

For: State and County Offices

MILC Program Benefits Extended

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

On January 2, 2013, the President signed the American Taxpayer Relief Act of 2012 (ATRA) into law. ATRA allows the following:

- continuation of MILC program benefits through September 30, 2013
- for September 2012:
 - an adjustment in the baseline price of \$16.94 per hundredweight (cwt) when the National Average Dairy Feed Ration Cost (NADFRC) adjustment is greater than \$7.35 per cwt, a decrease from \$9.50 per cwt established by the 2008 farm bill
 - an increase in the payment calculation percentage used to compute the MILC payment rate to 45 percent, an increase from 34 percent established by the 2008 farm bill
 - eliminates the 2.4 million lb. maximum quantity eligible for payment that was to take effect September 1, 2012, and makes 2.985 million lbs. the maximum quantity eligible for payment for FY 2012
- for October 2012 through August 2013:
 - establishes a baseline price of \$16.94 per cwt that is adjusted upward when the NADFRC adjustment is greater than \$7.35 per cwt with a 45 percent payment rate calculation percentage
 - sets the maximum quantity eligible for payment to 2.985 million lbs.

Disposal Date	Distribution
December 1, 2013	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

A Background (Continued)

- for September 2013:
 - establishes a baseline price of \$16.94 per cwt that is adjusted upward when the NADFRC adjustment is greater than \$9.50 per cwt with a 34 percent payment rate calculation percentage
 - sets the maximum quantity eligible for payment to 2.4 million lbs.

Note: From October 2012 through August 2013 an operation may receive payments on marketings up to 2.985 million lbs. An operation is **not** eligible for a September 2013 payment if that operation has received MILC payments on more than 2.4 million lbs. before September 1, 2013.

As a result of these legislative changes, MILC payments were triggered in September for FY 2012 and October for FY 2013. State and County Offices shall collect production evidence in the normal manner and enter production in the MILC payment processing software according to 11-LD.

Since ATRA was signed **after** the start of FY 2013, producers were not able to make timely start month selections for FY 2013 according to normal start month selection provisions. Therefore, a relief period will be authorized that will allow MILC participants to make start month selections for FY 2013 during this authorized period. This relief period will be announced at a later date.

B Purpose

This notice provides State and County Offices with general information about the continuation of the MILC program through September 30, 2013.

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2 Processing MILC Payments

A FY 2012 September MILC Payment

A MILC payment rate of \$0.5944345 has been computed for September 2012. MILC payments triggered for September 2012 for MILC participants who have not exceeded the maximum eligible quantity of 2.985 million lbs. will be processed according to 11-LD, Part 9. Dairy operations that have reached their maximum eligible payment quantity of 2.985 million lbs for FY 2012 will **not** receive a payment for September 2012 marketings.

Note: State and County Offices will be notified when the September FY 2012 MILC payments may be processed.

B FY 2013 October MILC Payment

A MILC payment rate of \$0.0236777 has been computed for October 2012 of FY 2013. However, MILC software must be enhanced before payments can be processed. State and County Offices will be notified when software modifications have been completed and payment processing for FY 2013 may begin.

Before a MILC payment for FY 2013 can be disbursed, MILC program participants must submit a completed:

- CCC-933 for 2013 AGI certification

Note: County Office users must manually load the producer's annual certification into the automated system. The certification in the automated system must reflect an eligible value before FY 2013 MILC payments can be issued.

- CCC-901, CCC-902E, or CCC-902I **only** if the participant has a previously completed CCC-580S on file

Note: Member information obtained from CCC-580S and entered in the System 36 entity file is no longer supported in the payment process. Therefore, County Offices **must** enter data obtained from the applicable CCC-901, CCC-902E, or CCC-902I in the web-based Business File application. If a dairy operation with an applicable CCC-901, CCC-902E, or CCC-02I filed is already loaded in the web-based Business File application, no further action is required.

- AD-1026 according to 6-CP.

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3 FY 2013 Relief Period for MILC Production Start Month

A Relief Period

MILC contracts are automatically extended through September 30, 2013, so there is no need for producers to re-enroll in MILC. The production start month previously selected by an operation is applicable for FY 2013. However, a relief period will be authorized that will allow MILC participants to change their start month selections because producers were not able to make timely start month selections for FY 2013 according to normal start month selection provisions.

During the authorized relief period (to be announced), the production start month selected may be **any** month in FY 2013 and start month selection provisions do **not** apply.

After the authorized relief period for FY 2013 all production start month changes must be made according to normal start month selection provisions provided according to 11-LD, Part 4.

Note: If the MILC participant already has October or any other month selected as the production start month for the dairy operation for FY 2012, and wants to continue with that selection for FY 2013, a production start month selection by a dairy operation will **not** be required during the relief period. The production start month selection will continue to be the start month selection for FY 2013 according to perpetual designation provisions in 11-LD, subparagraph 28 E.

B Modified Forms

The following forms will be revised to include FY 2013:

- CCC-580
- CCC-580M
- CCC-580 Appendix.

Revised forms shall be used accordingly for FY 2013 purposes and will be made available electronically.

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4 Action Required

A Business as Usual

The minor programmatic changes required by ATRA do **not** require another MILC signup. MILC payments to program participants with an approved CCC-580 will continue during months with a payment rate in effect from the designated production start month selected by the dairy operation through September 30, 2013. All other program provisions as provided in 11-LD remains the same.

Note: A forthcoming amendment to 11-LD will incorporate the contents of this notice.

B State Office Action

SED's and STC's shall direct questions about this notice to the National Office according to subparagraph D.

C County Office Action

County Offices shall:

- continue to follow the provisions in 11-LD
- forward questions about this notice to the State Office specialist.

D National Office Contact Information

For questions or situations not addressed in this notice, State Offices shall contact Dani Cooke by either of the following:

- e-mail to danielle.cooke@wdc.usda.gov
- telephone at 202-720-1919.