

For: State Offices and Service Centers

Partial 2009 Crop Year Counter-Cyclical (CC) Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (2008 Act) provides for CC payments for covered commodities and oilseeds beginning with crop years 2008 through 2012.

B Purpose

This notice:

- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2009 partial CC upland cotton and peanut payments
- provides guidance for issuing payments to producers with special circumstances
- informs State and County Offices:
 - of the partial CC payment rate for upland cotton and peanuts
 - that 2009 partial CC payments will **not** be issued for barley, chickpeas, corn, dry peas, grain sorghum, lentils, oats, rice, soybeans, and wheat because their effective price exceed their respective target price
 - that 2009 partial CC payments for upland cotton and peanuts are scheduled to start processing on Friday, March 5, 2010.

Disposal Date	Distribution
March 1, 2011	State Offices; State Offices relay to Service Centers

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2 Calculating 2009 Partial Payment Rates

A 2009 Partial Payment Rates

The following table provides calculations for 2009 partial CC payment rates for barley, chickpeas, corn, dry peas, grain sorghum, lentils, oats, peanuts, rice, soybeans, upland cotton, and wheat. Upland cotton and peanuts are due a partial payment because the effective price is below the target price. Barley, chickpeas, corn, dry peas, grain sorghum, lentils, oats, rice, soybeans, and wheat are **not** due a final payment because their effective price exceeds their respective target price.

Note: The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average farm price received by producers.

The following tables illustrate the partial payment calculation.

Item	Barley	Large Chickpeas	Small Chickpeas	Corn	Dry Peas	Lentils	Oats
	\$/bu	\$/cwt	\$/cwt	\$/bu	\$/cwt	\$/cwt	\$/bu
Target Price	2.24	12.81	10.36	2.63	8.32	12.81	1.440
National Average Loan Rate	1.85	11.28	7.43	1.95	5.40	11.28	1.330
National Average Farm Price	2.60	30.40	19.00	3.70	8.75	27.00	2.100
Higher of Loan Rate or Farm Price	2.60	30.40	19.00	3.70	8.75	27.00	2.100
Direct Payment Rate	0.24	n/a	n/a	0.28	n/a	n/a	0.024
Effective Price	2.84	30.40	19.00	3.98	8.75	27.00	2.124
Payment Rate	0	0	0	0	0	0	0
Partial CC Payment Rate (40%)	0	0	0	0	0	0	0

Item	Peanuts	Med. Gr. Rice	Long Gr. Rice	Grain Sorghum	Soybeans	Upland Cotton	Wheat
	\$/lb	\$/lb	\$/lb	\$/bu	\$/bu	\$/lb	\$/bu
Target Price	0.2475	0.1050	0.1050	2.57	5.80	0.7125	3.92
National Average Loan Rate	0.1775	0.0650	0.0650	1.95	5.00	0.5200	2.75
National Average Farm Price	0.2180	0.1775	0.1315	3.30	9.45	0.6200	4.85
Higher of Loan Rate or Farm Price	0.2180	0.1775	0.1315	3.30	9.45	0.6200	4.85
Direct Payment Rate	0.0180	0.0235	0.0235	0.35	0.44	0.0667	0.52
Effective Price	0.2360	0.2010	0.1550	3.65	9.89	0.6867	5.37
Payment Rate	0.0115	0	0	0	0	0.0258	0
Partial CC Payment Rate (40%)	0.0046	0	0	0	0	0.0103	0

n/a = not applicable

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2 **Calculating 2009 Partial Payment Rates (Continued)**

B Web Site for National Average Prices Received by Producers

The national average prices received by producers for contract commodities may be found on the FSA Internet at www.fsa.usda.gov.

C Update to CC Payment Parameter Table

The National Office will update the Payment Parameter Table with the partial payment rates for upland cotton and peanuts.

3 **Issuing Payments to Producers With Special Circumstances**

A Bankruptcy

County Offices shall follow procedures in 58-FI, paragraph 176 for producers who have filed bankruptcy.

B Deceased Producers

County Offices shall follow the policy in 1-DCP (Rev. 3), paragraph 400 for deceased producers.

C Successor-in-Interest

County Offices shall follow the policy in 1-DCP (Rev. 3), paragraph 398 for successor-in-interest.

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4 A Farms Having 10.0 or Less Total Base Acres

Provisions for farms having 10.0 or less total base acres allow for a DCP-ACRE payment to be issued if 50 percent of the ownership interest in the farm is determined to meet socially disadvantaged or limited resource producer provisions.

2009 partial CC payment software will not have the ability to determine if 50 percent of the ownership interest in the farm is determined to meet socially disadvantaged or limited resource producer provisions. As a result, County Offices will need to determine if 50 percent of the ownership interest in the farm meets socially disadvantaged or limited resource producer provisions for those farms having 10.0 or less total base acres.

If a farm has 10.0 or less total base acres **and** 50 percent ownership interest in the farm is determined to:

- meet socially disadvantaged or limited resource producer provisions, no action is necessary
- **not** meet socially disadvantaged or limited resource producer provisions, the DCP-ACRE **Contract approval date** should be removed permanently to prevent payments to that farm.

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5 Action

A State Office Action

State Offices shall ensure that County Offices are informed of the contents of this notice.

B County Office Action

County Offices:

- are advised that 2009 partial CC payments for upland cotton and peanuts are scheduled to start processing Friday, March 5, 2010
- shall follow procedure in 2-DCP (Rev. 1) Part 5 for payment and overpayment processing
- are reminded that:
 - payment processing will occur automatically thru triggers in the system
 - payments will be sent to NPS without user intervention
 - overpayments will be sent to NRRS without user intervention
 - the Nonpayment Register will show producers that cannot be issued part or all of the CC payment and the nonpayment reason
 - the Payment History Report will show producers that have been issued part or all of the CC payment
- shall remove the DCP-ACRE **Contract approval date** for applicable farms only if **both** of the following apply:
 - total base acres for the farm are 10.0 acres or less, **and**
 - 50 percent of the ownership interest in the farm is **not** determined to meet socially disadvantaged or limited resource producer provisions.