

For: State Offices and Service Centers

2005 Final Counter-Cyclical (CC) Payment Calculations for Wheat, Barley, and Oats

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 (2002 Act) provides for CC payments for covered commodities and oilseeds beginning with crop years 2002 through 2007. First advance CC payments were issued for barley in October 2005. Wheat and oats did **not** receive advance CC payments.

B Purpose

This notice:

- informs State and County Offices:
 - of final CC payment rates for barley
 - that final CC payments will **not** be made for wheat and oats for crop year 2005 because their effective prices exceed their respective target
 - that software will be transmitted according to a forthcoming information bulletin
- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2005 final CCC barley payments
- advises County Offices on handling situations involving bankruptcy, deceased producers, or successor-in-interest.

Disposal Date	Distribution
January 1, 2007	State Offices; State Offices relay to Service Centers

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2 Calculating 2005 Final CC Payments for Wheat, Barley, and Oats

A Payment Rates for Wheat, Barley, and Oats

Final 2005 CC payment rates for wheat and oats are zero because their effective price exceeds their respective target prices. Barley is entitled to a final 2005 CC 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 farm price.

The following table shows:

- final 2005 CC payment rates for wheat, barley, and oats
- an illustration of the calculation for wheat, barley, and oats.

Item	Wheat	Barley	Oats
	Dollars Per Bushel		
Target Price	3.92	2.24	1.440
National Average Loan Rate	2.75	1.85	1.330
National Average Farm Price	3.42	1.87	1.630
Higher of Loan Rate or Farm Price	3.42	1.87	1.630
Direct Payment Rate	0.52	0.24	0.024
Effective Price	3.94	2.11	1.654
Final CC Payment Rate (Target Price Minus Effective Price)	-0.02	0.13	-0.214
First Partial Payment Rate	0.0000	0.0525	0.0000
Second Partial Payment Rate	0.0000	0.0525	0.0000
Final CC Payment Rate Less 1st and 2nd Partial Payment Rates	0	0.025	0

B Web Site for 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/farbill/mya_entry.htm.

3 Issuing Payments to Producers With Special Circumstances

A Bankruptcy

County Offices shall refer to 58-FI, paragraph 176 for producers who have filed bankruptcy.

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3 Issuing Payments to Producers With Special Circumstances (Continued)

B Deceased Producers

County Offices shall follow 1-DCP, paragraph 394 for deceased producers.

C Successor-in-Interest

County Offices shall follow 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 in the forthcoming information bulletin to ensure that the new program parameter file is loaded to the County Office system
- begin issuing final crop year 2005 barley payments **after** completing the instructions in the information bulletin.