Steve Troxler
Commissioner

North Carolina Department of Agriculture
and Consumer Services

Golden Hay Relief Program

A Special Project of the North Carolina Department of Agriculture & Consumer Services, with funding provided by the Golden LEAF Foundation

Procedures and Guidelines of Program

Background

North Carolina cattle farmers are currently experiencing a shortage of hay and forage products to feed to their cattle as a result of dry weather, a late freeze, and above average temperatures. According to the North Carolina Cattlemen's Association, as many as one-third of the state's livestock farmers are at risk of discontinuing their operations as a result of this year's adverse weather conditions. Without assistance in coping with the hay shortage, there is a serious risk that North Carolina could experience an exodus of livestock operations. In other words, producers who cannot locate and transport hay, forage, stover, or fodder may be forced to sell their herds. This raises the specter of the loss of farmland, a local food supply source, and a way of life that has attracted many to our state.

The Department of Agriculture and Consumer Services has been actively working on efforts to help livestock farmers cope with this year's weather conditions. The Department is asking corn and soybean farmers in the eastern part of the state who have been hurt by the drought to bale their corn and beans for hay, as opposed to returning them to the ground. In some instances, farmers can harvest their corn crop *and* bale corn stover that is left behind the combine. The Department has hosted several demonstrations at Research Stations around the state to educate farmers about the use of alternative forages, and has made a great deal of information about this practice available on its website. These demonstrations and the Department's website also feature advice and guidance from the North Carolina's Cooperative Extension Service.

Notwithstanding the efficacy of using alternative crops for forage, the major constraint in this effort is the logistical issue of moving hay or forage from the eastern part of the state to the western part of the state. Transportation costs make moving hay across the state nearly an economic impossibility.

Overview of Golden Hay Relief Program

The Golden LEAF Foundation has made a grant of $500,000 to assist with transportation of hay or forage in the state. Golden LEAF grant funds will be used to reimburse livestock operators for the transportation of bales of corn, soy and other stover or fodder within North Carolina to cattle operations elsewhere in the state. The primary recipients of the benefits of the Golden Hay Relief Program are at risk livestock operators who have been adversely impacted by this year's weather conditions. The Golden Hay Relief

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Program will also benefit farmers in parts of the state where corn and soybeans are grown because it creates an alternative market for those crops, which might also be suffering as a result of the drought. The goal of the Program is to keep North Carolina's cattle herd on the farm and keep operators in business, protecting the breeding stock and preventing a fire sale of North Carolina cattle.

How the Program will Work

Eligibility

- North Carolina producers of livestock raised for food and fiber who have purchased hay, forage, stover, or fodder from North Carolina sellers on or after September 1, 2007 and who have verified expenses related to transporting that product to their operations are eligible for the cost share.

- The Golden Hay Relief cost share funds are to be used solely to offset the cost of transporting hay, forage, stover, or fodder within the state. Funds may only be used to transport feedstocks grown by North Carolina farmers to North Carolina livestock farmers. The hay or forage moved in this Program must have been grown in North Carolina and shipped within North Carolina.

- Producers will be required to affirm that the hay was needed to feed existing livestock. The Department will use its own staff, as well as individuals with Cooperative Extension and USDA to verify that information provided by applicants is accurate.

- No farmer is eligible to receive reimbursement of more than 50% of his or her transportation costs.

- Because the cost share amount will be based on, among other things, number of bales moved and number of miles those bales were transported, farmers applying for funds must submit one application for each load of hay or forage they have purchased and transported. The completed application will include information about where the forage originated and its final destination, so different applications must be submitted for forage originating or being delivered in different places. There is no limit on the number of applications a farmer may submit; if a farmer moves ten loads of forage, he or she should submit ten signed applications.

- Farmers may receive reimbursement for transportation expenses incurred without the use of a third party or private transportation company. Farmers who provide their own transportation must be able to present documentation of actual and necessary expenses.

- To be eligible for cost-share funds, the hay, forage, stover, or fodder that is moved must be for the farmer's own use, and not be intended for resale.

- Any cases of fraud or abuse of the program will be prosecuted or pursued to the fullest extent of criminal and civil law.

- Unlike the Ag Partners Program, there is no minimum bale or minimum mileage requirement to be eligible for Golden Hay Relief cost share funds. However, the number of bales moved and the total mileage those bales were moved will be considered in making the reimbursement calculation.

- Although any size load will qualify for the cost share (assuming other eligibility criteria are satisfied), the Department encourages farmers to move full, commercial sized loads (consisting of more than 25 large bales) of hay or fodder. If a farmer does not need an entire commercial sized

load, he or she is encouraged to coordinate or pool his or her transportation needs with other farmers.

Applying for Cost Share Funds

An application which demonstrates a verified need for assistance must be postmarked on or before December 31, 2007. Applications post-marked after December 31, 2007 will not be accepted. Applications for assistance will be available on or after September 17, 2007 at www.ncagr.com/hayalert or by calling the Hay Alert Hotline at 1-866-506-6222.

Determining the Amount of Cost Share Funds to be Allocated

Once the December 31, 2007 postmarked deadline has passed, the Department will begin evaluating all applications. The applications will be evaluated for both completeness and accuracy. Producers will have to provide the following information on the application:

- Name
- Mailing address and telephone number
- NC Farm ID Premises Identification Number
- Social Security or Federal ID Number
- Size of livestock operation, including specifically, number of cattle and hay on hand prior to the purchase for which cost share funds are sought
- Seller information, including the identity, address, and telephone number of the individual who sold the applicant the forage
- Transportation information, including the name and telephone number of any individual or entity who provided transportation services
- The original bill of lading or transportation receipt; farmers are encouraged to keep a copy of the bill of lading or receipt for their own records
- Date of delivery
- Number of miles the forage was transported
- Number of bales transported
- Delivery and origination locations
- Signature and date of application

Once all applications have been verified, the Department will determine the total cost of transportation for which reimbursement will be approved. That number is expected to exceed the available funds. Accordingly, each farmer will only be reimbursed for a portion of his or her eligible transportation expenses. The amount reimbursed will not exceed 50% of each farmers' actual transportation costs.

The Department cannot, at the outset of this program, estimate the number of bales that will be moved, the number of miles that bales will be transported, or the amount each farmer will spend on transportation costs. The amount to be reimbursed to each farmer cannot be determined until all applications for reimbursement have been received and verified. The Department will allocate half of the Golden LEAF grant ($250,000) for reimbursement based on number of bales moved in the Program. The other half of the grant (the remaining $250,000) will be distributed based on number of miles driven in the Program.

Specifically, a portion of each farmer's reimbursement amount will generally be determined by dividing half of the funds available from the Golden LEAF Foundation grant by the total number of miles driven by all applicants, and then by allocating to each farmer a reimbursable amount for each verified mile. The remaining portion of the reimbursement amount will be determined by dividing half of the funds available

from the Golden LEAF Foundation grant by the total number of bales moved by all applicants, and allocating each farmer a reimbursable amount for each verified bale. In sum, a portion of each farmer's reimbursement will be based on number of bales moved and a portion will be based on number of miles those bales were moved.

The Department reserves the right to deny or limit the reimbursement for applicants' transportation expenses that are unreasonably excessive, and to request additional information or documentation before making eligibility determinations. This is not an entitlement program. The ultimate discretion for eligibility determinations belongs to the Department, and determinations are final once they are rendered.

The Department reserves the right to amend or further clarify the procedures and guidelines of the Golden Hay Relief Program in order to ensure fair and timely management of the Program.

The Department expects to have checks mailed to livestock farmers by February 28, 2008.

Additional Information

Individuals who want to know more about the Golden Hay Relief Program are encouraged to visit the Department's Hay Alert website at www.ncagr.com/hayalert or to call the Department's toll-free Hay Alert Hotline at 1-866-506-6222. This program received support from The Golden LEAF Foundation.