

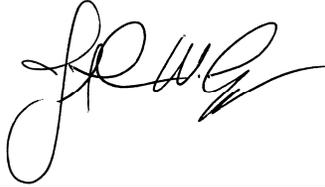
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Milk Income Loss Contract Program
11-LD (Revision 2)

Amendment 3

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 2 D has been amended to update the 4-PL reference for AGI and foreign person provisions.

Paragraph 10 has been amended to do the following:

- remove the provision that States, political subdivisions of a State, or any agency thereof are eligible for MILC
- update and clarify foreign entity policy
- add a subparagraph to provide policy for requesting benefits for nonforeign shares
- add a subparagraph to provide that State, political subdivision of a State, or any agency thereof are **ineligible** for MILC.

Subparagraph 11 A has been amended to:

- update the reference from CCC-902P to CCC-902I
Note: CCC-902P was never issued.
- add that actively engaged determinations are **not** required for MILC.

Subparagraph 11 E has been amended to update and clarify foreign person eligibility policy.

Subparagraph 12 C has been added to provide AGI policy.

Subparagraph 13 E has been amended to add that payment months with an effective MILC payment rate **cannot** be skipped.

Subparagraph 14 A has been amended to add that milk dumped on the farm by State or health department order or producer will be considered ineligible for the MILC program.

Amendment Transmittal (Continued)

A Reason for Amendment (Continued)

Subparagraph 20 J has been amended to update and clarify eFC Allotment policy.

Subparagraph 20 K has been added to provide:

- eFC allotment policy
- National Office contacts for State Offices to request additional eFC allotments.

Subparagraph 20 L has been added to provide that direct attribution will **not** apply to MILC for FY 2009.

Subparagraph 21 D has been amended to correct the feed cost adjusted payment rate calculation example.

Subparagraph 27 F has been amended to provide an initial signup phase start month selection option table.

Subparagraph 27 H has been added to provide a FY 2009 extended signup start month selection option table.

Subparagraph 27 I has been added to provide erroneous start month selection policy.

Subparagraph 28 A has been amended to add an example for changing the MILC production start month selection.

Subparagraph 28 E has been amended to add a perpetual designation example.

Subparagraph 37 C has been amended to add that if CCC-580 is received by mail, the postmarked date shall be used.

Subparagraph 37 D has been amended to add an example for signature requirements.

Subparagraph 37 E has been amended to update and clarify approving CCC-580 policy.

Subparagraph 37 F has been amended to provide that CCC-926 is **required** for **each** FY to qualify for that FY MILC payment.

Subparagraph 37 H has been amended to add that production evidence **must** be reviewed against data entered in the MILC application and payment processing software.

Subparagraph 38 A has been amended to update and clarify CCC-580 instructions.

Subparagraph 39 A has been amended to add/update instructions and notes to assist with completing CCC-580S.

Subparagraph 39 B has been amended to provide an updated example of CCC-580S.

Amendment Transmittal (Continued)

A Reason for Amendment (Continued)

Subparagraph 41 D has been added to provide policy for production evidence in the name of a spouse.

Subparagraph 41 E has been added to provide policy for production evidence received in a different name.

Paragraph 44 has been amended to update CCC-580M example and instructions.

Subparagraph 45 B has been amended to provide that CCC-770 MILC is a tool to assist with program administration and that **all** program provisions **must** be met, **not** just the items included on CCC-770 MILC.

Subparagraph 45 C has been amended to add that for each applicable month with an effective payment rate County Offices shall use CCC-770 MILC.

Subparagraph 45 D has been amended to update CCC-770 MILC instructions.

Subparagraph 45 E has been amended to provide an updated example of CCC-770 MILC.

Subparagraph 46 A has been amended to update CCC-770 MILC policy for CED spot checks.

Subparagraph 46 B has been amended to update CCC-770 MILC policy for STC or designee spot check requirements.

Subparagraph 46 D has been amended to update the details needed by Service Center for the CCC-770 MILC National Office Report.

Subparagraph 52 E has been amended to provide a note to assist County Offices when determining whether an additional operation or a reconstituted dairy operation is appropriate.

Paragraph 54 has been added to provide temporary combination of dairy operations policy.

Page Control Chart		
TC	Text	Exhibit
1, 2	1-1, 1-2 2-1, 2-2 2-2.5, 2-2.6 (add) 2-3 through 2-10 3-3 through 3-6 4-7 through 4-10 4-11 through 4-16 (add) 5-5 through 5-32 5-39 through 5-50 6-5 through 6-8 6-9, 6-10 (add)	1, pages 1, 2

Table of Contents

Page No.

Part 1 Basic MILC Program Provisions

1	Handbook Purpose, Availability, and Restrictions	1-1
2	Sources of Authority and Related References	1-2
3	Administration and Responsibilities	1-3
4-9	(Reserved)	

Part 2 MILC Program Eligibility Requirements

10	Dairy Operation Eligibility	2-1
11	Producer Eligibility	2-4
12	Producer Ineligibility	2-6
13	Production Eligibility	2-7
14	Production Ineligibility	2-9
15	Eligible Program Payments.....	2-10
16-19	(Reserved)	

Part 3 Computing MILC Payments

20	Program Payments	3-1
21	Calculating Program Payments	3-5
22	Price Announcements and Postings	3-8
23, 24	(Reserved)	

Part 4 MILC Program Administration

25	General Production Start Month Selection Provisions	4-1
26	(Reserved)	
27	Production Start Month Provisions.....	4-5
28	Production Start Month Change Provisions.....	4-15
29-34	(Reserved)	

Table of Contents (Continued)

Part 5 MILC Program Signup Requirements

35	MILC Program Signup	5-1
36	(Reserved)	
37	Filing CCC-580's.....	5-6
38	Completing CCC-580's	5-10
39	Completing CCC-580S's	5-14
40	(Reserved)	
41	Supporting Documentation	5-19
42	Conversion Factors	5-32
43	Using CCC-580M's	5-34
44	Completing CCC-580M's.....	5-38
45	Using CCC-770 MILC's.....	5-43
46	CCC-770 MILC Spot Checks	5-47
47-49	(Reserved)	

Part 6 Dairy Operation Provisions

50	Dairy Operation Relocations.....	6-1
51	Miscellaneous Dairy Operation Changes.....	6-2
52	Dairy Operation Interpretation.....	6-3
53	Dairy Operation Reconstitutions.....	6-6
54	Temporary Combination of Dairy Operations	6-9
55-59	(Reserved)	

Part 7 MILC Agent Provisions

60	General Eligibility.....	7-1
61	Filing CCC-582's.....	7-3
62	Responsibilities	7-8
63-69	(Reserved)	

Part 8 Violations

70	Program Violations	8-1
71	CCC Action and Authority	8-4
72-79	(Reserved)	

Part 1 Basic MILC Program Provisions

1 Handbook Purpose, Availability, and Restrictions

A Purpose

This handbook provides general instructions for administering the MILC program.

B MILC Program Availability

The MILC program is available to producers on dairy operations throughout the U.S., if the dairy operation produces and commercially markets milk during the period **October 1, 2007**, through **September 30, 2012**.

C Restrictions

STC's, COC's, and representatives and employees thereof, do **not** have the authority to modify or waive any of the provisions of this handbook unless authorized to do so by DAFP.

2 Sources of Authority and Related References

A Legislative History

The sources of authority for the MILC program are the:

- Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) that authorized CCC to make direct monthly payments to dairy producers in the U.S., during the period of December 1, 2001, through September 30, 2005
- Deficit Reduction Act of 2005 (Pub. L. 109-171), Section 1101 that extended the program from October 1, 2005, through September 30, 2007
- U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, (Pub. L. 110-28), Section 9006 that changed the payment rate percentage
- Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) that authorizes the program through 2012.

B MILC Program Duration

The MILC program is authorized retroactively from December 1, 2007, through September 30, 2012.

C Federal Regulations

Regulations governing the administration of the MILC program are provided in 7 CFR Part 1430, subpart B.

D Related Handbooks

Handbooks related to the MILC program include the following.

IF the area of concern is about...	THEN see...
AGI and foreign person provisions	*--4-PL.--*
appeals	1-APP.
assignments and joint payments	63-FI.
completing CCC-770 Eligibility or web-based eligibility records	3-PL.
HELC and WC provisions	6-CP.
issuing payments	1-FI.
misaction, misinformation, equitable relief, scheme, device, or failure to fully comply	7-CP.
offsets	58-FI.
prompt payment provisions or foreign person tax withholding	61-FI.
reporting to IRS	62-FI.
signatures, estates, trusts, minors, powers of attorney, or controlled substance violations	1-CM.

Part 2 MILC Program Eligibility Requirements**10 Dairy Operation Eligibility****A Eligible Dairy Operation Definition**

An eligible dairy operation, for MILC program purposes, is any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the U.S.

Note: Each State and County Office shall strictly adhere to and apply this definition to the MILC program in the **exact** same manner applied for the DMLA-III program in your State with **no** variation, according to paragraph 52.

B Dairy Operation Eligibility for Payment

To be eligible to receive MILC payments, a dairy operation **must**:

- have produced milk in the U.S. and commercially marketed the milk produced anytime during the period of October 1, 2007, through September 30, 2012
- enter into CCC-580 with CCC agreeing to the prescribed terms and conditions during the sign-up period
- provide production evidence of monthly milk marketings to the local FSA County Office
- include milk marketings from **all** persons that were involved in the dairy operation during the contract period
- actively be in the business of producing and marketing agricultural products at the time CCC-580 is signed, **except** as provided by subparagraph F
- certify compliance with HELC and WC provisions on AD-1026
- certify compliance with AGI requirements on CCC-926
- for any FY or month for which payment is sought, submit CCC-580 before the end of that FY or month, **except** FY 2009, and according to production start month selection provisions in Part 4
- submit CCC-580 for FY 2009 payments by the month for which payment is first sought, **except** as provided in Part 4.

10 Dairy Operation Eligibility (Continued)

C Eligible Entities

An eligible dairy operation may include any of the following entities that are engaged in an operation that markets milk commercially in the U.S.:

- an individual that has a beneficial interest in a dairy operation, has a financial risk in the dairy operation, and is a citizen of, or legal resident alien in, the U.S.
- a corporation, partnership, joint operation, estate, association, cooperative, other business enterprise, or other legal entity * * * whose members are a citizen of, or legal resident alien in, the U.S.
- Indian tribe of the Indian Self-Determination and Education Assistance Act
- Indian organization or entity chartered under the Indian Reorganization Act
- economic enterprise under the Indian Financing Act of 1974.

D Foreign Entities

A corporation or other entity shall be ineligible to receive MILC program benefits if more than 10 percent of the beneficial ownership of the entity is held by persons who are **not** *--citizens of the U.S., or lawful resident aliens possessing a valid I-551, unless each foreign individual who is a stockholder or other type of member provides a substantial amount of active personal labor in producing milk in the dairy operation that is owned or operated by such an entity.

The following foreign person/entity provisions apply to MILC program benefits:

- 7 CFR Part 1400, subpart E
- 4-PL, Part 3
- 4-PL, subparagraph 75 B for rules on significant contributions.

Each foreign person who is a stockholder or other type of member in the foreign entity **must** make a significant contribution of active personal labor to be considered eligible for MILC benefits. Foreign stockholders or other types of members in the foreign entity that:

- do **not** contribute active personal labor are **not** eligible to receive MILC benefits
- do contribute active personal labor may receive his or her share of the payment earned by the operation, less the share percentage held by the interest holder that made no active labor contribution

Note: This share **cannot** be increased because of the ineligibility of another member.--*

10 Dairy Operation Eligibility (Continued)

D Foreign Entities (Continued)

- *--are deemed eligible according to the active personal labor requirement must have a valid U.S. TIN.

Note: 62-FI, Part 5 provides guidance for tax reporting purposes when program payments are made to producers that are non-resident aliens. County Offices **must** follow 62-FI, Part 5, **before** issuing payments and make withholdings to IRS, if required.

E Requesting Benefits for Nonforeign Shares

Entities that have been determined ineligible for payment, because of the foreign person rule, may receive the amount of payment that represents the percentage interest of the entity that is owned by U.S. citizens or lawful aliens according to 4-PL, paragraph 110.

Note: This provision is also applicable to foreign stockholders, etc. of an entity, if some, but not all of the foreign persons provide a significant contribution of active personal labor.--*

10 Dairy Operation Eligibility (Continued)**F Eligible New Dairy Operations**

County Offices shall determine an eligible new dairy operation as any dairy operation purchased or farmed by a producer **not** affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC
- that did **not** participate in the preceding MILC or MILC Extension programs for FY's before FY 2008.

Beginning with FY 2008, any additional dairy operation purchased or farmed by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy
- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs in the State where the dairy is located.

Eligible new dairy operations may enter into CCC-580 with CCC anytime during the applicable duration of the MILC program application period.

A dairy operation is **not** considered new if dairy has an existing CCC-580 and does any of the following:

- changes the name of the dairy operation
- changes the ID number of the dairy for tax purposes
- relocates to another State or county
- adds additional shareholders to the dairy operation
- has a spouse, child, or heir take over the dairy operation for a decedent with CCC-580.

G Dairy Operations No Longer Conducting Business

Dairy operations that go out of business after October 1, 2007, may enter into CCC-580 with CCC for payment on the quantity of eligible production commercially marketed by the dairy operation during the months the dairy operation was in business. Dairy operations that go out of business **must** meet dairy operation payment eligibility according to subparagraph B.

***--H States, Political Subdivisions, and Agencies Thereof**

Beginning with 2009 program benefits, States, political subdivisions, and agencies thereof, are not eligible for 2009 MILC benefits. These provisions include, but are not limited to, State universities and prisons.--*

11 Producer Eligibility

A Eligible Producer Definition

An eligible producer, for MILC program purposes, is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, other legal business enterprise, or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the U.S., except as provided in subparagraph E
- directly or indirectly share in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

Note: If producers in a dairy operation are **not** participating in other FSA programs
 *--where an applicable CCC-901, CCC-902E, or CCC-902I is already completed and on file, complete CCC-580S according to paragraph 39. County Offices shall use the data obtained from these forms to enter member information in the entity file and update eligibility records according to 3-PL. Actively engaged determinations are **not** required.--*

B Estates and Trusts

An eligible producer may be an estate or trust, including any of the following:

- a receiver of an insolvent debtor's estate
- an executor or an administrator of a decedent's estate
- a guardian of any of the following:
 - an estate
 - a ward
 - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid, according to 1-CM.

MILC program documents executed by producers legally authorized to represent estates or trusts will be accepted **only** if such producers furnish evidence of the authority to execute such documents.

11 Producer Eligibility (Continued)

C Minors

A minor may be an eligible producer if any of the requirements in 1-CM are met.

D Hired Hands

Hired hands who work for the dairy operation for a share of the milk proceeds or production may be eligible producers if they meet the definition of an eligible producer as provided in subparagraph A.

*--Payment for hired hands that provide labor **only** and do **not** directly or indirectly share in the risk of the operation, will go to the eligible producers on the contract with risk in the operation.

E Foreign Person Eligibility

Foreign persons legally admitted in the U.S. with a valid TIN, and in an eligible dairy operation, are eligible to receive MILC benefits, if they are an individual who is providing land capital, a substantial amount of active personal labor on the dairy operation, and meet the requirements of the following:

- 7 CFR Part 1400, subpart E
- 4-PL, Part 3.
- 4-PL, subparagraph 75 B for rules on significant contributions.--*

See 62-FI, Part 5, for tax reporting guidelines when program payments are made to producers that are nonresident aliens.

F Affiliated MILC Producer

An affiliated MILC producer is a producer who:

- is involved in the dairy operation on a regular basis
- has a direct and significant risk in the operation
- participates in the management of the dairy operation.

G Deceased Producer

CCC-580M, Part D or E, as applicable, shall be completed by the producers' heirs, estate, or successor-in-interest for payments earned **after** the date of death. Payments earned **before** the date of death may be issued using FSA-325, according to 1-CM.

Documents to verify succession-in-interest may be requested, as necessary, to COC's satisfaction.

Note: County Offices shall **not** issue payments to TIN's of deceased producers.

12 Producer Ineligibility

A Ineligibility

Ineligible producers are producers who:

- do **not** meet the definition of an eligible producer, according to subparagraph 11 A
- are **not** a part of an eligible dairy operation, according to paragraph 10
- violate WC and HELC provisions, according to 6-CP
- do **not** meet AGI requirements, according to 4-PL
- are convicted under Federal or State law of a controlled substance violation, according to 1-CM.

Note: See subparagraph 11 G for deceased producers.

B Ineligible Producer Shares

Ineligible producers on CCC-580's with other eligible producers are still required to provide monthly production evidence to the County Office. All production will be counted toward the dairy operations maximum production limit during the producer's period of ineligibility. However, the ineligible producer's share percentage of the dairy operation's total commercially marketed production will be excluded from the total payment to the dairy operation.

Therefore, if a producer becomes eligible after the dairy operation reaches its maximum production limit for the FY, the ineligible producer would **not** receive MILC benefits for the remainder of that FY. When an ineligible producer becomes eligible the producer can only receive benefits for:

- the months the producer meets **all** eligibility requirements
- production that does **not** exceed the maximum production limitation for FY.

*--C AGI

Producers who certify on CCC-926 that their nonfarm average AGI exceeds \$500,000 are ineligible for MILC benefits. Producers are **required** to comply with the AGI requirement each applicable FY, according to 4-PL, Part 6.--*

13 Production Eligibility

A Eligible Production

All milk produced by cows in the U.S., and marketed commercially anytime during the period of October 1, 2007, through September 30, 2012, up to the maximum eligible quantity provided in subparagraph B, is eligible production for MILC program benefits.

Note: Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

B Maximum Eligible Quantity

The maximum quantity of production per dairy operation eligible for payment per FY, are as follows:

- 2.4 million lbs. for the period beginning October 1, 2007, and ending September 30, 2008
- 2.985 million lbs. for the period beginning October 1, 2008, and ending August 31, 2012
- 2.4 million lbs. for the period beginning September 1, 2012, and thereafter.

Note: Dairy operations that have exceeded 2.4 million lbs. by September 1, 2012, will have met the maximum production quantity for FY 2012, and will **not** be entitled to further payments for additional lbs. of production for the month of September 2012, if there is a payment rate in effect.

Milk production produced during any FY will **not** count towards a dairy operations maximum eligible quantity for months during that FY:

- when there is no payment rate in effect for that month
- that precede the production start month designated on CCC-580 for the applicable FY.

C Production Marketed Outside the U.S.

Dairy operations that produce milk in the U.S., and commercially market the milk production outside the U.S., are eligible to receive program benefits.

13 Production Eligibility (Continued)**D Eligible Dumped Production**

Milk delivered to a handler that does **not** contaminate the bulk load that is paid for by the handler and reflected in the milk check, but is ultimately dumped by the handler, is eligible production for the MILC program.

Dumped milk production is typically identified as prenotification milk on the producer's production statement from the milk handler or dairy cooperative.

See paragraph 14 for dumped milk that is considered ineligible production.

E Production Certification

All milk production produced and commercially marketed by the dairy operation for each applicable month **must** be specified and certified on CCC-580 during the contract period, **except for months:**

- when the payment rate is zero
- that follow after the maximum eligible production cap is reached
- when producers in the dairy operation will **not** be paid.

*--Monthly milk production may **not** be apportioned and payment months with an effective MILC payment rate **cannot** be skipped to circumvent the maximum eligible production--* quantity for the dairy operation.

14 **Production Ineligibility**

A Ineligible Dumped Milk Production

The following situations are **not** considered commercially marketed milk and are; therefore, ineligible production for the MILC program:

- dumped milk that causes the contamination of a bulk load for which an insurance indemnity is paid to the producer for the contaminated milk
- *--milk dumped on the farm by State or health department order or producer--*
- a loan made from a milk handler to a producer that temporarily compensates the dairy operation for contaminated or dumped milk production.

15 Eligible Program Payments**A Types of MILC Payments**

Monthly contract payments are available to eligible dairy operations under the MILC program.

B Contract Period Payment Definition

Contract period payments means all monthly payments made under MILC.

See subparagraph D for contract period payment provisions.

C Payment Eligibility

Eligible producers may only receive MILC benefits for:

- the applicable months a producer meets all eligibility requirements according to Part 2
- production that does **not** exceed the maximum eligible quantity limitation according to subparagraph 13 B.

D MILC Contract Period Payment Provisions

Contract period payments under MILC are issued on a monthly basis, for the period of consecutive months beginning with either of the following:

- production start month selected by the dairy operation
- month CCC-580 is submitted to the County Office.

MILC monthly contract period payments issued during each FY end upon the earlier of the following:

- maximum eligible production cap is reached according to subparagraph 21 F
- end of the applicable FY.

16-19 (Reserved)

20 Program Payments (Continued)

E Prompt Payment Provisions

Prompt payment interest will apply to program payments issued by CCC later than 60 calendar days after:

- all production evidence and supporting documentation for the month is provided to the County FSA Office
- all eligibility requirements are met
- the National Average Dairy Feed Cost for the applicable month is announced.

See 61-FI for prompt payment interest provisions.

F Assignments and Offsets

MILC payments are subject to assignment (see 63-FI) and offset (see 58-FI).

G Advance Payments

Advance payments will **not** be issued for the MILC program.

H Direct Deposit Requirement

The Debt Collection Improvement Act of 1996 requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by electronic funds transfer. All producers receiving benefits under the MILC program **must** file SF-1199A, according to 1-FI, Part 3.

I Accounting Program Codes

Accounting program codes for MILC are provided in the following table.

FY	Program Accounting Code
2008	08MILCII
2009	09MILCII
2010	10MILCII
2011	11MILCII
2012	12MILCII

20 Program Payments (Continued)

J eFC Allotments

The National Office will allot program funds to the State Office level through the eFC system for payment processing. Allocations to the State Office level will be based on funds dispersed by each State during previous FY's of the program. State Offices shall:

- re-allocate funds from the State Office level to the County Office level, as necessary
- determined County Office level allocation amounts from eFC allotments from previous FY's
- contact the National Office to request additional funds over the initial allotment.

Applicable eFC account codes are as follows.

eFC Code	Payment Type
8010	MILC monthly contract payments - Sys36
8011	MILC monthly contract payments – NPS beta
8015	MILC transition period payments – Sys36
8016	MILC transition period payments – NPS beta
8020	MILC – all web-based payments

***--K Requests for eFC Allotments**

State Offices shall direct requests for additional funds by e-mail to Stacy Carroll at stacy.carroll@wdc.usda.gov, with CC's to the following:

- Dani Cooke at danielle.cooke@wdc.usda.gov
- Toni Williams at toni.williams@wdc.usda.gov
- Asime Atuboyedia at asime.atuboyedia@wdc.usda.gov.

L Direct Attribution

Direct attribution will apply to MILC effective FY 2009, but **not** for payment limitation purposes. MILC program payments will be tracked through 4 levels to individuals and entities in the same manner as other programs.--*

21 Calculating Program Payments

A Payment Calculation

When the Boston Class I milk price is below \$16.94 per cwt, the payment rate is determined for the applicable month by:

- subtracting the Boston Class I milk price per cwt from \$16.94
- multiplying the difference by:
 - 34 percent during the period beginning October 1, 2007, and ending September 30, 2008
 - 45 percent during the period beginning October 1, 2008, and ending August 31, 2012
 - 34 percent during the period beginning September 1, 2012, and thereafter.

B MILC Payment Calculation Example

The following is an example of the MILC payment calculation.

The Boston Class I price announced in May 2009 was \$14.51.

- $\$16.94 - \$14.51 = \$2.43$
- $\$2.43 \times 45\% = \1.0935 .

The payment rate for May 2009 was **\$1.0935000**.

21 Calculating Program Payments (Continued)

C Feed-Cost-Adjusted Payment Rate Calculation

When the entire month National Average Dairy Feed Ration Cost for the applicable month exceeds the price per cwt applicable to the period specified in subparagraph 20 B, the payment rate is determined by:

- subtracting the price per cwt applicable to the period specified in subparagraph 20 B from the National Average Dairy Feed Ration Cost for the applicable month
- dividing the difference by the price per cwt applicable to the period specified in subparagraph 20 B
- multiplying the result by \$16.94
- adding the result to \$16.94.

D Feed-Cost-Adjusted Payment Rate Calculation Example

The following is an example of the feed-cost-adjusted payment rate calculation.

The entire month National Average Dairy Feed Ration Cost announced for the month of May 2008 was \$10.05.

- $\$10.05 - \$7.35 = \$2.70$
- $\$2.70 \div \$7.35 = \$0.3673469$
- $\$0.3673469 \times 45\% = \0.1653061
- $\$0.1653061 \times \$16.94 = \$2.80$
- $\$16.94 + \$2.80 = \$19.74$

The new MILC baseline trigger for the month of May 2008 is **\$19.74**.

If the Boston Class I price for May 2008 was \$18 or any amount less than the new MILC baseline trigger for the month, the calculation would be as follows:

- $\$19.74 - \$18 = \$1.74$
- $\$1.74 \times 34\% = \0.5916000

The feed-cost-adjusted payment rate for the month would be \$0.5916000.

27 Production Start Month Provisions (Continued)

***--F Initial Signup Phase Start Month Selection Options**

The following table provides FY 2009 production start month options available during specific periods of the initial signup phase.

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
December 22 through 31, 2008	October or November 2008 Note: The months preceding the CCC-580 submission date.	January 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	December 2008 Note: The month CCC-580 is submitted	
	Any month February 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
January 2 through 14, 2009	October, November, or December 2008 Note: The months preceding the CCC-580 submission date.	N/A Note: All months are available for selection during this period.
	January 2009 Note: The month CCC-580 is submitted.	
	February 2009 Note: This month can be selected because CCC-580 submission date is by 14 th of the preceding month according to normal start month selection provisions.	
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
January 15 through 21, 2009	October, November, or December 2008 Note: The months preceding the CCC-580 submission date.	February 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	January 2009 Note: The month CCC-580 is submitted.	
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	

--*

27 **Production Start Month Provisions (Continued)**

G Production Start Month Selection During Extended Signup Phase

Producers that submitted CCC-580 for benefits during the extended signup phase can select as the MILC production start month for their dairy operation either of the following:

- the month CCC-580 is submitted

Note: Selection provisions do **not** apply to this option when selection is made according to applicable provisions.

- from the months remaining in FY in which CCC-580 is submitted for which the payment rates is **not** known.

Note: Selection provisions apply to this option and **must** be made according to selection rules and signup provisions applicable to the extended signup phase.

27 Production Start Month Provisions (Continued)

***--H FY 2009 Extended Signup Start Month Selection Options**

The following table provides FY 2009 production start month options available during specific periods of the extended signup phase.

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
January 22 through 30, 2009	January 2009 Note: The month CCC-580 is submitted.	February 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
February 2 through 13, 2009	February 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding February 2009 is an unavailable option.
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
February 16 through 27, 2009	February 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding February 2009 is an unavailable option.
	Any month April 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
		March 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.

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27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options (Continued)

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
March 2 through 13, 2009	March 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding March 2009 is an unavailable option.
	Any month April 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
March 16 through 31, 2009	March 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding March 2009 is an unavailable option.
	Any month May 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	April 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
April 1 through 14, 2009	April 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding April 2009 is an unavailable option.
	Any month May 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	

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27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options (Continued)

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
April 15 through 30, 2009	April 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding April 2009 is an unavailable option.
	Any month June 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	May 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
May 1 through 14, 2009	May 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding May 2009 is an unavailable option.
	Any month June 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
May 15 through 29, 2009	May 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding May 2009 is an unavailable option.
	Any month July 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	June 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.

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27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
June 1 through 12, 2009	June 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding June 2009 is an unavailable option.
	Any month July 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
June 15 through 30, 2009	June 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding June 2009 is an unavailable option.
	Any month August 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	July 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
July 1 through 14, 2009	July 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding July 2009 is an unavailable option.
	Any month August 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	

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27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
July 15 through 31, 2009	July 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding July 2009 is an unavailable option.
	September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	August 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
August 3 through 14, 2009	August 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding August 2009 is an unavailable option.
	September 2009 Note: The month remaining in FY where selection follows normal start month selection provisions.	
August 17 through 31, 2009	August 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding August 2009 is an unavailable option.
		September 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.

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27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
September 1 through 14, 2009	September 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding September 2009 is an unavailable option.
September 15 through 30, 2009	September 2009 Note: The month CCC-580 is submitted.	October 2009. Notes: Any month preceding September 2009 is an unavailable option. October 2009 is not available because it starts the beginning of a new FY.

I Erroneous Start Month Selections

If a producer submits CCC-580 with an erroneous production start month selection, meaning the month selected by the producer was **not** an available option based on the date CCC-580 was submitted to the County Office, the County Office **must** immediately notify the producer of the following:

- the correct production start months available based on the original date CCC-580 was submitted to the County Office
- correction to CCC-580 is required and must be made within 10 calendar days of the notification date.

If no correction is made by the producer within the 10-calendar-day period, by default, the production start month will be the month CCC-580 was submitted to the County Office. County Offices shall note in CCC-580, Item 24, "Remarks" that the correction was authorized according to subparagraph I.--*

28 Production Start Month Change Provisions

A Changing the MILC Production Start Month Selection

Changes to the MILC production start month selected by the dairy operation **must** be made on or before the 14th of the month before the:

- month originally selected by the dairy operation as their MILC production start month
- newly selected MILC production start month for the dairy operation.

Changes **must** be made in advance of payment rates being known by the public for both the original production start month that the dairy operation is changing from and the production start month that the dairy operation is changing to. Otherwise, the MILC production start month can **only** be changed for the following FY.

Note: For FY 2008 and during the initial signup phase, no changes may be made to the retroactive production start month selection after payment has been issued for the originally selected production start month.

***--Examples:** Producer A submitted CCC-580 on January 28, 2009, and selected March 2009 as the production start month. Producer A submitted CCC-580M on February 12, and selected April 2009 as the new production start month to receive MILC payments. CCC-580M was considered filed correctly. CCC-580M would be approved, because CCC-580M was submitted **before** the 14th of the preceding month according to normal start month selection provisions.

Producer B submitted CCC-580 on January 28, 2009, and selected March 2009 as the production start month. Producer B submitted CCC-580M on March 16, and selected April 2009 as the new production start month to receive MILC payments. CCC-580M would be **disapproved**, since CCC-580M was **not** submitted before the 14th of the preceding month according to normal start month selection provisions.--*

B MILC Production Start Month Change Request

MILC program participants may elect to change their production start month for a given FY. A change to a dairy operation's MILC production start month **must**:

- be made according to start month selection provisions provided in paragraphs 27 and 28 and selection rules applicable to MILC
- occur **before** payment has been issued for the previous month selected on CCC-580
- be designated on CCC-580M, Part B, according to instructions provided in paragraph 44.

28 Production Start Month Change Provisions (Continued)**C When the Production Start Month Cannot be Changed**

The production start month designated on CCC-580 **cannot** be changed if:

- the new month being selected has done either of the following:
 - already begun
 - already passed
- payment has already been issued for the previously selected month.

D Changing Limitations

There is **no** limit to the number of times the production start month may be changed, as long as the change is made according to applicable Part 4 program provisions.

E Perpetual Designation

If the production start month is never modified by the producers in the dairy operation, the production start month designated on CCC-580 and on file with the County Office will remain the same for succeeding FY's throughout the duration of the MILC program.

***--Example:** Producer C submitted CCC-580 on January 28, 2009, and selected January as the production start month for FY 2009. Producer C did **not** designate a production start month for each FY 2010 through 2012 on CCC-580; therefore, by perpetual designation, the same originally selected start month of January will remain the same for succeeding FY's throughout the duration of the MILC Program, **unless** CCC-580M is submitted requesting a change.--*

29-34 (Reserved)

37 Filing CCC-580's**A Applying for Benefits**

A dairy operation shall use CCC-580 to apply for MILC benefits. A separate CCC-580 shall be filed for each dairy operation that produced and commercially marketed milk during the applicable authorized program period. The total lbs. of milk marketed under the dairy operation during each applicable month of FY for all producers receiving a share of the milk marketed **must** be included on one CCC-580 for CCC-580 to be considered complete for approval by CCC. More than one CCC-580 is **not** acceptable for the program benefits, unless the dairy operation has been determined separate and distinct according to the State's interpretation of a separate and distinct operation where the dairy operation is physically located, as provided by paragraph 52.

Example: Dairy Operation 1 consists of 2 persons who jointly share in the operation 50 percent.

Dairy Operation 2 consists of 1 of the persons from Dairy Operation 1, but this person has 100 percent interest in Dairy Operation 2.

There will be two CCC-580's, provided the operations are determined separate according to the State where the dairy operations are physically located, according to paragraph 52. The two CCC-580's would be as follows:

- Dairy Operation 1 files CCC-580 that includes all milk marketed for both persons on Dairy Operation 1 and CCC-580 is shared 50-50 between the 2 persons
- Dairy Operation 2 files CCC-580's for all milk marketed on Dairy Operation 2.

Note: Producers may file CCC-580's in either the county where the dairy operation is physically located or in the producer's administrative county.

37 Filing CCC-580's (Continued)

B Contract Numbers

*--Contract numbers will be assigned through MILC application and payment processing software and **must** be manually transferred to CCC-580 after the County Office has entered the information into the MILC software application.--*

C Obtaining CCC-580's

Eligible dairy operations can obtain CCC-580 to request program benefits from the County Office where the dairy operation is physically located or in the producer's administrative county by any of the following methods:

- electronically from the following web sites:
 - eForms web site at www.sc.egov.usda.gov
 - FSA web site at <http://165.221.16.90/dam/ffasforms/forms.html>
 - PSD web site at www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=mpp-mi.
- from any County Office as follows:
 - in person
 - by mail
 - by telephone
 - by FAX.

Note: Regardless of how CCC-580's are obtained, CCC-580 **must** be completed correctly, signed, and returned to the applicable County Office by COB on the deadline date *--determined by FSA, to be considered eligible for program benefits. If CCC-580 is received by mail, the postmarked date shall be used.--*

37 Filing CCC-580's (Continued)

D Signature Requirements

All producers who share in the risk of a dairy operation's total production **must** certify to the information in CCC-580 before CCC-580 will be considered complete or approved by CCC.

County Offices shall follow 1-CM for the following:

- producers' signature and authorization provisions
- persons signing CCC-580 in a representative or fiduciary capacity
- payment of amounts due persons who have died, disappeared, or have been declared incompetent.

Note: If for some extenuating circumstance all signatures **cannot** be obtained, CCC may exercise authority under CCC-580 Appendix, subparagraph 10 B to modify the contract according to the appropriate share percentages if it is determined to the satisfaction of the COC that accepting CCC-580 without such signature is necessary to carry out purposes of the program or to facilitate the programs practical administration. A waiver is **not** necessary; however, applicable circumstances should be noted on CCC-580.

***--Example:** ABC Dairy Operation has 4 partners and:

- does **not** have a signature authority on file in the County Office; therefore, all producers who share in the risk of the dairy operation's total production must certify to the information on CCC-580
- has a signature authority on file the County Office; follow 1-CM.--*

37 Filing CCC-580's (Continued)

E Approving CCC-580

COC or designee shall:

- be satisfied that all applicable program eligibility requirements of Part 2 have been met before approving the applicable CCC-580
- **not** approve any CCC-580 that was requested or received after COB on the deadline date *--determined by FSA, postmark provisions apply, according to subparagraph C--*
- **not** approve CCC-580's for a joint venture or joint operation **unless** all members of the joint venture or joint operation who share in the milk marketed commercially from the *--dairy operation have signed CCC-580; however, a representative can sign for all members of the joint venture according to 1-CM--*
- ensure that a completed CCC-580S is on file for every dairy operation **not** participating *--in other FSA programs where an applicable CCC-901, CCC-902E, or CCC-902I is--* already completed and on file, according to paragraph 39
- complete CCC-770 Eligibility, according to 3-PL, for each producer on CCC-580

Note: Once CCC-770 Eligibility is completed for FY, unless there is a change in operation or eligibility status, it is **not** necessary to complete a new CCC-770 Eligibility.
- complete CCC-770 MILC, according to subparagraph 45, for every dairy operation
- provide CCC-580 Appendix (see Exhibit 5) to contact producer for the dairy operation at the time the dairy operation signs-up for the MILC program
- *--understand that once CCC-580 is submitted, it **cannot** be cancelled.--*

37 Filing CCC-580's (Continued)

F Other Applicable Forms

AD-1026 is required for program benefits. HELC and WC rules **apply**. See 6-CP for guidance on HELC and WC provisions.

--AGI requirements apply to MILC; therefore, CCC-926 is required to be completed for each FY to qualify for that FY MILC payment. See 4-PL for guidance on AGI provisions.--

G Delegation of Authority

The authority to approve all CCC-580's, and all other program documents, **must** be re-delegated, **in writing**, to the next authority. Follow this table for exceptions to re-delegate authority for CCC-580 approval.

IF the producer is...	THEN the approval authority shall be...
a State or Federal or non-Federal County Office employee	CED.
COC member	
DD	
SED	
STC member	
CED	COC.

Questionable cases may be referred to the next higher authority for determination.

H Second Party Review

A second party review of eligibility requirements and production evidence shall be performed **before** issuing a monthly contract payment. The reviewer **must** initial CCC-770 MILC, according to subparagraph 45 D, when each payment review is complete.

*--**Note:** The production evidence **must** be reviewed against data entered in MILC application and payment processing software.--*

38 Completing CCC-580's

A CCC-580 Instructions

Complete CCC-580's according to the following table.

Item	Instructions
1	COC designee shall enter applicable State code.
2	COC designee shall enter applicable county code.
3	COC designee shall enter name and address of dairy operation.
4	COC designee shall enter contract number assigned to CCC-580 from the MILC web-based software.
5	Enter date CCC-580 is submitted by the dairy operation.
6A through 6C	If different from the information in item 3, enter name, address, telephone number, and cell phone number of the contact producer for the operation.
Part A – FY 2009 – FY 2012 MILC Production Start Month	
7, 9, 11, and 13	<p>Dairy operation must CHECK (✓) appropriate box to designate which month in each applicable FY the dairy operation would like to begin receiving payments from CCC, based on the selected start months' production.</p> <p>Note: CCC-580's submitted within 30 calendar days of the time CCC begins accepting CCC-580's, the dairy operation can select any month preceding the month CCC-580 is submitted or any month; *--thereafter, on or before the 14th of the month before the month the dairy operation wants to select, as the FY 2009 production start month. The month CCC-580 is submitted is also an option during this period. Dairy operations that submit CCC-580's 30 calendar days after CCC begins accepting CCC-580's can select either of the following:--*</p> <ul style="list-style-type: none"> • the month CCC-580 is submitted • any month that follows the month CCC-580 is submitted in FY that has not begun or has not passed. That selection must be made on or before the 14th of the month before the month the dairy operation wants to select.
8, 10, 12, and 14	Enter pounds of production for the applicable months for each applicable FY 2009 through 2012 in the appropriate block.

38 Completing CCC-580's (Continued)

A CCC-580 Instructions (Continued)

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Item	Instructions
Part B – Participants Signatures	
15 through 19	<p>After thoroughly reading the participation statement in CCC-580, Part B and CCC-580 Appendix, sign, enter the title or relationship of the individual if signing in a representative capacity, provide 9-digit TIN, date, indicate share, as applicable, and CHECK (✓) appropriate box to identify any producer who elects to receive or not receive payments under MILC. All producers who share in the dairy operation must also sign, date, indicate shares, and provide TIN's, as applicable.</p> <p>Note: If signature authority is on file for the legal entity or joint operation, only the signature of the person signing in a representative capacity is required.</p>
Part C – Production Evidence	
20A through 20B	<p>CHECK (✓) appropriate box to authorize or not authorize the County Office to accept production evidence directly from the milk cooperative or handler for the dairy operation.</p> <p>Note: If during the MILC program the operations needs to change the authorization to accept production evidence from the dairy cooperative listed in this item, see subparagraph 41 J. It is the dairy operation's responsibility to contact the dairy cooperative or milk handler to provide their monthly production evidence directly to the County Office. The statement in Part C provides the County Office authorization to receive the information as their official production evidence from the dairy cooperative or milk handler for the dairy operation.</p>
Part D – CCC Acceptance and Approval	
21A through 21C	COC designee shall enter signature of COC designee, title, and date of signature.
22	COC designee shall CHECK (✓) appropriate box to approve or disapprove CCC-580.
23A through 23B	COC designee shall enter name, address, and telephone number of the County Office.
24	Enter any noteworthy remarks or remarks about CCC-580 disapproval.

Note: COC designee may substitute entries in CCC-580, Part A, items 8, 10, 12, and 14 with the production/payment summary reports generated from the MILC software.--*

38 Completing CCC-580's (Continued)

B Example CCC-580

The following is an example of CCC-580.

This form is available electronically. CCC-580 (12-01-08)												U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation MILK INCOME LOSS CONTRACT (MILC)		1. State Code 86	2. County Code 01
(See Privacy Act Statements on Page 2)															
3. Name and Address of Dairy Operation (Including Zip Code) MilkTime Dairy 101 Dairy Lane, Oakmount, Maryland 22113								4. Contract Number 01		5. Date Contract Submitted (MM-DD-YYYY) 10/10/2009					
6A. Contact Producer's Name and Address (Including Zip Code) (If different than Item 3) Jacob Farmer								6B. Telephone Number (Including Area Code) (555) 222-3434		6C. Cell Telephone Number (Including Area Code) (555) 222-1212					
PART A - FY 2009 - 2012 MILC PRODUCTION START MONTH															
If this contract is submitted within 30 days of the time at which CCC begins accepting contracts, the dairy operation can select any month preceding the month the contract is submitted or any month thereafter, as the FY 2009 production start month, including the month the contract is submitted. A dairy operation that submits this contract 30 days after CCC begins accepting contracts, may select as their production start month, either (1) the month the contract is submitted OR (2) any month after the contract is submitted in the fiscal year that has not begun or has not passed, and that selection must be made on or before the 14th of the month before the month the dairy operation wants to select as their production start month.															
FY 2009															
7. Check Start Month	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09			
8. Production															
FY 2010															
9. Check Start Month	Oct 09	X	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10		
10. Production															
FY 2011															
11. Check Start Month	Oct 10	X	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sept 11		
12. Production															
FY 2012															
13. Check Start Month	Oct 11	X	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sept 12		
14. Production															
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.															

38 Completing CCC-580's (Continued)

B Example CCC-580 (Continued)

CCC-580 (12-01-08)				Page 2	
PART B - PARTICIPANTS SIGNATURE(S)					
<p>This Contract to Participate in the Milk Income Loss Contract Program is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-580 Appendix, entitled "Appendix to Form CCC-580 Milk Income Loss Contract" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Milk Income Loss Contract program for the stipulated contract period from the date the Contract is executed by the CCC. By signing below, the Participant (1) acknowledges receipt of the CCC-580 Appendix, and agrees to abide by the terms and conditions contained therein, and (2) agrees to comply with the regulations governing the applicable program eligibility and maximum eligible production provisions per dairy operation. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability. The terms and conditions of this contract are contained in this form CCC-580 and in the CCC-580 Appendix and any addendum thereto. BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORM: CCC-580 Appendix.</p>					
15A. Producer's Signature (By)	15B. Title/Relationship of Individual Signing in the Representative Capacity	16. Producer's ID No.	17. Date (MM-DD-YYYY)	18. Share %	19. Refuse Payment
<i>Jacob Farmer</i>	Partner	1122	10/10/2009	100%	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
PART C - PRODUCTION EVIDENCE					
<p>Check the appropriate box to authorize or not authorize FSA County Office to accept production evidence directly from the milk cooperative or handler for the dairy operation.</p>					
<p>20A. <input checked="" type="checkbox"/> "YES", I authorize _____, milk cooperative or handler to release evidence of my monthly milk marketings for the dairy operation identified in Item 3 above, directly to my FSA County Office, for purposes of the MILC program.</p>					
<p>20B. <input type="checkbox"/> "NO", I do not authorize the release of production evidence from any milk cooperative or handler to my county office. I will provide required production evidence, as applicable to the county office.</p>					
PART D - CCC ACCEPTANCE AND APPROVAL					
21A. Signature of CCC Designee		21B. Title		21C. Date (MM-DD-YYYY)	
<i>Darren Evans</i>		County Executive Director		10/15/2009	
22. Contract Status:		23A. Name and Address of County FSA Office (Including Zip Code)		23B. Telephone Number (Including Area Code)	
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved		Oakmount County FSA Office 101 Trading Lane Oakmount, Maryland 22113		(555) 222-1212	
24. Remarks:					
<p>NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>					

39 Completing CCC-580S's

A Instructions for Completing CCC-580S

Complete CCC-580S according to the following table.

Item	Instructions	
1	COC designee shall enter applicable county code.	
2	COC designee shall enter applicable FY.	
3	COC designee shall enter applicable State code.	
4	COC designee shall enter contract number assigned to CCC-580 from the ***MILC web-based software.	
5A	Enter name and address of the dairy operation.	
5B	Enter name the dairy operation is doing business as, if applicable.	
6	Enter name and address of the contact producer for the operation.	
Part A – Business Type		
7A through 7H	CHECK (✓) appropriate box to indicate citizenship status and designate the type of entity entered in item 5A. Note: If the individual checked “yes”, indicating that they are an alien lawfully admitted to the U.S., proof of I-551 is required .	
7I	Enter the applicable business type for the dairy operation, if other than the business types listed in items 7A through 7H, such as LLC, Indian Tribe, public school, or charitable/tax-exempt organization. Note: Supporting documentation; such as articles of incorporation, trust papers, partnership agreement, and evidence of heirship; may be required, as necessary, for all entities listed.	
7J	COC designee shall CHECK (✓) appropriate box to indicate if I-551 was shown for verification as required.	
8	If other than an individual, enter date the operation/entity formed.	
Part B – Member Information		
9 through 14	If other than an individual, enter the following for each member of the entity: <ul style="list-style-type: none"> • member’s/heir’s/beneficiary’s name • member’s citizenship status • member’s/heir’s/beneficiary’s TIN • percent share of the entity • member’s/heir’s/beneficiary’s position in the entity •*--family member relationship, if applicable. 	
15	CHECK (✓) appropriate box to indicate if this member has signature authority for the legal entity.	
16A and 16B	IF... dairy operation listed in 5A is an estate or trust	THEN... enter name of executor, administrator, or grantor.
	more than 1 executor, administrator, or grantor	provide additional information in the space provided or use a separate, supplemental sheet.
17	The member that indicated in item 14 that he/she has signature authority for the legal entity must provide initials and date for items 16A and 16B.--*	

39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions	
Part C – Entity Information		
18A	Enter name of the entity listed in item 9 or the entity earning the payment.	
18B	Enter names of the members that make up the entity listed in item 18A.	
18C	CHECK (✓) appropriate box to indicate citizenship status.	
18D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
18E	Enter address of each member of the entity.	
18F	Enter percent share of the entity that each member owns.	
18G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part D – Embedded Entity Information		
19	IF...	THEN...
	any member listed in Part C, item 18B is an entity that is part of another partnership, corporation, etc.	list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
19A	Enter name of the embedded entity that is a member of the entity entered in Part C.	
19B	Enter names of the members that make up the entity listed in Part 19A; this could be an individual or an entity.	
19C	CHECK (✓) appropriate box to indicate citizenship status.	
19D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
19E	Enter address of each member of the entity.	
19F	Enter percent share of the entity that each member owns.	
19G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part E – Embedded Entity Information		
20	IF...	THEN...
	any member listed in Part D, item 19B is an entity that is part of another partnership, corporation, etc.	list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
20A	Enter name of the embedded entity that is a member of the entity entered in Part D.	
20B	Enter names of the members making up the entity listed in Part 20A; this could be an individual or an entity.	
20C	CHECK (✓) appropriate box to indicate citizenship status.	
20D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
20E	Enter address of each member of the entity.	
20F	Enter percent share of the entity that each member owns.	
20G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	

Note: For items that require TIN's (11, 18D, 19D, 20D, and 21D), only the last 4 digits are required if SSN or TIN is already on file.--*

39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions	
Part F – Embedded Entity Information		
21	IF... any member listed in Part E, item 20B is an entity that is part of another partnership, corporation, etc.	THEN... list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
21A	Enter name of embedded entity that is a member of the entity entered in Part E.	
21B	Enter names of the members that make up the entity listed in Part 21A; this could be an individual or an entity.	
21C	CHECK (✓) appropriate box to indicate citizenship status.	
21D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
21E	Enter address of each member of the entity.	
21F	Enter percent share of the entity that each member owns.	
21G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part G – Inputs to the Dairy Operation		
22A through 22F	For each individual, entity or joint operation that provides inputs to the dairying operation shown in item 5A, enter the name and the percentages of capital (money), land, equipment, labor and management that is provided. Attach additional pages, if necessary.	
23	For any of the inputs to the dairy operation listed in item 5 which are shared with any other dairy operation, provide an explanation of those arrangements. Attach additional pages, if necessary.	
Part H – Producers Who Are Minors		
24A through 24C	CHECK (✓) appropriate box to indicate if any heir, beneficiary, or member listed in Parts B through F is under 18 years old, and for each person under 18 years old provide their name, date of birth, parents' or guardians' name and TIN, and address of the parents or guardians.	
Part I - Dairying Interests		
25	If any individual, member, heir, or beneficiary listed in Parts B through H have any interests in a dairy operation that is conducted under any name other than as listed in items 5A or 5B, CHECK (✓) appropriate box then skip to the item listed beside users answer. If there are no other farming interests, go to Part K.	

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39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions
Part J – Other Dairy Interests	
26A through 26D	<p>If item 25A question was answered, “yes”, enter the following for each individual, member, heir, or beneficiary that has other dairying interests:</p> <ul style="list-style-type: none"> • individual’s, member’s, heir’s, or beneficiary’s name • names of other dairying interests • individual’s, member’s, heir’s, or beneficiary’s SSN or EIN of the dairying interest • county and State where the other dairying interests are located.
Part K – Certification	
27A through 27C	<p>The person authorized to sign for the payment entity must read the certification, sign, enter their title, and date CCC-580.</p> <p>Note: All members listed in Part B shall be considered authorized to sign for the entity, unless written notification denying a specific member or members the authorization to sign for the entity has been provided to the County Office.</p>

Note: COC approval of CCC-580S is **not** required; however, COC or designee shall ensure that CCC-580S is accurate based on supporting documentation provided to their satisfaction and properly completed before approving CCC-580.--*

39 Completing CCC-580S's (Continued)

B Example CCC-580S

The following is an example CCC-580S, page 1.

*--

This form is available electronically.		See Privacy Act Statement on Page 5							
CCC-580S (05-11-09)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation							
MILK INCOME LOSS CONTRACT (MILC) SUPPLEMENTAL		1. County Code 01	3. Fiscal Year 2010						
		2. State Code 24	4. MILC Contract Number 01						
5A. Name and Physical Address of Dairy Operation Milk Dairy 101 Dairy Lane Oakmount, MD 22113		5B. Doing Business As (if applicable)							
		6. Contact Producer's Name and Address Jacob Farmer 100 Prices Fork Road Oakmount, MD 22113							
PART A - BUSINESS TYPE									
7. Check the applicable business type for the dairy operation, listed in Item 5A:									
A. <input type="checkbox"/> Individual (Check one):		B. <input checked="" type="checkbox"/> General Partnership							
<input type="checkbox"/> U.S. Citizen		F. <input type="checkbox"/> Revocable/Living Trust							
<input type="checkbox"/> An alien lawfully admitted to the U.S. and possessing an I-551.		C. <input type="checkbox"/> Joint Venture							
<input type="checkbox"/> YES <input type="checkbox"/> NO (Continue to Part G)		G. <input type="checkbox"/> Irrevocable Trust							
		D. <input type="checkbox"/> Corporation							
		H. <input type="checkbox"/> Estate							
		E. <input type="checkbox"/> Limited Partnership							
		I. <input type="checkbox"/> Other: _____							
J. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO									
8. Date Operation Formed - If the participant listed in Item 5A is other than an individual enter the date operation/entity was formed: 12/31/1991									
PART B - MEMBERS - (If other than an individual, list all members having an interest in the entity.)									
9. Members/Heir/Beneficiaries Name (If member is a minor child, also complete Part H)	10. Check Applicable box			11. Tax ID No. (9 digits) (Last 4 digits if already on file)	12. % Share	13. Position	14. Family Member Relationship (if applicable)	15. Does this member have Signature Authority for the Legal Entity?	
	A. U.S. Citizen	B. Alien with I-551	C. Other					YES	NO
Jacob Farmer	X			1123	50	Member		X	
Spencer Farm Inc.				3456	50	Member			X
16. I certify that I have signature authority for the entity identified in Part A and that all information in Part B is true and correct.							A. Initials	B. Date	
							JAF	10/10/09	
NOTE: If any member entered in Item 9 is an entity, complete Parts C through F, as applicable.									
17. For Trusts or Estates, list the name of the Trustee, Executor or Administrator				A. Name			B. Position		
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small>									

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 2.

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CCC-580S (05-11-09)						Page 2 of 5
PART C – ENTITY INFORMATION						
18. For each individual or entity who is a member of this entity, list the member's name, their social security/employer/taxpayer identification number, address, and percentage share of ownership. If a member has all types of identification numbers, list all. If more than one member, listed in Part B is an entity, provide the requested information for each legal entity on supplemental sheets.						
A. Entity Name: Spencer Farm Inc.						
B. Members Name	C. Check Applicable box			D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
	U.S. Citizen	Alien with I-551				
Hannah Farmer	X			1523	1100 H Terrace View Road Oakmount, MD 22113	50 %
Jeff Farmer	X			9812	4400 Fox Ridge Ct. Oakmount, MD 22113	50 %
						%
G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO						
PART D - EMBEDDED ENTITY INFORMATION						
19. For any member listed in Part C, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part C is an entity, provide the requested information for each entity on supplemental sheets.						
A. Embedded Entity Name:						
B. Members Name	C. Check Applicable box			D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
	U.S. Citizen	Alien with I-551				
						%
						%
						%
G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO						
PART E - EMBEDDED ENTITY INFORMATION						
20. For any member listed in Part D, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part D is an entity, provide the requested information for each entity on supplemental sheets.						
A. Embedded Entity Name:						
B. Members Name	C. Check Applicable box			D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
	U.S. Citizen	Alien with I-551				
						%
						%
						%
G. For County Office Use Only (was an Alien Registration Receipt Card (form I-551) shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO						

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 3.

*--

CCC-580S (05-11-09)						Page 3 of 5
PART F - EMBEDDED ENTITY INFORMATION						
21. For any member listed in Part E, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part E is an entity, provide the requested information for each entity on supplemental sheets:						
A. Embedded Entity Name:						
B. Members Name	C. Check Applicable box			D. Tax ID No. <i>(9 digits) (Last 4 digits if already on file)</i>	E. Address	F. Percent Share
	U.S. Citizen	Alien with I-551	Other			
	YES	NO				%
						%
						%
G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO						
PART G - INPUTS TO THE DAIRY OPERATION						
22. For each individual, entity or joint operation that provides inputs to the dairying operation shown in Item 5A, enter the name and the percentage of each input provided. Attach additional pages if necessary.						
A. Name of individual, entity or joint operation providing the input	B. Land	C. Capital	D. Equipment	E. Labor	F. Management	
Jacob Farmer	100 %	75 %	75 %	25 %	25 %	
Spencer Farm Inc.	0 %	25 %	25 %	75 %	75 %	
	%	%	%	%	%	
	%	%	%	%	%	
23. For any of the following inputs to the Dairy Operation listed in Item 5 which are shared with any other Dairy Operation, please provide an explanation of those arrangements:						
A. INPUT	B. EXPLANATION					
(1) CAPITAL: Including bank accounts, vendor accounts, veterinary or other expenses, dairy herd animals, milk marketings.						
(2) EQUIPMENT: Including facilities, barns, milk tanks, milking equipment, or other equipment used in the operation.						
(3) LAND: Including land where barns and turn-out pastures are located.						

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 4.

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CCC-580S (05-11-09)		Page 4 of 5	
PART H – PRODUCERS WHO ARE MINORS			
24. Is any heir, beneficiary, or member who is listed in Parts B through F under 18 years of age? <input type="checkbox"/> YES <input type="checkbox"/> NO (For each person under 18, provide the following information.)			
A. Individual, Members, Heirs, or Beneficiaries Name and Date of Birth	B. Parents' or Guardians' Name and Tax ID Number <small>(9 digits) (Last 4 digits if already on file)</small>	C. Parents or Guardians Address	
PART I – DAIRYING INTERESTS			
25. Do any of the individuals, members, heirs or beneficiaries listed in Parts B through H have any interest in a dairy operation which is conducted under any name other than as listed in Items 5A or 5B.			
A. <input type="checkbox"/> "YES," I or one or more members, heirs or beneficiaries, have other dairying interests (Complete Part J).			
B. <input type="checkbox"/> "NO," no individual, member, heir or beneficiary has any other dairying interests.			
PART J – OTHER DAIRY INTERESTS			
26. Enter the following information for all interest you have in any other dairy operation, or if other than an individual, for all interests each member, heir or beneficiary have in any other dairy operation.			
A. Name of Individual, Member, Heir, or Beneficiary	B. Name of Other Dairying Interest(s)	C. Tax ID No. (9 digits) <small>(Last 4 digits if already on file) of Other Dairying Interest</small>	D. County(ies) and State(s) Where Dairying Interest(s) are Located
PART K - CERTIFICATION			
<i>I certify that all information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and the assessment of a penalty. I will timely provide written notification to the Farm Service Agency committees for the county and State listed on this form of any changes in the information provided. By signing this form I acknowledge that evidence such as tax records, certified public accountant certification, or other documentation may be required to validate these representations.</i>			
27A. Representative's Signature of Payment Entity (By)	27B. Title/Relationship of the Individual Signing in the Representative Capacity Partner	27C. Date (MM-DD-YYYY) 10-10-2009	

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 5.

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CCC-580S (05-11-09)	Page 5 of 5
<p>NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of 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>	

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40 (Reserved)

41 Supporting Documentation

A Production Evidence

Dairy operations entering into CCC-580 with CCC **must** provide verifiable production evidence of the operation's eligible marketings during the months of each FY designated in CCC-580 during the specified contract period.

The production evidence **must** be provided to the County Office with any supporting documentation available to assist in verifying the operation's eligible production and commercial milk marketings beginning with the starting month designated in CCC-580 and the subsequent months of production thereafter.

County Offices have 60 calendar days to issue payment to the dairy operation from the later of the following:

- receipt of the required production evidence to issue payment to the dairy operation
- the date the entire month National Average Dairy Feed Ration Cost for the applicable month is known.

Note: Any dairy operation that **cannot** timely provide the required documentation will be ineligible for benefits.

B Verifiable Production Records

Verifiable production evidence **must** be provided to the County Office **before** any payment will be issued to a dairy operation. Verifiable production records are evidence that is used to substantiate the amount of production reported that can be verified by CCC through an independent source.

C Acceptable Documentation

Verifiable production evidence includes, but is **not** limited to, the following:

- milk marketing payment stubs
- tank records
- milk handler records
- daily milk marketings
- copies of any payments received as compensation from other sources.

Note: See subparagraph 13 E for when production evidence is **not** required.

41 Supporting Documentation (Continued)

C Acceptable Documentation (Continued)

Production evidence and other supporting documentation may be received through any of the following:

- mail
- FAX
- in person at the County Office
- electronic mail.

*--D Production Evidence in the Name of a Spouse

Production evidence received in the name of a spouse may be accepted in the County Office for dairy operations in which either spouse has an interest, **unless** written notification denying this authority has been provided to the County Office. In addition, both husband and wife **must**:

- be included on CCC-580
- meet eligibility requirements of Part 2.

Share percentages may be assigned as determined and agreed to by each spouse. See 1-CM, subparagraph 707 C, for signature authority for spouses.

E Production Evidence in a Different Name

Production evidence submitted with a person/entity name different than the name of the dairy operation shall be thoroughly reviewed by the COC to determine:

- a legitimate interest in the dairy operation
- affiliation to the producer and dairy operation
- if person/entity is listed as a member on CCC-580S
- if eligibility is being circumvented in an effort to earn a payment.

If all have been established and confirmed, to the satisfaction of COC, the production evidence may be accepted, **unless** written notification is provided denying this authorization.

Note: Production evidence submitted in the name of the “doing business as” name indicated in CCC-580S, item 5B, may also be accepted, if in compliance with applicable State laws that regulate doing business in a name other than the name of the producer indicated on CCC-580.--*

41 Supporting Documentation (Continued)

F Reviewing Documentation

When the supporting documentation is received in the County Office:

- in person or by mail, make a copy, date stamp the copy, and return the originals to the contact producer

Note: If duplicate originals are provided to the County Office the original **must** be date stamped, but it is **not** necessary to return the original to the producer.

- review to verify that during the applicable months specified in CCC-580:
 - there was milk marketed commercially
 - all persons involved in the dairy operation have provided milk marketing documentation
- ensure that the eligible lbs. of milk marketings during the applicable months correspond to the months of production:
 - indicated in CCC-580
 - *--entered in MILC web-based software.--*

Attach **all** supporting documentation to CCC-580.

41 Supporting Documentation (Continued)**G Production Discrepancies**

All production discrepancies **must** be resolved to the satisfaction of COC **before** payments will be issued to the dairy operation. COC **must** review and determine any of the following:

- good faith
- misrepresentation, scheme, or device.

If COC:

- determines good faith, **no further action is necessary**
- **cannot** determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is **not** eligible for benefits and the entire payment **must** be refunded; see Part 8 for additional remedies.

COC's shall use their judgment when determining good faith to ensure that the dairy operation did **not** intentionally certify incorrectly.

H Suspected Cases of Program Abuse

When it appears that a producer or operation has provided false or erroneous data, or intentionally misrepresented a material fact in an attempt to enhance potential program payments, further action is necessary. This does **not** include unintentional reporting or certification errors, unless the errors are so great they impact program integrity. See Part 8 for additional remedies for cases of suspected program abuse.

41 Supporting Documentation (Continued)**I Refunding Payments**

For dairy operations that **must** refund payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are **not** paid by the due date, establish a claim according to 58-FI.

J Production Evidence Submitted by Cooperatives

County Offices may accept monthly production evidence from dairy cooperatives or handlers provided the producers of the eligible dairy operation select the appropriate authorization statement in CCC-580, Part D, authorizing the County Office to receive the production evidence directly from the dairy marketing cooperative or handler.

Production evidence received from the dairy cooperative or handler is subject to further verification, if necessary, and may be provided to the County Office by the following:

- FAX transmission
- electronic mail
- mail delivery.

The authorization will remain in effect until either of the following:

- end of the contract period
- authorization is terminated, in writing, by the producer.

If during the MILC program the operation needs to change the authorization to accept production evidence from the dairy cooperative listed in CCC-580, the producer **must** submit a written statement to the County Office, terminating the authorization for the cooperative listed in CCC-580, item 20A, and indicate the new cooperative for which the new authorization is being provided.

When a dairy cooperative is being changed, COC designee shall:

- line through the previously authorized cooperative listed in CCC-580, item 20A
- write-in the newly authorized cooperative in CCC-580, item 20A, initial, and date
- enter in CCC-580, item 24 that a new authorization is attached.

K Production Evidence Deadlines

Final production evidence for program payments **must** be received in the applicable County Office by COB, November 1, 2012.

42 Conversion Factors

A Dairy Product Conversion Factors

Producers **must** report the dairy operations eligible production during each applicable month in lbs. Use the weight measurement indicated on the production evidence as the same unit of measure (lbs., gallons, etc.) in the conversion. Lbs. will be converted to fluid milk lbs. according to subparagraph B and gallons will be converted to gallons in the same manner. Convert dairy products according to the following table.

Dairy Product (1 Unit of Measure)	Conversion Factor (Equals x Unit of Measure of Milk)
Cheese	10
Butter	8.4
Non-Fat Dry Milk (NDM)	7.3
Light Cream	2.5
Half and Half	1.8
Ice Cream	1.9
Yogurt	0.9
Heavy Cream (Whipping Cream)	4.2

B Conversion from Lbs. to Fluid Milk Lbs.

To convert lbs. of a dairy product to the equivalent fluid milk lbs., multiply the lbs. of the dairy product reported by the conversion factor for the applicable dairy product provided in subparagraph A.

Example: A dairy operation provides the County Office with production evidence of 300 lbs. of commercially marketed cheese during any given month. Multiply 300 by 10 to get a total of 3,000 lbs. of eligible production for that applicable month.

44 Completing CCC-580M's (Continued)

A Instructions for Completing CCC-580M (Continued)

Item	Instruction
PART D – MODIFIED PRODUCER/SHAREHOLDER INFORMATION	
18	CHECK (✓) appropriate “Yes” or “No” box to indicate whether or not the producer identified in item 19 is to remain on CCC-580.
19	Enter printed name of each producer or shareholder of the dairy operation identified in item 1, for which a modification is being requested.
20	Enter corresponding producer ID number for each producer.
21A	CHECK (✓) this box to indicate if a producer or shareholder is being added to the dairy operation.
21B	CHECK (✓) this box to indicate if a producer or shareholder is being removed from the dairy operation.
21C	CHECK (✓) this box to indicate if a producer or shareholder is changing their share percentage in the dairy operation.
22A	In the line corresponding to their printed name, enter the share percentage for each producer identified in item 21C, as their share percentages are currently reflected on CCC-580, from which the producer is changing.
22B	In the line corresponding to their printed name, enter the new share percentage for each producer identified in item 21A or 21C.
23	Each producer identified in item 19 must enter their signature in the line corresponding to their printed name, and their title and relationship if signing in a representative capacity.
24	Enter date CCC-580M is signed by the producer identified in item 19.
PART E – ORGANIZATIONAL MODIFICATIONS	
25A-25E	CHECK (✓) appropriate box to indicate the organizational structure from which the dairy operation is changing.
26A-26E	CHECK (✓) appropriate box to indicate the organizational structure to which the dairy operation is changing.
27	CHECK (✓) appropriate box to indicate whether or not the dairy operation has a new TIN because of the organizational change in items 25 and 26.
28	If item 27 is marked, “Yes”, enter the new TIN for the dairy operation.
29	CHECK (✓) appropriate box to indicate whether or not the name of the dairy operation changed because of the organizational change identified items 25 and 26.
30	If item 29 is marked, “Yes”, enter the new name of the dairy operation.
31	CHECK (✓) appropriate box to indicate if the organizational modification is a reconstitution. If the organizational modification is a reconstitution complete Part F.
32A through 32B	Enter signature of the person authorized to sign on behalf of the dairy operation, and their title and relationship if signing in a representative capacity.
32C	Enter date CCC-580M is signed by the authorized person for the dairy operation.

44 Completing CCC-580M's (Continued)

A Instructions for Completing CCC-580M (Continued)

Item	Instruction
PART F – RECONSTITUTIONS AND MERGERS	
33	If item 31 was checked, “yes”, enter effective date of the reconstitution, merger, or formation of the new dairy operation.
34	County Office shall enter date they were notified of the reconstitution, merger, or formation of the new dairy operation.
*--35A	CHECK (✓) appropriate “Yes” or “No” box to indicate whether or not a new operation is being formed with a dairy operation that has an approved CCC-580 on file, or are you forming a new or additional dairy operation.
35B	CHECK (✓) appropriate “Yes” or “No” box to indicate whether or not another dairy operation is being formed or purchased in addition to an existing dairy operation that has an approved CCC-580 on file.--*
36A through 36E	<p>If Item 35 is checked, “Yes”, enter the following information for each operation with an approved CCC-580 that is involved in the merger or reconstitution:</p> <ul style="list-style-type: none"> • State • county • name of operation • MILC contract number • name of producer.
PART G – CCC ACCEPTANCE AND APPROVAL	
37	CHECK (✓) appropriate box to indicate approval/disapproval of the modification being requested.
38	Enter any information that may be pertinent to this MILC modification and that was not entered or could not be entered in any of the previous fields.
39A	Enter signature of COC designee approving CCC-580M.
39B	Enter title of the approval/disapproval official.
39C	Enter date of approval/disapproval, which is the date the official signs CCC-580M, item 35A.
PART H – MANUAL PRODUCTION TRACKER (for CCC use only)	
40	Enter total pounds of combined production from the dairy operation identified in item 1 and all operations listed in item 36, as of the date of the reconstitution effective date entered in item 33.
40A	Enter applicable contract period month.
40B	Enter total pounds of commercially marketed production produced by the new operation identified in item 30.
40C	Enter the share percentage of the dairy operation entered in Item 1 in the new operation identified in item 30.
40D	Prorate the production entered in item 40B by the share percentage entered in item 40C and enter the result in this item.
40E	Add the prorated share of production entered in item 40D to item 40 for each month entered in item 40A and enter the result in this item.

44 Completing CCC-580M's (Continued)

B Example CCC-580M

The following is an example of CCC-580M, page 1.

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This form is available electronically.		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
CCC-580M (05-12-09)		MILK INCOME LOSS CONTRACT (MILC) MODIFICATION	
PART A - GENERAL INFORMATION (If modifying more than one MILC, a separate CCC-580M must be completed for each MILC)			
1. Name and Address of Dairy Operation Milktime Dairy 101 Dairy Lane Oakmount, Maryland 22113		2. State Code 24	3. County Code 01
4. Contract Number (Assigned to CCC-580) 01			
5A. Contact Producer's Name and Address (Including Zip Code) (if different than item 1) Jacob Farmer		6A. Name and Address of County FSA Office (Including Zip Code) Oakmount County FSA Office 100 Trading Lane Oakmount, Maryland 22113	
5B. Telephone Number (Including Area Code): 555-222-3434		6B. Telephone Number (Including Area Code): 555-222-4545	
PART B - CHANGE OF MILC PRODUCTION START MONTH			
7. Fiscal Year (Check one): <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input checked="" type="checkbox"/> 2011 <input type="checkbox"/> 2012		8. Current Month Selected (CCC-580) January	9. New Month Selected May
10A. Authorized Signature for the Dairy Operation (By)		10B. Title/Relationship of the Individual Signing in Representative Capacity Partner	11. Date Signed (MM-DD-YYYY) 10/5/2010
PART C - DAIRY OPERATION RELOCATION AND CONTRACT TRANSFER			
12. Relocation From:		13. Relocation To:	
A. State Maryland	B. County Alleganey	A. State Maryland	B. County Frederick
14. Effective Date (MM-DD-YYYY)			
15. New Address of Relocated Dairy 1234 Main Street Columbia, MD 20134		16A. Producers Signature (By)	16B. Title/Relationship of the Individual Signing in Representative Capacity Partner
17. Date (MM-DD-YYYY)			
<p>NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (See Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of 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>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>			

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44 Completing CCC-580M's (Continued)

B Example CCC-580M (Continued)

The following is an example of CCC-580M, page 2.

*--

CCC-580M (05-12-09)										Page 2 of 3			
PART D - MODIFIED PRODUCER/SHAREHOLDER INFORMATION (Producers in a dairy operation must complete this part if modifications need to be made on CCC-580)													
18. Remain on Contract		19. Producer Name		20. Producer ID No. (Last 4 digits) (9 digits if new producer)		21. Modification Request (Check all that apply)			22. Share %		23. Signature (By) and Title/Relationship of the Individual Signing in Representative Capacity		24. Date (MM-DD-YYYY)
YES	NO					A. Add Producer/Shareholder	B. Remove Producer/Shareholder	C. Change in Share %	A. From	B. To			
X		John Farmer		1122			X		50	25			1/2/2011
X		Spencer Farmer		1123			X		50	25			1/2/2011
		Lilly Farmer		1124		X			0	50			1/2/2011
PART E - ORGANIZATIONAL MODIFICATIONS													
25. Organizational Change From:			26. Organizational Change To:			27. Tax ID Change:			29. Dairy Operation Name Change:				
A. Individual			A. Individual			X YES (If you check this box, enter the new 9 digit Tax ID No. in Item 28.)			X YES (If you check this box enter, new name of Dairy Operation in Item 30.)				
B. Partnership			B. Partnership			NO			NO				
C. LLC			C. LLC			28. 9 digits of Tax ID Number 222-22-8787			30. Name of Dairy Operation Milkshake Dairy				
D. Corporation			D. Corporation						31. Was this a reconstitution? (If "YES", complete Part F) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				
E. Other:			E. Other:										
32A. Authorized Signature for the Dairy Operation (By)						32B. Title/Relationship of the Individual Signing in Representative Capacity			32C. Date (MM-DD-YYYY)				
						Partner			1/2/2011				
PART F - RECONSTITUTIONS AND MERGERS													
33. Effective date of reconstitution, merger, or formation of new dairy operation 1/1/2011							34. Date of County Office Notification 1/2/2011						
35A. Are you forming a new operation with a dairy operation that has an approved CCC-580 on file? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO													
35B. Are you forming or purchasing a dairy operation in addition to an existing operation that has an approved CCC-580 on file? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO													
36. If "YES" to Items 35A or 35B, enter the requested information below, for each operation with an approved CCC-580 that is in addition to the operation purchased or formed or that is involved in the merger or reconstitution.													
A. State			B. County			C. Name of Operation			D. MILC Contract Number		E. Name of Producer		
Maryland			Howard			Lilly Dairy			03		Lily Farmer		

--*

44 Completing CCC-580M's (Continued)

B Example CCC-580M (Continued)

The following is an example of CCC-580M, page 3.

*--

CCC-580M (05-12-09)		Page 3 of 3		
PART G - CCC ACCEPTANCE AND APPROVAL				
37. Modification Changes (Check appropriate box): <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				
38. Remarks Lily Farmer joined the partnership Milktime Dairy with father and brother. The new dairy operation is called Milkshake Dairy. Production from Milktime Dairy for FY 2011 for Oct, Nov, and Dec., totals 590,000 lbs. Production from Lilly Dairy for FY 2011 for Oct, Nov, and Dec., was 300,000 lbs. The total production for the combining entities is 890,000 lbs.				
39A. Signature of COC Or Designee	39B. Title County Executive Director	39C. Date (MM-DD-YYYY) 1/5/2011		
PART H - MANUAL PRODUCTION TRACKER (FOR CCC USE ONLY)				
40. Total pounds of combined production paid to the dairy operation identified in Item 1 and all operations listed in Item 36, from their original contracts, as of the effective date in Item 33?: <u>890,000</u>				
A. Month	B. Total Pounds of Marketed Production in New Operation	C. Share in % in New Operation	D. Prorated Share of Production in New Operation	E. Total (Add Items 40 plus 40B, and 40B plus previous 40E thereafter)
Jan				No payment rate
Feb	296,000	33%	97,680	1,186,000
Mar	301,000	33%	99,330	1,285,330

--*

45 Using CCC-770 MILC's

A Background

The Improper Payments Information Act of 2002 required each agency to:

- identify programs and activities susceptible to significant improper payments
- report to Congress an estimate of the annual amount of improper payments made
- report actions taken to reduce improper payments, including possible causes and a description of the steps in place to ensure accountability for reducing improper payments.

Because of the Improper Payments Information Act of 2002 mandate, CCC-770 MILC will be used as a tool to help minimize the number of improper payments.

B General Information

It is **not** the intent for CCC-770 MILC to supersede or replace procedure. County Offices shall use CCC-770 MILC as a reminder of the most frequently “erred” actions when issuing MILC payments.

County Offices should recognize that the questions asked on CCC-770 MILC are very general in nature. For CCC-770 MILC to address every conceivable situation as it pertains to *--eligibility would **not** be practical. CCC-770 MILC is a tool to assist with program administration. All program provisions **must** be met, **not** just the items included on CCC-770 MILC.--*

C Using CCC-770 MILC

CCC-770 MILC, developed by the National Office, is the **only** authorized checklist for the MILC program. County Offices shall **not** use State or locally generated checklists for the MILC program.

County Offices shall:

- complete one CCC-770 MILC for each dairy operation with CCC-580 per FY
- record each monthly contract payment issued to the dairy operation during a FY on the same CCC-770 MILC
- see subparagraph D for instructions on completing CCC-770 MILC
- maintain CCC-770 MILC with each CCC-580.

*--**Note:** Using CCC-770 MILC **before** issuing payments to producers in a dairy operation, for each applicable month with an effective payment rate, is **mandatory**.--*

45 Using CCC-770 MILC's (Continued)

D CCC-770 MILC Instructions

Complete CCC-770 MILC according to the following table.

Item	Instructions
1	COC designee shall enter name of the dairy operation.
2	COC designee shall enter applicable FY.
3	COC designee shall enter date CCC-580 was submitted to the County Office.
4	COC designee shall enter contract number assigned to CCC-580 for the dairy operation from eMILC.
5	COC designee shall enter name of the County Office completing CCC-770 MILC.
6	COC designee shall enter State where the dairy operation is located.
7A through 7C	COC designee must CHECK (✓) the appropriate box to designate “Yes”, “No”, or “NA”, as it relates to the questions about the dairy operation.
8A through 8G	COC designee must CHECK (✓) the appropriate box to designate “Yes”, “No”, or “NA”, as it relates to the questions about CCC-580 requirements for the dairy operation.
9A through *--9G--*	<p>For each applicable month a contract payment is issued, COC designee must CHECK (✓) the appropriate box to designate either “Yes” or “No” to the question about production evidence and payment processing. The County Office employee that prepares CCC-770 MILC shall initial in the place provided for each applicable month and indicate the date the task item was completed.</p> <p>Note: Item 9C must be completed and dated when the payment is issued.</p> <p>*--Exception: Items 9F and 9G must be completed by the second party--* reviewer upon completion.</p>
10	COC designee, CED designee, or STC designee shall enter any notable remarks about any CCC-770 MILC review item.
11A through 11B	COC designee that completed CCC-770 MILC, items 1 through 9E, shall sign as preparer and indicate date signed.
12A through 12 C	As applicable, CED designee must CHECK (✓) appropriate box, enter signature, and indicate date to certify that they “Concur” or “Do Not Concur” that CCC-770 MILC items have been appropriately verified and updated.
13A through 13C	As applicable, the STC designee must CHECK (✓) appropriate box, enter signature, and indicate date to certify that they “Concur” or “Do Not Concur” that CCC-770 MILC items have been appropriately verified and updated.

Note: Multiple CCC-770 MILC, page 1’s may be used, as necessary, when dairy operations and CCC-580 requirements change.

45 Using CCC-770 MILC's (Continued)

E Example CCC-770 MILC

The following is an example of CCC-770 MILC, page 1.

This form is available electronically. CCC-770 MILC (12-01-08)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name of Dairy Operation Milktime Dairy		2. Fiscal Year 2010	
MILK INCOME LOSS CONTRACT PROGRAM (MILC) CHECKLIST				3. Date of Contract (MM-DD-YYYY) 11/1/2009		4. Contract Number 01	
				5. County Office Howard		6. State Texas	
7. DAIRY OPERATION:			Handbook or Other Applicable References	YES	NO	N/A	Date Completed
A. Was checklist CCC-770 Eligibility completed and eligibility verified for each producer receiving a payment?			3-PL, paragraph 3	<input checked="" type="checkbox"/>			9/10/2009
B. Does the dairy operation meet the definition of an eligible dairy operation in accordance with your State's interpretation of a dairy operation under DMLA-III?			11-LD, paragraph 10	<input checked="" type="checkbox"/>			11/3/2009
C. If this is a new dairy operation, do they meet the requirements of a new dairy operation?			11-LD, paragraph 10			<input checked="" type="checkbox"/>	11/3/2009
8. CONTRACT REQUIREMENTS:							
A. Do all producers in the dairy operation meet the definition of an eligible producer as found in procedure?			11-LD, paragraph 11	<input checked="" type="checkbox"/>			11/3/2009
B. Has signature authority been verified for all signatures on the CCC-580?			1-CM, Part 25				11/3/2009
C. Have all producers who share in the risk of the dairy operation's total production signed, dated, indicated shares, and provided ID numbers on CCC-580?			11-LD, paragraph 38	<input checked="" type="checkbox"/>			11/3/2009
D. Was the CCC-580 approved by COC or designee that has been granted authority to approve CCC-580's on their behalf?			11-LD, sub-paragraph 37G	<input checked="" type="checkbox"/>			11/14/2009
E. Has the County Office made producers aware of the requirement to notify the County Office if there is any change to the dairy operation?			11-LD, sub-paragraph 43A	<input checked="" type="checkbox"/>			11/3/2009
F. If a change has been made to the operation or the start month, was a CCC-580M properly completed, signed by the producer and approved by the COC or designee?			11-LD, paragraph 44			<input checked="" type="checkbox"/>	11/3/2009
G. Has CCC-580 Appendix, been provided to applicant?			11-LD, subparagraph 37E	<input checked="" type="checkbox"/>			11/1/2009
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotope, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of Discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-8382 (TDD). USDA is an equal opportunity provider and employer.</small></p>							

45 Using CCC-770 MILC's (Continued)

E Example CCC-770 MILC (Continued)

The following is an example of CCC-770 MILC, page 2.

*--

CCC-770 MILC (12-01-08)													Page 2			
INSTRUCTIONS: For each Production Evidence and Payment Processing Item, check "YES", or "NO", as it applies for the applicable month.																
9. PRODUCTION EVIDENCE AND PAYMENT PROCESSING:		Handbook or Other Applicable References		Oct.	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
A. Does the production evidence meet the requirements found in procedure?	11-LD, paragraphs 13 and 41	YES														
		NO														
B. Were the submitted supporting documents date-stamped?	11-LD, subparagraph 41D	YES														
		NO														
C. Were payments issued within 60 days of receiving required production evidence; required documentation, or the posting of the MILC feed-cost-adjusted payment rate?	11-LD, subparagraph 20E	YES														
		NO														
D. Was production evidence reviewed against data entered in eMILC software?	11-LD subparagraph 37H	YES														
		NO														
E. Preparer.	11-LD subparagraph 45D	Initial														
		DATE COMPLETED														
F. Was a second party review completed before payment was signed in NPS?	11-LD subparagraph 37H	YES														
		NO														
G. Second party reviewer.	11-LD subparagraph 45D	Initial														
		DATE COMPLETED														
10. Remarks:																
11A. Signature of Preparer <i>Elise Miner</i>										11B. Date (MM-DD-YYYY) 11/3/2009						
12. CED Signature and Certification of concurrence/non-concurrence that the above items have been verified and updated accordingly.										13. DD Signature or STC Designee Certification of concurrence/non-concurrence that the above items have been verified and updated accordingly.						
12A. Concurrence Status <input type="checkbox"/> Concur <input type="checkbox"/> Do not concur										13A. Concurrence Status <input type="checkbox"/> Concur <input type="checkbox"/> Do not concur						
12B. Signature for Spot Check (CED)					12C. Date Signed					13B. Signature for Spot Check (DD or STC)					13C. Date Signed	

--*

46 CCC-770 MILC Spot Checks

A CED Spot Checks

CCC-770 MILC's certified by a preparer **must** be spot checked by CED or their designated representative on a FY basis. CED or designee shall:

- *--use the MILC Payment Activity Report to select spot checks specific to each FY
- spot check, at a minimum, the first 5 preparer certified CCC-770 MILC's **before** payment disbursement every FY in each Service Center
- randomly spot check a minimum of five CCC-770 MILC's for each FSA employee participating in the MILC program, including STC's and COC's, for each FY in each--* Service Center

Note: Spot checks of STC, COC, and/or employees are in addition to the minimum 5 required for each FY.

- certify spot check on CCC-770 MILC, item 12, according to instructions provided in subparagraph 45 D
- report to COC and STC representative any CCC-770 MILC that is checked, "Do **not** concur"
- **not** spot check every CCC-770 MILC completed in their county.

*--**Note:** CED's shall copy and file, by program and FY, **all** CCC-770 MILC's that they spot-check.--*

46 CCC-770 MILC Spot Checks (Continued)

B STC or Designee Spot Check Requirements

CCC-770 MILC's certified by a preparer **must** be spot checked by STC or their designated representative on a FY basis. STC or designee shall:

- *--select a minimum of 5, **not** to exceed 10, CCC-770 MILC's, including the producer's CCC-770 Eligibility, to spot check every FY in each Service Center
- make their selection from CCC-770 MILC's that were spot checked by CED--* according to subparagraph A

* * *

- certify completed spot checks on CCC-770 MILC, item 13, according to the instructions provided in subparagraph 45 D
- submit the results of the spot check to SED.

* * *

46 CCC-770 MILC Spot Checks (Continued)

C Other Spot Check Requirements

The following are other spot check requirements.

- SED's may require additional spot check reviews at their discretion provided SED determines that there are apparent internal control deficiencies.
- If STC or designee has completed five CCC-770 MILC's in a FY, no additional spot checks are required for that FY.

D National Office Report

At the end of the FY, State Offices shall compile a report of spot check results for submission to the National Office. Each report **must** be categorized by the following:

* * *

- *--number of CCC-580's received each Service Center--*
- number of CCC-770 MILC:
 - selected for spot check by CED or designee
 - selected for spot check by STC or designee
 - **not** concurred by CED or designee
 - **not** concurred by STC or designee.

Reports of results are due to PSD **no later than October 31** each year. Reports **must** be submitted to the attention of MILC by either of the following:

- e-mail to **toni.williams@wdc.usda.gov**
- FAX to 202-690-1536.

47-49 (Reserved)

52 Dairy Operation Interpretation (Continued)**D New Operations**

County Offices shall determine an eligible new dairy operation as any dairy operation purchased or formed by a producer **not** affiliated with any dairy operation:

- that received a DMLA-III payment
- that received a MILC payment
- with an approved CCC-580 with CCC.

Eligible new dairy operations may enter into CCC-580 with CCC anytime during the duration of the MILC program application period.

E Additional Dairy Operations

Beginning with FY 2008, any additional dairy operation purchased or formed, because of the dissolution or expansion of a dairy operation that participated in the MILC program, by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy
- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs and criteria established according to subparagraph B in the State where the dairy operation is located.

If after FSA review the additional dairy is determined to be a legitimate acquisition, the additional dairy purchased may be considered an eligible new dairy operation.

***--Note:** If the expansion of an operation did not involve purchasing new cows, but rather the transfer of cows from an existing operation participating in the MILC program, this reorganization or restructure would be considered a reconstituted dairy operation, according to program 53.--*

53 Dairy Operation Reconstitutions

A Reconstituted Dairy Operations

A dairy operation that reorganizes or restructures the constitution or makeup of their operation into another organizational framework **must**:

- **not** reorganize for the sole purpose of receiving multiple payments
- notify the County Office immediately of the reconstitution on CCC-580M, Parts E and F.

Changes to a dairy operation that result in the reconstitution of the dairy operation are subject to review by FSA to determine legitimacy if reorganized after:

- receiving a DMLA-III payment
- MILC payment
- October 1, 2007.

Producers will remain on their original CCC-580 until the new CCC-580 becomes effective the following FY, when the following occurs:

- producer exits an existing operation to form a new operation because of a reconstitution of a dairy operation
- producer forms a new operation with another producer with an approved CCC-580.

Note: Payments will continue to be issued to all producers on the original CCC-580 subject to the applicable maximum production limitation for the operation for that FY. Shares may be adjusted, as appropriate. County Offices **must** manually track production limitation on CCC-580M, Part H, based on the combined production paid a MILC benefit from each operation with CCC-580 on file. The new operation **must** complete a new CCC-580, subject to approval, and will begin to receive payments on October 1 of the following FY.

B Reconstitution Effective Date

Producers on eligible dairy operations participating in the MILC program **must** notify FSA immediately of **any** changes that may affect their CCC-580. If during the contract period a reconstitution occurs, the modification to CCC-580 will **not** take effect until the first day of the FY following the month the County Office received notification of the changes.

However, changes resulting in the reduction of shareholders or producers and their corresponding share amounts in the dairy operation will take effect **immediately** upon notification to CCC on CCC-580M.

53 Dairy Operation Reconstitutions (Continued)

C Reconstitution Example

Operation A milks 300 cows; Operation B milks 200 cows. Both dairy operations currently participate in the MILC program and have CCC-580's on file. On May 1, both dairy operations decide to reconstitute their operations by merging their herds into 1 operation to form ABC, LLC. Operation A and Operation B **must** each complete CCC-580M, Parts E and F and submit to the County Office to notify CCC of the reconstitution.

Before the reconstitution, Operation A produced and was paid MILC benefits on 1 million lbs. of production, and Operation B produced and was paid MILC benefits on 800,000 lbs. of production. The production from both operations **must** be combined and manually tracked with production from the newly reconstituted dairy operation, ABC LLC. The producer from Operation A has a 60 percent share in ABC LLC and the producer from Operation B has a 40 percent share in ABC, LLC. Since Operation A and Operation B **must** remain on their original CCC-580 until the next FY, the County Office **must** manually track, on CCC-580M, Part H commercially marketed production that is paid a MILC benefit to ensure that neither Operation A or Operation B collectively exceed the maximum production limit for the applicable FY.

Example: The combined production from Operation A and Operation B totals 1,800,000 lbs. ABC, LLC's commercially marketed production in May was 750,000 lbs, which is added to the combined total of 1,800,000 lbs from both operations, for a total of 2,550,000 lbs. Payments will be issued according to the appropriate share percentages. The County Office **must** manually add production from ABC, LLC for each month's production that received MILC benefits to the combined balance of production from both Operation A and Operation B until the production limit is met for FY.

53 Dairy Operation Reconstitutions (Continued)

C Reconstitution Example (Continued)

The tables below continue the example through the end of the FY for each operation.

Entity	Production Paid a MILC Benefit
Operation A	1,000,000 lbs.
Operation B	800,000 lbs.
Total for ABC, LLC	1,800,000 lbs.

Tracking MILC Production for ABC, LLC		
Month	Marketed Production	Cumulative Total
Before Merger	1,800,000 lbs.	1,800,000 lbs.
May	750,000 lbs.	2,550,000 lbs.
June	790,000 lbs. - 355,000 lbs. over limit 435,000 lbs. eligible	3,340,000 lbs. -2,985,000 lbs. limit 355,000 lbs. over limit
July	805,000 lbs.	0
August	795,000 lbs.	0
September	775,000 lbs.	0

Note: ABC, LLC exceeded the production limitation of 2,985,000 lbs. in the applicable FY; therefore, the operation’s production eligible for payment for June will be limited to 435,000 lbs., according to the appropriate share percentages.

--54 Temporary Combination of Dairy Operations*A Combining Dairy Operations Because of Unforeseen Circumstances**

In the event of an unforeseen circumstance; such as, natural disaster, barn fire, etc., that temporarily causes a disruption of dairying operations requiring an operation to temporarily combine with another dairy operation participating in the MILC program, the County Office may:

- temporarily consider the dairy operations as separate and distinct
- continue to pay the dairy operations on their respective separate CCC-580's
- determine production according to a reasonable division of pounds for each month of the temporary combination.

B Temporary Dairy Combinations

A temporary combination is considered a combination of 2 or more dairy operations for a period **not** to exceed 90 calendar days, from the date of the unforeseen circumstance. Based on the circumstance, and on a case by case basis, COC's may grant extensions of the temporary combination in 30-calendar-day increments, if such an extension is requested in writing from the dairy operation, and a reasonable justification is provided, to the satisfaction of COC.

Any combination of dairy operations that exceeds 90-calendar days, without any COC-granted extensions may be considered a reconstitution or merger, for which CCC-580M is required, **unless** otherwise considered separate and distinct according to the applicable State interpretation.--*

***--54 Temporary Combination of Dairy Operations (Continued)**

C Requesting a Temporary Combination

A temporary combination **must** be requested, in writing, from the dairy operation and **must** include the following:

- date of unforeseen circumstance
- description of the unforeseen circumstance that caused the temporary combination and explanation why the temporary combination is required
- dairy operation with which the dairy operation will be temporarily combining
- expected timeframe for the temporary combination.

COC shall note approval or disapproval of the temporary combination request because of unforeseen circumstance in the COC executive minutes.

D Documenting a Temporary Combination

CCC-580M's are **not** required for a temporary combination of dairy operations because of unforeseen circumstances. However, the County Office **must**:

- document the temporary combination in the CCC-580 Remarks Section, including the corresponding timeframe for the combination, and any COC-approved extension
- attach a copy of the written request for temporary combination because of unforeseen circumstances to CCC-580.--*

55-59 (Reserved)

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		10, 37, 62
CCC-36	Assignment of Payment		60, 62
CCC-580	Milk Income Loss Contract (MILC)	38	Text
CCC-580 Appendix	Appendix to Form CCC-580, Milk Income Loss Contract	Ex. 5	37, 38, 43, 70
CCC-580M	Milk Income Loss Contract (MILC) Modification	44	11, 28, 43, 50, 51, 53, 54
CCC-580S	Milk Income Loss Contract (MILC) Supplemental	39	11, 37, 39, 41
CCC-582	Milk Income Loss Contract (MILC) Agent Application Agreement	61	60, 62
CCC-770 Eligibility	Eligibility Checklist		2, 37, 46
CCC-770 MILC	Milk Income Loss Contract Program (MILC) Checklist	45	37, 46
CCC-901	Member's Information		11, 37
CCC-902E	Farm Operating Plan for an Entity for 2009 and Subsequent Program Years		11, 37
CCC-902I	Farm Operating Plan for an Individual for 2009 and Subsequent Program Years		11, 37
CCC-926	Eligibility Average Adjusted Gross Income Certification Statement		10, 37
FSA-211	Power of Attorney		60-62
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		11
I-551	Alien Registration Receipt Card		10, 39
SF-1199A	Direct Deposit Signup Form		20

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not in 1-CM

Approved Abbreviation	Term	Reference
AGI	adjusted gross income	2, 10, 12, 37
DMLA	Dairy Marketing Loss Adjustment	10, 52, 53
EIN	employer identification number	39
MILC	Milk Income Loss Contract	Text
NPS	National Payment Service	20, 82, 84

Redelegations of Authority

Redelegation	Reference
Except for CCC-580's and any other program documents that CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-580's and any other program documents to CED.	3
Except for CCC-580's and any other program documents that the Federal and non-Federal County Office employee approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-580's and any other program documents to Federal and non-Federal County Office employees.	3