

For: State and County Offices

2005-2007 Livestock Compensation Program (LCP) Clarifications

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Pub. L. 110-28), Section 9002 provides for the Secretary of Agriculture to carry out LCP as established under 7 CFR Part 1416, subpart B, as announced by the Secretary on February 12, 2007.

2005-2007 LCP currently provides that for livestock to be eligible, they **must** be physically located in an eligible disaster county on the beginning date of the disaster period. The current provisions provide that the value of the livestock producer's feed loss (including increased feed costs) be limited to forage or feedstuffs intended for use as feed for the eligible livestock physically located in the same disaster county.

In many western States, it is a normal ranching practice for livestock producers to winter their livestock in 1 county and move them to another county later in the spring for summer grazing. Current 2005-2007 LCP provisions do **not** include the value of feed losses from other eligible counties for forage or feedstuffs intended for eligible livestock if the eligible livestock were **not** physically located in the other eligible county on the beginning date of its applicable disaster period.

Recently the decision was made to include the value of feed losses (including increased feed costs) from other eligible disaster counties if it is a normal part of the livestock producer's operation to move livestock to other counties during the grazing season as long as those livestock were physically located in an eligible disaster county on the beginning date of an eligible disaster period.

Disposal Date	Distribution
July 1, 2008	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice:

- clarifies general LCP provisions
- provides provisions for determining eligible livestock feed losses when eligible livestock are moved to other eligible disaster counties as part of a livestock producer's normal operation.

2 LCP General Provisions

A Eligible Livestock

Livestock **must** meet **all** the following criteria to be eligible for 2005-2007 LCP:

- be adult or non-adult dairy cattle, beef cattle, buffalo, beefalo, equine, elk, reindeer, sheep, goats, swine, or deer
- have been physically located in an eligible disaster county on the beginning date of the eligible disaster county's disaster period
- have been maintained for commercial use as part of the producer's farming operation on the beginning date of the disaster period
- not have been produced and maintained for reasons other than commercial use as part of a farming operation.

2 LCP General Provisions (Continued)

B Ineligible Livestock

Livestock that are **not** eligible for 2005-2007 LCP include, but are **not** limited to:

- livestock that were or would have been in a feedlot regardless of whether there was a disaster or where such livestock were in a feedlot as part of a participant's normal business operation

Note: See subparagraph D for further clarification about livestock located in feed lots.

- emus
- yaks
- ostriches
- llamas
- all beef and dairy cattle, buffalo, and beefalo that weighed less than 500 pounds on the beginning date of the disaster period
- any wild, free-roaming livestock, including horses and deer
- livestock produced or maintained for reasons other than commercial use as part of a farming operation, including, but **not** limited to, livestock produced or maintained for recreational purposes, such as:
 - roping
 - hunting
 - show
 - pleasure
 - pets
 - consumption by owner.

2 LCP General Provisions (Continued)

C Eligible Livestock Producer

To be considered an eligible livestock producer, the participant **must** have:

- had eligible livestock located in an eligible disaster county on the beginning date of the county's disaster period
- owned or cash-leased eligible livestock on the beginning date of the disaster period
- suffered any of the following:
 - grazing loss on eligible grazing lands physically located in an eligible disaster county where the forage was damaged or destroyed by an eligible disaster event and intended it for use as feed for the participant's eligible livestock
 - a loss of feed from forage or feedstuffs physically located in an eligible disaster county that was mechanically harvested and intended for use as feed for the participant's eligible livestock that was damaged or destroyed after harvest as the result of an eligible disaster event
 - a loss of feed from purchased forage or feedstuffs physically located in an eligible disaster county intended for use as feed for the participant's eligible livestock that was damaged or destroyed by an eligible disaster event
 - increased feed costs incurred in the eligible disaster county because of an eligible disaster event to feed the participant's eligible livestock.

D Livestock Located in Feed Lots

Livestock that were or would have been physically located in a feedlot regardless of whether there was a disaster are **not** eligible for 2005-2007 LCP. This includes, but is **not** limited to, livestock that were physically located in a feedlot:

- on the beginning date of an eligible disaster period or placed in a feedlot after the beginning date of an eligible disaster period for the purpose of fattening for slaughter
- as part of a livestock producer's normal course of business before the livestock reached their normal selling or fattening weight.

2 LCP General Provisions (Continued)

D Livestock Located in Feed Lots (Continued)

Example 1: John Smith owns 500 head of non-adult beef cattle weighing an average of 750 pounds each. Mr. Smith's operation is physically located in County A. County A is an eligible disaster county. The beginning date of County A's disaster period was January 1, 2006. Mr. Smith placed the 500 head of non-adult beef cattle in Lucky 7 Feedlot, Inc. located in County A on January 1, 2006, for the purpose of fattening for slaughter. The 500 head of non-adult beef cattle owned by Mr. Smith are **not** eligible for LCP because they were placed in the feedlot for the purpose of fattening for slaughter.

Example 2: Judy Jones owns 750 head of non-adult beef cattle weighing an average of 500 pounds each. Ms. Jones operation is physically located in County A. County A is an eligible disaster county. The beginning date of County A's disaster period was March 1, 2006. The normal grazing period for native pasture in County A is May 1 through November 15. Ms. Jones, as part of her normal business operation, placed the 750 head of non-adult beef cattle in Rafter 3 Feedlot, located in County A on March 20, 2006. The 750 head of non-adult beef cattle owned by Ms. Jones are **not** eligible for LCP because they were placed in the feedlot as part of Ms. Jones normal business operation and **not** as a result of an eligible disaster event.

Note: Eligible livestock placed in a feedlot earlier than normal because of an eligible disaster event may be eligible for 2005-2007 LCP if all other eligibility requirements in 4-DAP (Rev. 2) are met.

Example 3: Jim Black owned 500 head of non-adult beef cattle weighing an average of 500 pounds each on March 1, 2006. Mr. Black's operation is physically located in County A, an eligible disaster county. The beginning date of County A's disaster period was March 1, 2006. Mr. Black normally removes the 500 head of non-adult beef cattle from the 1000 acres of native pasture he owns and places them in Lucky 7 Feedlot, Inc. located in County A when they reach 750 pounds for the purpose of fattening for slaughter. Because of drought, Mr. Black ran out of native pasture and placed the 500 head of non-adult beef cattle in the feedlot on March 1, 2006, before they reached the weight of 750 pounds.

The 500 head of non-adult beef cattle placed in the feedlot because of the eligible disaster event are eligible for LCP. The additional feed cost to get the 500 head of non-adult beef cattle to the weight of 750 pounds (weight normally placed in feed lot) would be an eligible feed cost. Feed fed to the livestock after they reach the weight of 750 pounds would **not** be an eligible feed cost under LCP.

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3 Determining Eligible Livestock Feed Losses When Eligible Livestock Are Moved to Other Eligible Disaster Counties as Part of a Livestock Producer's Normal Operation

A General Rule

Livestock feed, intended for use as feed for eligible livestock, that is physically located in other eligible disaster counties, may be considered in determining the value of a livestock producer's feed loss (including increased feed costs), if **all** of the following are true:

- the livestock were physically located in an eligible disaster county on the beginning date of the eligible county's disaster period
- it is part of the livestock producer's normal operation to move the livestock to the other eligible county during the calendar year of the disaster
- **all** other eligibility requirements in 4-DAP (Rev. 2) are met.

B Required Documentation

The livestock producer shall provide documentation to the administrative County Office to prove that it is a normal part of the livestock producer's business operation to move livestock to an other eligible county during the calendar year of the disaster. Documentation to support that it is part of the livestock producer's normal business operation to move livestock to an other eligible county may include, but is **not** limited to:

- copy of grazing lease
- copy of deed to show land ownership when a farm record has **not** been established
- signed statement from the lessor, if the lease is a verbal lease, outlining the terms and conditions of the grazing lease agreement.

3 Determining Eligible Livestock Feed Losses When Eligible Livestock Are Moved to Other Eligible Disaster Counties as Part of a Livestock Producer's Normal Operation (Continued)

C Example 1

On January 1, 2006, Mr. Baca owned 100 head of adult beef cows that are physically located on 1000 acres of native pasture in County A, an eligible disaster county. The beginning date of County A's disaster period was January 1, 2006. The normal grazing period for native pasture in County A is March 1 through October 15.

On July 1, 2006, Mr. Baca, as part of his normal business operation, moved the 100 head of adult beef cows to 1000 acres of native pasture physically located in County B, an eligible disaster county. The beginning date of County B's disaster period was January 1, 2006. The normal grazing period for native pasture in County B is March 1 through October 15.

Mr. Baca's 100 head of adult beef cows are eligible for 2006 LCP because the livestock were physically located in County A, an eligible county, on the beginning date of County A's disaster period. County A will be the **administrative county** for Mr. Baca's livestock operation because County A is where the livestock were physically located on the beginning date of an eligible disaster period.

Mr. Baca provided documentation to support that it is a normal practice for him to move his adult beef cows to County B. The native pasture physically located in Counties A and B shall be used in determining the value of the Mr. Baca's feed loss. The number of days entered on FSA-901, Item 17 for each pasture shall be limited to the number of days each pasture is normally grazed. The number of days the native pasture is normally grazed in County A shall be limited to 122 days (March 1 - June 30) and County B shall be limited to 117 days (July 1 - October 15).

Note: The maximum average percent of loss established for native pasture in County A shall be used for determining the value of loss of the native pasture physically located in County A and the maximum average percent of loss established in County B shall be used in determining the value of loss of the native pasture physically located in County B.

3 Determining Eligible Livestock Feed Losses When Eligible Livestock Are Moved to Other Eligible Disaster Counties as Part of a Livestock Producer's Normal Operation (Continued)

D Example 2

Mr. Jones owns 100 head of adult beef cows that are physically located in a dry lot in County A, an eligible disaster county, on January 1, 2006. The beginning date of County A's disaster period was January 1, 2006. The normal grazing period for native pasture in County A is March 1 through October 15.

Mr. Jones, as part of his normal livestock operation, moved the 100 head of adult beef cows to 1000 acres of native pasture located in County B, an eligible disaster county, on July 1, 2006. The beginning date of County B's disaster period was January 1, 2006. The normal grazing period for native pasture in County B is March 1 through October 15.

Mr. Jones 100 head of adult beef cows are eligible for 2006 LCP because the livestock were physically located in County A, an eligible county, on January 1, 2006, the beginning date of County A's disaster period. County A will be considered the **administrative county** for Mr. Jones livestock operation because County A is where the livestock were physically located on the beginning date of an eligible disaster period.

Mr. Jones provided documentation to County A to support that it is a normal practice for him to move his 100 head of adult beef cows to County B. Therefore, the native pasture physically located in County B can be used in determining the value of the Mr. Jones feed loss. Mr. Jones did **not** suffer a loss of feed in County A; therefore, a feed loss would **not** be calculated for County A. The number of days entered on FSA-901, Item 17 for the native pasture physically located in County B will be limited to the number of days the native pasture is normally grazed in County B, which is 117 days (July 1 through October 15).

Note: County A shall ensure that the maximum average percent of loss established in County B is used for determining the value of loss of the native pasture physically located in County B, if different than the maximum average percent of loss established in County A.

3 Determining Eligible Livestock Feed Losses When Eligible Livestock Are Moved to Other Eligible Disaster Counties as Part of a Livestock Producer's Normal Operation (Continued)

E Example 3

Mr. Jacobs owns 100 head of adult beef cows. 50 head are physically located on 500 acres of native pasture in County A, an eligible disaster county, on January 1, 2006. The beginning date of County A's disaster period was January 1, 2006. County A is the administrative county for the 500 acres of native pasture physically located in County A. 50 head are physically located on 500 acres of native pasture in County B, an eligible disaster county, on January 1, 2006. The beginning date of County B's disaster period was January 1, 2006. County B is the administrative county for the 500 acres of native pasture physically located in County B. The normal grazing period for native pasture in County A and County B is March 1 through October 15.

Mr. Jacobs, as part of his normal livestock operation, moved the 50 head of adult beef cows physically located in County A to County B and the 50 head of adult beef cows physically located in County B to different pastures in County A on a rotational basis during the disaster calendar year.

Mr. Jacobs 50 head of adult beef cows physically located in County A and the 50 head of adult beef cows physically located in County B are eligible for 2006 LCP because the livestock were physically located in eligible counties on January 1, 2006, the beginning date of County A and County B's disaster periods. In this situation, Mr. Jacobs will select in which County Office he will file his FSA-901.

Mr. Jacobs determines to file his FSA-901 in County A. Mr. Jacobs provided documentation to County A to support that it is a normal practice for him to move his 100 head of adult beef cows, on a rotational basis, between Counties A and B. Therefore, the native pastures physically located in Counties A and B can be used in determining the value of the Mr. Jacobs feed loss. The number of days entered on FSA-901, Item 17 for each pasture will be limited to the number of days each pasture is normally grazed.

Note: County A shall ensure that the maximum average percent of loss established in County B is used for determining the value of loss of the native pasture physically located in County B, if different than the maximum average percent of loss established in County A.

3 Determining Eligible Livestock Feed Losses When Eligible Livestock Are Moved to Other Eligible Disaster Counties as Part of a Livestock Producer's Normal Operation (Continued)

F Example 4

Mrs. Edwards purchased 100 head of adult beef cows on January 15, 2006. Mrs. Edwards placed the 100 head of adult beef cows on 1,000 acres of native pasture that she owns that is physically located in County A, an eligible disaster county. The beginning date of County A's disaster period was January 1, 2006. The normal grazing period for native pasture in County A is March 1 through October 15.

Mrs. Edwards, as part of her normal livestock operation, moved the 100 head of adult beef cows to 1000 acres of native pasture she owns that is physically located in County B, an eligible disaster county, on July 1, 2006. The beginning date of County B's disaster period was January 1, 2006. The normal grazing period for native pasture in County B is March 15 through October 31.

Mrs. Edwards 100 head of adult beef cows are **not** eligible for 2006 LCP because the livestock were **not** physically located in either County A or County B on the beginning date of either of the counties respective disaster periods.