

For: FSA Offices

Milk Income Loss Contract (MILC) Program Payment Rate Effective for June 2005

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002, authorizes the MILC program to provide producers in eligible dairy operations with monthly payments based on the quantity of eligible production marketed by the producer in a month when the Boston Class I milk price under the Northeast Milk Marketing Order falls below \$16.94. The last effective MILC program payment rate was in April 2004.

On May 20, 2005, the Boston Class I milk price was announced at \$16.87. Therefore, there will be an effective MILC program payment rate for the month of June.

B Purpose

This notice provides State and County Offices with the following:

- MILC program payment rate in effect for the month of June
- update on application and payment processing software
- instructions to prepare for issuing MILC program payments at the effective rate
- information on eFunds control allocations.

Disposal Date	Distribution
December 1, 2005	All FSA Offices; State Offices relay to County Offices

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2 MILC Program Payment Rate

A Effective June 2005 Payment Rate

The MILC program payment rate in effect for June 2005 is **\$0.0315 per cwt**. Eligible production commercially marketed during the month of June by the producers in the dairy operation will receive payment at the effective June 2005 MILC program payment rate.

B Previously Designated MILC Program Payment Start Months

Dairy operations with MILC program payment start month of October through May in FY 2005 for which no payment rate was in effect will:

- **not** be allowed to select an alternative MILC program payment start month

Note: Any change to the MILC program payment start month must have been made on or before the 15th of the month preceding the original month selected by the dairy operation and designated as the dairy operation's MILC program payment start month.

- be issued payments based on the effective rate of \$0.0315 per cwt.
- begin payments based on June's commercially marketed production
- continue receiving MILC program payments consecutively thereafter every month during FY 2005 for which there is an effective payment rate until the earlier of the following:
 - \$2.4 million maximum eligible production cap is reached
 - end of FY 2005.

3 Application and Payment Processing Software

A eMILC

eMILC web-based software has been available to 17 beta County Offices since July 2004. Beta County Offices are authorized to issue June MILC program payments at the effective rate using eMILC web-based software. Nationwide deployment of eMILC to all counties is currently scheduled for early August 2005.

eMILC will:

- be supported by the National Payment Service (NPS)
- use new web-eligibility services.

Note: eMILC application and payment processing instructions will be provided in a future 11-LD amendment.

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3 Application and Payment Processing Software (Continued)

B System 36

Non-beta counties will issue June MILC program payments at the effective rate using System 36. In late July 2005, KCMO will begin an upload of all non-beta counties from System 36 to eMILC production database. State and County Offices will be notified of the forthcoming upload date.

When the upload process begins, System 36 for MILC will:

- be shut down completely
- no longer be available to process MILC program payments.

Note: MILC program payments not issued by the date the upload begins will have to be issued when eMILC is deployed nationwide in early August 2005.

Basic instructions for processing MILC applications and issuing payments through System 36 will be provided in a future PS notice.

4 Preparing to Issue MILC Program Payments for June 2005

A Downloaded Payment Rate

The June 2005 payment rate will be downloaded to non-beta County Offices through System 36 in County Release 566 on June 27, 2005. Broadcast of the county release will update the MILC rate table without County Office action. The effective payment rate will be available for use at start-of-day following the broadcast.

Note: For beta County Offices using eMILC, the payment rate in effect will be manually entered from the National Office by the eMILC administrator and made available for use no later than July 1, 2005.

B Zero Production

When the calculated MILC program payment rate for any month is zero (0), County Offices must enter zero (0) production for each dairy operation for that month in APSS. Therefore, for all previous months for which there was no payment rate in effect, County Offices shall enter zero (0) production for all those months.

Note: Screen prints of loaded zero (0) production is a recommended practice for record keeping purposes, however it is not mandatory.

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4 Preparing to Issue MILC program payments for June (Continued)

C Accepting Production Evidence

Beginning in July 2005, County Offices should begin receiving production evidence from eligible dairy operations for milk production commercially marketed during the month of June 2005. The production evidence must be provided to County Offices with any supporting documentation available to assist in verifying the dairy operation's eligible production and commercial milk marketings.

Verifiable production evidence must be provided to County Offices before any payment will be issued to the dairy operation. County Offices have 60 calendar days after the receipt of the required production evidence to issue payment to the dairy operation. Any dairy operation that cannot provide the required documentation will be ineligible for MILC program benefits.

Note: Prompt payment interest will apply to MILC program payments issued by FSA later than 60 calendar days after production evidence and supporting documentation for the applicable month are received by County Offices.

Upon receipt of production evidence from the dairy operation, County Offices shall:

- make a copy
- date stamp the copy
- attach the copy to CCC-580 for the dairy operation
- return the original documents to the contact producer for the dairy operation.

5 eFund Control (eFC) Allocations for MILC

A Allocation of Funds

MILC program is subject to eFC allocation. By July 1, 2005, funds will be allotted to the State level by the National Office Program Manager for MILC program payment processing. Allocations to the State level will be based on funds dispersed for MILC program by each State during FY 2003. A future FI notice will provide additional instruction on eFC allocations from the State level.

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5 eFund Control (eFC) Allocations for MILC (Continued)

B eFC MILC Codes

eFC for MILC program has been categorized by System 36 and eMILC and then further divided according to the type of payment. State Offices shall re-allocate funds from the State level to County Offices as necessary using the following eFC account codes.

Payment Type	System 36	eMILC (Beta Sites Only)
Monthly contract.	MILC (8010)	MILC (8011)
Transition period.	MILC (8015)	MILC (8016)

Note: When eMILC is deployed nationwide in early August 2005, MILC codes for System 36 will be removed from the eFC web application.

C Allocation to the County Level

State Offices may request a report of county disbursements from FY 2003 and FY 2004 to help determine allocation amounts for each county in their State for FY 2005. Requests must be submitted to Dani Cooke according to the contact information provided in subparagraph 6 C.

6 Action

A County Office Action

County Offices shall:

- comply with the instructions provided in this notice
- refer to 11-LD for MILC policy and procedures
- begin accepting production evidence in July 2005 for production commercially marketed in June 2005
- request additional funds for MILC program payment processing through the State Office
- notify the following of the June 2005 payment rate in effect:
 - dairy producers
 - dairy marketing cooperatives
 - milk handlers.

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6 Action (Continued)

B State Office Action

State Offices shall:

- ensure that County Offices immediately notify all interested parties of the contents of this notice using all available sources
- refer to 11-LD for MILC policy and procedures
- contact the National Office as necessary according to subparagraph C.

C National Office Contact Information

Contact the following persons according to the table below.

Name	Telephone	E-mail	FOR...
Dani Cooke	202-720-1919	Danielle.Cooke@wdc.fsa.usda.gov	questions on: • policy • procedure.
Toni Williams	202-720-2270	Toni.Williams@wdc.fsa.usda.gov	
Asime Atuboyedia	202-720-8223	Asime.Atuboyedia@wdc.fsa.usda.gov	automation issues on: • System 36 • eMILC.
Stacy Carroll	202-690-8037	Stacy.Carroll@wdc.fsa.usda.gov	requests for: • eFC access • additional funds allocation.