

For: AL, AR, FL, GA, LA, MS, NC, SC, TN, and TX State and County Offices

Additional Policy for 2005 Dairy Disaster Assistance Payment (DDAP-II) Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The 2005 DDAP-II program provides benefits to eligible dairy producers who suffered dairy production and spoilage losses in the Gulf region of the United States as a result of 2005 Hurricanes Katrina, Rita, Ophelia, and Wilma. Signup for DDAP-II began November 1, 2006. Notice LD-572:

- provided State and County Offices with policy and procedure on implementing the 2005 DDAP-II program
- did **not** provide procedure for dairy operations that:
 - went out of business and are no longer producing milk
 - sold cows during the claim period for reasons unrelated to hurricanes or hurricane-related conditions.

Implementation of this policy will require the signup deadline to be extended beyond November 30, 2006.

Disposal Date	Distribution
July 1, 2007 11-17-06	Above State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice:

- provides State and County Offices with procedure for DDAP-II applicants that:
 - went out of business during the applicable claim period and are no longer producing milk
 - for reasons unrelated to the hurricane disaster, sold cows during the claim period
- extends DDAP-II signup deadline to **December 15, 2006**.

2 General Information

A Contact

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

Name	Telephone Number	E-Mail Address
Dani Cooke	202-720-1919	danielle.cooke@wdc.usda.gov
Elizabeth Miller	202-690-8038	elizabeth.miller@wdc.usda.gov

B New Deadline Date

The new extended deadline to submit applications under 2005 DDAP-II program is **December 15, 2006**. To be considered eligible for DDAP-II benefits, all CCC-743's that are requested by mail, telephone, FAX, or downloaded from the Internet, **must** be completed correctly, signed, and returned to the applicable County Office by **COB December 15, 2006**.

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3 Dairy Operation No Longer Conducting Business

A Cessation of Dairy Operations

DDAP-II is intended to provide benefits to dairy producers for dairy production and spoilage losses resulting from an eligible 2005 hurricane or a hurricane-related condition. Eligible payable losses incurred by dairy producers are determined on the established history of the dairy operation's actual commercial production marketed during the applicable claim period that corresponds with both of the following:

- hurricane-related
- actual production dumped or otherwise not marketed.

Dairy producers that cease dairying and do **not** resume dairy operations during the applicable claim period after the qualifying hurricane and no longer commercially produce milk are only eligible for DDAP-II benefits through the end of the last month the dairy operation commercially produced milk.

Note: Months remaining in the applicable claim period that follow the last month the dairy operation was in business **do not** qualify as a loss and the dairy operation will **not** receive DDAP-II benefits for those months in which the producer has no production evidence of commercial milk marketings.

B Completing the Worksheet Calculator for Defunct Dairy Operations

To determine qualifying losses for dairy operations no longer conducting business after the applicable hurricane, during the applicable claim period, County Offices shall:

- access the "Without Cows Added" worksheet calculator for the applicable hurricane from the PSD web site according to Notice LD-572, subparagraphs 7 B and C
- enter the applicable base month production for each month remaining in the applicable claim period with no commercial milk marketings, as supported by production evidence, or losses for spoiled production.

Note: By entering the base month production as an entry in each claim period month with no commercial milk marketings will ensure that a "0" loss is calculated for those months.

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4 Milk Cow Decreases to the Dairy Herd

A Dairy Cow Sales Unrelated to Hurricanes

Eligible losses are calculated according to a formula that accounts for decreases in the dairy herd through decreased commercial milk marketings as supported by production evidence. However, in some instances, cows may be sold from the dairy herd during the claim period for reasons unrelated to the hurricane. Calculated production losses may be adjusted by CCC based on the monthly average of daily dairy cow additions or reductions to the milking herd during the applicable claim period that corresponds with the hurricane-related condition, to account for production adjustments as a result of dairy cow purchases, sales, or death losses.

Notice LD-572, subparagraph 6 A, instructs County Offices to not include cows reduced from the dairy herd in the worksheet calculator. However, in circumstances when dairy cows are sold during an applicable claim period for reasons unrelated to the eligible hurricane or hurricane-related condition, the number of head **must** be reduced from the dairy herd using the applicable “with cows added” worksheet calculator. Dairy producers that sell cows during the applicable claim period **must** indicate such decreases to the dairy herd in CCC-743, Part F. Entries for cows sold for reasons unrelated to the hurricane should be indicated with a negative (-) sign in both of the following:

- CCC-743, Part F
- applicable “with cows added” worksheet calculator (this worksheet shall be used to reduce benefits, even though no cows may have been added).

Note: COC or designee shall determine dairy cow sales unrelated to the eligible hurricane, if documentation to support such claims for losses as provided in subparagraph C are **not** provided to their satisfaction.

B Dairy Cow Sales Because of Hurricanes

Production losses resulting from dairy cow sales necessitated by hurricanes or hurricane-related conditions are eligible for DDAP-II purposes. Dairy producers in the operation certify in CCC-743, Part D that dairy production and spoilage losses suffered are as a result of Hurricane Katrina, Ophelia, Rita, and/or Wilma. COC **must** be satisfied that the documentation provided supports the hurricane-related losses according to subparagraph C.

4 Milk Cow Decreases to the Dairy Herd (Continued)

C Supporting Evidence of Cow Sales Related to Hurricanes

Since hurricane damage and conditions affecting dairy producers decisions to maintain, increase, or decrease herd size were localized, it is necessary for COC's to determine whether decreases in herd size were as a result of hurricane or hurricane-related condition. To establish that cow sales were hurricane related, supporting evidence **must** be provided to substantiate hurricane-related conditions that made it necessary to sell dairy cows. Supporting evidence includes, but is **not** limited to, the following information about:

- availability of feed
- damage to barns/facilities
- availability of labor
- health of herd
- other factors caused by the hurricane-related condition that would necessarily result in a dairy producer selling cows to reduce the size of the dairy operation's milking herd.

Determinations **must** be documented in COC minutes and include **all** factors considered in making the determination of whether the cow sales were related or unrelated to the eligible hurricane. Evidence used to support cow sales related to hurricanes should be attached to the CCC-743.

Note: No entry is required in the worksheet calculator to record decreases in the dairy herd resulting from hurricane-related cow sales since eligible losses will be reflected in diminished production as supported by production evidence.

D Normal Milk Cow Fluctuations to Dairy Herd

Normal fluctuations in the number of milking cows in the dairy herd that are considered the result of routine herd maintenance are as follows:

- sales of cull cows
- heifers entering the milking herd
- dry cows entering the milking herd
- calves born into the dairy herd.

These fluctuations to the dairy herd shall **not** be recorded as increases or decreases in the number of cows in the milking herd for DDAP-II purposes.

4 Milk Cow Decreases to the Dairy Herd (Continued)

E Example of Decrease to Dairy Herd Resulting from Hurricane-Related Conditions

Scenario: Producer John had 100 tons of corn silage on hand at the time of the hurricane and expected to harvest an additional 200 tons in September. On July 1 he had 100 cows. Because of the disaster he lost 50 tons of silage to spoilage and was only able to harvest 50 tons. Producer John determined that based on his feed supplies he only had enough feed to care for 50 of his 100 cows. On October 5 he sells 50 cows.

Action: COC determines that the sale of 50 cows was a direct result of the hurricane. Producer John provides a copy of an acreage report for that crop year indicating planting intentions. The determination and the factors influencing the determination are recorded in COC minutes. County Office does **not** make an adjustment to the “cows added worksheet calculator”. The decreased production will be reflected in Producer Johns’ production records; therefore, **no** adjustment is necessary.

F Example of Decrease to Dairy Herd from Unrelated Hurricane Conditions

Scenario: Producer Bull has 150 dairy cows on July 1. Producer Bull is affected by Hurricane Katrina. On October 15, Producer Bull sells 50 cows. He informs the County Office that he sold the cows because his son left for college and he didn’t want to milk that many cows through the winter without his son.

Action: COC determines that the cows sold on October 15 are **not** the result of the hurricane. An adjustment, (-50) is made for October 15 in the calculator worksheet. The determination is recorded in COC minutes along with the factors influencing the determination.

5 Action

A State Office Action

SED’s and STC’s shall provide guidance to County Office staff on the contents of this notice. State Offices shall refer any questions about the contents of this notice to the National Office according to subparagraph 2 A.

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5 Action (Continued)

B County Office Action

County Offices shall:

- notify DDAP-II applicants through all available sources that the program deadline has been extended to **COB December 15, 2006**
- reduce benefits when cows are sold from the dairy herd for reasons unrelated to hurricane conditions according to subparagraph 4 A
- require supporting documentation according to subparagraph 4 C from DDAP-II applicants that sold cows from the dairy herd for hurricane-related conditions
- determine qualifying losses for dairy operations no longer conducting business after the applicable hurricane according to paragraph 3
- see Notice LD-572 for 2005 DDAP-II program policy
- contact the State Office price support specialist with any questions.