

For: State and County Offices

2005 Final Counter-Cyclical (CC) Payment Calculations for Rice

Approved by: Deputy Administrator, Farm Programs



1 2005 Final CC Payment for Rice

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. The 1st advance 2005 CC payments for rice were issued in October 2005 and 2nd advance CC payments were issued in February 2005.

B Purpose

This notice:

- informs State and County Offices that:
 - the total final CC payment for rice is \$0.0050 per pound for crop year 2005
 - the final CC payment rate for rice, less the 1st and 2nd partial payments, is \$0.00255 per pound for the 2005 crop
 - software will be transmitted on Monday, February 12, 2007, according to a forthcoming information bulletin
- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2005 final CC rice payments
- advises County Offices about handling situations involving bankruptcy, deceased producers, or successor-in-interest.

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

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2 Calculating Final CC Payment for Rice

A Payment Rate for Rice

The final 2005 CC payment rate for rice is \$0.0050 per pound 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 rice.

Item	Rice (Dollars per lb.)
Target Price	\$0.105
National Average Loan Rate	\$0.065
2005 National Average Farm Price	\$0.0765
Higher of Loan Rate or Farm Price	\$0.0765
Direct Payment Rate	<u>\$0.0235</u>
Effective Price	\$0.1000
Final CC Payment Rate (Target Price Minus Effective Price)	\$0.0050
1st Partial Payment Rate	\$0.001925
2nd Partial Payment Rate	\$0.000525
Final CC Payment Rate Less 1st and 2nd Partial Payments	\$0.00255

B 2005 CC Partial Payments for Rice

The 2002 Act provides for 2 partial CC payments, in October 2005, February 2006, and a final payment **after** the final season average price is determined on January 31, 2007. A 1st and 2nd partial payment was issued for rice.

C 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/FSA/webapp?area=home&subject=ecpa&topic=foa-cc>.

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3 Issuing Payments to Producers With Special Circumstances

A Bankruptcy

County Offices shall:

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

B Deceased Producers

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

C Successor-in-Interest

County Offices 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
- print the CC Program Parameter file information according to 1-CM
- **after** completing the instructions in the information bulletin, begin issuing final crop year 2005 CC rice payments, as applicable.