FSA Urges Crop Producers To Update Acreage, Yield Info

DAVE LEFEVER
Lancaster Farming Staff

HARRISBURG (Dauphin Co.) — Corn, soybean, and small-grain growers must update their base acreage and yield figures at their local Farm Service Agency (FSA) office by April 1 in order to receive the best benefit options during the next six years of crop programs under the new federal Farm Bill.

"They need to call as soon as possible to make an appointment," said Richard Pallman, Pennsylvania FSA executive director. "It's not a simple process, and it does take time."

When the one-time base acreage and yield updates are completed, annual signup for each of the following years of the program will be a relatively straightforward process, Pallman said.

The FSA is enrolling farmers into the Direct and Countercyclical Payment Program (DCP). The DCP is designed to be an equitable means of assistance for growers of agricultural feeds and grains. This program provides grain producers with the best price protection program afforded farmers in several years. Two forms of benefits are made available in DCP.

A guaranteed direct payment is made each year at an established payment rate. Additional payments are issued when market prices are low; this is called a counter-cyclical (CC) payment.

"DCP participation guarantees farm operations direct payments — regardless of market prices — and countercyclical payments — depending on national average market prices. This is a safety net that producers cannot afford to miss," Pallman said.

Countercyclical payments to grain growers over the next six years will be based on the acreage and yield updates they submit by April 1. Producers who have not taken the initiative to update these figures by April 1 will be "locked in" to their old figures, Pallman said. For many farmers, that could mean much lower countercyclical payments throughout the period than what they could be receiving.

"This is only a one-time deal for (crop producers) to establish their bases and yields," Pallman said. "If a producer does nothing, he can lose the opportunity to increase the dollars he can get."

Updates will be based on crop acreage and yield information from the years 1998-2001.

At this point, a relatively small percentage of crop farmers in the state have updated their base acreage and yield figures. There are also many producers who have never applied to the program at all.

A significant change from previous crop programs is that landowners must now sign the paperwork in order for a renting farmer to be approved for payments.

Pallman said he believes some farmers who rent cropland are hesitant to participate in the new program because of landowners now being required to sign. Renting farmers may view this as an opportunity for the landowner to raise the rent.

Pennsylvania farmers in general have been slow to sign up with federal programs for a number of reasons, including religious values and the belief that crop prices should be determined in the marketplace, not by government subsidies.

According to Pallman, however, tough economic times and increasing competition in domestic and global grain markets is making it more crucial for Pennsylvania farmers to take advantage of federal subsidies. He noted that farmers in large grain-producing states such as Illinois, Iowa, and Kansas traditionally have a much higher rate of participation in the federal programs, where they are seen as a tool for survival.

For producers who wish to participate, the first step is to decide whether to update their base and yield information for the 1998-2001 time period. Two decisions go hand-in-hand. The first is whether to update the base, or freeze it at the existing 2002 Production Flexibility Contract (PFC) base. In either case, farmers can add eligible oilseed acres. The second decision is whether to freeze yields at the existing 2002 PFC levels or update counter-cyclical payment yields for all covered commodities on the farm.

For producers who did not have a Production Flexibility Contract (PFC) for 2002, it is important to go to their local FSA office and establish their bases. The county FSA committee will assign a direct payment yield to each farm with history acres for the period of 1998-2001 which was not on a PFC for 2002.

If growers take no action to update bases by April 1 and are currently participating in USDA programs, then bases will default to 2002 PFC acres plus minimum eligible oilseed acres, or 2002 PFC acreage only.

In many cases the default option will deprive the operator of valuable program benefits. In some instances, a grower will be able to replace low paying base acreage with a crop providing higher benefits. Soybean growers may be able to substitute the soybean history for oats production flexibility history.

For example, take a producer who discontinued planting oats in a crop rotation and began planting 50 acres of soybeans in 1998. If the producer visits FSA by April 1, he can replace the oats base with his soybean history. Over the six years of this program, the producer will have increased his price protection over $4,000.

For a producer who has always planted 100 acres of corn which is reflected in his PFC contract, if the producer visits FSA, he can provide proven yield information to increase his counter-cyclical payments. If his PFC yield is 90 bushel per acre but his proven yield is 107 bushels per acre, although his acreage does not change, the producer will have gained $2,300 in price protection over the next six years of this program.

To take these steps or to find out more, contact your local FSA office.

Direct And Countercyclical Payment Program Questions And Answers

Question 1: What if I have never participated in Farm Service Agency Programs?

Answer: Update planted acreage from 1998 through 2001 by providing evidence of existence and disposition of the crop. You can also provide production records to establish a proven yield for the counter cyclical payment portion of the program. This updated information will be used as a basis for your participation.

Question 2: I have reported my planted acreage every year but I never participated. What do I need to do?

Answer: Your acreage base for each covered commodity will be the average of your plantings from 1998 through 2001. If you can provide production from those years you can prove a yield to be used for the counter cyclical portion of your benefits. If you do not provide production evidence FSA will assign a yield to be used for both direct and counter cyclical program payments.

Question 3: I picked up a new farm this year. Can I enroll the farm in this program?

Answer: Yes The history established for a farm will stay with that farm for the life of this farm bill. The previous producer would have reported the history of plantings or you can obtain the information and provide it to FSA to update the record.

Question 4: How can I prepare for my first visit to FSA?

Answer: Producers should review the acreage and yield histories recently mailed to each owner and farm operator. If all the information is correct you are ready to make a base and yield selection. You can calculate the benefits available under each option by using the base and yield analyzer. This tool is available at the following website: WWW.fsa.usda.gov/pas/farmbill/tools.asp If you do not have access to the Internet FSA can help you evaluate the different options.

Question 5: Why does a landowner need to get involved in my decision?

Answer: Bases and yields are used in calculating the benefits available for this program. The better the base and yield the more attractive the farm is to rent. Since the rentability of a farm is important to the owner he has an interest in choosing the best base and yield options available. Also, landowner participation in the base and yields selection process is required by the Legislation passed by Congress.

Question 6: Who receives the benefits on rented farms?

Answer: Farm program benefits are paid to the person with the risk in the crop. If the crop is shared the benefits must be shared. If a farm is cash rented, the farm operator would generally be eligible for the benefits.

Question 7: What happened to loans and loan deficiency payments?

Answer: Loans and loan deficiency payments are now available on grain produced on any farm whether enrolled or not enrolled. Loan rates have been adjusted slightly but current high prices have made deficiency payments rare in 2002. We still suggest you check with your county office prior to feeding or selling grain if interested in a deficiency payment. The final availability date for loans and loan deficiency payments is March 31st for small grains and May 31st for corn and soybean.

Question 8: When can I expect to receive payment?

Answer: FSA is issuing benefits to growers for 2002 and 2003. Final direct payments for 2002 are being reduced by the amount paid under the Production Flexibility Program for that year on the same farm. Advance 2003 payments equal to 50% of the guaranteed rate are available upon enrollment. Counter Cyclical Payments for 2002 have been projected at zero so no advance is being issued for 2002.

Question 9: This program sounds so complex. How will I ever figure it out?

Answer: FSA has the tools to help you make educated decisions. The program is really quite simple for those growers that have their records up to date. The program has two basic payment calculations that are very similar to previous programs. Direct payments are similar to Production Flexibility Program benefits. Counter Cyclical Payments are similar to the deficiency payments issued under the Production Adjustment Programs of the 80s'.

Question 10: How are payment rates determined?

Answer: Direct payment rates have been set by law at specific levels through 2007. Counter Cyclical Payment rates are determined by monitoring national market prices during the first 12 months following harvest. The market price is added to the direct payment rate to determine the effective price. The effective price is subtracted from the target price to determine the counter cyclical payment rate. The exact amount of the payment will not be know for one full year after harvest although advance payments will be available during the marketing year.

Question 11: How does an owner provide their consent to participate?

Answer: The landowner must sign form CCC-515 to indicate his agreement on base and yield selection. Payments will be issued upon presentation of a cash lease or the owner's agreement to the payment shares. On farms where it has been documented that you operate the land, you can provide a certification that you have a cash lease. In this case benefits would be paid after June 30th of that respective crop year.

Question 12: Where do I go to enroll?

Answer: Your local Farm Service Agency has the information and forms to enroll in the DCP Program. It is suggested that you make an appointment prior to stopping by. The sign-up process takes more time than previous

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Junior Market Goat Farm Show Winners

Class. 6681 Weight Division 1: 1. Matt Riebling. 2. Cole Riebling. 3 David Neagley.

Class: 6682 Weight Division 2: 1 Garrett Singer. 2. Ben Sollenberger 3. Brian Nailor.

Class: 6683 Champion Lightweight Matt Riebling.

Class: 6684 Reserve Champion Lightweight. Cole Riebling.

Class: 6685 Weight Division 3: 1. Jeremy Mock. 2. Luke States. 3. Morgan Creek.

Class: 6686 Weight Division 4: 1. Jessica Esh. 2. Ashley Barry. 3. Angela Carl.

Class: 6687 Champion Middleweight: Jessica Esh.

Class: 6689 Weight Division 5: 1. Andrew Clevenger. 2. Lindsey Curtis. 3. Reed Morgan.

Class: 6690 Weight Division 6: 1 Zachary Ocher. 2. Chad Menges. 3. Shane M. Conaway.

Class: 6691 Champion Heavyweight: Zachary Ocher.

Class: 6692 Reserve Champion Heavyweight: Andrew Clevenger.

Class: 6693 Grand Champion Market Goat: Zachary Ocher.

Class: 6694 Reserve Grand Champion Market Goat: Matt Riebling

Large dairies often require a huge labor force How do dairies deal with communication management issues involving Hispanic labor? What are the challenges other producers have faced and what are their suggestions? See the next issue of ***Lancaster Farming's Dairy Plus,*** geared toward large-scale dairy operations in the Feb 15 issue Also scheduled news from the Penn State Hispanic Workforce Management Conference and what s required for the survival of the Northeast dairy industry