FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2013

Direct and Counter-Cyclical Payment Program (DCP) - 2013

Overview

The American Taxpayer Relief Act of 2012, enacted on Jan. 2, 2013, amends the Food, Conservation, and Energy Act of 2008 and provides for a one-year extension of the Direct and Counter-Cyclical (DCP) program. To be eligible for direct and counter-cyclical payments, producers must enroll their farms in DCP on or before Aug. 2, 2013.

There are two types of DCP payments: direct payments and counter-cyclical payments. Both are calculated using the base acres and payment yields established for the farm. DCP is administered by the U.S. Department of Agriculture's Farm Service Agency (FSA). Regulations covering the provisions for DCP appear at 7 CFR Part 1412.

Eligibility Requirements

To be eligible for DCP, owners, operators, landlords, tenants or sharecroppers must:

- Share in the risk of producing a crop on base acres on a farm enrolled in DCP, and be entitled to share in the crop available for marketing from the base acres or would have shared had a crop been produced;
- Annually report the use of the farm's cropland acreage;
- Comply with highly erodible land conservation and wetland conservation requirements on all of their land;
- Comply with average adjusted gross income limitation provisions;
- Meet requirements to be considered actively engaged in farming;
- Comply with planting flexibility requirements;
- Use the base acres for agricultural or related activities and;
- Protect all base acres from erosion, including providing sufficient cover as determined necessary by the county FSA committee, and controlling weeds.

Eligible Commodities

Base acres and payment yields are established for the following commodities:

- Wheat;
- Corn;
- Grain sorghum, including dual purpose varieties that can be harvested as grain;
- Barley;
- Oats;
- Upland cotton;
- Long grain rice and medium grain rice (which includes short grain rice), excluding wild rice;
- Soybeans;
- Canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed, including oil and non-oil varieties, or any oilseed designated by the USDA secretary;
- Peanuts and ;
- Dry peas, lentils, small chickpeas (Garbanzo bean, Desi), and large chickpeas (Garbanzo bean, Kabuli).

Farms with 10 or less base acres are not eligible for DCP payments, except for farms whose owners are socially disadvantaged or limited resource farmers or ranchers.

Maximum Payment Amounts

Direct payments are limited to $40,000 per person or entity and counter-cyclical payments are limited to $65,000 per person or entity. The limitation is applied by attributing both the amounts received directly by entities and persons, and indirect amounts received through entities.

Adjusted Gross Income (AGI)

Persons or legal entities whose average non-farm AGI exceeds $500,000 are not eligible for direct or ACRE payments.

Persons or legal entities whose average farm AGI exceeds $750,000 are not eligible for direct payments.

Persons or legal entities whose average total AGI exceeds $1,000,000 are not eligible for direct payments.

Direct Payments

Direct payment rates for the eligible DCP commodities are as follows:

- Wheat: $0.52 per bushel;
- Corn: $0.28 per bushel;
- Grain sorghum: $0.35 per bushel;
- Barley: $0.24 per bushel;
- Oats: $0.024 per bushel;
- Upland cotton: $0.0667 per pound;
- Rice, long grain: $2.35 per hundredweight;
- Rice, medium/short grain: $2.35 per hundredweight;
- Soybeans: $0.44 per bushel;

- Other oilseeds: $0.80 per hundredweight;
- Peanuts: $36 per ton.

For each commodity, the total direct payment for producers on a farm is determined by multiplying 85 percent of the farm's base acreage multiplied by the farm's direct payment yield multiplied by the direct payment rate.

Advance direct payments are not authorized and will not be issued.

The following is an example for corn:

Corn base acres:

100 acres x 85 percent
= 85 payment acres
x 110 bushels direct payment yield
x $0.28 per bushel direct payment rate
= $2,618 direct payment

Direct payments are not based on producers' current plantings of covered commodities or peanuts, but instead are calculated using the base acres and payment yields established for covered commodities and peanuts on the farm.

Counter-cyclical Payments

In addition to direct payments, counter-cyclical payments are authorized, which provide income support as part of a "safety net" in the event of low crop prices. Counter-cyclical payments for a commodity are only issued if the effective price for a commodity is below the target price for the commodity. Target prices for each commodity are as follows:

Crop	2013 Target Price
Barley	$2.63/bu
Chickpeas, large (Garbanzo bean, Kabuli)	$12.81/cwt
Chickpeas, small (Garbanzo bean, Desi	$10.36/cwt
Corn	$2.63/bu
Dry Peas	$8.32/cwt
Grain Sorghum	$2.63/bu
Lentils	$12.81/cwt
Oats	$1.79/bu
Other Oilseeds	$12.68/cwt
Peanuts	$495/ton
Rice, long grain	$10.50/cwt
Rice, medium/ short grain	$10.50/cwt
Soybeans	$6.00/bu
Upland Cotton	$0.7125/lb
Wheat	$4.17/bu

The counter-cyclical payment rate is the amount by which the target price of each commodity exceeds its effective price. The effective price for each commodity equals the direct payment rate plus the higher of:

- The national average market price received by producers during the marketing year as determined by the USDA Secretary (see Example A) or;
- The national loan rate for the commodity (see Example B).

Example A:

If the 2013 national average market price for soybeans is $11.21 per bushel:

$0.44 direct payment rate
+ $11.21 average market price*
= $11.65 effective price

(*Average market price is used since it is higher than the 2013 national loan rate of $5.00/bu)

$6.00 target price
-$11.65 effective price
= $0.00 counter-cyclical payment rate because the effective price is above the target price

Example B:

If the 2013 national average market price for corn is $1.90 per bushel:

$0.28 direct payment rate
+$1.95 national loan rate*
= $2.23 effective price

(*National loan rate of $1.95/bu is used since it is higher than the average market price)

$2.63 target price
$2.23 effective price
= $0.40 counter-cyclical payment rate

For each commodity, the total counter-cyclical payment for producers on a farm is determined by multiplying 85 percent of the farm's commodity base acres multiplied by the farm's commodity counter-cyclical payment yield multiplied by the counter-cyclical payment rate.

An example for 2013 soybeans (using the counter-cyclical payment rate of $0.26) is:

100 base acres of soybeans
85 payment acres
x 30 bushels per acre counter-cyclical payment yield
x $0.26 per bushel counter-cyclical payment rate
= $663 counter-cyclical payment

2013 Scheduled Timetable for DCP Payments						
Month/Year	**Commodity**					
	Barley Oats Wheat	**Dry Peas Lentils**	**Peanuts Rice Upland Cotton**	**Corn Sorghum Soybeans**	**"Other" Oilseeds**	**Large Chickpeas Small Chickpeas**
Marketing Year	June 1 - May 31	July 1 - June 30	August 1 - July 31	Sept. 1 - August 31	Varies by crop	Sept.1 - August 31
Beginning October 2013	Final Direct		Final Direct	Final Direct	Final Direct	
Beginning October 2014	Final CC	Final CC	Final CC for Peanuts & Upland Cotton	Final CC		
Beginning December 2014					Final CC	Final CC
Beginning February 2015			Final CC for Rice			

1/ By statute, counter-cyclical (CC) payments for crop year 2013 can be made no earlier than October 1, 2013.

Timing of Payments

For 2013, no advance direct or partial CC payments are authorized.

Producers will receive the entire 2013 direct payment in Oct. 2013.

Final counter-cyclical payments are made beginning October 2014, or as soon as practicable thereafter, after the end of the marketing year for the crop.

Sign-Up Period

The DCP sign-up period for the 2013 crop begins Feb. 19, 2013 and ends Aug. 2, 2013. The CCC-509 sign-up form, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares and signatures of the producer.

Planting Flexibility Provisions

Producers who participate in DCP may plant cropland in excess of the total base acreage on the farm to any commodity. However, producers are subject to certain restrictions on the planting of wild rice, fruits and vegetables (other than mung beans and pulse crops). Information on wild rice, fruits and vegetable restrictions is contained in the FSA fact sheet "Direct and Counter-cyclical Payment Program: Wild Rice, Fruit, and Vegetable Provisions." A 2013 fact sheet is available on FSA's website at www.fsa.usda.gov; click on "find FSA fact sheets.

For More Information

Further information on DCP and other FSA programs is available at local FSA offices or on FSA's website at: http://www.fsa.usda.gov/dcp.

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