

For: State and County Offices

**Status of Dairy Indemnity Payment Program (DIPP)**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

DIPP indemnifies dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by 1 of the following:

- pesticides
- nuclear radiation or fallout
- toxic substances and chemical residues other than pesticides.

**Note:** The number of claims varies considerably from year to year, depending upon the nature and extent of problems encountered in the dairy industry.

Currently, an unusually high volume of claims have exhausted most of the funds available for FY 2007. Further, it has been determined that funds available for FY 2008 are insufficient to pay claims received to date. DIPP regulations at 7 CFR 760.33 provide that payment of indemnity claims are contingent upon the availability of funds to FSA to pay these claims.

**B Purpose**

This notice informs State and County Offices of how pending DIPP claims will be paid for FY 2007 and FY 2008.

**C Contact**

For questions about the status of DIPP, contact Danielle Cooke by either of the following:

- e-mail to [danielle.cooke@wdc.usda.gov](mailto:danielle.cooke@wdc.usda.gov)
- telephone at 202-720-1919.

<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2009	State Offices; State Offices relay to County Offices

## Notice LD-603

### 2 DIPP Claims

#### A FY 2007 DIPP Claims

Payment of indemnity claims are contingent upon the availability of funds to USDA to pay these claims. Since pending FY 2007 claims exceed available funding, it has been determined that each eligible claimant with a pending FY 2007 DIPP completed and approved application will **not** receive payment for that claim at this time. DIPP applicants with a pending FY 2007 claim will be notified of the status of their pending claim through direct correspondence from the National Office.

County Offices shall maintain pending DIPP applications unpaid for FY 2007 in an active file, in the event that legislation or an appropriation authorizes additional funding to pay outstanding FY 2007 DIPP claims.

#### B FY 2008 DIPP Claims

It has already been determined that funds available for FY 2008 are insufficient to pay claims received to date. Therefore, no funds have been disbursed out of the FY 2008 appropriation. Additionally, because of the relatively high volume of milk contamination incidents occurring so far, more claims are expected for the remainder of FY 2008.

Therefore, since claims exceed available funding, each eligible claimant will receive a pro rata share of the funds available. All FY 2008 timely filed claims eligible for benefits must be submitted to the National Office through the State Office by **COB January 30, 2009**. The factored payment rate will be determined at the conclusion of the FY 2008 application period upon receipt by PSD of all FY 2008 DIPP claims.

County Offices shall:

- continue to accept completed requests for benefits for FY 2008 through December 31, 2008, according to 3-LD
- continue to forward all timely filed FY 2008 DIPP claims eligible for benefits to the National Office through the State Office
- inform producers that payments will be determined at the conclusion of the FY 2008 application period based on a pro rata share of the funds available, using the notification letter in Exhibit 1.

#### C FY 2009 and Subsequent FY's

Beginning with FY 2009, and subsequent FY's authorized by the Food, Conservation, and Energy Act of 2008, DIPP claims will be paid on a "pay as you go" basis until appropriated funds are expended. Regulations at 7 CFR Part 760 will be revised to reflect this policy.

## Example of Notification Letter to FY 2008 DIPP Applicants

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

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

This letter is in reference to your request for benefits under the Dairy Indemnity Payment Program (DIPP) submitted to the \_\_\_\_\_ County Farm Service Agency (FSA) Office to indemnify you for losses resulting from removal of your milk from the commercial market due to contamination.

Regarding the status of your DIPP request, an unusually high volume of claims has been received this Fiscal Year (FY) 2008. The number of claims varies considerably from year to year, depending upon the nature and extent of problems encountered in the dairy industry. Additionally, because of the relatively high volume of milk contamination incidents occurring thus far, more claims are expected for the remainder of FY 2008.

Accordingly, it has been determined that funds available for FY 2008 are insufficient to pay claims received to date. DIPP regulations at 7 CFR 760.33 provide that payment of indemnity claims are contingent upon the availability of funds to the Agency to pay such claims. Therefore, since claims exceed available funding, each eligible claimant will receive a pro rata share of the funds available.

The DIPP claim you submitted will be held until the end of the calendar year, at which time your application will be considered for approval. If your application is approved at that time, it will be included with total approved claims submitted nationwide and factored on a pro rata share basis by funds available to the Agency to pay eligible FY 2008 claims approved for payment. The factored payment rate will be determined at the conclusion of the FY 2008 application period at which time payment amounts for eligible DIPP claims approved for payment will be determined.

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

Sincerely,

County Executive Director