

For: AL, FL, GA, LA, MS, NC, and SC FSA State and County Offices

2004 Dairy Disaster Assistance Payment (DDAP) Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

During the 2004 hurricane season, Hurricanes Charley, Frances, Ivan, and Jeanne severely impacted dairy producers in certain areas of the southeastern portion of the United States during the months of August 2004 through September 2004. As a result, many dairy producers incurred devastating decreases in production because of cattle losses and produced milk that had to be dumped because of lack of electricity, closed milk plants, and damaged containment equipment.

The 2004 DDAP Program will provide benefits to eligible dairy producers who suffered dairy production and spoilage losses as a result of the 2004 hurricanes. Producers will receive direct payments for eligible losses to help relieve economic injuries suffered by the dairy industry in the southeast region.

B Purpose

This notice provides State and County Offices with the following:

- policy and procedure on implementing the 2004 DDAP Program
- signup period for the 2004 DDAP Program
- eligibility criteria
- procedure for applying for benefits
- instructions for completing CCC-792
- instructions for completing spot checks.

Disposal Date	Distribution
July 1, 2006	Above FSA State Offices; State Offices relay to County Offices

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2 General Information

A Source of Authority

The 2004 DDAP Program is authorized by Section 103 of the Military Construction Appropriations and Emergency Supplemental Appropriations Act of 2005 (Pub. L. 108-324). The legislation provides for the Secretary to make payments to dairy producers for dairy production and spoilage losses in counties declared a disaster by the President of the United States in 2004 because of hurricanes.

B Regulations

Regulations for the 2004 DDAP Program will be:

- codified at 7 CFR Part 1430, Subpart C
- available after publication in the Federal Register (FR) on the:
 - FSA Intranet
 - PSD Home Page at www.fsa.usda.gov/dafp/psd.

On May 25, 2005, the proposed rule for the 2004 DDAP Program requesting public comments was published in the FR. The comment period ended on June 24, 2005. All responses to public comments received will be summarized and included in the final rule that is currently in clearance channels.

C Policies and Procedures

The following will be issued through forthcoming LD and PS notices respectively:

- procedural instructions for administering the 2004 DDAP Program
- instructions for recording DDAP applications and processing payments by County Offices through a new web-based process called eDDAP.

D Related Handbooks

Handbooks related to DDAP include the following.

Purpose	Handbook
Appeals	1-APP
Signatures, estates, trusts, minors, or powers of attorney	1-CM
Scheme, device, or failure to fully comply	4-CP
HELC/WC provisions	6-CP
Misaction, misinformation, equitable relief, or finality rule	7-CP
Issuing payments	1-FI
Offsets	58-FI
Prompt payment provisions	61-FI
Reporting to IRS	62-FI
Assignments and joint payments	63-FI

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3 DDAP Program Definitions

A Definitions

The following definitions are applicable to the DDAP program.

- The application period is the time period established by the Deputy Administrator for producers to apply for program benefits.
- A dairy operation is any person or group of persons who, as a single unit, as determined by CCC, produces and markets milk commercially from cows and whose production facilities are located in the United States.
- A disaster county is a county declared a disaster by the President of the United States because of a hurricane in 2004, and is the only county so declared, not a contiguous county.
- A milk handler or cooperative is the marketing agency to, or through which, the producer commercially markets whole milk.
- Milk marketings means a marketing of milk for which there is a verifiable sales or delivery record of milk marketed for commercial use.
- A producer is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien in the United States, and who directly or indirectly, as determined by the Secretary, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity of the proceeds of this operation.
- Starting base production is actual commercial production marketed by the dairy operation during the month of July 2004, or alternative period established by the Deputy Administrator.
- Verifiable production records is evidence that is used to substantiate the amount of production marketed, including any dumped production or cow purchases that may have increased production, and that can be verified by CCC through an independent source.

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4 Eligibility Requirements

A Eligible Losses

Eligible losses under the 2004 DDAP Program must be hurricane-related occurring during the eligible months of August 2004 through October 2004 and may include the following:

- production losses
- spoilage losses resulting in dumped milk.

B Eligible Counties

DDAP program benefits are only applicable to United States counties that were declared a disaster by the President of the United States because of a 2004 hurricane. Only eligible losses occurring in those counties are eligible for payment. Dairy operations in contiguous counties that were not designated by the President of the United States as a disaster county because of a hurricane in 2004 are not eligible.

See Exhibit 1 for a complete listing of eligible counties. State Offices shall contact the National Office according to subparagraph 11 F for verification of counties not found in Exhibit 1.

C Eligible Months

Starting base production from the month of July 2004 will be used to establish a production history for the dairy operation under normal conditions. This production is compared to the production losses that resulted from hurricane disaster during the eligible 2004 months of:

- August
- September
- October.

4 Eligibility Requirements (Continued)

C Eligible Dairy Operations

An eligible dairy operation for DDAP program purposes is any person or group of persons who as a single unit markets milk commercially and whose production and facilities are located in the United States and may also include any of the following entities that are engaged in an operation that markets milk commercially in the United States.

- An individual that has a beneficial interest in a dairy operation, has a financial risk in the dairy operation, and is a citizen of, or legal resident alien in, the United States.
- A corporation, partnership, joint operation, estate, association, cooperative, or other business enterprise or other legal entity and, whenever applicable, a State, political subdivision of a State, or any agency thereof, and whose members are a citizen of, or legal resident alien in the United States.
- Indian tribe of the Indian Self-Determination and Education Assistance Act.
- Indian organization or entity chartered under the Indian Reorganization Act.
- Economic enterprise under the Indian Financing Act of 1974.

D Dairy Operation Eligibility for Payment

To be eligible to receive DDAP program benefits, producers in a dairy operation must:

- have suffered eligible losses in a county declared a disaster by the President of the United States because of a 2004 hurricane
- have produced and commercially marketed milk in the United States and commercially marketed the milk produced during the 2004 calendar year
- be a producer on a dairy farm operation physically located in a disaster county where eligible losses were incurred
- provide proof of monthly milk production dumped and commercially marketed by all persons in the eligible dairy operation during the months of July 2004 through October 2004
- certify compliance with the highly erodible land conservation (HELC) and wetland conservation (WC) provisions on AD-1026
- apply for payment during the application period.

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5 Applying for DDAP Program Benefits

A Filing CCC-742

Eligible applicants must use CCC-742 to apply for DDAP program benefits. A separate CCC-742 shall be filed for each dairy operation that suffered qualifying losses during the applicable period. All persons who share in the risk of a dairy operation's total production must certify to the information on CCC-742 before the application will be considered complete for review by CCC. More than one CCC-742 application for benefits is **not** acceptable by the same operation.

Example: Dairy Operation 1 consists of 2 persons who jointly share in the operation 50 percent. Dairy Operation 2 consists of 1 of the persons from Dairy Operation 1, but this person has 100 percent interest in Dairy Operation 2. There will be 2 applications.

- Dairy Operation 1 files an application that includes all milk marketed by both persons on Dairy Operation 1 and the application is shared 50-50 between the 2 persons
- Dairy Operation 2 files an application for all milk marketed on Dairy Operation 2.

B CCC-742 Availability

CCC-742 is available electronically at any of the following:

- Public eForms web site at <http://www.sc.egov.usda.gov/>
- FSA Employee Forms web site at <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>
- PSD web site at <http://www.fsa.usda.gov/dafp/psd>.

CCC-742 may also be obtained from the County Office where the dairy operation is physically located as follows:

- in person
- by mail
- by telephone
- by FAX.

CCC-742 obtained according to this paragraph, must be completed correctly, signed, and returned to the applicable County Office by COB September 9, 2005, to be considered eligible for DDAP program benefits.

Note: If the dairy operation is returning the application CCC-742 by FAX, the producer must have FSA-237 on file in the County Office according to 1-CM.

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5 Applying for DDAP Program Benefits (Continued)

C Separate Dairy Operations

When more than 1 dairy operation uses the same facilities, each operation shall be considered a separate operation when **both** of the following apply:

- milk production is not commingled
- all milk marketing payments and records are separate.

D Application Period

Accepting CCC-742's will begin on August 15, 2005, and end on September 9, 2005. Eligible applicants may file an application for benefits anytime during the application period. Completed applications must be submitted to the County Office where the dairy operation is physically located by COB September 9, 2005.

E Late-Filed Applications

Late-filed provisions will not apply to the 2004 DDAP Program. Applications received after the deadline date will not be approved. This includes FAXed applications.

F Multiple Producers

If a dairy operation consists of more than 1 producer:

- complete 1 application for the entire dairy operation
- include all producers who share in the operation on the application
- obtain signatures on the application of all producers in the operation according to subparagraph G.

G Signature Requirements

County Offices shall follow 1-CM for the following:

- producers' signature and authorization provisions
- persons signing CCC-742 in a representative or fiduciary capacity.

H HELC/WC Provisions

Eligible producers in a dairy operation must comply with HELC/WC provisions according to 7 CFR Part 12. Dairy producers applying for DDAP program benefits must certify to HELC/WC compliance on AD-1026 before the application for payment is approved. See 6-CP for guidance on HELC/WC provisions.

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5 Applying for DDAP Program Benefits (Continued)

I Approving CCC-742

COC, or designee, shall:

- be satisfied that all eligibility requirements provided in paragraph 4 have been met before approving CCC-742
- ensure that other applicable forms, production evidence, and any other supporting documentation that substantiates qualifying losses to their satisfaction have been received
- **not** approve any CCC-742 that was requested or received after COB September 9, 2005
- **not** approve DDAP program applications for a joint venture **unless** all members of the joint venture or joint operation who share in the milk production from the dairy operation have signed CCC-742.

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6 Completing CCC-742

A Instructions for Completing CCC-742

Complete CCC-742 according to the following.

Item	Instructions
1	COC designee shall enter the applicable State code.
2	COC designee shall enter the applicable county code.
3	COC designee shall enter the date the application is submitted.
4	COC designee shall enter the contract number assigned from the eDDAP software.
Part A – Producer Information	
5A-5D	Enter the name, address, telephone number, and e-mail address of the contact producer for the dairy operation.
Part B – Eligibility Determinations	
6	Check the appropriate box in response to the question, “Did the dairy operation suffer dairy production/and or dairy spoilage losses in 2004 as a result of hurricanes Charley, Ivan, Frances, and/or Jeanne?”
7	Check the appropriate box in response to the question, “Are you associated with a dairy farm physically located in a Presidential disaster declared county where production and/or dairy spoilage losses were incurred as a result of 2004 hurricanes?”
8	Check the appropriate box in response to the question, “Do you understand that you must provide adequate proof of monthly milk production commercially marketed by all persons in the dairy operation during the months of July through October of the 2004 milk marketing year, or other period determined by FSA?”
9	Check the appropriate box in response to the question, “Did your dairy operation suffer dairy spoilage losses from 2004 hurricanes and as a result had to dump milk?” If this item is answered “YES”, then the applicant shall respond to items 10 and 11.
10	If item 9 was answered “YES”, check the appropriate box in response to the question, “Do you understand that proper documentation of dumped milk, as a result of spoilage, must be provided to CCC?”
11	If item 9 was answered “YES”, check the appropriate box in response to the question, “Do you understand that if you were compensated for dumped milk production by a dairy marketing cooperative or milk handler it may be the responsibility of the producer and the responsibility of CCC to reimburse the milk handler or cooperative?”
Part C – 2004 Production History	
12A	Enter the number of milk cows in the herd for each applicable month.
12B	Enter the number of pounds of milk commercially marketed for each applicable month.
12C	Enter the number of pounds of spoiled milk dumped, for which you have acceptable documentation, for each applicable month.
12D	Enter the total pounds of marketed and dumped production for each applicable month by adding together the entries in items 12B and 12C.
12E	Check the appropriate box in response to the question, “Did your herd size increase or decrease since July 1, 2004, as a result of adding cows to, or reducing cows from your dairy operation’s milking herd?” If yes, see paragraph 7.

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6 Completing CCC-742 (Continued)

A Instructions for Completing CCC-742 (Continued)

Note: COC designee may substitute entries in items 13A through 13F with production/payment summary reports from the eDDAP software.

Item	Instructions
Part D – Dairy Production Losses Calculation	
13A	Enter July pounds of marketed production from item 12B as the base month marketed production.
13B	No entry is required for this item.
13C	Enter the seasonal reduction for each applicable month after the base month is adjusted downward by the percentage applicable to each month.
13D	Enter the new base production which is the result of item 13A minus 13C.
13E	Enter the monthly total of marketed and dumped production for the months of August through October from item 12D.
13F	Enter the calculated production loss for the dairy operation which is the result of item 13D minus item 13E.
14	Enter the total calculated production losses from item 13F for the dairy operation as a result of the 2004 hurricanes.
Part E – Loss Totals	
15	Enter the total cumulative pounds of dumped production from item 12C.
16	Enter the total pounds of production loss from item 14.
17	Enter the total production and spoilage losses for the dairy operation as a result of 2004 hurricanes from items 15 and 16.
Part F – Producer Certification	
18	Each producer that has a share in the dairy operation must sign this document after carefully reading the information in Part F.
19	Enter the producer's 9-digit taxpayer identification number.
20	Enter the date each producer signed CCC-742.
21	Enter each producers corresponding share in the dairy operation.
22	Check the appropriate box to identify any producer who elects to receive or not receive payments under this program.
Part G – COC Determination	
23A	Print or type the name of COC designee.
23B	Enter the title of designee signing in item 23A if someone other than COC.
23C	COC designee shall sign.
23D	Enter the date the COC designee signed in item 23C.
24	The official signing item 23C shall check the appropriate box to indicate if CCC-742 is approved or disapproved.
25A-25B	Enter the name, address, and telephone number of the FSA County Office.
26	Enter any remarks that may be pertinent to any information entered on this application or related to the operation submitting the application.

Note: Entries in items 12A and 12B may be adjusted by the FSA County Office for cows that were added to or reduced from the milking herd according to instructions provided in paragraph 7.

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6 Completing CCC-742 (Continued)

B Example of CCC-742

The following is an example of CCC-742.

This form is available electronically. Form Approved - OMB No. 0560-0252

CCC-742 U.S. DEPARTMENT OF AGRICULTURE
(08-13-05) Commodity Credit Corporation.

1. State Code 2. County Code

3. Application Date (MM-DD-YYYY)

4. Application Number

2004 DAIRY DISASTER ASSISTANCE PAYMENT PROGRAM APPLICATION

(See page 2 for Privacy Act and Public Burden Statements.)

PART A - PRODUCER INFORMATION

5A. Name of Dairy Operation (Prepare 1 application per dairy operation) 5B. Contact Producer's Name and Address (Including Zip Code)

5C. Email Address 5D. Telephone No. (Including Area Code)

PART B - ELIGIBILITY DETERMINATIONS

Check "YES" or "NO" boxes for Items 6 through 11:

	YES	NO
6. Did the dairy operation suffer dairy production and/or dairy spoilage losses in 2004 as a result of hurricanes Charley, Ivan, Frances, and/or Jeanne?		
7. Are you associated with a dairy farm physically located in a Presidential disaster declared county where production and/or dairy spoilage losses were incurred as a result of 2004 hurricanes?		
8. Do you understand that you must provide adequate proof of monthly milk production commercially marketed by all persons in the dairy operation during the months of July through October of the 2004 milk marketing year, or other period determined by FSA?		
9. Did your dairy operation suffer dairy spoilage losses from 2004 hurricanes and as a result had to dump milk? (If "YES", answer Items 10 and 11. If "NO", proceed to Part C).		
10. If you responded "YES" to Item 9, do you understand that proper documentation of dumped milk, as a result of spoilage, must be provided to CCC?		
11. If you responded "YES" to Item 9, do you understand that if you were compensated for dumped milk production by a dairy marketing cooperative or milk handler it may be the responsibility of the producer and not the responsibility of CCC to reimburse the milk handler or cooperative?		

PART C - 2004 PRODUCTION HISTORY

Month	12A. No. of Milk Cows in Herd	12B. Pounds Marketed	12C. Pounds Dumped	12D. Total Marketed and Dumped Production (Item 12B plus 12C)
July		lbs		lbs
August		lbs	lbs	lbs
September		lbs	lbs	lbs
October		lbs	lbs	lbs

12E. Did your herd size increase or decrease since July 1, 2004, as a result of adding cows to, or reducing cows from, the dairy operation milking herd? YES NO

13. Use Items A through F to calculate the production losses for the dairy operation:

13A. Base Month (July 2004) Marketed Production (Enter July lbs. from Item 12B)	13B. Downward Adjusted Percentage (Multiply each percentage times Item 13A)	13C. Seasonal Reduction for Month (Enter the result of Item 13A times Item 13B)	13D. New Base Production (Item 13A minus Item 13C)	13E. Monthly Production (Enter Total Marketed and Dumped Production for Aug. thru Oct. from Item 12D)	13F. Calculated Production Losses (Item 13D minus Item 13E) (If result for any month is negative enter zero ("0") for that month.)
lbs.	August 9%				
	September 15%				
	October 11%				

14. Total Calculated Production Losses from Item 13F for the dairy operation as a result of the 2004 hurricanes: lbs.

PART E - LOSS TOTALS

15. Enter the total cumulative pounds of dumped production from Item 12C: lbs.

16. Enter the total pounds of production loss from Item 14: lbs.

17. Total production and spoilage losses for the dairy operation as a result of 2004 hurricanes from Items 15 and 16: lbs.

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6 Completing CCC-742 (Continued)

B Example of CCC-742 (Continued)

CCC-742 (08-13-05) (Page 2)

PART F - PRODUCER CERTIFICATION

I certify that all the information entered on this application is true and correct and all persons in this operation have submitted adequate production evidence to verify losses suffered by the dairy operation as a result of hurricanes Charley, Ivan, Frances, and/or Jeanne in 2004. I understand that I can be denied payments based on any inaccuracy in this certification and application. I understand that payments are subject to conditions and limits imposed by regulation and Commodity Credit Corporation (CCC) and that this is an application only. Providing a false certification to the Government is punishable by imprisonment, fines, or other penalties. All information provided herein is subject to verification by CCC. The criminal and civil fraud statutes that apply to this certification, may include 15 USC 714m, 18 USC 286, 297, 371, 641, 651, and 1001; and 31 USC. Other authorities may apply.

18. Producer's Signature	19. Producer's (9-digit TIN/SSN/EIN)	20. Date Signed (MM-DD-YYYY)	21. Share	22. Refuse Payment?	
				YES	NO

PART G - COC DETERMINATION

23A. Name of COC Designee

23B. Title of COC Designee

23C. Signature of COC Designee

23D. Date Signed (MM-DD-YYYY)

24. Application Status: APPROVED DISAPPROVED

25A. County FSA Office Name and Address (Including Zip Code)

25B. County FSA Office Telephone Number (Including Area Code)

26. Remarks:

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is authorized by the Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act of 2005, Pub. L. 108-324, 118 Stat. 1220. The information will be used to establish eligibility and determine payment amounts for dairy operations located in Presidential declared disaster counties due to 2004 hurricanes Charley, Ivan, Frances, and Jeanne with respect to benefits under the Dairy Disaster Assistance Payment Program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal or to other request for information. The provisions of criminal and civil fraud statutes, including 15 USC 714, 18 USC 286, 287, 371, 641, 651, 1001, and 31 USC 3729, may be applicable to the information provided. Other authorities may apply.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not 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 0560-0252. The time required to complete this information collection is estimated to average 15 minutes 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. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

Notice LD-555

7 Milking Herd Cow Additions and Reductions

A Milk Cow Increases and Decreases

As a result of the 2004 hurricanes, eligible dairy operations may have:

- added cows to the milking herd to offset production losses
- lost cows from the milking herd due to death loss, sale, etc.

The DDAP program loss calculation does not adjust production losses for fluctuations in the number of head of dairy cows added to, or reduced from, the dairy operation's milking herd after July 1, 2004. Therefore, the Worksheet for Cows Added or Reduced from July through October 2004 (Worksheet) must be used, according to subparagraph B, to calculate a production credit for dairy cow additions and/or reductions to the milking herd.

B When to Use the Worksheet for Cows Added or Reduced

CCC-742, item 12E asks eligible dairy operations to indicate if dairy cows were added to the milking herd after July 1, 2004.

County Offices shall:

- use the Worksheet if the eligible dairy operation responds "Yes", to CCC-742, item 12E
- replace the number of milk cows in the herd and the number of pounds marketed on the CCC-742 with the corresponding figures calculated by the Worksheet for each applicable month
- enter the figures calculated by the Worksheet in eDDAP according to Notice PS-520
- accept supporting documentation according to paragraph 8 to substantiate dairy cow increases or decreases
- attach a printed copy of the Worksheet to CCC-742 for the dairy operation
- see Notice PS-520 for Worksheet instructions.

Note: If the number of head of cows in the milking herd did **not** change from July 1, 2004, through October 31, 2004, then County Offices shall **not** use the Worksheet and perform all loss calculations in eDDAP web-based software according to Notice PS-520.

C Accessing the Worksheet for Cows Added or Reduced

The Worksheet can be accessed from the PSD web site at <http://www.fsa.usda.gov/dafp/psd/>.

8 Supporting Documentation

A Verification of Losses

To establish production history and calculate eligible losses for the dairy operation during the eligible months, DDAP program applicants must, to the satisfaction of COC, provide adequate proof of the following:

- commercial milk production marketed by the dairy operation
- dumped or spoiled milk production
- dairy cows added to the milking herd to offset production losses.

Documentation to verify losses must be provided to the FSA County Office with any other supporting documentation available to assist in verifying and calculating production and spoilage losses for the dairy operation. Acceptable documentation, to the satisfaction of COC, must be provided to the FSA County Office before an applicant can be subsequently approved for payment. If adequate proof is not provided to the satisfaction of COC, the request for benefits will not be approved.

B Acceptable Documentation for Production and Spoilage Losses

Documents providing verification of losses include, but are not limited to, any of, or a combination of, the following:

- milk marketing statements
- tank records
- milk handler records
- daily milk marketings
- copies of any payments received from other sources for production or spoilage losses.

Note: Documentation must specifically identify dumped production for eligible months.

C Acceptable Documentation for Cows Added to the Dairy Herd

Supporting documents for dairy cow additions to the milking herd during the eligible months, include but are not limited to the following:

- sales receipts
- invoices
- State health certificates.

8 Supporting Documentation (Continued)

D Alternative Starting Base Production

An alternative starting base production may be established by the Deputy Administrator for new producers that had no verifiable, actual commercial production marketed by the dairy operation during the month of July 2004, but which suffered eligible losses. If a month other than July 2004 is used then records for that month must be provided.

County Offices shall submit requests for approval of an alternative starting base production month through the State Office to PSD.

E Reviewing Documentation

When the supporting documentation is received in the County Office:

- make a copy, date stamp the copy, and return originals to the contact producer
- review to verify commercial production marketed is for the starting base production of July 2004 and eligible months
- ensure that spoiled production that had to be dumped is specifically identified for each applicable eligible month
- review to verify any dairy cow additions to the milking herd, if applicable.

Attach all supporting documentation to CCC-742.

F Discrepancies

All production or cow number discrepancies must be resolved to the satisfaction of COC before DDAP program benefits will be approved for payment to the dairy operation. COC must review and determine any of the following:

- good faith
- misrepresentation, scheme, or device.

If COC:

- determines good faith, **no further action is necessary**
- cannot determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is not eligible for DDAP program benefits and the entire DDAP program payment must be refunded.

COC's shall use their knowledge and judgment when determining good faith to ensure that the dairy operation did not intentionally misrepresent information or certify incorrectly.

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8 Supporting Documentation (Continued)

G Refunding Payments

For dairy operations that must refund DDAP program payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are not paid by the due date, establish a claim according to 58-FI in the normal manner.

9 DDAP Program Payment Rates

A Funding Availability

Eligible producers in a dairy operation may receive up to a total of \$10 million in direct payments for dairy production and dairy spoilage losses resulting from the 2004 hurricanes.

B Payment Rates

Payment rates for eligible losses are based on the average monthly mailbox milk price according to applicable State Marketing Orders, as reported by AMS. Maximum payment rates for eligible losses for dairy operations located in specific States are as follows:

Marketing Order	Applicable States	Payment Rate per cwt.	Payment Rate per lb.
Florida	Florida	\$17.62	\$0.1762
Southeast	<ul style="list-style-type: none">• Alabama• Georgia• Louisiana• Mississippi	\$16.26	\$0.1626
Appalachian	<ul style="list-style-type: none">• North Carolina• South Carolina	\$15.59	\$0.1559

Each eligible dairy operation's payment is calculated by multiplying the applicable maximum payment rate by the dairy operation's total eligible losses using whole pounds of milk.

Note: If it is determined by CCC at the conclusion of signup that the total value of eligible losses exceeds the available funding, less any reserve, then payments will be made according to the alternative method provided in subparagraph C.

9 DDAP Program Payment Rates (Continued)

C Alternative Payment Method

If the total value of losses at the conclusion of the signup period is determined by CCC to exceed the available funding, DDAP program benefits will be based on a 20 percent loss threshold of the total base production for the eligible months. When the loss threshold goes into effect, eligible dairy operations will receive a combined payment for eligible losses above 20 percent and eligible losses equal to and below 20 percent. The combined payment to the dairy operation will be based on the following.

Loss Level	Payment Rate
Greater than 20 percent	Applicable payment rate as provided in subparagraph B.
Equal to or less than 20 percent	Payment rate determined by dividing eligible losses equal to or less than 20 percent by the funds remaining after making payments for all eligible losses above the 20 percent loss threshold.

D Loss Threshold Example

Producer A in Florida has a total base production of 2,000,000 pounds and actually produced during the eligible months 1,200,000 pounds. Total eligible losses for Producer A’s dairy operation equals 800,000 pounds (total base production minus actual production). The total base production times 20 percent equals 400,000 pounds. Therefore, 400,000 pounds of the dairy operation’s total eligible losses (800,000 lbs.) qualifies as losses above 20 percent and is eligible at the Florida payment rate of \$0.1732 and the remaining 400,000 pounds will be paid at the rate determined for losses at or below 20 percent. Producer A will receive a combined payment of the 2 calculations.

E Payment Limitation

Gross revenue and per person payment limits do not apply. However, in no event shall the dairy operation’s payment exceed the value determined by multiplying the producer’s total eligible loss times the average price received for commercial milk production in their State.

F Offsets and Withholdings

The DDAP program is subject to any of the following as applicable:

- Administrative offset
- assignment
- withholding.

G Prompt Payment Interest

Prompt payment provisions are applicable to the DDAP program.

9 DDAP Program Payment Rates (Continued)

H Advance Payments

Advance payments will **not** be issued for the DDAP program.

I Direct Deposit

The Debt Collection Improvement Act of 1996 requires that any recipient of Federal payments receive the payment by electronic funds transfer (EFT). All producers receiving benefits under the DDAP program must file SF-1199A according to 1-FI, Part 3.

J Issuing Payments

DDAP benefits cannot be issued until all of the following have occurred:

- signup period has ended
- total eligible losses are determined
- final rule is published in the FR
- authorization is provided by DAFP.

10 Spot Checks and Compliance

A When to Perform Spot Checks

Spot checks shall be performed to verify the producer's losses. Implement procedures to perform spot checks beginning the day after the last day of the signup period established by DAFP.

B Spot Check Procedures

County Offices shall use the following procedures to implement spot checks:

- select 1 out of every 20 dairy operations approved for the DDAP program
- inform each contact producer of the selected dairy operation by telephone, that a spot check is being completed for the operation
- conduct spot checks on any operation where the applicant or a person in the operation is any of the following:
 - STC
 - COC members
 - FSA employees.

10 Spot Checks and Compliance (Continued)

C Completing Verifications

Verifications of CCC-742's selected for spot check must be:

- completed within 60 calendar days after the end of the announced application period
- documented in CCC-742, item 26
- conveyed to the State Office, including the number of applications selected and the results of the verification.

Note: If spot check findings reveal that any of the criteria established for eligibility according to paragraph 4 and spot check discrepancies in subparagraph D do not comply with the certification of information on CCC-742, then the dairy operation may be determined ineligible for DDAP.

D Spot Check Discrepancies

Spot checks shall be performed to determine the accuracy of reported milk losses. See paragraph 8 for acceptable supporting documentation. Discrepancies that result in changes found as a result of a spot check shall be handled according to the following.

IF the eligible losses are...	THEN...
increased 5 percent or less of dairy operation's reported losses	no further action is necessary. COC may do either of the following: <ul style="list-style-type: none"> • determine good faith and adjust the eligible losses • consider the producer ineligible for benefits if COC determines that the producer: <ul style="list-style-type: none"> • adopted any scheme or other device that tends to defeat the purpose of the DDAP program • made any fraudulent representation or misrepresented any fact affecting a program determination.
more than 5 percent of dairy operation's reported losses	COC shall determine the producer ineligible for benefits, but may submit a request for relief to STC. Note: STC shall approve request for relief only if it can be determined that extenuating circumstances prevented the dairy operation from providing an accurate application.

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10 Spot Checks and Compliance (Continued)

E State Office Spot Check Reports

Within 5 workdays of receiving spot check information, the State Office shall:

- prepare a written report describing the results
- FAX a copy of the report to PSD at 202-690-1536.

F Misrepresentation, Scheme, or Device

Any person who is determined by STC or COC to have committed any of the following violations shall be ineligible to receive payments under the DDAP program:

- adopted any scheme or device that tends to defeat the purpose of the DDAP program
- made any fraudulent representation
- misrepresented any fact affecting a program determination.

G Maintaining Records

Dairy operations requesting payments under the DDAP program shall maintain records for 3 years after the date of the payment to document that eligibility requirements are met.

H Verifying Dairy Operation Records

As applicable, when contacting agencies, organizations, or facilities to verify the dairy operations supporting documents and records, the County Office shall be specific in the information requested. The request should include, but is not limited to, the following:

- dairy operation's name and address
- why the request is being made
- what information is being requested.

This request for information may include providing the agency, organization, or facility with a signed statement from the contact producer for the dairy operation authorizing the release of the information to the County Office.

I County Office Action

County Offices shall:

- review and compare CCC-742 with supporting documentation for any discrepancies
- request additional information from the dairy operation, as necessary for verification
- verify that eligible losses occurred during an eligible month in an eligible county
- record pertinent information of spot check findings in the remarks section of CCC-742.

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11 Responsibility and Action

A FSA Responsibility

FSA has primary responsibility through STC's and COC's for administering the 2004 DDAP Program.

B STC Action

STC's shall supervise and monitor the 2004 DDAP Program to ensure that policies and procedures in this notice are being uniformly followed by County Offices.

C COC Action

COC's shall:

- administer the 2004 DDAP Program at the County Office level under STC supervision
- inform producers about the eligibility requirements for DDAP program benefits
- approve or disapprove requested DDAP program benefits according to this notice or may delegate the authority to approve or disapprove to a COC designee.

D County Office Action

County Offices shall:

- inform all dairy producers in eligible counties of the 2004 DDAP Program requirements through any of the following:
 - over-the counter discussion
 - newsletters
 - other methods of communication, as applicable
- make CCC-742 available to dairy operations during the signup period
- accept CCC-742's according to paragraph 5
- use the Worksheet to calculate cow additions or reductions to the dairy herd according to paragraph 7
- conduct spot checks of DDAP program applicants according to paragraph 10
- refer questions to the State Office price support specialist.

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11 Responsibility and Action (Continued)

E State Office Action

SED's shall ensure that County Offices immediately notify producers of the contents of this notice using all available sources. State Offices shall refer any DDAP program policy questions to the National Office according to subparagraph F.

F Contact

State Offices shall direct questions about this notice or the DDAP program, to either of the following in PSD.

Name	Telephone Number	Email Address
Dani Cooke	202-720-1919	Danielle.Cooke@wdc.usda.gov
Toni Williams	202-720-2270	Toni.Williams@wdc.usda.gov

Presidential Designated Counties Eligible for DDAP Program Benefits

A Eligible Counties

The following provides Presidential designated counties eligible for DDAP program benefits.

State	County			
Alabama	All			
Florida	All			
Georgia	Banks	Carroll	Cherokee	Clay
	Clayton	Cobb	Dade	Dawson
	DeKalb	Early	Elbert	Fannin
	Forsyth	Franklin	Futon	Gilmer
	Habersham	Harris	Heard	Lumpkin
	Madison	Miller	Pickens	Pike
	Rabun	Stephens	Towns	Union
	Upson	White	Wilkes	
Louisiana	Jefferson	Lafourche	Orleans	Plaquemines
	St. Bernard	St. Charles	St. Tammany	Terrebonne
Mississippi	Clarke	Clay	George	Hancock
	Harrison	Jackson	Lauderdale	Monroe
	Oktoberfest	Perry	Stone	Wayne
	Winston			
North Carolina	Alamance	Alleghany	Ashe	Avery
	Buncombe	Burke	Caldwell	Caswell
	Davidson	Forsyth	Graham	Guilford
	Haywood	Henderson	Jackson	Macon
	Madison	McDowell	Mitchell	Polk
	Randolph	Rockingham	Rutherford	Stokes
	Swain	Transylvania	Watauga	Wilkes
	Yancey			
South Carolina	Georgetown	Horry		

B Declared Counties

Eligible counties are declared when the Federal Emergency Management Agency (FEMA) declaration is for the following:

- individual assistance
- general public assistance not limited categories A and B.

Note: State and counties with a FEMA declaration for Fire Management Assistance are not eligible for DDAP program benefits.