

For: State and County Offices

Clarifying 2002 Through 2007 Crop Years GRAZE-OUT Payment Program

Approved by: Acting Deputy Administrator, Farm Programs

Bradley Karmen

1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the 2002 Act) provides for GRAZE-OUT payments instead of loan deficiency payments (LDP's) for 2002 through 2007 crop years to eligible producers who:

- elect to use acreage planted to wheat, barley, oats, or triticale, for the grazing by livestock
- agree to forgo any other harvesting of the commodity on this acreage during the applicable crop year.

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Purpose

This notice provides information for 2002 through 2007 crop years GRAZE-OUT program policies:

- eligibility requirements
- application period.

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County Office Action

County Offices shall:

- immediately notify producers about the contents of this notice
- accept GRAZE-OUT applications
- **not** disburse any proceeds.

Reminder: Absolutely **no** payments shall be disbursed until authorization is received in a future PS notice.

Disposal Date	Distribution
May 1, 2003	State Offices; State Offices relay to County Offices

Notice LP-1851

2 General Information

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Eligibility Requirements

GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and LDP's including, but not limited to:

- payment limitation
 - person determinations
 - beneficial interest
 - misaction or misinformation
 - offsets
 - death, incompetency, disappearance, or dissolution of a producer.
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Application Period

The application period for GRAZE-OUT:

- begins on the first day of mechanical harvest as determined by COC
- ends on March 31 of the calendar year following the year the crop is normally harvested.

Producers may file an application for GRAZE-OUT anytime during this application period.

Reminder: Applications may **not** be cancelled or withdrawn once requested.

COC shall determine and document in the COC minutes the beginning harvest date in the county for wheat, barley, oats, and triticale. This will be the earlier of the first date of normal harvest for wheat, barley, oats, and triticale harvested as other than grain or wheat, barley, oats, and triticale harvested as grain.

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Compliance

A future LP notice will be issued for compliance.

Notice LP-1851

3 Specific GRAZE-OUT Eligibility Requirements

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Eligible Producer An eligible producer for GRAZE-OUT purposes is 1 who meets the requirements according to 8-LP, Part 2 and all of the following:

- requests GRAZE-OUT payments on CCC-633 GRAZING before March 31 of the calendar year following the year the crop is normally harvested
 - agrees to forgo any other harvesting of the commodity on the acreage
 - retains beneficial interest through the date the crop is grazed out.
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Eligible Acres Eligible acreage for GRAZE-OUT purposes is any acreage of wheat, barley, oats, or triticale that is not harvested by any means other than grazing.

The requested acreage is not eligible for:

- any other marketing assistance loans or LDP's for the crop
 - a crop insurance indemnity for the crop
 - NAP for the crop.
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Grazing Leases and Eligibility Producers who lease cropland to a second party for grazing on a gain or per head per month basis only are:

- not considered to have lost beneficial interest
 - eligible for GRAZE-OUT payments on the eligible commodity if all other eligibility requirements are met.
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3 Specific GRAZE-OUT Eligibility Requirements (Continued)

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**Grazing Leases
and Eligibility
(Continued)**

Producers are **not** eligible for GRAZE-OUT payments regardless of when beneficial interest is lost if **any** of the following occur:

- grazing occurred on nurse crops that would not have met the definition of the crop if harvested as grain
- beneficial interest is lost and later regained
- the crop is leased to a third party for grazing on a flat per acre rate
- no grazing occurred
- mechanical harvest occurred.

Owners who lease such land are not eligible for GRAZE-OUT payments.

D

**Definition of
Triticale**

Triticale is grain that, before the removal of dockage, consists of 50 percent or more of triticale (*X Triticosecale* Wittmack) and not more than 10 percent of other grains for which standards have been established under the United States Grain Standard Act and that, after the removal of dockage, contains 50 percent or more of whole triticale.

E

**Prohibiting Crop
Insurance
Indemnity or
NAP**

Producers who elect to graze the 2002 through 2007 crop wheat, barley, oat, or triticale will not be eligible for an indemnity under the Federal Crop Insurance Act or NAP.

Notice LP-1851

4 Filing Applications

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Filing CCC-633 GRAZING

Producers must request GRAZE-OUT payments on CCC-633 GRAZING by the farm serial number (FSN).

Any producer or any number of producers who share in the grazing of the acreage can request CCC-633 GRAZING.

If multiple producers share in the acreage:

- all signatures must be obtained before the request is considered complete
- the shares must equal 100 percent of the grazed acreage.

See Exhibit 1 for instructions on completing CCC-633 GRAZING. CCC-633 GRAZING is available in PDF format at the following:

- the PSD website at <http://www.fsa.usda.gov/dafp/psd/>
- the FFAS Intranet website at <http://165.221.16.90/dam/ffasforms/forms.html>.

State Offices shall locally reproduce CCC-633 GRAZING.

Eligible producers can obtain CCC-633 GRAZING from the FSA Administrative County Office for the farm as follows:

- in person
- by mail, telephone, or FAX.

Applications may also be downloaded by the producer from the Internet located at <http://www.fsa.usda.gov/dafp/psd>.

All applications, including applications requested by mail, telephone, FAX, or downloaded from the Internet, must be completed correctly, signed, and returned to the FSA Administrative County Office on or before the final loan availability date to be considered an eligible request.

Continued on the next page

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4 Filing Applications (Continued)

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**Filing CCC-633
GRAZING
(Continued)**

Eligible producers must request CCC-633 GRAZING:

- after the date COC determines that wheat, barley, oats, or triticale is normally mechanically harvested for the crop year for that applicable county
 - no later than March 31 of the calendar year following the year the crop is normally harvested.
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**Producer
Certification**

Eligible producers must file CCC-633 GRAZING for acres grazed or to be grazed showing the actual tract and field location. In addition, the acreage and intended use must be certified on FSA-578.

Because the producer certifies that this information is correct, no additional documentation is requested from the producer at time of the request.

Note: An incorrect certification can cause a producer and/or farm to lose benefits.

5 Payment Rate and Calculations

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**GRAZE-OUT
Payment Rate**

The GRAZE-OUT payment rate shall be determined by the amount the applicable commodity loan rate exceeds the CCC-determined value for the county where the farm is located.

County Offices shall refer to 8-LP, Part 9, Section 7 for calculating the CCC-determined value.

Note: Absolutely no GRAZE-OUT payments can be disbursed until instructions are received in a future PS notice.

The GRAZE-OUT payment rate is the rate in effect on the day the request is completed.

The request date is the day the FSA Administrative County Office receives a completed CCC-633 GRAZING.

CCC-633 GRAZING is complete when all applicable:

- entries have been completed by the producer according to this paragraph
- all applicable producer signatures have been obtained.

For triticale, the payment rate is calculated based on the predominant class of wheat yield in that county associated with the producers farm.

Continued on the next page

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5 Payment Rate and Calculations (Continued)

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Applicable Yield For GRAZE-OUT, the yields are defined as follows:

- payment yield shall be the yield in effect for the calculation of production flexibility contract (PFC) payments according to 7 CFR Part 1412

Note: These yields will be the direct payment yields.

- in case of a farm for which a PFC/direct and counter-cyclical program (DCP) yield is unavailable for a covered commodity, establish an appropriate payment yield for the covered commodity on the farm taking into consideration the PFC payment yields applicable to the commodity using 3 similar farms

Note: This yield shall also become the DCP yield for the farm and crop.

- for triticale, the payment yield shall be the predominant class of wheat yield in that county associated with the producer's farm.
-

C

Payment

Calculate the GRAZE-OUT payment by multiplying the actual grazed acreage requested for grazing times the applicable yield times the payment rate.

CCC-633 GRAZING

A

**Completing
CCC-633
GRAZING**

Complete CCC-633 GRAZING according to the following table, if the producer is **requesting GRAZE-OUT** at the County Office. CCC-633 GRAZING shall be completed by FSN and crop.

All persons who share in the grazed acreage must be included on one CCC-633 GRAZING.

Item	Instructions
Items 1 through 5 are completed by the FSA County Office.	
1	Enter the applicable crop year.
2 A and 2B	Enter FSN and the application number assigned by APSS after CCC-633 GRAZING has been recorded in APSS. Note: County Office use only.
3	Enter the name and address of the applicable County Office.
4	Enter the applicable State code. Note: County Office use only.
5	Enter the applicable county code.
Part A, items 6 through 15 are completed by the producer.	
6	Enter the producer's name, address, and telephone number. Note: This will be the contact producer if more than 1 producer shares in the grazed acreage.
7	Check the type of commodity grazed.
8	Enter the class, as applicable.
9 through 12, 13 A and 13 B	Check the applicable box in response to each question. If the producer answered "YES", the producer is not eligible. If the producer answers "Yes", the producer is not eligible.
14	Enter the actual or estimated grazing period for the farm. Example: March 1, 2002, through May 1, 2002.
15 A	Enter the requested acres that have been or will be grazed.
15 B	Enter the corresponding tract/field location.

Continued on the next page

CCC-633 GRAZING (Continued)

A
Completing
CCC-633
GRAZING
(Continued)

Item	Instructions
Part B, items 16 through 22 are completed by the FSA County Office.	
16	Enter the total acreage requested from item 15 A. County Offices shall ensure that the tract/field location certified on FSA-578 is equal to the tract/field location requested by the producer in item 15 B.
17	Enter the yield, as applicable. This is the payment yield used for PFC/DCP for the farm or similar farms.
18	Enter the result of item 16 multiplied times item 17.
19	Enter the county where the commodity was grazed if different than the FSA Administrative County Office.
20	Enter the date the request is completed.
21	Enter the payment rate applicable to the date in item 20.
22	Enter the result of item 18 multiplied times item 21.
Part C, item 23 is to be completed by the producer.	
23	After reading the certification statement, all producers shall sign, provide ID number, date, and indicate share of the grazed crop, as applicable.
Item 24 is to be completed by the FSA County Office.	
24	<p>COC or designee shall approve or disapprove CCC-633 GRAZING, sign, provide title, and date, as applicable.</p> <p>Note: Do not approve if producer is not in compliance. Provide a copy to the producer, as applicable.</p>

Continued on the next page

CCC-633 GRAZING (Continued)

B
Example of
CCC-633
GRAZING

The following is an example of CCC-633 GRAZING.

This form is available electronically.

<p>CCC-633 GRAZING (06-28-02)</p> <p style="text-align: center;">GRAZING PAYMENT PROGRAM APPLICATION</p> <p><i>See Page 2 for Privacy Act.</i></p> <p>NOTE: The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.</p>	<p style="text-align: center;">USDA CCC</p> <p style="text-align: center;">ITEMS 1 THROUGH 5 ARE COMPLETED BY THE FSA OFFICE</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">1. PROGRAM YEAR</td> <td style="width:33%;">2A. FSN NO.</td> <td style="width:33%;">2B. APPLICATION NO.</td> </tr> <tr> <td colspan="3">3. FSA COUNTY OFFICE NAME & ADDRESS (Including ZIP Code)</td> </tr> <tr> <td>4. STATE CODE</td> <td colspan="2">5. COUNTY CODE</td> </tr> </table>	1. PROGRAM YEAR	2A. FSN NO.	2B. APPLICATION NO.	3. FSA COUNTY OFFICE NAME & ADDRESS (Including ZIP Code)			4. STATE CODE	5. COUNTY CODE													
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PART A - ELIGIBILITY (ITEMS 6 THROUGH 15B ARE FILLED OUT BY THE PRODUCER)																						
6. CONTACT PRODUCER'S NAME AND ADDRESS	7. TYPE OF COMMODITY (Please check type of crop below)																					
	<input type="checkbox"/> Wheat <input type="checkbox"/> Barley <input type="checkbox"/> Oats <input type="checkbox"/> Triticale																					
TELEPHONE NUMBER (Area Code):	8. CLASS (For Wheat Only)																					
<p>Check "YES" or "NO" in the applicable box in Items 9 through 13B:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="width:10%;">YES</th> <th style="width:10%;">NO</th> </tr> </thead> <tbody> <tr> <td>9. Do you agree to forgo any mechanical harvest on this acreage?</td> <td></td> <td></td> </tr> <tr> <td>10. Do you understand that the acres requested for payment must actually be grazed?</td> <td></td> <td></td> </tr> <tr> <td>11. Do you understand that if you are out of compliance, you may be ineligible for payment?</td> <td></td> <td></td> </tr> <tr> <td>12. Do you understand if you do not report all the acres on the farm before the final reporting date, you will be required to refund the GRAZE-OUT payments?</td> <td></td> <td></td> </tr> <tr> <td>13A. Did you request a GRAZE-OUT payment on acres covered by FCIIC?</td> <td></td> <td></td> </tr> <tr> <td>13B. Have you made or will you request an indemnity payment on the GRAZE-OUT acres?</td> <td></td> <td></td> </tr> </tbody> </table>			YES	NO	9. Do you agree to forgo any mechanical harvest on this acreage?			10. Do you understand that the acres requested for payment must actually be grazed?			11. Do you understand that if you are out of compliance, you may be ineligible for payment?			12. Do you understand if you do not report all the acres on the farm before the final reporting date, you will be required to refund the GRAZE-OUT payments?			13A. Did you request a GRAZE-OUT payment on acres covered by FCIIC?			13B. Have you made or will you request an indemnity payment on the GRAZE-OUT acres?		
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PART B - PAYMENT INFORMATION AND CALCULATION (ITEMS 16 THROUGH 22 ARE FILLED OUT BY FSA OFFICE)																						
16. Total Actual Grazed Acres	17. Yield (EY-ACY)	18. Total Quantity (item 16 times item 17)	19. County Where Acres Grazed	20. Request Date	21. Payment Rate	22. Payment Amount (item 18 times item 21)																
					\$	\$																
PART C - PRODUCER'S CERTIFICATION																						
<p><i>I certify that all information entered on this application is true and correct and understand that: (1) this payment is in lieu of a loan deficiency payment; (2) all eligibility requirements must be met under the marketing assistance loan program before payment can be made except for beneficial interest, which must be maintained through the grazing period; (3) this payment will be ineligible if I have received or requested a FCIIC indemnity payment on the same acreage for grain; and (4) to ensure that all program eligibility requirements are met for this payment, my application may be selected for spot check. If my application is selected for spot check, I may be required to provide supporting documentation to determine payment eligibility. Providing a false certification to the government is punishable by imprisonment, fines, and other penalties. All information provided herein is subject to verification by the Farm Service Agency. The provision of criminal and civil fraud statutes that apply to this certification, includes 18 USC 286, 287, 371, 641, 631, 1001, and 1014; USC 714m; and 31 USC 3729.</i></p>																						
23A. SIGNATURE OF PRODUCER	23B. PRODUCER'S IDENTIFICATION NUMBER	23C. DATE (MM-DD-YYYY)	23D. SHARE																			
			%																			
			%																			
			%																			
FOR FSA OFFICE USE ONLY																						
24A. SIGNATURE OF FSA APPROVING OFFICIAL			24C. ACTION																			
			<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved																			
24B. TITLE			24D. DATE (MM-DD-YYYY)																			

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CCC-633 GRAZING (Continued)

B
Example of
CCC-633
GRAZING
(Continued)

CCC-633 GRAZING (08-28-02) Page 2

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is Pub. L. 107-171. The information will be used to determine eligibility in accordance with the requirements of the regulation for applicants who are requesting Grazing Payments in Lieu of Loan Deficiency Payment Program benefits. Furnishing the requested information is voluntary, however, failure to furnish the requested information will result in a determination of ineligibility for Grazing in Lieu of Loan Deficiency Payment Program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes that apply to this certification, includes 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.*

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