

**For:** State and County Offices

**Establishing State and Local Government and Public Schools for 2009 and Subsequent Years**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The Food, Conservation, and Energy Act of 2008 (2008 Act), Pub. L. 110-234, Title I, Section 1603 provides that a State or local government, or political subdivision or agency of the government shall **not** be eligible to receive any payment, benefit, or loan under a commodity program authorized under Title I of the 2008 Act or under a conservation program authorized under Title XII of the 1985 Act.

However, a State or local government, or political subdivision or agency of the government shall be eligible to receive a direct, counter-cyclical, or ACRE payment for land owned by the State or local government, or political subdivision or agency of the government that is used to maintain a public school. For each State, the total amount of direct, counter-cyclical, or ACRE payments that are received, collectively by the State and local government and all political subdivisions or agencies of those governments, shall **not** exceed \$500,000. This limitation does **not** apply to States with a population of less than 1.5 million.

Accordingly, State and local government entities are no longer eligible to receive benefits unless COC determines applicable exceptions have been met. 4-PL provides policy provisions for handling State and local governments and public schools for payment limitation purposes.

**B Purpose**

This notice provides action required for 2009 and subsequent years after COC determines if the State and local government is eligible to receive benefits according to 4-PL.

<b>Disposal Date</b>	<b>Distribution</b>
May 1, 2010	State Offices; State Offices relay to County Offices

Notice CM-642

2 County Office Action

A Background

COC shall determine if State or local government entities meet the exceptions according to 4-PL and; therefore, may receive benefits.

B Updating SCIMS Records

Because different rules are applicable by program in how State and local government and public schools are treated, it is imperative that the SCIMS business type is updated properly to reflect the determination required by 4-PL.

County Offices shall take the following action after COC determination for State and local government entities.

<b>IF COC determines that 100 percent of the funds are...</b>	<b>THEN verify the State and local government entities are recorded in SCIMS with business type...</b>
used to maintain public schools	“Public School”.
<b>not</b> used to maintain public schools	“State and Local Government”.

C Combine Public Schools

Because payments to public schools for some programs are limited in States with a population greater than or equal to 1.5 million, all public schools within those States must be combined. Determine if payments to public schools within the State are limited according to 4-PL.

<b>IF the public school is in a State with a population of...</b>	<b>THEN...</b>
greater than or equal to 1.5 million	all public schools within the State shall be combined. Payments to the combined public school entity shall be limited to \$500,000.  <b>Note:</b> Software does not currently allow combinations of public schools. Enter the combination when software becomes available.
less than 1.5 million  <b>Note:</b> States included are Alaska, Delaware, Hawaii, Idaho, Maine, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, and Wyoming.	public schools within the State shall <b>not</b> be combined. Payments to public schools are not limited in these States.

D Prior Years

Do **not** use the policy in this notice to change prior year business types in SCIMS. This notice is applicable for 2009 and subsequent years.