

For: State Offices and Service Centers

**2005 2<sup>nd</sup> Advance Counter-Cyclical (CC) Rates**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The Farm Security and Rural Investment Act of 2002 (the Act) provides for CC payments for covered commodities and peanuts.

Advance counter-cyclical payments are to be issued in October and February following the crop year. Producers are eligible for:

- 35 percent of the difference between the effective price and the target price in October
- 70 percent of the difference between the effective price and the target price in February, minus the first advance, if the producer elected a first advance.

Software for the 2005 CC 1<sup>st</sup> advance payments was included in County Release No. 572/573. A program parameter file containing the 2<sup>nd</sup> advance payment rates will be broadcast to County Offices on February 14, 2006. Information about the broadcast will be included in Information Bulletin 3710.

**B Purpose**

This notice:

- informs State and County Offices:
  - that a 2<sup>nd</sup> advance CC payment will be issued for crops according to the table in subparagraph 2 B
  - that software will be transmitted on Tuesday, February 14, 2006, according to Information Bulletin 3710
  - to issue 2<sup>nd</sup> advance CC payments
- provides a detailed explanation about how CC payment rates are determined.

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 2006	State Offices; State Offices relay to County Offices

## Notice DCP-153

### 2 Calculating 2005 2<sup>nd</sup> Advance CC Payment Rates

#### A 2005 Crops and Rates

The following table indicates eligible crops to receive a 2<sup>nd</sup> advance CC payment and the payment rate for that crop. 2005 crops that have been determined to receive a 2<sup>nd</sup> advance CC payment are eligible for a 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 2<sup>nd</sup> advance CC payment rate is 70 percent of the result of the target price minus the effective price. The following table illustrates the payment rate calculation for the eligible crops.

Item	Corn	Sorghun	Barley	Upland Cotton	Rice	Peanuts
	\$ per bu	\$ per bu	\$ per bu	\$ per lb	\$ per lb	\$ per lb
<b>Target Price</b>	2.63	2.57	2.24	.7240	.1050	.2475
National average loan rate	1.95	1.95	1.85	.5200	.0650	.1775
Projected national average price received by producers	1.90	1.70	1.80		.0780	.1740
Higher of loan rate or price received by producers	1.95	1.95	1.85		.0780	.1775
Direct payment rate	.28	.35	.24	.0667	.0235	.0180
<b>Effective Price</b>	2.23	2.30	2.09	.5867	.1015	.1955
<b>2<sup>nd</sup> Advance Counter-Cyclical Payment Rate</b>	.2800	.1890	.1050	.0961	.002450	.0364
<b>Less 1<sup>st</sup> advance</b>	.1400	.0945	.0525	.0481	.001925	.0182
<b>Equals balance (if first advance received)</b>	.1400	.0945	.0525	.0480	.000525	.0182

### 3 Action

#### A State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice
- follow directions outlined in Information Bulletin 3710.

#### B County Office Actions

County Offices shall:

- follow directions in Information Bulletin 3710 for loading the 2<sup>nd</sup> advance CC rates in the program parameter file
- begin issuing 2005 2<sup>nd</sup> advance CC payments, as applicable.