

For: FSA Offices

Extension of the Milk Income Loss Contract (MILC) Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The MILC program ended on September 30, 2005, as provided by the Farm Security and Rural Investment Act of 2002. The Agricultural Reconciliation Act of 2005 (the 2005 Act), Section 1101, authorized the extension of the MILC program during the period beginning October 1, 2005, and ending September 30, 2007, with some minor changes to MILC program provisions.

Many State and County Offices have been receiving continuous inquiries from dairy producers about implementing the MILC program extension (MILCX).

B Purpose

This notice provides updated information to State and County Offices about the status of MILCX to assist with responding to dairy producer's questions and concerns about the implementation of program provisions during the authorized extended period.

Note: Any information provided in this notice is for informational purposes **only** and subject to change pending Departmental clearance and publication of a final rule amending MILC program provisions at 7 CFR Part 1430.

C National Office Contact Information

For more information on MILCX or the contents of this notice, contact Dani Cooke by either of the following:

- telephone at 202-720-1919
- email at Danielle.Cooke@wdc.usda.gov.

Disposal Date	Distribution
December 1, 2007	All FSA Offices; State Offices relay to County Offices

Notice LD-562

2 MILC Program Update

A Legislative Changes to MILC Program

The 2005 Act authorized the following changes to MILC program:

- extend the program period from October 1, 2005, through September 30, 2007
- eliminate transition period payments
- decrease the price shortfall percentage for the payment rate calculation from 45 percent to:
 - 34 percent during the period beginning October 1, 2005, and ending August 31, 2007
 - 0 percent during the period beginning September 1, 2007, and ending September 30, 2007.

B Regulations

The final rule amending MILC program regulations at 7 CFR Part 1430 is currently in FSA clearance channels. Program provisions in the regulation will become effective when the final rule is filed for public inspection at the Office of the Federal Register. At this time we cannot estimate the expected clearance time for the regulation. However, status updates will be provided as needed.

C Applicable Forms

Form revisions and development are underway. The following table provides the status and use of forms applicable to the MILCX Program during the program extension.

Form	Use	Status
CCC-580	For producers to apply for the MILC program during FY 2002 through FY 2005.	Forms will be obsolete and not used during the extended program period.
CCC-580-Appendix	Program terms and conditions that are to be provided to new producers explaining program terms and conditions.	
CCC-580M	For producers to make MILC changes to producers or shareholders in the dairy operation.	Currently being revised to allow for dairy operation relocations, tax ID changes, etc.
CCC-582	For use by producers of special religious groups to designate a qualified person to obtain and disburse benefits on their behalf.	CCC-582's currently on file remain in effect during the extended program period unless the agreement is terminated, therefore, no update is necessary for this form.
CCC-580X	For producers to apply for MILCX benefits and agree to the terms and conditions during the extended program period.	Currently being developed for the extended program period.

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2 MILCX Program Update (Continued)

D MILCX Signup

A new contract and signup are required for MILCX. An application period designated by DAFP will soon be announced during which dairy operations will be required to:

- complete and submit CCC-580X agreeing to the terms and conditions of the extended program period
- designate the MILC production start month for the dairy operation.

A forthcoming notice will provide further details and instructions on the MILCX application period.

E FY 2006 Payment Rates

The following table provides payment rates for FY 2006.

Month	Payment Rate
October 2005	\$0.00
November 2005	\$0.00
December 2005	\$0.04
January 2006	\$0.10
February 2006	\$0.10
March 2006	\$0.40

F MILC Web Software

MILCX application and payment processing will be performed using eMILC web-based software which is tentatively scheduled for nationwide release during Spring 2006. A future PS notice will provide instructions for recording and processing MILCX applications through the eMILC web-based software.

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2 MILCX Program Update (Continued)

G MILCX Implementation

The National Office is working to complete programmatic changes necessary to implement MILCX Program. Therefore, payments will not resume immediately. MILCX Program payments will not be issued until all of the following have occurred:

- CCC-580X, when available, has been completed by the dairy operation and submitted to FSA
- final rule is published in FR
- eMILC application and payment processing software is released nationwide
- authorization is provided by DAFP.

PSD will continue to inform State and County Offices about all pertinent information related to the status and implementation of MILCX.