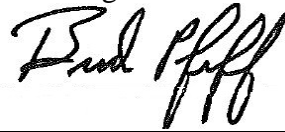


For: State and County Offices

**Margin Protection Program for Dairy (MPP-Dairy) Producers
2016 Administrative Fees Not Paid by Coverage Election Deadline**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The 2016 annual coverage election period ended November 20, 2015. MPP-Dairy participants approved for coverage in either 2014 or 2015 are required to pay a \$100 administrative fee each year of the MPP-Dairy program through December 2018. All 2016 administrative fee balances were due on November 20, 2015.

Failure to pay the applicable administrative fee by the final due date of November 20, 2015, resulted in the following:

- loss of all coverage for the 2016 calendar year
- establishment of a receivable for the amount due.

Note: If a dairy operation has yet to elect coverage in 2016 and informs us at a later date that they are no longer dairying, they are still responsible for paying the \$100 2016 administrative fee since they were currently producing and commercially marketing milk at the time of annual coverage election period.

B Purpose

This notice provides State and County Offices with the following:

- guidance about receivables for outstanding 2016 administrative fees not paid in full by the final due date of November 20, 2015
- clarification of policy for the following:
 - failure to timely pay administrative and premium fees
 - applicability of the annual bump adjustment announced in 2016 for 2017 coverage
 - instructions to notify dairy operations with an outstanding 2016 administrative fee.

Disposal Date	Distribution
June 1, 2016	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact

If there are questions about this notice, contact either of the following.

Name	Telephone	E-mail
Dani Cooke	202-720-1919	danielle.cooke@wdc.usda.gov
Angela Payton	202-720-0482	angela.payton@wdc.usda.gov

2 Policies on Failure to Pay Outstanding Fees

A Regaining Coverage for 2016

If the 2016 administrative fee is not paid timely, the dairy operation loses coverage for 2016. However, if the administrative fee is paid late, dairy operations can regain coverage for 2016, at CAT-level **only**, beginning with the next consecutive 2-month period following payment of the 2016 administrative fee **and** submission of CCC-782. However, **both** actions **must** be completed by **COB October 31, 2016**. After October 31, 2016, there are no subsequent 2-month periods to apply coverage for 2016 since 2-month consecutive periods cannot be split.

Note: This is only applicable to dairy operations already registered in the MPP-Dairy program in 2014 and/or 2015 and not dairy operations registering for MPP-Dairy for the first time.

B Effect on 2016 Coverage if 2015 Premium Fees Are in Arrears

If during the 2016 coverage election period a dairy operation in arrears for 2015 submitted a CCC-782 with buy-up level elections for 2016, the CCC-782 may **not** be approved for buy-up unless the 2015 premium was paid by the close of the 2016 coverage election period on November 20, 2015. The only option to be considered for approval for 2016 coverage is at the CAT level effective the consecutive 2-month period following full satisfaction of **all** of the following:

- outstanding 2015 receivable
- 2016 administrative fee
- submission of CCC-782 at CAT level coverage for 2016.

C Establishing Receivables for 2016 Administrative Fees

Since CAT-level coverage may be regained, a receivable for a dairy operation with an outstanding 2016 administrative fee must **not** be established in NRRS until **November 1, 2016**. Further instructions to record receivables for 2016 administrative fees will be provided in a forthcoming notice at the appropriate time.

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2 Policies on Failure to Pay Outstanding Fees (Continued)

D The Bump Adjustment Factor

All dairy operations that had an approved contract in 2015 received the 2016 bump adjustment factor. The 2017 bump adjustment factor will be applied to all dairy operations with an approved contract in 2016.

Note: If a dairy operation in arrears for 2015 pays their premium in full, and submits their 2016 administrative fee and CCC-782 on or after November 1, 2016, there is no consecutive 2-month period to apply coverage since 2 month consecutive periods cannot be split. Therefore, the dairy operation will not be approved for 2016 coverage after that date and is ineligible to receive the bump for 2017 coverage.

E Notifying Dairy Operations

County Offices must mail the letter in Exhibit 1 by **COB February 19, 2016**, to notify dairy operations with an outstanding 2016 administrative fee of their loss of coverage for 2016. To facilitate the distribution of the letter, an electronic file of dairy operations that may not have a contract (CCC-782) recorded in the MPP automated software will be provided from the National Office to State Offices to disseminate to applicable County Offices. However, County Offices must be sure to remove from the list of any dairy operations that:

- submitted a CCC-783 for coverage year 2015 because of death, retirement, or dissolution, as they are no longer liable for the annual administrative fee
- completed a manual CCC-782 for coverage year 2016 because of dairy operations that were not originally uploaded to the workbook
- completed a manual CCC-781 and CCC-782 for a dairy operation merger in coverage year 2015.

Note: The list provided is **only** a tool that compares 2015 workbook data to 2016 contract data in the system. As such, reasons the information on the report may be inaccurate include, but are not limited to the aforementioned reasons. Therefore, County Offices **must** review all contracts to ensure dairy operations **not** enrolled for 2016 are sent the letter in Exhibit 1.

A Word version of the Exhibit 1 letter template may be accessed by the State Office MPP-Dairy specialist from the DAFP MPP-Dairy Intranet site at <https://sharepoint.fsa.usda.net/mgr/dafp/psd/MPP/SitePages/Home.aspx>. State Offices shall disseminate the letter template to County Offices.

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3 Action

A State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice
- timely complete mailing of the Exhibit 1 notification letter
- direct questions about MPP-Dairy program policy and procedure to the National Office according to subparagraph 1 C.

B County Office Action

County Offices shall:

- take appropriate action according to this notice to complete mailing of the Exhibit 1 notification letter by COB February 19, 2016
- continue to follow procedure in 1-MPP
- forward questions about the contents of this notice to the State Office MPP-Dairy Specialist.

2016 Outstanding Administrative Fee Notification Letter

The following is an example of the letter to notify dairy operations with an outstanding 2016 administrative fee of their loss of coverage for 2016.

<p>USDA</p> <hr/> <p>Farm and Foreign Agricultural Services</p> <p>Farm Service Agency</p> <p>County Office Name Address City, St, Zip Code</p> <p>Voice: XXX-XXX-XXXX Fax: XXX-XXX-XXXX</p>	<p><u>(Date)</u></p> <p><u>(Dairy Operation Name)</u> <u>(c/o Producer)</u></p> <p><u>(Dairy Operation Address)</u></p> <p><u>(Dairy Operation City, State, Zip)</u></p> <p>Dear Sir/Madam:</p> <p>The Annual Registration and Coverage Election period for calendar year 2016 coverage under the Margin Protection Program for Dairy Producers (MPP-Dairy) ended November 20, 2015. As a registered participant in the MPP-Dairy program, you are required to make an annual coverage election for 2016 and to pay the \$100 annual administrative fee to your administrative County Farm Service Agency (FSA) Office.</p> <p>According to FSA records, your dairy operation did not make a coverage election or pay the annual administrative fee for 2016. Therefore, your dairy operation's production history is not covered under the MPP-Dairy program for coverage year 2016. However, your dairy operation can regain coverage for 2016, at CAT-level only, beginning with the next consecutive 2-month period following late payment of the 2016 administrative fee and submission of form CCC-782. However, to reinstate coverage for 2016, both actions must be completed by COB October 31, 2016.</p> <p>If you do not perform the required actions to reinstate your coverage for 2016, on November 1, 2016, the unpaid fee will become a debt and FSA on behalf of the Commodity Credit Corporation (CCC) will establish a receivable for the unpaid 2016 administrative fee and take such actions as necessary, including, but not limited to, Agency offsets from other programs to collect the unpaid administrative fee.</p> <p>If you have any questions, please contact this office at <u>(County Office Address)</u> or telephone at <u>(Telephone Number)</u>.</p> <p>Sincerely,</p> <p>XXXXXX County Executive Director XXXX Farm Service Agency County Office Enclosure</p>
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