

For: State Offices and Service Centers

2006 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. Wheat, barley, and oats did **not** receive advance CC payments.

B Purpose

This notice:

- provides a detailed explanation of how counter-cyclical payment rates are determined
- informs State and County Offices that final counter-cyclical payments will **not** be made for wheat, barley, and oats for crop year 2006 because their effective prices exceed their respective target prices.

2 Calculating 2006 Final CC Payments for Wheat, Barley, and Oats

A Zero Rate for Wheat, Barley, and Oats

Final 2006 CC payment rates for wheat, barley, and oats are zero because their effective price exceeds their respective target prices. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average farm price.

Disposal Date	Distribution
January 1, 2008	State Offices; State Offices relay to Service Centers

Notice DCP-174

2 Calculating 2006 Final CC Payments for Wheat, Barley, and Oats (Continued)

A Zero Rate for Wheat, Barley, and Oats (Continued)

The following table illustrates 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	4.26	2.59	1.870
Higher of Loan Rate or Farm Price	4.26	2.59	1.870
Direct Payment Rate	0.52	0.24	0.024
Effective Price	4.78	2.83	1.894
Final Counter-Cyclical Payment Rate	0	0	0

B 2006 Counter-Cyclical Partial Payments for Wheat, Barley, and Oats

The 2002 Act provides for 2 partial counter-cyclical payments in October 2006 and February 2007 and a final payment **after** the close of the marketing year. First and 2nd partial 2006 counter-cyclical payments were **not** paid on wheat, barley, and oats.

C Update to CC Payment Parameter File

The Payment Parameter File:

- will be updated to reflect current payment rates and final payment dates when County Release No. 619 is installed
- information can be printed according to 1-CM.

D Web Site for National Average Prices Received by Producers

The national average prices received by producers for contract commodities can be found on the FSA Internet at <http://www.fsa.usda.gov/>.