UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-239

1924-B

For: State and County Offices

Using Farm Program (FP) Payments When Developing Current Year, Typical Year, and Long Range Plans

Approved by: Acting Deputy Administrator, Farm Loan Programs

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1 Overview

A Background

The Federal Agriculture Improvement and Reform Act of 1996 contains Title I, Agricultural Market Transition Act (AMTA), which authorized the Secretary to provide FP payments to farm operations for a period of 7 crop years from 1996 through 2002. The current farm bill will expire on December 31, 2002. Although specific provisions of the next farm bill about FP payments cannot be known at this time, it is a reasonable assumption that the new legislation will provide some type of FP payments for farm producers.

B Purpose

This notice:

- provides guidance on using FP payments when developing current year, typical year, and long range plans
- clarifies types of payments that should not be included when developing current year, typical year, and long range plans
- obsoletes Notice FLP-204.

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Disposal Date	Distribution
January 1, 2003	State Offices; State Offices relay to County Offices

1 Overview (Continued)

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Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Orlando C. Kilcrease, Loan Making Division at 202-720-1472.

2 Action

A
Developing Current Year, Typical Year, and Long Range Plans

Current year, typical year, and long range plans must be based on a producer's historical record of FP payments. Therefore, loan approval officials shall include in the projected cash flow:

- FP payments, based on the producer's previous 3-year average AMTA payment receipts and Market Loss Assistance Program receipts
- any typical subsidies that are included in the President's annual appropriations budget in effect at the time of plan development.

  Example: Conservation Reserve Program and Loan Deficiency Program payments are typical subsidies.

B
Limitations

Current year, typical year, and long range plans must be based on a producer's historical records of FP payments. Therefore, loan approval officials shall not include the following in the projected cash flow:

- any disaster related payments, as disasters and any related assistance are not considered typical for a farming operation
- any one-time payment assistance appropriated as a result of special legislation by Congress and the President.

Example: Payments under the Crop Disaster Program, Livestock Indemnity Program, Small Hog Operation Program and Environmental Quality Incentives Program are considered one-time payments.