Dairy LGM: December Update

With additional funding being designated for the Dairy LGM program last month, the November sign-up was in full swing. Much like October, nearly all of the new funding had been utilized. As of right now, the Dairy LGM program will not be available for December sign-up. Unless there is another allotment of funds for the program, Dairy LGM may not be available until October 2012. The popularity of the redesigned Dairy LGM program has been quite impressive. Hopefully all producers who wanted to participate took advantage of the funding within the last two sign-up periods. If you have any questions regarding the Dairy LGM program, feel free to contact the Garden State Crop Insurance Education Initiative Team at (856) 769-0090.

Report Crop Damage Before Insurance Period End

If your production/revenue is less than the insurance guarantee or you have acreage of corn, soybeans or other spring planted crops that cannot be harvested by the end of the insurance period, due to adverse weather, be sure to file a notice of damage with your crop insurance agent. The policy requires that damage be reported within 72 hours of discovery and not later than the earlier of within 15 days after harvesting is completed on the insurance unit or the end of the insurance period (12/10 for corn insured as grain corn and soybeans).

If you have the popular Revenue protection (formerly CRC) for your corn and/or soybeans a loss is determined based on revenue (yield times CME price). The insurance revenue guarantee is determined by multiplying your APH yield times acres for the unit times $6.32/bu. for corn (the fall price which is higher than the $6.01 spring projected price) and/or $13.49/bu. for soybeans (the spring projected price which is higher than the fall price of $12.14). Revenue to count is the production (including any appraisals) times the fall harvest price of $6.32/bu. for corn and/or $12.14 for soybeans. To estimate the amount of loss, subtract the value of the revenue to count from the insurance revenue guarantee (multiple by the ownership share if you have only partial ownership of the crop). Organic prices for corn are $10.75 spring and $11.30 fall; soybeans are $24.20 spring and $21.78 fall.
Is Your 2011 Risk Management Plan Adequate for 2012?

As you make plans for 2012, you need to seriously evaluate the adequacy of your 2011 risk management plan for each segment of your farm business. While a whole farm business focus is critical, in the interest of being brief, let’s focus on the crops segment of your farm business.

Time was when the government programs almost automatically provided a pretty good safety-net and about all producers had to do was to enroll, and perhaps, idle a few acres. But times have changed. Today, the major safety-net is determined by individual proactive producer decisions. For example, if all crops are not insured or covered by NAP, producers are ineligible for SURE Payments. Furthermore, if an adequate amount of crop insurance protection is not selected, the programs will not perform up to expectations or necessary payment levels when disasters occur. Therefore, risk management planning is as important as production and marketing planning.

2012 expectations are that risk exposures will increase in the form of high crop values, increased price volatility, higher input costs, tighter credit requirements, the need to recover from 2011 losses, higher family living costs, and aging farm operators.

Next, one might want to compare equity to expenses and income potential. Does it make sense to manage risk by self-insuring? Just how much protection is needed for 2012?

How much protection did you have in 2011?
Add up the value of:
Crop Insurance: $________
FSA Programs:
  NAP: $________
  SURE: $________
    (not funded for 2012),
  Other: $________
Marketing Contracts: $________
Other Risk Mgt. Tools: $________
TOTAL: $________

What is your strategy for 2012: Protect crop values, all or part of input costs, put a floor under marketing contracts, recovery of 2011 losses, secure operating loan and/or secure family living expenses? So, is your current risk management plan adequate for 2012 to fulfill your strategy?

Crop insurance agents now have 2012 rates and rules and are prepared to help you to complete a free Risk Management Checklist and to discuss coverage and cost control options that can strengthen your farm business plan and minimize the risk of an income interruption. Managing risks may result in improved peace of mind for you and your family in the year ahead. The checklist is also available at: http://farm-risk-plans.usda.gov/pdf/risk_management_checklist.pdf

Coming This Winter: FINPACK Workshops

At this year’s New Jersey Farm Bureau (NJFB) convention in November, risk management and FINPACK workshops were hot topics discussed on both days of the meeting. Producers who have participated in the program have found it to be very beneficial, allowing them to make confident decisions regarding farm purchases, including crop insurance.

FINPACK is a program that helps producers create a farm business analysis, cash flow planning as well as long range financial planning. By completing a FINPACK workshop, producers will understand their financial situation, be able to explore alternative plans for the upcoming year and consider/adopt new strategies in an effort to operate profitably. It is critical to know the cost of production per crop in order to determine the actual risk faced per acre. By knowing exactly what per acre costs are, it is much easier to determine what crop insurance coverage would best fit.

If you are interested in participating in a FINPACK workshop this winter or would like to learn more about it, please contact the New Jersey Crop Insurance Education Initiative Team at (856) 769-0090.
USDA Streamlines Programs to Help American Agriculture Enhance Productivity, Drive Economic Growth

KANSAS CITY, Mo., Nov. 10, 2011—Agriculture Secretary Tom Vilsack announced today that USDA has streamlined a host of programs and processes in an effort to help farmers, ranchers and businesses continue to drive America's productive agricultural economy. As USDA approaches its 150th anniversary, the changes—quicker disaster assistance, expedited reviews of pending product applications, and less reporting dates—will help USDA build a better, stronger and more efficient Department. Improvements were announced by the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Animal and Plant Health Inspection Service (APHIS).

Earlier this year, Vilsack asked USDA leadership to undertake a review of the Department's operations to identify improvements and innovations to the Department's services and programs. Many of the process improvements announced today are part of the USDA Customer Service Plan, which identifies key Departmental actions and initiatives aimed at improving customer service. USDA developed this plan in support of the President's April 27, 2011, Executive Order 13571, on "Streamlining Service Delivery and Improving Customer Service."

The process improvements announced today include:

**From FSA:**
USDA is accepting comments on a proposed rule to streamline the process for its Secretarial Disaster Designation, allowing farmers and ranchers devastated by natural disaster to obtain emergency loans and other assistance faster than before. Streamlining the process from six steps to two will enable USDA to help those in need in an expedited manner. Additionally, the proposed rule can help to ensure all eligible disaster counties receive a designation.

**From RMA and FSA:**
Establishing 15 common Acreage Reporting Dates (ARDs) for farmers and ranchers participating in RMA and FSA programs. The common reporting dates will reduce the reporting burden on producers and also help to reduce USDA operating costs by sharing similar data across participating agencies. Before the streamlining, RMA had 54 ARDs for 122 crops, and FSA had 17 ARDs for 273 crops.

**From APHIS:**
- APHIS is making a number of improvements to its process for reviewing license applications for veterinary biologics. APHIS anticipates being able to reduce its veterinary biologics licensing processes by potentially 100 days—or a 20 percent savings—by streamlining its processes;
- APHIS is focused on improving processes to better serve USDA's customers in the areas of risk assessment and rulemaking for the importation of agricultural products. The Agency found that by streamlining data needs, reducing the time for drafting risk assessments, and improving project management and tracking, APHIS expects significant improvements.
- On petitions requesting nonregulated status for genetically engineered (GE) organisms, APHIS anticipates being able to significantly reduce the average length of the petition process while maintaining strong oversight. At the same time, the new process will provide the opportunity for earlier input from the public on petitions for deregulations, allowing USDA to better serve all its stakeholders.

APHIS is streamlining the enforcement process against those who jeopardize plant and animal health and animal welfare. Under a process pilot-tested in October 2011, APHIS aims to resolve a typical case in 165 days—a time savings of 40 percent. The new target for complex cases is 215 days—a 46 percent time reduction.

For more information about each of process improvements announced today, please visit [www.fsa.usda.gov](http://www.fsa.usda.gov), [www.aphis.usda.gov](http://www.aphis.usda.gov), or ["Lady in Red" by Bonnie Mohr](#).
Now is the time to get your production records in order. The challenge is to make sure that your production records meet the crop insurance requirements so that you receive the full benefits of the good yields when you update your crop insurance actual production history records (APH) with your crop insurance agent. Make sure that acreage and production from each insurance unit are included for 2011 and each prior year of your crop insurance databases. If you farm store your production and do not have separate storage facilities for each insurance unit, crop insurance rules require verifiable written records that are accurately recorded during the harvesting season. Feeding records are also required if applicable. A detailed system that meets RMA/USDA standards is available at the website: [www.cropins.aers.psu.edu](http://www.cropins.aers.psu.edu). The guide contains methods of calculating the bushels/tons of farm-stored production. Don’t forget to apply “pack factors” to farm stored grains as it increases the bushels.

**Happy Holidays!**

The Garden State Crop Insurance Crop Education Initiative Team would like to wish you and your families to have a Happy Holiday Season as well as a happy, healthy, and prosperous New Year! We look forward to working with you and answering all of your crop insurance questions in 2012!

We would like to give special thanks to Bonnie Mohr for allowing the use of her beautiful artwork in this newsletter. If you would like to see more of her creations, please visit her website at [www.bonniemohrstudio.com](http://www.bonniemohrstudio.com)

**Questions about crop insurance? Call our toll free information line 800-308-2449  
Or visit us online at [http://salem.rutgers.edu/cropinsurance](http://salem.rutgers.edu/cropinsurance)**

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