

For: State and County Offices

2004 Final Counter-Cyclical (CC) Rates for Peanuts and Upland Cotton

Approved by: Acting Deputy Administrator, Farm Programs



1 2004 Final CC Payments for Peanuts and Upland Cotton

A Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for CC payments for covered commodities and peanuts beginning with crop years 2002 through 2007. First advance 2004 CC payments for peanuts and upland cotton were issued in October 2004 and 2nd advance CC payments were issued in February 2005.

B Purpose

This notice:

- informs State and County Offices:
 - of final CC payment rates for peanuts and upland cotton
 - that software will be transmitted on Friday, September 23, 2005, according to a forthcoming information bulletin
- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2004 final CC peanut and upland cotton payments
- advises County Offices on how to handle situations involving bankruptcy, deceased producers, or successor-in-interest.

Disposal Date	Distribution
September 1, 2006	State Offices; State Offices relay to County Offices

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2 Calculating 2004 Final CC Payment Rates for Peanuts and Upland Cotton

A Payment Rates for Peanuts and Upland Cotton

The final 2004 CC payment rates for peanuts and upland cotton are shown in the following table. Peanuts and upland cotton are due a final payment because the effective price is below the target price. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average price received by producers. The final payment rate is the target price minus the effective price. The following table illustrates the calculation for peanuts and upland cotton.

Item	Peanuts	Upland Cotton
	Dollars Per Pound	
Target Price	.2475	.7240
National Average Loan Rate	.1775	.5200
National Average Farm Price	.1890	.4280
Higher of Loan Rate or Farm Price	.1890	.5200
Direct Payment Rate	<u>.0180</u>	<u>.0667</u>
Effective Price	.2070	.5867
Final CC Payment Rate (Target Price Minus Effective Price)	.040500	.1373
First Partial Payment Rate	.012775	.0481
Second Partial Payment Rate	.007875	.0480
Final CC Payment Rate Less 1st and 2nd Partial Payments	.019850	.0412

B National Average Prices Received by Producers

The national average prices received by producers for contract commodities can be found at http://www.fsa.usda.gov/pas/farmbill/mya_entry.htm.

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3 Issuing Payments to Producers With Special Circumstances

A Bankruptcy

The County Office shall follow procedures already in place for producers who have filed bankruptcy. The County Office shall refer to 67-FI.

B Deceased Producers

The County Office shall follow the policy in 1-DCP, paragraph 394 for deceased producers.

C Successor-in-Interest

The County Office shall follow the policy in 1-DCP, paragraph 393 for successor-in-interest.

4 State and County Office Action

A State Office Action

State Offices shall ensure that County Offices:

- are informed of the contents of this notice
- follow directions in the forthcoming information bulletin for loading the program parameter file.

B County Office Action

County Offices shall:

- follow directions outlined in the forthcoming information bulletin to ensure that the new program parameter file is loaded to the County Office system
- **after** completing the instructions in the information bulletin, begin issuing final crop year 2004 CC peanuts and upland cotton payments, as applicable.