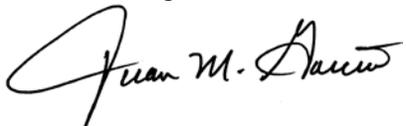


For: State and County Offices

**Preparation for FY 2012 MILC Payments**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

MILC payments are triggered when the Boston Class I (BCI) milk price falls below \$16.94 per hundredweight, after adjustment for the cost of dairy feed rations.

No MILC payment rate was triggered in FY 2011. While the BCI milk price has remained consistently above the trigger level, feed ingredient prices are slowly increasing. As a result, MILC payments are expected in FY 2012.

MILC payments are issued on a monthly basis for the period of consecutive months with a payment rate in effect beginning with the FY 2012 production start month selected by the dairy operation through the earlier of the:

- maximum eligible production cap is reached; or
- end of the FY.

**B Purpose**

This notice reminds State and County Offices of MILC program provisions important to processing and issuing MILC program payments for FY 2012.

**C Contacts**

For questions or situations **not** addressed in this notice, State Offices shall contact Dani 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>                                  |
| December 1, 2012<br>2-16-12 | State Offices; State Offices relay to County Offices |

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### 2 Processing FY 2012 MILC Payments

#### A Production Evidence

Verifiable production evidence **must** be provided to the County Office **before** any payment will be issued to a dairy operation. The production evidence must be provided to the County Office with any supporting documentation available to assist in verifying the operation's eligible production and commercial milk marketings for applicable months with a MILC payment rate in effect.

See 11-LD, paragraph 41 for acceptable forms of documentation and documentation review procedures.

#### B AGI

MILC program participants are required to comply with the AGI requirement each applicable FY, according to 4-PL, Part 6. CCC-931 with 2012 selected must be completed and submitted to the County Office before a MILC payment for FY 2012 can be disbursed. See Notice PL-233 for guidance on average AGI compliance for FY 2012 and prior years.

#### C Issuing MILC Payments

County Offices have 60 calendar days to issue payment to the dairy operation from the latter of the following:

- receipt of the required production evidence to issue payment to the dairy operation
- the date the entire month NADFRC price for the applicable month is known.

#### D MILC Software

MILC program payments are processed through the MILC software accessible under "FSA Applications" through the FSA Intranet Home Page at <http://intranet.fsa.usda.gov/fsa>. County Offices shall refer to 11-LD, Part 9 for payment processing instructions.

### 3 Production Start Month Change Provisions

#### A Perpetual Designation

A dairy operation can select the production start month for all FY's at the same time when CCC-580 is submitted to the County Office, or production start month selections can be made each FY according to start month selection provisions provided in 11-LD, paragraph 27. If the production start month was selected in a previous FY, and no CCC-580M production start month changes or designations have been made for subsequent FY's, then by perpetual designation, the initially designated production start month will be the production start month for FY 2012.

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**3 Production Start Month Change Provisions (Continued)**

**A Perpetual Designation (Continued)**

Each time CCC-580M is submitted to modify the production start month for a dairy operation, the newly designated start month becomes the perpetual designation month for all subsequent FY's for which a production start month is **not** selected.

**Example:** A producer with a perpetual designation month of October **must** have submitted CCC-580M to change the production start month for the dairy operation for FY 2012, by **September 14, 2011**.

**Note:** Approved CCC-580M changes to the production start month **must** be recorded in MILC software according to 11-LD, subparagraph 81 B. Perpetual designation months **must** be manually entered for each applicable FY in the software when CCC-580M is submitted to modify the production start month. The software does **not** automatically update start months for subsequent FY's when a start month is entered for FY.

**B FY 2012 Deadline Dates to Change Start Month**

Notice LD-623 required County Offices to remind dairy producers participating in the MILC program of start month change provisions and applicable dates to implement changes for FY 2012. County Offices shall continue to accept production start month changes according to the following table.

| <b>IF the current start month selected for FY 2012 is...</b> | <b>THEN the deadline to change to a subsequent month is...</b> |
|--------------------------------------------------------------|----------------------------------------------------------------|
| October 2011                                                 | September 14, 2011.                                            |
| November 2011                                                | October 14, 2011.                                              |
| December 2011                                                | November 14, 2011.                                             |
| January 2012                                                 | December 14, 2011.                                             |
| February 2012                                                | January 13, 2012.                                              |
| March 2012                                                   | February 14, 2012.                                             |
| April 2012                                                   | March 14, 2012.                                                |
| May 2012                                                     | April 13, 2012.                                                |
| June 2012                                                    | May 14, 2012.                                                  |
| July 2012                                                    | June 14, 2012.                                                 |
| August 2012                                                  | July 13, 2012.                                                 |
| September 2012                                               | August 14, 2012.                                               |

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### 3 Production Start Month Change Provisions (Continued)

#### B FY 2012 Deadline Dates to Change Start Month (Continued)

If a producer would like to select an FY 2012 month that precedes their current start month selected for FY 2012, that start month selection must be made by the fourteenth of the month before the:

- month originally selected by the dairy operation as their MILC production start month
- newly selected MILC production start month for the dairy operation.

**Example:** Dairy Operation ABC has a MILC production start month selection of May for FY 2012. Dairy Operation ABC would like to change their production start month to April 2012 for FY 2012. Dairy Operation ABC must make this start month change by completing CCC-580M and submitting to the appropriate County Office by March 14, 2011, for this change to be approved.

Changes **must** be made:

- in advance of payment rates being known by the public for **both** the original production start month that the dairy operation is changing from and the production start month to which the dairy operation is changing
- according to start month selection provisions provided in 11-LD, paragraph 27.

The production start month designated on the applicable CCC-580 **cannot** be changed if the new month being selected has done either of the following:

- already begun
- already passed.

### 4 Action

#### A State Office Action

SED's and STC's shall:

- ensure that the contents of this notice are publicized by County Office through all available sources
- provide guidance to County Office staff on the contents of this notice and 11-LD
- forward any MILC program questions to the National Office according to subparagraph 1C.

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### 4 Action (Continued)

#### B County Office Action

County Offices shall:

- immediately notify dairy producers, by all available means, of procedures for submitting the appropriate production evidence and for changing MILC start month selections in preparation of FY 2012 MILC payments
- forward questions about the contents of this notice through the State Office specialist.