

For: NC, VA, and WV State Offices and Selected County Offices

Low Pathogenic Avian Influenza Indemnity Payments

Approved by: Deputy Administrator, Management



1 Overview

**A
Background**

On November 4, 2002, an interim rule for low pathogenic avian influenza (PAII) was published by APHIS. The interim rule became effective on December 9, 2002. The rule provides indemnity payments to contract growers and owners for poultry destroyed because of PAII associated with a disease situation in Virginia.

APHIS and FSA have agreed that PAII payments will be issued by FSA County Offices based on payment approval provided by APHIS. The payments will be issued by a limited number of County Offices in North Carolina, Virginia, and West Virginia.

APHIS representatives will accept and approve applications from contract growers and owners for the PAII payments beginning the week of December 9, 2002. Contract growers and owners shall present the approved application to FSA County Offices to issue the payments.

**B
Purpose**

This notice provides County Offices with instructions for PAII payments.

**C
Participating
County Offices**

The following are County Offices that will issue PAII payments:

- Shenandoah, VA • Page, VA • Rockingham, VA
- Greene, VA • Highland, VA • Augusta, VA
- Hardy, WV • Anson, NC • Union, NC.

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Disposal Date	Distribution
May 1, 2003	Above State Offices; State Offices relay to applicable County Offices

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1 Overview (Continued)

D

FSA Contact

If there are any questions about this notice, County Offices shall contact the State Office. State Offices shall contact Lenior Simmons at 703-305-1313.

E

APHIS Contact

If there are questions about the indemnity worksheet, County Offices may contact Dr. Terry L. Taylor, APHIS, Veterinary Services, Area-Veterinarian-in-Charge, Avian Influenza Task Force Office, Harrisburg, Virginia at 540-432-5730.

2 APHIS Responsibility for PAII

A

Indemnity Worksheet Approval

APHIS shall have responsibility for PAII. This includes:

- providing owners and growers with the indemnity worksheet
 - working with payment recipient to complete the indemnity worksheet
 - approving the compensation amount to be made to the owner or contract grower.
-

B

Funds Control

APHIS will transfer funds for PAII to FSA/CCC. APHIS will have funds control responsibility for PAII and shall ensure fund availability before approving an indemnity worksheet for payment.

C

Payment Authorization

The following APHIS personnel are authorized to approve the indemnity worksheet:

- Terry L. Taylor
 - Martin A. Smeltzer
 - Thomas J. Holt
 - Ken E. Johnson
 - Kenneth R. Scheel
 - Cheri A. Oswalt
 - Harriet G. Worley
 - Charles S. Newland.
-

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3 FSA Processing of Payments

A

Documentation Required to Issue Payment

A contract grower or owner/company must provide the following to receive PAII payments:

- an indemnity worksheet approved by an APHIS representative listed in paragraph 2 C

Note: See examples of indemnity worksheets in Exhibit 1. VS Form 1-23B and VS Form 1-23C will be provided by APHIS.

- a Federal tax identification number, name, and address for IRS reporting purposes
 - a completed SF-1199A in order that the payment may be made by EFT. File the completed SF-1199A according to 1-FI, subparagraph 75 A. A waiver from the EFT requirement may be granted according to 1-FI, paragraph 46.7.
-

B

PAIIP Payment Provisions

The PAII indemnity payments are **not** subject to:

- offset
 - prompt payment interest
 - the finality rule
 - assignment.
-

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3 FSA Processing of Payments (Continued)

C

Issuing Payment FSA County Offices shall issue PAII payments upon receipt of the documentation and information described in subparagraph A. This table provides the steps to follow to issue payments.

Step	Action
1	Receive indemnity worksheet from contract grower or owner. The contract grower or owner will hand carry the indemnity worksheet to the FSA County Office.
2	Ensure that the signature of the Government representative is 1 of the approved names listed in subparagraph 2 C. Note: If the signature is not listed, contact APHIS representatives in subparagraph 1 E.
3	If the entity is not already entered in the producer name and address file, then the County Offices shall enter the taxpayer ID number, name, and address shown on the indemnity worksheet.
4	If the payee does not obtain a waiver, County Offices shall enter the direct deposit information of the payee from SF-1199A, according to 1-FI, paragraph 97.
5	Issue the payment using the Accounting Disbursement/Checkwriting application according to 1-FI, paragraphs 161 through 163. Issue the payment: <ul style="list-style-type: none"> • using program code “03AIP” • for the amount shown in the “(=) Total Compensation to owner/company or grower” field on the indemnity worksheet. In the examples in Exhibit 1, this amount is noted with a ①
6	Print 2 copies of the Producer’s Disbursement Transaction Statement. Provide a copy to the recipient and maintain 1 copy for the FSA County Office file.
7	FSA County Office employees signing and countersigning the disbursement shall verify that the payment is in agreement with the indemnity worksheet.
8	Attach indemnity worksheet to the FSA copy of the Producer’s Disbursement Transaction Statement. File the documents in a folder labeled FM 20, APHIS Administered Programs.

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3 FSA Processing of Payments (Continued)

D

Reporting PAII Activity

APHIS will reimburse FSA for administrative costs associated with issuing PAII payments. State and County Offices involved in assisting APHIS with this program shall keep track of time and expenses associated with issuing the payments. Each State and County Office involved in the program shall complete the report in Exhibit 2 by the 15th of each month until the program is complete. Negative reports are required.

The total time reported on the monthly reports should be used to report activity on the mid-year workload report. Activity will be reported in work item 204, Services Furnished to Government Agencies Under Reimbursable Agreements.

Indemnity Worksheets

Following is an example of a completed VS Form 1-23C, Indemnity Worksheet-Contract Grower.

U.S. DEPARTMENT OF AGRICULTURE ANIMAL AND PLANT HEALTH INSPECTION SERVICE VETERINARY SERVICES		According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0579-0208. The time required to complete this information collection is estimated to average .50 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				FORM APPROVED OMB NO. 0579-0208				
INDEMNITY WORKSHEET-CONTRACT GROWER										
FARM NAME <i>Smith Poultry Farm</i>		APHIS PREMISE ID <i>10297</i>		CONTRACT GROWER NAME <i>John Smith</i>		FSA FARM ID				
FARM ADDRESS <i>1600 Shenandoah Lane Broadway, Virginia 22801</i>				CONTRACT GROWER ADDRESS <i>1600 Shenandoah Lane Broadway, Virginia 22801</i>						
COMPANY ADDRESS <i>Pilgrim's Pride Corporation 590 Mount Clinton Pike Harrisburg, VA 22802</i>				TYPE OF FARM <input type="checkbox"/> CONTRACT-OWNED FARM <input type="checkbox"/> FARM <input checked="" type="checkbox"/> CONTRACT-GROWER FARM AUTHORIZED REPRESENTATIVE <i>John Doe, Pilgrim's Pride</i>						
TYPE OF BIRD <input type="checkbox"/> CB <input type="checkbox"/> CBB <input checked="" type="checkbox"/> TC(f) <input type="checkbox"/> TC(m) <input type="checkbox"/> TB(f) <input type="checkbox"/> TB(m) <input type="checkbox"/> LAY										
FLOCK IDENTIFIER	NO.	NO. OF BIRDS	DATE PLACED	DATE DIAGNOSED	DATE DEPOPULATED	DISPOSAL L, I, C, CM	AGE AT DEPOPULATION	NO. DEPOPULATED	C/D DATE	COMPENSATION VALUE
<i>5168</i>	<i>A</i>	<i>10,000</i>	<i>3/12/02</i>	<i>5/12/02</i>	<i>5/14/02</i>	<i>Land Fill</i>	<i>8 wks</i>	<i>9800</i>	<i>6/12/02</i>	<i>7.41</i>
	<i>B</i>									
	<i>C</i>									
	<i>D</i>									
COMPANY REPRESENTATIVE <i>John Doe</i>									DATE <i>12/05/02</i>	
CONTRACT GROWER <i>John Smith</i>									DATE <i>12/05/02</i>	
GROWER COMPENSATION										
HISTORIC NET INCOME TO THIS CONTRACT GROWER BY THIS POULTRY COMPANY HAS BEEN \$ <i>1.59</i> PER <i>Bird</i> (DESIGNATE UNIT - FOR 2001)										
Number of units on which payments to grower will be based							<i>9800</i>			
(X) Payment per unit							<i>1.59</i>			
Projected grower payment if farm had not been depopulated							<i>15582</i>			
(-) Payment already received from poultry company							<i>0</i>			
(=) Compensation to grower from USDA (to be made whole)							<i>15582</i> (1)			
I, <i>John Doe</i> , accept reject compensation of \$ _____ from the Government of the United States of America for losses associated with the Avian Influenza outbreak in the State of Virginia during 2002.										
CONTRACT GROWER SIGNATURE <i>John Doe</i>									DATE <i>12/05/02</i>	
WITNESSED BY										
NAME OF GOVERNMENT REPRESENTATIVE <i>Martin Smeltzer</i>				SIGNATURE <i>Martin Smeltzer</i>				DATE <i>12/05/02</i>		
IF COMPENSATION IS REJECTED FROM THE GOVERNMENT OF THE UNITED STATES OF AMERICA										
I, _____, an official representative of _____ (name of company) agree to make payment of the amount rejected to the contract grower named above within 365 days of the signing of this application form, for compensation associated with the Avian Influenza outbreak in the State of Virginia during 2002.										
SIGNATURE									DATE	
WITNESSED BY										
NAME OF GOVERNMENT REPRESENTATIVE				SIGNATURE				DATE		
VS FORM 1-23C NOV 2002										

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Indemnity Worksheets (Continued)

Following is an example of a completed VS Form 1-23B, Indemnity Worksheet-Owner/Company.

U.S. DEPARTMENT OF AGRICULTURE ANIMAL AND PLANT HEALTH INSPECTION SERVICE VETERINARY SERVICES				According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0579-0208. The time required to complete this information collection is estimated to average .50 hour per response, including the time for reviewing instructions; searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				FORM APPROVED OMB NO. 0579-0208		
INDEMNITY WORKSHEET-OWNER/COMPANY										
FARM NAME <i>Smith Poultry Farm</i>			APHIS PREMISE ID <i>10297</i>		CONTRACT GROWER NAME <i>John Smith</i>			FSA FARM ID		
FARM ADDRESS <i>1600 Shenandoah Lane Broadway, VA 22801</i>					CONTRACT GROWER ADDRESS <i>1600 Shenandoah Lane Broadway, VA 22801</i>					
COMPANY ADDRESS <i>Pilgrim's Pride Corporation 590 Mount Clinton Pike Harrisonburg, VA</i>					TYPE OF FARM <input type="checkbox"/> COMPANY-OWNED FARM <input checked="" type="checkbox"/> CONTRACT-GROWER FARM					
					AUTHORIZED REPRESENTATIVE <i>Sam Smith</i>					
TYPE OF BIRD <input type="checkbox"/> CB <input type="checkbox"/> CBB <input checked="" type="checkbox"/> TC (f) <input type="checkbox"/> TC (m) <input type="checkbox"/> TB(f) <input type="checkbox"/> TB(m) <input type="checkbox"/> LAY										
FLOCK IDENTIFIER	NO.	NO. OF BIRDS	DATE PLACED	DATE DIAGNOSED	DATE DEPOPULATED	DISPOSAL C, CM	AGE AT DEPOPULATION	NO. DEPOPULATED	C/D DATE	COMPENSATION VALUE
<i>516B</i>	A	10,000	<i>3/12/02</i>	<i>5/12/02</i>	<i>5/14/02</i>	<i>Land Fill</i>	<i>8 wks</i>	9800	<i>6/12/02</i>	<i>7.14</i>
	B									
	C									
	D									
COMPANY REPRESENTATIVE <i>Sam Smith</i>								DATE <i>12/05/02</i>		
COMPENSATION FOR BIRDS										
										TOTAL
Value from Compensation Plan (\$ per Bird)				<i>7.14</i>						
(X) Number of birds depopulated				<i>9800</i>						
(X) Value of birds (fair market value)				<i>72618</i>						
= Total compensation for birds available (50% fair market value)				<i>36309</i>						
(-) Compensation to grower from USDA (to be made whole)				<i>15582</i>						
(-) Slaughter value (if controlled marketing)				<i>-</i>						
= Net compensation for birds to owners/company per flock				<i>20727</i>						
Net compensation to owners/company for flocks on farm				<i>20727</i>						<i>20727</i>
DISPOSAL COMPENSATION RATES (\$/BIRD)										
Disposal methods		Broilers/Table Egg Layers				Turkeys				
Controlled slaughter		\$0				\$0				
Incineration		\$0.40				\$1.60				
Landfill		\$0.50				\$2.00				
COMPENSATION FOR DISPOSAL COSTS										
Number of birds depopulated								<i>9800</i>		
(X) Per bird disposal compensation (See rates above)								<i>2.00</i>		
= Total compensation to owner for destruction and disposal								<i>19600</i>		
TOTAL COMPANY COMPENSATIONS										
Net compensation to owners/company for birds								<i>20727</i>		
(+*) Compensation to owner/company for destruction and depopulation								<i>19600</i>		
= Total compensation to owner/company								<i>40,327</i> (1)		
SIGNATURE <i>Sam Smith</i>								DATE <i>12/5/02</i>		
WITNESSED BY <i>Pilgrim's Pride</i>										
NAME OF GOVERNMENT REPRESENTATIVE <i>Martin Smetzger</i>				SIGNATURE <i>Martin Smetzger</i>				DATE <i>12/5/02</i>		
VS FORM 1-23B (NOV 2002)										

Report of Administrative Costs and Activities

**Farm Service Agency
Low Pathogenic Avian Influenza (PAII)
Report of Administrative Costs and Activities**

Month: _____

State: _____ County: _____

Administrative Work Hour Information:

Actual regular work hours spent on PAII related activities _____

Including, but not limited to:

- reviewing worksheet from contract grower or owner
- completing SF-1199A
- preparing compensation payments
- mailing payment information

Average salary rate (per hour) of person completing activities \$ _____

Actual overtime hours spent on PAII activities _____

Operating Expense Information:

Total postage associated with the program implementation _____

Total supplies and materials costs associated with program implementation _____

Other expenses associated with the program implementation, please specify _____

State Contact:

Name: _____ Telephone No.: _____

Please complete this report by the 15th of each month. Negative reports are required. Return information to Jerry Alanko, PECD, at FAX number 202-690-2130.
