



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

September 2010

POULTRY LOSS CONTRACT GRANT ASSISTANCE PROGRAM (PGAP)

Overview

The Poultry Loss Contract Grant Assistance Program (PGAP) will provide up to \$60 million in assistance to poultry growers whose poultry growing arrangements with a live poultry dealer were terminated because of the bankruptcy of the live poultry dealer. USDA's Farm Service Agency (FSA) will provide a grant to the state departments of agriculture that agree to provide assistance to eligible poultry growers. States authorized to provide PGAP assistance are Alabama, Arkansas, Florida, Georgia, Louisiana, North Carolina, Pennsylvania, Tennessee and Texas.

Eligible Producer

To be eligible for PGAP assistance poultry growers must:

- Be a holder of a poultry growing arrangement with a live poultry dealer that filed proceedings under chapter 11 of title 11, United States Code, in the United States Bankruptcy Court during the 30-day period beginning on Dec. 1, 2008;
- Have had their poultry growing arrangement terminated with a bankrupt live poultry dealer between May 1, 2008, and July 1, 2010;
- Not have entered into a poultry growing arrangement with any live poultry dealer for one month after termination of the poultry growing arrangement; and,
- Have records on file with a FSA county office showing:

1. Compliance with conservation compliance eligibility provisions; and
2. Average nonfarm adjusted gross income (AGI) not exceeding \$500,000 for the three preceding tax years (2005-2007).

Producer Requirements

Poultry growers meeting eligibility requirements must provide ALL of the following to receive PGAP assistance:

- Settlement sheets documenting production/receipts from the bankrupt live poultry dealer for the most recent 12 months prior to the conclusion of the poultry grower's growing arrangement that was terminated between May 1, 2008, and July 1, 2010;
- A copy of the most recent poultry growing arrangement with the applicable bankrupt live poultry dealer before termination;
- A dated copy of the termination letter, if available, from the bankrupt live poultry dealer before termination or oral evidence of termination if a termination letter was not sent to the poultry grower by the live poultry dealer; and
- A copy of the poultry growing arrangement entered into with a live poultry dealer if entered into between one and 12 months after the poultry arrangement was terminated.

Note: The above verifiable documentation must be retained for three years following receipt of a

PGAP payment.

Payment Calculation

PGAP payments are based on the poultry grower's most recent 12 months settlement sheets documenting production/receipts (pullets, breeder hens, eggs or pounds of raised and cared for poultry for delivery) from the bankrupt live poultry dealer from which the poultry grower had a poultry growing arrangement terminated between May 1, 2008, and July 1, 2010. Payments will be calculated by multiplying the total value of the sum of the net grower payment amounts derived from the most recent 12 months of production/receipts by 95 percent. For poultry growers that entered into a poultry growing arrangement between one month or 12 months after their poultry growing arrangement was terminated, a factor will be determined by dividing the month in which the poultry growing arrangement was entered into by 12. An additional payment factor will be applied if the total amount of calculated PGAP payments exceed authorized funding.

Sample Calculation

Poultry grower A is an eligible grower and their most recent 12-month total of applicable poultry growing arrangement income prior to termination of the poultry growing arrangement is \$80,000. Poultry grower A did not receive a subsequent poultry growing arrangement to raise and care for poultry for delivery.

$\$76,000$ (PGAP payment) =
 $\$80,000$ (sum of most recent 12 month production/receipts) multiplied by 95 percent.

Payment Limitation

PGAP payments received, directly or indirectly, will be attributed to the applicable individuals or entities and limited to \$100,000 per individual or entity.

For more information

Contact your State Department of Agriculture, or visit FSA's website at <http://www.fsa.usda.gov>.

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