

For: State and County Offices

**Authorization to Issue Dairy Disaster Assistance Payments (DDAP-III)**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 provided up to \$16 million in assistance for producers who suffered dairy production losses in counties declared a natural disaster during the period January 1, 2005, through December 31, 2007, by the Secretary, a major disaster or emergency designation by the President, or a determination of FSA Administrator's Physical Loss Notice. Signup for DDAP-III began March 5, 2008, and ended May 5, 2008.

Notice LD-600 informed State and County Offices that:

- the deadline to enter FSA-747's into the eDDAP-III software was COB May 30, 2008
- DDAP-III to eligible applicants may **not** be made until:
  - losses have been appropriately factored
  - authorization to issue DDAP-III has been provided by DAFP.

**B Purpose**

This notice provides:

- authorization to issue DDAP-III payments
- the payment factor that will be applied to losses greater than 20 percent
- additional guidance for providing notification letters to applicants who will **not** receive DDAP-III.

<b>Disposal Date</b>  January 1, 2009	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice LD-601

### 1 Overview (Continued)

#### C Contacts

State Offices shall direct questions about this notice to either of the following.

Name	Telephone Number	E-Mail Address
Dani Cooke	202-720-1919	<a href="mailto:danielle.cooke@wdc.usda.gov">danielle.cooke@wdc.usda.gov</a>
Elizabeth Miller	202-690-8038	<a href="mailto:elizabeth.miller@wdc.usda.gov">elizabeth.miller@wdc.usda.gov</a>

### 2 Issuing DDAP-III

#### A Authorization

County Offices are authorized to issue DDAP-III payments to applicants with qualifying losses when **all** of the following have been received:

- PS notice providing eDDAP-III processing software instructions
- eDDAP-III processing software
- Information Bulletin describing eDDAP-III processing software functionality.

#### B Alternative Payment Calculation

The total value of eligible nationwide losses for DDAP-III has exceeded the available \$16 million of funds, less a 5 percent reserve. Therefore, using the alternative payment method as described in Notice LD-593, subparagraph 7 C, will be necessary. DDAP-III will be factored as follows:

- dairy operations with losses less than or equal to the 20 percent loss threshold will **not** receive DDAP-III benefits
- dairy operations with losses greater than 20 percent in each applicable disaster year will receive a payment equal to 37.28 percent of the applicable payment rate provided in Notice LD-599, Exhibit 2, times their eligible losses in each applicable disaster year exceeding 20 percent.

**Example:** Dairy operation XYZ, located in Georgia, has a loss of 300,000 pounds for 2005. Their base production for 2005 was 1 million pounds. Their pounds of loss exceeded 20 percent as follows:

1 million pounds x 20 percent = 200,000 pounds  
300,000 eligible loss – 200,000 pounds = 100,000 pounds  
Georgia 2005 payment rate = \$.1596/lb.  
\$.1596 x .3728 (payment factor) = \$.0595/lb.  
\$.0595 x 100,000 lbs. = \$5,950.00.

**Note:** The eDDAP-III processing software will automatically calculate payment amounts and issue DDAP-III payments through the National Payment Service.

## Notice LD-601

### 2 Issuing DDAP-III (Continued)

#### C Electronic Funds Control (eFC)

The initial allocation of DDAP-III Program funds will be directly allotted to the County Office level through eFC. After the initial allotment, State Offices **must** contact the National Office to request additional funds. Funds requested after the initial allotment will be allocated to the State Office level for re-allocation to the County Office.

**Note:** Notice FI-2748 provides eFC instructions for National and State Office Program Funds Managers.

#### D Notification Letters

Notice LD-600, subparagraph 2 B, required County Offices to send DDAP-III denial letters to producers who meet all eligibility requirements; but who will **not** receive DDAP-III payments because:

- their FSA-747 resulted in a negative or zero production loss
- production value exceeded 95 percent of the expected production for the disaster period.

In addition to the letters required in Notice LD-600, subparagraph 2 B, County Offices are required to send denial letters to applicants who meet all eligibility requirements and were approved but will **not** receive DDAP-III payments because the dairy operation had a loss of less than 20 percent.

To assist County Offices in issuing denial letters, example letters have been included in Exhibits 1 through 3 of this notice. Letters **must** be issued within 30 calendar days this notice.

#### E Spot Checks

Notice LD-593, paragraph 9, provides spot check procedures for 1 out of 20 dairy operations approved for the DDAP-III Program. To clarify further, spot checks should be conducted only for approved FSA-747's with a qualifying payment greater than 20 percent.

**Example Denial Letter for Losses Less Than 20 Percent**

\_\_\_\_\_, 2008

Dear Mr. \_\_\_\_\_,

You recently submitted an application to the \_\_\_\_\_ County FSA Office for the Dairy Disaster Assistance Payment (DDAP-III) Program.

This letter is to notify you that your application for payment in the DDAP-III Program has been approved; however, the total eligible production losses for your dairy operation did not meet the 20% loss threshold to qualify your losses for payment. As provided by program regulations at 7 CFR Part 786.107(c), because the total value of losses claimed by applicants under this program has exceeded available funding authorized for this program, eligible losses less than or equal to 20% do not qualify for payment.

Please contact this office at (xxx) xxx-xxxx or at the address shown above if you have any questions.

Sincerely,

County Executive Director

**Example Denial Letter for Losses Exceeding 90 Percent**

\_\_\_\_\_, 2008

Dear Mr. \_\_\_\_\_,

You recently submitted an application to the \_\_\_\_\_ County FSA Office for the Dairy Disaster Assistance Payment (DDAP-III) Program.

This letter is to notify you that your application for payment in the DDAP-III Program has been approved; however, as provided by program regulations at 7 CFR Part 786.107(e), the sum of the value of the production not lost, and the calculated disaster payment cannot exceed 95% of what the production's value would have been if there had been no loss. Therefore, the production losses calculated for your dairy operation do not qualify for payment because your losses do not exceed the 95% loss minimum.

Please contact this office at (xxx) xxx-xxxx or at the address shown above if you have any questions.

Sincerely,

County Executive Director

**Example Denial Letter for Negative Losses**

\_\_\_\_\_, 2008

Dear Mr. \_\_\_\_\_,

You recently submitted an application to the \_\_\_\_\_ County FSA Office for the Dairy Disaster Assistance Payment (DDAP-III) Program.

This letter is to notify you that your application for payment in the DDAP-III Program has been approved; however, the production losses calculated for your dairy operation resulted in a negative or zero loss. As provided by program regulations at 7 CFR Part 786.106(f), actual production losses that exceed the base annual production will mean that the dairy operation incurred no eligible production losses. Therefore, your operation does not qualify for a payment for DDAP-III.

Please contact this office at (xxx) xxx-xxxx or at the address shown above if you have any questions.

Sincerely,

County Executive Director