monthly payment rate will be an amount equal to 60 percent of the lesser of:

- the monthly feed cost for all covered livestock, using a feed grain equivalent (for example, the feed grain equivalent for an adult beef cow is 15.7 pounds of corn per day)
- the monthly feed cost calculated using the normal carrying capacity for the grazing land.



Drought eligibility criteria require that the drought must have occurred on:

- native or improved permanent vegetative cover
- small grains or forage sorghum planted specifically for grazing.

Losses due to drought must occur during the normal grazing period for the specific type of grazing land.

USDA's payment limitation provisions apply to producers enrolling in the disaster programs. Adjusted gross income limitations and conservation compliance requirements also apply.

Additional information about LFP, including eligible livestock and fire criteria is available at county FSA offices or on line at [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **Marketing Assistance Loans and Loan Deficiency Payments**

Commodity loans and Loan Deficiency Payments (LDP) are available each year on a variety of crops including barley, corn, grain sorghum, mohair, oats, oilseeds, soybeans, wheat, unshorn pelts, and wool. Corn silage is not eligible for a commodity loan. For commodities to be eligible for loans

or LDPs, they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by Commodity Credit Corporation (CCC).

Commodity loans are an excellent way to obtain operating funds while you wait for the market prices to peak. These loans mature nine months after the month of issuance. Currently the interest rate is 1.375 percent for loans issued in October.

To be eligible for loans and LDPs, you must have filed a crop report, met conservation compliance requirements, have beneficial interest in the commodity on the date the loan or LDP is requested, and in the case of a loan, retain beneficial interest while the loan is outstanding. The producer is responsible for maintaining the quantity and quality of the commodity in farm storage throughout the term of the loan.

Beneficial interest in the commodity means the producer retains the ability to make decisions about the commodity, is responsible for loss or damage to the commodity; and has title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan or LDP—even if you regain beneficial interest.

The November interest rate for MALs is 1.375 percent.

## **Maintaining Commodity Loan Eligibility**

It is important to make sure you do not remove or dispose of loan collateral without authorization. Violating provisions of the loan and LDP program may trigger administrative actions, such as assessing liquidated dam-

ages, calling the loan, and denial of future farm-stored loans and LDPs. Liquidated damages assessed for violating these provisions can result in a fine amounting to several thousand dollars.

Producers need to be aware that if their average adjusted gross nonfarm income exceeds \$500,000, they will not be eligible for marketing gains or LDP payments. They are still eligible for the commodity loan program, but loans must be repaid at principal, plus interest.



If you have entered a farm in the Average Crop Revenue Election program (ACRE), the loan rate for grain grown on an ACRE farm is reduced by 30 percent of the county loan rate. If you have production from farms in ACRE and also in Direct and Counter-Cyclical Program (DCP) that you want to put under loan, the loans must be processed separately. Production from an ACRE farm and a DCP farm cannot be put under the same commodity loan. The production could be stored in the same bin or structure.

### **Wool, Mohair, and Unshorn Pelts LDPs Available**

As commodity market prices drop, the possibility exists that the posted prices may fall below county loan rates. In order to be eligible for a payment, there must be an LDP rate in effect on the date beneficial interest is lost or the LDP application is submitted.

Due to the low commodity market price for wool, mohair, and unshorn pelts, a LDP payment rate is available. Producers must complete and file page 1 of the CCC-633 EZ form at the county office before beneficial interest is lost in the commodity in order to be eligible for possible LDP payments.

The deadline to apply for 9-month loans and LDPs for unshorn pelts, wool, and mohair produced in crop year 2009 is January 31, 2010.

Loan rates are similar to last year. Contact your county office at least a week prior to the time you would like the loan.

### **DCP and ACRE Sign-up Now Available for 2010**

Sign-up for the 2010 Direct and Counter-cyclical Payment (DCP) Program and Average Crop Revenue Election (ACRE) has begun and will continue through June 1, 2010.

FSA computes DCP Program payments using base acres and payment yields established for each farm and make direct payments at rates established by statute regardless of market prices. For 2010, direct payments may be requested in advance based on 22 percent of the direct payment for each of the farm's commodities. Counter-cyclical payment rates vary with market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

The ACRE program provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national average price. Producers can also use the electronic eDCP and eACRE services, which will save time, reduce paperwork and speed up contract processing at FSA offices. It is available to eligible DCP and ACRE participants. To access these online services, an active USDA eAuthentication Level 2 account is necessary, which requires filling out an online registration form at: <http://www.eauth.egov.usda.gov> followed by a visit to

the local USDA Service Center for identity verification.

Producers completing these steps and have an active USDA eAuthentication Level 2 account can access the eDCP and eACRE services online at: <http://www.fsa.usda.gov/dcp> and then click on the link "Access eDCP/eACRE Online Services" which is located under the "I Want to..." section. Lastly, click on the "Access eDCP/ACRE Service" link.



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.

The June 1, 2010, deadline is mandatory for all participants. USDA will not accept any late-filed applications.

### **ELAP Sign-up Now Available**

Eligible producers who lost livestock, honey bees, farm-raised fish or purchased feed due to disease, adverse weather or other conditions on or after January 1, 2008 and before October 1, 2011, can now sign up for the USDA Farm Service Agency's (FSA) Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).

Livestock producers who lost eligible livestock, feed for eligible livestock, suffered grazing losses on pastureland or incurred additional expenses in transporting feed to livestock isolated by adverse weather events, and are not eligible for the Livestock Indemnity Program (LIP) or the Livestock Forage Disaster Program (LFP) may qualify for ELAP. Grazing losses due to drought are covered under LFP and livestock losses due to most adverse

weather events common to Wisconsin are covered under LIP.

To qualify for ELAP, producers need to be aware of the following dates:

- Producers that suffered losses in the 2008 calendar year have until December 10, 2009 to file notice of loss and application for payment for ELAP at their local FSA Office.
- Producers suffering losses from January 1, 2009 to September 10, 2009, must file a notice of loss application by December 10, 2009. The final date to submit an application for payment for 2009 losses is January 30, 2010.
- For losses that occur from September 11, 2009 to December 31, 2009, producers will have 30 days after the loss to file a notice of loss at FSA and will have until January 30, 2010, to apply for payment.
- For losses after January 1, 2010, producers will have 30 days after the loss occurred to file a notice of loss. Application for payment must be filed within 30 days of the end of the calendar year.

Adequate documentation must prove the loss occurred as a direct result of an eligible adverse weather event in the calendar year for which benefits are being requested. Producers must file an acreage report on grazing acreage, honey bee colonies, and farm-raised fish pond acres.

For feed loss, documentation includes the types of feed purchased, cost of feed, date purchased and signatures of the vendors.

Producer eligibility for ELAP also requires that all crops in all counties

have crop insurance coverage or Non-insured Disaster Assistance Program (NAP) coverage for the crop year in which benefits are requested. An exception to the insurance and NAP requirements would be producers considered limited resource, socially disadvantaged or beginning farmers. For 2008 crop year losses, producers could have also qualified for ELAP by "Buying in" for eligibility.



USDA's payment limitation provisions apply to producers enrolling in the disaster programs along with adjusted gross income limitations and conservation compliance

Compensation for these losses is roughly at 60 percent of the replacement cost for the honey bees, bee hives or feed within the limitation provided in program provisions.

Producers should contact their local FSA County Offices for ELAP sign up. Producers can also learn more about ELAP by visiting [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **Farm Storage Facility Loan Program's Recent Changes**

Wisconsin Farm Service Agency (FSA) recently announced changes to the Farm Storage Facility Loan (FSFL) program, including modifications in loan amounts, repayment terms and the inclusion of hay and renewable biomass as eligible commodities.

The maximum principal amount of a loan through FSFL has increased to \$500,000 per structure. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility. Examples of eligible structures include permanent grain drying and handling equipment, hay storage,

horizontal and upright silos, and cold storage facilities for fruit and vegetable storage. Loan terms of seven, 10 or 12 years are now available depending on the amount of the loan. Interest rates for each loan term are different and are based on the rate which CCC borrows from the Treasury Department.

FSFL loans may now be closed using a partial disbursement and then a final disbursement option. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

The FSFL program helps to ensure that producers have adequate capacity to store their harvested production.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL loan must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, wheat, barley or minor oilseeds harvested as whole grain
- corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- pulse crops - lentils, small chickpeas and dry peas
- hay
- renewable biomass

- fruits (including nuts) and vegetables (cold storage facilities)

The FSFL program involves a \$100 per borrower processing fee. Loans less than \$50,000 can often be secured by the structure built or improved. Loans greater than \$50,000 are generally secured by real estate. For more information about FSFL or other FSA price support program, please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).



### **Snowmobiles on CRP Acreage**

It is up to the local FSA county committee to determine whether or not snowmobile trails are allowed to cross acreage enrolled in the Conservation Reserve Program. If this affects any of your CRP acreage, contact your local FSA office to request this particular use prior to allowing a trail on your CRP land.

### **Higher Loan Limits Announced Recently**

The Farm Service Agency (FSA) made changes to the available loan limits for farmers. The Direct Farm Ownership or Operating Loan maximum is \$300,000. The Guaranteed Farm Ownership or Operating Loan increased to \$1,112,000. A percentage of the loan is targeted towards beginning farmers and minority applicants.

If you are interested or have any questions about the FSA loans, please contact your local county FSA office.

### **Opportunities for Beginning Farmers**

The Farm Service Agency Down Payment Program assists beginning farmers, female farmers, and minority

farmers to purchase farms. In addition, this program benefits retiring farmers by allowing transfer of land to future generations.

To qualify, the potential farmer must make a cash down payment of at least five percent of the purchase price. The maximum loan amount must not exceed 45 percent of the least of either the purchase price of the farm, the appraised value of the farm, or \$500,000.

The term of a beginning farmer loan is 20 years with a current interest rate of 1.5 percent. Any remaining balance may be obtained from a commercial lender or private party. FSA can guarantee up to 95 percent if financing is obtained from a commercial lender, and participating lenders do not have to pay a guarantee fee.

If you are interested in the Down Payment Program or have any questions, please contact your local county FSA office.

### **Guaranteed Lines of Credit**

The Farm Service Agency (FSA) provides loan guarantees of up to 90 percent, allowing lenders to assist credit worthy applicants with lines of credit up to \$1,112,000.

Line of credit loan advances may be used to pay annual operating expenses, family living costs, and scheduled non delinquent term debt payments, among other uses. Annual advances on lines of credit must be supported by cash flow projection that demonstrates repayment ability.

The interest rate lenders charge on lines of credit may not exceed the rate they charge their average farm customer. An interest rate reduction of

four percent is available to applicants who qualify for FSA's Interest Assistance Program.

The security required for a line of credit consists of a first lien on the products produced or acquired with loan funds. A lien will generally also be taken on additional property available. Assignments will be taken to assure repayment. Crop insurance and other risk mitigation tools may be required.

For lines of credit less than \$125,000, abbreviated loan applications may be submitted. Lo doc lines of credit are processed by lenders in a manner similar to non guaranteed loans.

Annually, FSA targets a portion of its loan funds to beginning farmer and to socially disadvantaged applicants (SDA).

The FSA fee associated with lines of credit is one percent of that portion of the loan amount guaranteed.

Applicants must apply at a participating commercial lender. A list of participating lenders is available from FSA. Additional information concerning this and other FSA Farm Loan Programs, including program eligibility criteria is available at the web site [http://www.fsa.usda.gov/Internet/FSA\\_File/guaranteed\\_farm\\_loans.pdf](http://www.fsa.usda.gov/Internet/FSA_File/guaranteed_farm_loans.pdf).

### **FSA Asking for Help in Keeping Records Updated**

FSA county offices stress the importance of keeping your local office informed of any changes to farming operations. Changes to the farming operation, such as adding or removing land, changing members within the operation, or members passing away can affect payment limit determina-

tions. If you are unsure if a change will affect any FSA programs the operation participates in, please contact your local county office for more information and clarification.

### **Know Your Farmer, Know Your Food Initiative**

In September, USDA implemented the initiative 'Know Your Farmer, Know Your Food' to encourage development of local and regional food systems and to spur economic opportunity for the agriculture community. This initiative gives Americans the chance to engage in learning about where their food comes from and who produces it. Along with this opportunity is an opportunity for new income in the agriculture industry and new opportunities for farmers.

USDA believes that 'Know Your Farmer, Know Your Food' will allow consumers to reconnect with local producers interested in sustainable agriculture. It will also create the opportunity for farmers to provide access to healthy, nutritious food for families, and aid to improve the agriculture economy in areas that are suffering due to the recent economy.

Through numerous grants and programs, such as Rural Business Opportunity Grants and Federal-State Marketing Improvement Program, there is a new focus on supporting local and regional food systems to strengthen agriculture in the country by promoting sustainable agricultural practices and spurring economic opportunity.

For more information about 'Know Your Farmer, Know Your Food' and how producers may be able to participate, visit the web site at [www.usda.gov/knowyourfarmer](http://www.usda.gov/knowyourfarmer).



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<b>Dates to Remember</b>	
December 7	Last day to return committee election ballots to local FSA office
December 10	-ELAP application for notice of loss and payment deadline for 2008 calendar year qualified losses -ELAP notice of loss application deadline for Jan. 1 2009 - Sept. 10, 2009 losses qualified losses
December 25	Offices will be closed for Christmas Holiday
January 1, 2010	-Offices will be closed for New Years Day Holiday -Elected county committee members take office
January 18, 2010	Offices will be closed for Martin Luther King Jr. Holiday
January 30, 2010	-LIP application for payment deadline for livestock losses between Jan. 1, 2009 - Dec. 31, 2009 -LFP application deadline for grazing losses between Jan. 1, 2008 - Dec. 31, 2009 -ELAP application for payment deadline for Jan. 1 2009 - Sept. 10, 2009 losses qualified losses -ELAP application for payment deadline for Sept. 11, 2009 - Dec. 31, 2009 qualified losses
January 31, 2010	LDPs & 9-month loans for unshorn pelts wool and mohair deadline
March 31, 2010	Deadline for requesting loans & LDPs on small grains
May 31, 2010	Deadline for requesting loans & LDPs on coarse grains
June 1, 2010	DCP/ACRE enrollment deadline
Continuous	-Conservation Reserve Program (CRP) continuous sign-up -CREP sign-up -SAFE sign-up -Farm Storage Facility Loans -MILC sign-up

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