

The Kentucky Agricultural Development Board (KADB) is considering changes in the policies and processes for the County Model Programs and the Menu Approach Program for Model Programs. These changes are motivated by the desire of the KADB to ensure maximum access and broad participation in these programs. At their December 19, 2008 meeting, the KADB approved the general concepts and objectives of these changes and committed to an extensive information gathering period. The KADB and the Governor's Office of Agricultural Policy staff will consult with county boards and administrators, agents, agricultural leaders and other stakeholders in gathering feedback and suggestions to be used in finalizing changes for the 2009 programs. Your input will be critical to shaping the final changes to these programs.

To facilitate this input gathering process, a "blackout" period for accepting Model Program and Menu Approach Program applications will be in place from January 5, 2009 to March 20, 2009. Applications received prior to January 5, 2009 will operate under 2008 Program guidelines. Amendments for 2008 programs will be considered and acted upon by the KADB during the blackout period. Upon conclusion of a thorough feedback gathering period and an anticipated decision on March 20, 2009 by the KADB to move forward, applications from counties would be considered at the April 17, 2009 KADB meeting.

Conceptual Changes to Model/Menu Programs:

Concept 1: Name change

It is proposed that the program will be known as the "County Agriculture Investment Program". Model Programs will now be known as "investment areas".

Concept 2: All Investment Areas Will Be Offered in Menu Fashion

It is proposed that all investment areas approved by the Agricultural Development Board will be made available to all eligible producers. Incorporating all investment areas into one program will allow for a greater variety of offerings and broader access for participation to all producers in the county.

Concept 3: County Agriculture Investment Program Term

It is proposed that all County Agriculture Investment Programs will have a term of 12 months from the date of execution of the legal agreement. A consistent duration for all programs will provide uniformity and continuity for program administration as well as improving the ability for compliance to track closing dates.

Concept 4: Funds Available to Individual Producers Will Be Limited on an Annual Basis

The drought conditions of the past two years have created a need for additional on-farm investments. Therefore it is proposed that the County Agriculture Investment Program will provide a maximum of \$7,500 to any individual eligible producer for county programs initiated in 2009. A producer may apply for multiple investment areas however the total award may not exceed \$7,500 annually. County Councils may elect to reduce the per producer cost share limits.

Concept 5: Allocation of County Funds to County Agriculture Investment Program

County Funds for the County Agriculture Investment Program may not be allocated per investment area, but only to the program as a whole. If the county elects to reduce the per producer annual cost-share limits, that reduction shall apply to all investment areas. For example, if a county chooses to reduce the maximum cost share available in the Farm Livestock Fencing Improvement investment area to \$1500, then all other investment areas shall be reduced to \$1500 as well.

Concept 6: Tobacco Dependency Defined

Tobacco dependency restrictions have prevented some producers from being eligible for participating in County Agriculture Investment Programs. It is proposed that, for the purposes of the County Agriculture Investment Program, tobacco dependence is defined as: "A producer applicant who has received a Phase II check, a Buyout check, or who grew and marketed tobacco during the previous growing and marketing season. The Agricultural Development Board considers the son or daughter of these individuals as tobacco dependent." Lack of tobacco dependency shall not automatically render a producer ineligible for program participation.

Concept 7: Producer Lifetime Limits Will Be Eliminated

It is proposed that the producer lifetime limits be eliminated. Adoption of the annual cost-share limit paired with the eligible producer definition will make the lifetime limit unnecessary while allowing for more efficient and accurate compliance and tracking of producer payments. Producer payments will still be monitored and will be available on the Governor's Office of Agricultural Policy website.

Concept 8: Standardized Application and Scoring System

In an effort to ensure equity among producers across all investment areas, it is proposed that a standardized application and scoring system be developed that will be utilized by all County Councils. Individual applications will be scored against all applications submitted for the County Agriculture Investment Program investment areas. Applications will not be scored by individual investment area or on a first come/first served basis. Tobacco dependency, prior receipt of county funds, and beginning farmer status will be a part of the standardized scoring criteria.

Concept 9: One County Administrator Per County

In order to achieve a higher level of program compliance, based on independent audit findings and recommendations, it is proposed that each county will designate a single lead administrator that will be responsible for compliance reporting, disbursement, and all other contractual obligations. However, the lead administrator would be allowed to subcontract portions of administrative services. This change will provide for streamlined accountability for compliance as well as improved communication between the Governor's Office of Agricultural Policy staff and county administrators. This new program concept provides an opportunity to consolidate and simplify educational requirements for investment areas.

Concept 10: Investment Area Change

It is proposed that the percentage of county cost share in the Cattle Genetics investment area be reduced from 50% to 33% (Producer contribution 67%, County Agriculture Investment Program contribution 33%). It is also proposed that the dollar limit and number of head limit be removed for both bulls and heifers. Raising of the EPD requirements is also being considered.