

For: FSA Offices

Eligible Dry Pea Quantity for Marketing Assistance Loans and LDP's

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 provides 2002 through 2007 crop year marketing assistance loans and LDP's for pulse crops to eligible producers who produce and harvest pulse crops. According to the 2003 Consolidated Appropriations Resolutions, the base quality loan rate for the 2003 and subsequent crop years dry peas is based on a feed pea grade.

Current U.S. standards for dry peas are based on the edible dry pea market that includes dockage for pea size and appearance. Most of the U.S. dry pea production will enter the feed pea market. The quality and standards established for the edible dry pea market greatly differ from the feed pea market and the current standards do **not** reflect the current market trend. GIPSA has modified U.S. standards for dry peas to include a feed pea standard.

B Purpose

This notice informs State and County Offices of:

- GIPSA program directive
- clarification in policy for determining eligible dry pea quantity for 2003 and subsequent crop year marketing assistance loans and LDP's.

Disposal Date June 1, 2004	Distribution All FSA Offices; State Offices relay to County Offices
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2 Policy Clarification for Dry Pea Marketing Assistance Loans and LDP's

A GIPSA Program Directive

GIPSA has issued a program directive clarifying feed pea quality factors and standards.

A major difference between the 2 markets is the dockage determination. The dockage percentage for feed peas is based on other material and other classes. Quality factors, such as pea size or appearance, do **not** impact the feed pea market; therefore, the quantity of peas eligible for loan or LDP is not reduced because of pea size or appearance.

State and County Offices can download the program directive that established the feed pea grading standards at <http://www.usda.gov/gipsa/reference-library/bulletins/bulletins.htm>.

B Determining Eligible Dry Pea Quantity for Loan or LDP

For 2003 and subsequent crop years, marketing assistance loans and LDP's for dry peas will be based on net weight excluding non-pea material. Non-pea material will consist of "other material" and "other classes".

When production evidence is provided, adjust the quantity to reflect the non-pea material. If production evidence indicates "net" weight, then no further adjustments to quantity are necessary. Some acceptable types of production evidence may include the statement, "Sample contains ___ % of whole broken or pieces of peas."

Example: Producer requested LDP on 7,000 cwt. of marrowfat peas @ \$2.68 (LDP rate). The settlement sheet includes the statement, "Sample contains 97.5 % of whole broken or pieces of peas."

Dockage Breakdown: Small peas - 2.0 %; Splits - 1.8 %; - Other material-1 %.
Defects & Foreign Material: Other classes - 1.5 %, Bleached - 86.2 %.

With the revised UGRSA feed pea standards, the total dockage percentage is 2.5 % (other classes and other material **only**). The producer would receive LDP for \$18,291 based on 6,825 cwt. (97.5 % of 7,000 cwt.).

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2 Policy Clarification for Dry Pea Marketing Assistance Loans and LDP's (Continued)

C Policy Effective Date

Policies included in this notice are effective for the 2003 and subsequent crop years. For marketing assistance loans and LDP's disbursed or spot-checked before the date of this notice and the loan or LDP quantity was reduced for dockage according to U.S. standards, County Offices shall:

- delete the applicable loan or correct the applicable LDP in APSS
- determine the eligible loan or LDP quantity according to subparagraph B
- re-enter the loan or modify the applicable LDP in APSS
- issue the additional loan proceeds or LDP benefits.

Note: Prompt payment interest is **not** applicable to the additional loan disbursement or LDP.

D Reporting Additional Loan Disbursements or LDP's

County Offices shall report to the State Office the number of loans or LDP's that were corrected and the total additional dollar amount associated with the corrections as a result of this program clarification.

State Offices shall compile the County Office totals and provide a report to Kimberly Graham, Program Manager at Kgraham@wdc.fsa.usda.gov on or before **December 19, 2003**.