

For: State Offices

**Intergenerational Production History Transfers Under the
Margin Protection Program for Dairy Producers (MPP-Dairy)**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

An amended MPP-Dairy regulation was published in the Federal Register on April 13, 2016, to provide provisions for a one-time restructuring of currently established production history when an eligible family member joins the dairy operation to accommodate the transfer of a dairy from one generation to the next generation.

A dairy operation may add production to their established CCC-approved production history for an intergenerational transfer when any of the following lineal descendants, or the spouses, thereof, joins a MPP-Dairy participating operation:

- son
- daughter
- grandchild
- adopted child.

County Offices will accept applications for an intergenerational transfer at the start of the 2017 registration and annual coverage election period beginning July 1, 2016.

B Purpose

This notice provides State and County Offices with the following:

- provisions for intergenerational transfers established by the publication of amended MPP-Dairy regulations in the Federal Register at 7 CFR Part 1430
- instructions for accepting requests for intergenerational transfers starting July 1, 2016.

Disposal Date	Distribution
January 1, 2017 5-31-16	State Offices; State Offices relay to County Offices

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2 Intergenerational Production History Transfers

A Joining Family Members

Only lineal descendants that are a son, daughter, grandchild, or spouse of a son, daughter, or grandchild that meet the requirements of subparagraph D and join a participating dairy operation are eligible to have an additional quantity of production added to an established CCC-approved production history of a registered MPP-Dairy operation.

Non-lineal relatives such as, cousins, nieces, nephews, siblings, and spouses that join the operation **will not** result in eligibility for a production history increase.

B Additional Production History Calculation

The increase to the established production history calculation for the participating dairy operation will be determined based on multiplying both of the following:

- National rolling herd average data for the current year in effect at the time of the intergenerational transfer
- quantity of cows purchased by the joining family member.

Note: Intergenerational transfers will not be allowed if the participating dairy operation's current annual production and the increase in herd size by the joining family member is less than the dairy operation's established production history.

C Intergenerational Transfer Limitations

The increase to the established production history of the participating dairy operation is limited to the following:

- one-time increase of production history for the term of the program
- maximum increased quantity of 4 million pounds
- same elected coverage threshold and coverage percentage in effect for the participating dairy operation at the time the production history increase takes effect.

D Intergenerational Transfer Requirements

A dairy operation increasing production history through an intergenerational transfer must do the following:

- request the intergenerational transfer on CCC-781 Continuation Sheet according to Exhibit 1
- submit the completed request according to subparagraph F

2 Intergenerational Production History Transfers (Continued)

D Intergenerational Transfer Requirements (Continued)

- provide documentation of the following:
 - current annual marketings for the dairy operation as of the date of the intergenerational transfer
 - purchase(s) of the dairy cows being added to the dairy operation by the new family member
- certify the following for each new family member joining the operation:
 - the dairy operation will be their principal source of non-investment earned income
 - they are a lineal descendant of a current member of the participating dairy operation
 - has a significant equity ownership in the dairy operation of at least 10 percent individually or 25 percent collectively for multiple members
 - will contribute labor in the dairy operation at a minimum of 35 hours per week or have a plan for transition to full-time.

All documentation and certifications provided by the current members and joining family members of the dairy operation are subject to review and approval by COC. Documentation must be adequate proof and verifiable to the satisfaction of COC, according to 1-MPP, paragraph 53.

E Retroactive Intergenerational Transfers

Participating dairy operations will **only** have an opportunity to increase their established production history during the 2017 registration and annual coverage election period if they retroactively had an intergenerational transfer occur during any of the following time frames:

- 2014
- 2015
- January 1, 2016, through June 30, 2016.

Note: Retroactive payments based on the increase to the dairy operations established production history will **not** be issued.

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2 Intergenerational Production History Transfers (Continued)

F FSA Notification of Intergenerational Transfers

Notification of an intergenerational transfer must be made manually on CCC-781 Continuation Sheet according to the following table.

IF the purchase of the dairy cows by the new family member occurred...	THEN FSA notification must occur...
in calendar year 2014 or 2015	by the close of the 2017 registration and annual coverage election period (July 1, 2016, through September 30, 2016).
January 1, 2016 – June 30, 2016	
on or after July 1, 2016	within 60 calendar days of the cow purchase(s).

G Intergenerational Transfers Effective Date

A dairy operation requesting an intergenerational transfer has the option of the additional production history taking effect with either of the following:

- consecutive 2-month period following notification in the same coverage year
- January 1 of the next coverage year following notification.

H Intergenerational Transfers Premium Payment Due Date

An intergenerational transfer will affect the premium calculated for a dairy operation based on the additional quantity of production that will be added to the established production history. Payment for the additional quantity will be due according to the following table.

IF the effective date option selected is...	AND notification occurs...	THEN the additional premium is due...
consecutive 2-month period following notification	January 1 through August 31	September 1.
	September 1 through December 31	immediately.
January 1 of the next coverage year		September 1.

2 Intergenerational Production History Transfers (Continued)

I Determining Current Annual Marketings Less Than Established Production History

Intergenerational transfers will **not** be allowed if the participating dairy operation's current annual production and the increase in herd size by the new family member(s) is **less than** the dairy operation's established production history. To determine if current annual marketings for the dairy operation are less than the dairy operation's established production history, County Offices **must** do the following:

- calculate the additional quantity of production history according to subparagraph 2 B
- if complete annual 12-month calendar year marketings are unavailable, determine current annual marketings as of the date of the intergenerational transfer by averaging available monthly marketings provided by the dairy operation and attributing the average pounds to the remaining months in the year
- compare the total of the calculated additional quantity and the current annual production determined with the CCC-approved established production history for the dairy operation
- disapprove the intergenerational transfer if the total of the calculated additional quantity and the current annual marketings is less than the dairy operation's established production history.

Example: ABC Dairy Operation has a CCC-approved established production history of 1 million pounds. However, their current annual marketings have decreased to 800,000 pounds. The additional quantity of production from the cows bought in to the operation by the new family member totals 100,000 pounds. The total of the current annual marketings (800,000 lbs.) plus the additional production from the new family member (100,000 lbs.) results in 900,000 lbs., which is less than the established production history of 1 million lbs. Therefore, this intergenerational transfer is not approved.

J Approving Intergenerational Transfers

COC or designee shall:

- be satisfied that all requirements in subparagraph D have been met before approving CCC-781 Continuation Sheet for an intergenerational transfer
- compare CCC-781 Continuation Sheet entries for intergenerational transfers with applicable verifiable documentation
- review calculations to ensure they are computed correctly according to subparagraphs B and I

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2 Intergenerational Production History Transfers (Continued)

J Approving Intergenerational Transfers (Continued)

- **not** approve CCC-781 Continuation Sheet for an intergenerational transfer not made timely according to subparagraph F
- **not** approve CCC-781 Continuation Sheet for an intergenerational transfer when the participating dairy operation's current annual production and the increase in herd size by the new family member(s) is less than the dairy operation's established production history according to subparagraph I
- notify participants of the adverse decision according to 1-APP
- forward approved CCC-781 Continuation Sheets and all supporting documentation to the State Office MPP-Dairy specialist.

K Updating Production History for Intergenerational Transfers

MPP-Dairy automated software does not include an option for intergenerational transfers. As a result, manual adjustment of the established production history is required by the National Office. Therefore, to have the established production history adjusted, State Offices **must** submit the COC approved CCC-781 Continuation Sheet request for intergenerational transfers to the MPP-Dairy Application and Payment Problems SharePoint located at [https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment Issues/default.aspx](https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment%20Issues/default.aspx).

3 Action

A State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice
- immediately publicize the contents of this notice by all available means
- post COC-approved requests for an intergenerational transfer received from the County Office to the MPP-Dairy Application and Payment Problems SharePoint site according to subparagraph 2 K
- direct questions about MPP-Dairy Program policy and procedure to the National Office according to subparagraph C.

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3 Action (Continued)

B County Office Action

County Offices shall:

- immediately notify producers, by all available means, of new provisions for intergenerational transfers
- begin accepting requests for intergenerational transfers on CCC-781 Continuation Sheet starting July 1, 2016
- approve/disapprove requests for intergenerational transfers according to subparagraph 2 J
- submit COC approved requests for intergenerational transfers to the State Office MPP-Dairy specialist
- forward questions about the contents of this notice to the State Office MPP-Dairy specialist.

C Contact

If there are questions about this notice, State Offices shall contact either of the following in PSD according to this table.

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

CCC-781 Continuation, Continuation Sheet for MPP-Dairy Production History Establishment Action

A Completing CCC-781 Continuation Sheet

Complete CCC-781 Continuation Sheet for intergenerational transfers according to Part CCC-781I, items 6A through 17 and Part D in the following table.

Item	Instructions
1	FSA representative shall enter the applicable coverage year.
2	FSA representative shall enter the new dairy operation number, if applicable for succession-in-interest or merger action items.
Part CCC-781T – Transfer/Relocation Action Item 1B on CCC-781	
6A	Dairy operation shall enter name.
6C	Dairy operation shall enter the effective date of the transfer/relocation which will be either the date the dairy operation began commercially marketing milk at the new location or in the case of a farm transfer or farm/tract reconstitution, the date the actual farm transfer or farm/tract reconstitution was approved by COC, or designee.
7A-7D	FSA representative shall enter the following for the original dairy operation location: <ul style="list-style-type: none"> • applicable administrative State • applicable administrative county • applicable farm number • applicable tract number.
8A-8D	FSA representative shall enter the following for the new dairy operation location: <ul style="list-style-type: none"> • applicable administrative State • applicable administrative county • applicable farm number • applicable tract number.
Part CCC-781M – Merger Action Item 1C on CCC-781	
6A	Enter the name of the dairy operation resulting from the merger.
6C	Dairy operation shall enter the effective date of their merger, which is the date the operation first began producing and commercially marketing milk as the merged dairy operation.
9A-9C	Dairy operation shall enter the following for each dairy operation involved in the merger: <ul style="list-style-type: none"> • dairy operation name • assigned dairy operation number • established production history.

CCC-781 Continuation, Continuation Sheet for MPP-Dairy Production History Establishment Action (Continued)

A Completing CCC-781 Continuation Sheet (Continued)

Item	Instructions
Part CCC-781S – Succession-In-Interest Action Item 1D on CCC-781	
6A	Succeeding dairy operation shall enter name.
6C	FSA representative shall enter the effective date of the succession-in-interest which will be either of the following: <ul style="list-style-type: none"> • date the last producer signature was obtained • postmark date if the CCC-781 Continuation Sheet was submitted by mail.
10	Enter the name of the original dairy operation from which the established production history at the farm and tract location where the dairy operation is located will be succeeding from.
11	Enter the dairy operation number assigned to the original dairy operation from which the established production history at the farm and tract location where the dairy operation is located will be succeeding from.
Part CCC-781I – Intergenerational Transfer Action Item E on CCC-781	
Note: CCC-781(01-14-16) manual form will be updated to add as action item 1E in forthcoming amendment to 1-MPP.	
6A	Dairy operation shall enter name.
6C	Dairy operation shall enter a check in the appropriate box to indicate if they desire the intergenerational transfer to become effective with either the next consecutive 2-month period following submission of the CCC-781 Continuation Sheet or the following January 1. Note: If January 1 is selected the dairy operation must enter the last 2 numbers of the applicable coverage year.
12	FSA representative shall enter the applicable farm number.
13	FSA representative shall enter the applicable tract number.
14	Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if they are a family member of an MPP-Dairy participant. If “Yes”, the dairy operation must specify the relationship in the space provided.
15	Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if they contribute a minimum of 35 labor hours per week to the operation of the dairy.
16	Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if the revenue earned from the dairy operation is their principal source of non-investment income.
17	Enter the current annual marketings for the dairy operation.
18	Dairy operation shall enter the total number of cows purchased that are being added to the dairy operation.
19	FSA representative shall enter the national annual milk production per cow applicable to the year of the intergenerational transfer.
20	FSA representative shall calculate the annual production history by multiplying the entries in item 18 and item 19, and enter the result in the space provided.
21	FSA representative shall enter the applicable production history established to date, including all bump adjustments, for the dairy operation that the family member is joining.

CCC-781 Continuation, Continuation Sheet for MPP-Dairy Production History Establishment Action (Continued)

A Completing CCC-781 Continuation Sheet (Continued)

Item	Instructions
<p align="center">Part CCC-781R – Re-Establishment Action Item F on CCC-781</p> <p>Note: CCC-781(01-14-16) manual form will be updated to add as action item 1F in forthcoming amendment to 1-MPP.</p>	
4A	FSA representative shall enter applicable farm number.
4B	FSA representative shall enter applicable tract number.
6A	Dairy operation shall enter name.
6B	FSA representative shall enter the effective date of the production history re-establishment.
9	Dairy operation shall enter month, day, and year the operation again began to market milk.
21 through 22	<p>Dairy operation must check the appropriate box to select the desired option of either:</p> <p>(1) a new dairy operation that is re-establishing the production history previously assigned to and established by the dairy operation that previously occupied the dairy operation facility associated with the farm tract location in items 4A and 4B; or</p> <p>(2) re-establishing the production history at the farm tract location in items 4A and 4B because the producer was previously affiliated with the dairy operation that established the production history at this farm tract location.</p>
<p align="center">Part D – Dairy Operation’s Established Production History and Certification</p>	
15	FSA representative shall enter the new established production history for the dairy operation provided by the National Office.
16A through 16C	<p>Dairy operation shall enter signature of authorized representative, title, and the date of signature.</p> <p>Note: If signature authority is on file for the legal entity, only the signature of the person signing in a representative capacity is required according to 1-CM.</p>
17A	Enter signature of COC or designee.
17B	COC or designee shall check (X) appropriate box to recommend approval or not recommend approval.
17C	COC or designee shall enter the date of signature and recommendation from items 17A and 17B.
18	COC or designee shall enter any noteworthy remarks.

Note: CCC-781 Continuation Sheet Parts CCC-781T, CCC-781M, CCC-781S, CCC-781I, and CCC-781R will print out as separate parts with Part D on the automated CCC-781 from the MPP-Dairy automated software.

CCC-781 Continuation, Continuation Sheet for MPP-Dairy Production History Establishment Action (Continued)

B Example of CCC-781 Continuation

This form is available electronically.		(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)	
CCC-781 Continuation (05-31-16)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
CONTINUATION SHEET FOR MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS PRODUCTION HISTORY ESTABLISHMENT ACTION		For County Office Use Only	
		1. Coverage Year	2. New Dairy Operation Number (If applicable)
(Attach to Form CCC-781)			
PART CCC-781T (Transfer/Relocation)			
6A. Dairy Operation Name		6C. Effective Date of Transfer/Relocation (MM-DD-YYYY)	
7. Original Farm/Tract		8. New Farm/Tract	
A. Administrative State Name:		A. Administrative State Name:	
B. Administrative County Name:		B. Administrative County Name:	
C. Farm Number:		C. Farm Number:	
D. Tract Number:		D. Tract Number:	
I understand that the relocation/reconstitution or farm/tract of my dairy operation and FSA approved production history shall be effective immediately upon FSA approval. I also understand that elected coverage levels in effect for the applicable coverage year will transfer with my dairy operation will remain in effect upon completion of the transfer.			
PART CCC-781M (Mergers)			
6A. Resulting Dairy Operation Name		6C. Effective Date of Merger (MM-DD-YYYY)	
9. Merged Dairy Operations			
A. Dairy Operation Name	B. Dairy Operation Number	C. Established Production History	
I understand that the dairy operations that are included in this merger must all be registered in the MPP-Dairy program during the coverage year prior to the merger. After the merger is approved the combined production history cannot be unmerged, reallocated, or used by another dairy operation while effective under the resulting dairy operation. Upon FSA approval, FSA will recognize the merger effective January 1 following approval of a completed Form CCC-781M, with signatures from authorized producers (not entity members) from all registered MPP-Dairy program participants included in this merger; and CCC-782 for the applicable coverage year. I further understand that individual CCC-782 contracts from the merging dairy operations, corresponding coverages, and any resulting payments will remain in effect through December 31 of the current coverage year, before coverage for the resulting dairy operation begins on January 1.			
PART CCC-781S (Successions-In-Interest)			
6A. Succeeding Dairy Operation Name		6C. Effective Date of Succession-In-Interest (MM-DD-YYYY)	
10. Original Dairy Operation Name		11. Original Dairy Operation Number	
I understand that only MPP-Dairy coverage and the corresponding production history that has been approved as of the effective date of the succession-in-interest is eligible for transfer from an approved MPP-Dairy participant to a successor. The coverage that will transfer through this succession will be the exact same coverage level as previously selected on Form CCC-782 by the preceding MPP-Dairy Participant for the remainder of the coverage year of the succession. Both the preceding MPP-Dairy Participant and successor are required to sign CCC-781S, Part D for the transfer of coverage to be approved by FSA. The successor must also complete Form CCC-782 agreeing to same coverage levels in effect for the remainder of the coverage year of the succession-in-interest. For a succession-in-interest to become effective immediately upon FSA approval during a current year of coverage, all administrative and premium fees must be paid in full so that any payment triggered will go to the succeeding dairy operation. Otherwise, the succession-in-interest will not become effective until the next coverage year. A succession-in-interest becomes effective immediately for a dairy operation transferring CAT level coverage to a succeeding dairy operation. The effective date in item 6C is an affirmation by the preceding MPP-Participant and the succeeding dairy operation as to the date the production history and coverage levels are transferred to the succeeding dairy operation. The date entered in item 6C is subject to review and acceptance by FSA. FSA may at any time it deems appropriate require documentation substantiating the transfer request or any of the information entered or contained on this form.			
PART CCC-781I (Intergenerational Transfers)			
6A. Dairy Operation Name		6C. Effective Date of Intergenerational Transfer	
		<input type="checkbox"/> Next 2-Month Period <input type="checkbox"/> January 1, 20__	
12. Farm Number		13. Tract Number	
14. Are you a family member of an MPP-Dairy participant? If "YES", specify your relationship to the MPP-Dairy participant (i.e., son/daughter, grandchild, etc.): _____		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
15. Do you contribute a minimum of 35 labor hours per week to the operation of the dairy?		<input type="checkbox"/>	<input type="checkbox"/>
16. Is the revenue earned from the dairy operation your principal source of non-investment income?		<input type="checkbox"/>	<input type="checkbox"/>

CCC-781 Continuation, Continuation Sheet for MPP-Dairy Production History Establishment Action (Continued)

B Example of CCC-781 Continuation (Continued)

CCC-781 Continuation (05-31-16)		Page 2 of 2
PART CCC-781I (Intergenerational Transfers) (Continuation)		
The annual production history will be based on the additional cows purchased by the joining family member relative to the national rolling herd average data published by USDA.		
17. Enter the current annual marketings for the dairy operation:		
18. Enter the number of cows purchased that are being added to the dairy operation:		
19. National annual milk production per cow applicable to the year of the intergenerational transfer:	lbs.	
20. Calculate annual production history by multiplying Items 18 and 19 and enter amount.	lbs.	
21. Enter applicable production history established to date, including all bump adjustments, for the dairy operation that the family member is joining.	lbs.	
I understand that this intergenerational transfer is limited to one production increase for the term of the dairy operation's contract. I further understand that I must have a share in the profits and losses from the dairy operation that are commensurate with my contributions to the dairy operation and that I must maintain equity ownership in the participating dairy operation of at least 10 percent individually or at least 25 percent collectively if multiple family members are joining the dairy operation. In addition I must provide adequate proof, to the satisfaction of CCC, of the purchase of the additional cows being added to the dairy operation in a time and manner determined by CCC. All information provided is subject to verification and approval by CCC. If the dairy operation does not provide to the satisfaction of CCC documentation requested to substantiate the intergenerational transfer and determination of additional production history, then the intergenerational transfer will not be approved.		
PART CCC-781R (Re-establishment)		
4A. Farm Number	4B. Tract Number	
6A. Dairy Operation Name	6C. Effective Date of Production History Re-establishment	
9. What date did the dairy operation first begin to market milk?		
Please select the desired option below:		
<input type="checkbox"/> 21. I am a new dairy operation that is re-establishing the production history previously assigned to and established by the dairy operation that previously occupied the dairy operation facility associated with this farm and tract location.		
<input type="checkbox"/> 22. I was previously affiliated with the dairy operation that established the production history at this farm/tract location and am re-establishing the production history.		
PART D - DAIRY OPERATION'S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION (Continuation from CCC-781)		
15A. Established Production History:		
16A. Signature of Producer (By)	16B. Title/Relationship of the Individual Signing in the Representative Capacity	16C. Date (MM-DD-YYYY)
17A. Signature of COC or Designee	17B. Status: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	17C. Date (MM-DD-YYYY)
18. Remarks		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.</p> <p>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).</p> <p>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p><small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small></p> <p><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small></p> <p><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.aphis.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 696-7442; or (3) email: program.discrimination@usda.gov. USDA is an equal opportunity provider, employer, and lender.</small></p>		