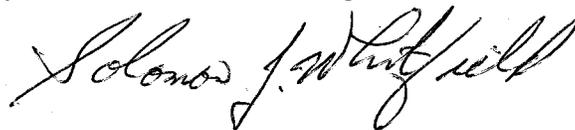


For: State and County Offices

**2009 DCP Final Counter-Cyclical (CC) Payment Rates for Corn, Dry Peas,  
Grain Sorghum, Lentils, Peanuts, Soybeans, and Upland Cotton**

Approved by: Acting 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.

Partial CC payments for peanuts and upland cotton were issued in March 2010.

Corn, dry peas, grain sorghum, lentils, and soybeans did not receive a partial 2009 crop year CC advance payment.

**B Purpose**

This notice:

- informs State and County Offices:
  - of the 2009 final CC payment rates for peanuts and upland cotton
  - that 2009 final CC payment will **not** be issued for corn, dry peas, grain sorghum, lentils, and soybeans because their effective price exceeds their respective target price
  - that 2009 final CC payments for peanuts and upland cotton are scheduled to start processing on or about Friday, October 8, 2010
- provides:
  - a detailed explanation of how the final CC payment rates are determined
  - instructions on issuing 2009 final CC peanut and upland cotton payments
  - guidance for issuing payments to producers with special circumstances.

<b>Disposal Date</b>	<b>Distribution</b>
March 1, 2011	State Offices; State Offices relay to County Offices

**Notice DCP-243**

**2 Calculating 2009 Final CC Payment Rates**

**A 2009 Final CC Payment Rates**

The following provides calculations for 2009 final CC payment rates for corn, dry peas, grain sorghum, lentils, peanuts, soybeans, and upland cotton. Peanuts and upland cotton are due a final payment because the effective price is below the target price. Corn, dry peas, grain sorghum, lentils, and soybeans are not due a final payment because their effective price exceeds their respective target price.

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

The final payment rate is the target price minus the effective price.

The following table illustrates the final payment calculation.

Item	Corn	Dry Peas	Lentils	Peanuts	Grain Sorghum	Soybeans	Upland Cotton
	\$/bu	\$/cwt	\$/cwt	\$/lb	\$/bu	\$/bu	\$/lb
<b>Target Price</b>	2.63	8.32	12.81	0.247500	2.57	5.80	0.712500
National Average Loan Rate	1.95	5.40	11.28	0.177500	1.95	5.00	0.520000
National Average Farm Price	3.55	8.98	26.80	0.217000	3.22	9.59	0.629000
Higher of Loan Rate or Farm Price	3.55	8.98	26.80	0.217000	3.22	9.59	0.629000
Direct Payment Rate	0.28	0.00	0.00	0.018000	0.35	0.44	0.066700
<b>Effective Price</b>	3.83	8.98	26.80	0.235000	3.57	10.03	0.695700
<b>Final CC Payment Rate (Target Price Minus Effective Price)</b>	0	0	0	0.012500	0	0	0.016800
<b>Partial Payment Rate</b>	0	0	0	0.004600	0	0	0.0103
<b>Final CC Payment Rate Less Partial Payment Rate</b>	0	0	0	0.007900	0	0	0.006500

**B National Average Prices Received by Producers**

The national market year average prices received by producers for contract commodities can be found by:

- accessing the FSA Internet home page at <http://www.fsa.usda.gov/>
- completing the following:
  - ENTER “foa” in the search bar and CLICK “Go”
  - select “Counter-Cyclical Payment Rates and Average Market Prices”.

**C Update to CC Payment Parameter Table**

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

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### 3 Issuing Payments In Special Circumstances

#### A Bankruptcy

County Offices shall refer to 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.

### 4 Farms Having 10.0 or Less Total Base Acres

#### 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 final 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** shall be removed permanently to prevent payments to that farm.

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### 5 DCP/ACRE Direct and CC Payment Reports

#### A DCP/ACRE Direct Payment Reports

All DCP/ACRE payment reports are currently accessed through the DCP/ACRE Payments Menu; however, now that the Common Payment Reports System has been implemented, the DCP/ACRE payment report information will gradually be moved over to applicable reports within the Common Payment Reports System.

This table lists which reporting system to use for the applicable report.

Access Through	Available Payment Reports	Handbook	Paragraph
DCP-ACRE Payment Menu		2-DCP (Rev. 1)	218-220
	Overpayment Register		254
	Estimated Calculated Payment Report		221
Common Payment Reports System		9-CM	52
	Nonpayment/Reduction Report		66
	Insufficient Funds Report		67
	Payment History Report - Summary		69
	Payment History Report - Detail		70

**Note:** 2-DCP (Rev. 1), paragraph 254 provides information for the 10 workday hold modification to the Overpayment Register.

#### B Insufficient Funds Report

The Insufficient Funds Report:

- will be available through the Common Payment Reports System starting October 8, 2010, when final payments are issued, and provides a report of payments that could not be processed because sufficient funds were not available at the time the payments were being processed
- is informational **only** as Kansas City monitors the available funding and allocates additional funding when necessary.

Producers may be listed on the Insufficient Funds Report for 1 or 2 calendar days because of the timing of allocating additional funds and payment processing.

See 9-CM, paragraph 67 for information on the Insufficient Funds Report.

**Important Note:** Currently, payment software updates the Nonpayment Report when a producer cannot be paid because of insufficient funds. State Offices shall **not** access 2009 DCP or CC eFunds to re-allocate funding. Allocation of funds by State Offices may have an adverse affect on payments.

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### 6 Changes to DCP Final CC Overpayment Processing

#### A Changes to DCP Final CC Overpayment Processing

Overpayment processing has been modified so that overpayment amounts determined during the final payment cycle are no longer immediately transferred to the National Receipts and Receivable System (NRRS). The overpayment process will now update the Overpayment Register with the applicable overpayment information and hold the overpayment for 10 workdays.

**Note:** This allows for corrective action to be taken, if necessary, and will prevent overpayments from being transferred while taking corrective action or waiting for updates in the system to be applied.

The Overpayment Register:

- has been modified to add a “Transfer Date” for the listed overpayment which is 10 workdays from the date the overpayment was determined.
- will include the overpayment until the transfer date.

**Notes:** The overpayment will be transferred to NRRS automatically if the County Office has not transferred the overpayment to NRRS by the transfer date.

If the overpayment amount and/or reason change, the “Date” and “Transfer Date” will also change on the Overpayment Register.

County Offices have 2 options for overpayments listed on the Overpayment Register:

- immediately correct the condition causing the overpayment to be listed on the Overpayment Register
- select the overpayment for immediate transfer to NRRS if the producer is determined to be overpaid.

**Notes:** If no action is taken, the overpayment will be automatically transferred to NRRS on the “Transfer Date”.

If the producer is listed on the Overpayment Register and no corrective action is needed, the County Office shall select the overpayment to be transferred to NRRS immediately.

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### 7 State and County Office 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 final CC payments for peanuts and upland cotton are scheduled to start processing on or about October 8, 2010
- shall follow procedure in 2-DCP (Rev. 1) Part 5 for payment and overpayment processing
- are reminded that:
  - payment processing will occur automatically through triggers in the system
  - payments will be sent to NPS without user intervention
  - the overpayment process will now update the Overpayment Register with the applicable overpayment information and hold the overpayment for 10 workdays
  - 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 **permanently** 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
  - 50 percent of the ownership interest in the farm is **not** determined to meet socially disadvantaged or limited resource producer provisions.