

For: State and County Offices

Clarifying 2010 Crop Year Graze-Out Payment Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Graze-out payments are payments made to eligible producers who, although eligible to obtain a CCC loan or LDP:

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

Note: Triticale is defined as a grain that consists of 50 percent or more of whole triticale (X Triticosecale Wittmack) and **not** more than 10 percent of other grains for which standards have been established under the United States Grain Standards Act.

B Purpose

This notice provides information for 2010 crop year graze-out program policies including:

- eligibility requirements
- application period
- filing CCC-633 GRAZING
- determining payment rate and calculations
- requesting graze-out payments in APSS.

Disposal Date	Distribution
November 1, 2010	State Offices; State Offices relay to County Offices

2 General Graze-Out Information

A Eligibility Requirements

Graze-out payments are subject to the same basic eligibility requirements as commodity loans and LDP's including, but **not** limited to the following:

- AGI provisions
- beneficial interest
- conservation compliance
- death, incompetency, disappearance, or dissolution of a producer
- misaction or misinformation
- offsets
- foreign person determinations.

B 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 CCC-633 GRAZING anytime during this application period.

Reminder: CCC-633 GRAZING may **not** be cancelled or withdrawn once requested.

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

3 Specific Graze-Out Eligibility Requirements

A Eligible Producer

An eligible producer for graze-out purposes must meet all producer eligibility requirements for 2010 crop year loans and LDP's and all of the following:

- requests graze-out payments on CCC-633 GRAZING (Exhibit 1) 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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3 Specific Graze-Out Eligibility Requirements (Continued)

B Eligible Acres

Eligible acreage for graze-out purposes is any acreage of barley, oats, triticale, or wheat that is **not** harvested by any means other than grazing. The acreage **must** be classified as “cropland” in FSA farm records.

The eligible acreage **must** be reported on FSA-578 and the intended use must be for “grazing”.

The requested crop acreage is **not** eligible for:

- any other MAL’s or LDP’s
- crop insurance indemnity
- NAP, CDP, or SURE.

Notes: Producers who elect to graze barley, oats, triticale, or wheat will **not** be eligible for an indemnity for the same acres under the Federal Crop Insurance Act or NAP.

Acreage intended for grazing is ineligible for CDP.

Follow 2-CP for approval of double-cropping acreage, as applicable.

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3 Specific Graze-Out Eligibility Requirements (Continued)

C Grazing Leases and Eligibility

Producers who lease cropland to a second party for grazing on the acreage or on a per head, per month basis are:

- **not** considered to have lost beneficial interest
- eligible for graze-out payments on the eligible commodity if all other eligibility requirements are met.

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 cropland is subleased to a third party, by lessee, for grazing on a flat per acre rate
- no grazing occurred
- mechanical harvest occurred.

Owners allowing subleases on the cropland are **not** eligible for graze-out payments.

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4 Filing CCC-633 GRAZING

A Requesting Graze-Out Payments

Producers must request graze-out payments by FSN on CCC-633 GRAZING.

Any producer or producers who share in the acreage grazing can request benefits on CCC-633 GRAZING.

If multiple producers share in the acreage:

- all signatures must be obtained on CCC-633 GRAZING **before** the request is considered complete
- the shares must equal 100 percent.

See paragraph 7 for instructions on completing CCC-633 GRAZING.

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

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

Producers may download CCC-633 GRAZING from the USDA Service Center agencies eForms web site located at

<http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>.

All CCC-633 GRAZING's, including CCC-633 GRAZING's 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 March 31 of the calendar year following the year the crop is normally harvested.

Eligible producers **must** request CCC-633 GRAZING:

- after the date COC determines barley, oats, triticale, or wheat is normally mechanically harvested for the crop year, according to subparagraph 2 B
- no later than March 31 of the calendar year following the year the crop is normally harvested.

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4 Filing CCC-633 GRAZING (Continued)

B Producer Certification

Eligible producers must file CCC-633 GRAZING for acres grazed or to be grazed. In addition, acreage and intended use **must** be certified on FSA-578 as “grazing”.

If the intended use was reported as grain, but actually grazed, County Offices shall note the actual use on the hardcopy of FSA-578 according to Notice CP-663, subparagraph 3 B.

5 Payment Rate and Calculations

A Graze-Out Payment Rate

The graze-out payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located.

Graze-out payments are subject to ACRE provisions and will be handled like LDP's. Producers who elected to participate in the ACRE program will have the applicable commodity loan rate for graze-out reduced by 30 percent for that farm.

The effective ACRE payment rates are posted by State and County Offices at www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=ldp-ldp. After the “State”, “County”, and “Crop Year” is selected, CLICK “**Submit**”. The rates will be displayed in the column titled, “Effective ACRE LDP Rate”.

Note: The graze-out payment rate is **the rate in effect on the day a completed CCC-633 GRAZING is received** in the FSA administrative County Office.

CCC-633 GRAZING is complete when all applicable:

- entries have been completed by the producer according to subparagraph 7 A
- all applicable producer signatures have been obtained.

Note: For triticale, the payment rate is calculated based on the predominant class of wheat in that county.

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5 Payment Rate and Calculations (Continued)

A Graze-Out Payment Rate (Continued)

The following table illustrates how the graze-out payment is computed for ACRE and non-ACRE farms.

Determining Graze-Out Payment Rate			
Line		ACRE	Non-ACRE
1	Loan Rate (County Rate for Durum Wheat)	\$6.04	\$6.04
2	ACRE: 30% of Rate Adjusted for Quality (.30 x Line 1)	\$1.81	\$0.00
3	Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2)	\$4.23	\$6.04
4	CCC-Determined Value of the Commodity	\$3.07	\$3.07
5	Graze-Out Rate (Line 3 – Line 4)	\$1.16	\$2.97

B Applicable Yield

For graze-out, the yields shall be determined as follows:

- the payment yield shall be the yield in effect for calculating the direct payment yield under DCP according to 7 CFR Part 1412
- in the event the previous option is not available, the applicant may submit actual production harvested as grain on the same farm or another farm of the applicant in the same area
- if neither of the previous 2 options is available, COC may establish a yield based on their judgment and knowledge of practices and growing conditions in the county with documentation supporting the COC established yield, which **must** be included in the COC minutes.

Note: The option of using 3 similar farms is **no** longer allowed.

For triticale, the payment yield shall be based on the predominant class of wheat according to the options in this subparagraph.

C Payment

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

Examples: Using the graze-out rate from the table in subparagraph A, for a:

- non-ACRE elected farm: 40 acres grazed x 50 bu/acre x \$2.97 graze-out rate = \$5,940 graze-out payment
- ACRE elected farm: 40 acres grazed x 50 bu/acre x \$1.16 graze-out rate = \$2,320 graze-out payment.

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6 Graze-Out Software

A Issuing Graze-Out Payments Through APSS

Graze-out payments are issued through APSS using the information collected on CCC-633 GRAZING.

B County Office Action

To issue graze-out payments, County Offices shall:

- manually calculate the payment according to CCC-633 GRAZING
- request funds **before** accessing the graze-out application in APSS

Notes: County Offices shall request funds through their State Office. State Offices shall send an e-mail to Kelly Hereth, PSD, at kelly.hereth@wdc.usda.gov, identifying the county and funding needed.

After PSD provides notice that the funds are available, access the graze-out application in APSS according to 12-PS, paragraph 1977.

- process the payment as indicated in 12-PS, paragraph 1978.

Important: If the producer applying for a graze-out benefit has elected ACRE on that farm, the reduced rate is entered in APSS:

- use the applicable ACRE rate displayed on the web site referenced in subparagraph 5 A
- manually compute the reduced rate by 30 percent.

Note: ACRE rate is computed by **first** subtracting 30 percent from the loan rate, and then subtracting the CCC announced payment rate.

Example: The effective LDP rate in effect is \$2.97 for a non-ACRE elected farm. A producer who elected ACRE will receive the graze-out benefit at the reduced rate of \$1.16. For an ACRE elected farm, enter \$1.16 in APSS.

7 CCC-633 GRAZING

A Completing CCC-633 GRAZING

A separate CCC-633 GRAZING shall be completed for each FSN and crop. All persons who share in the grazed acreage must be included on one CCC-633 GRAZING.

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7 CCC-633 GRAZING (Continued)

B Instructions for Completing CCC-633 GRAZING

Complete CCC-633 GRAZING according to the following table.

Item	Instructions
Items 1 through 5 are completed by the FSA County Office.	
1	Enter applicable crop year.
2A 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 . FSN needed to determine rate.
3	Enter name and address of applicable County Office.
4 and 5	Enter applicable State and County code. Note: County Office use only .
Part A, items 6 through 16B are completed by the producer.	
6	Enter 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 type of commodity grazed.
8	Enter wheat class, as applicable.
9 through 14	Check (✓)applicable box in response to each question.
15	Enter actual or estimated grazing period for the farm. Example: August 15, 2010, through September 15, 2010.
16A	Enter requested acres that have been or will be grazed.
16B	Enter corresponding tract/field location.
Part B, items 17 through 23 are completed by the FSA County Office.	
17	Enter total acreage requested from item 16A. County Offices shall ensure that the tract/field location certified on FSA-578 is the same as the tract/field location requested by the producer in item 16A.
18	Enter yield, as applicable. This is the payment yield determined according to subparagraph 5 B.
19	Enter result of item 17 multiplied times item 18.
20	Enter county where the commodity was grazed, if different than the FSA administrative County Office.
21	Enter date the request is completed.
22	Enter either ACRE or non-ACRE payment rate applicable to the date in item 21. Notes: APSS does not automatically reduce the rate by 30 percent for ACRE. County Offices must enter the applicable rate. Indicate if ACRE rate.
23	Enter result of item 19 multiplied times item 22.
Part C, item 24 is to be completed by the producer.	
24	After reading the certification statement, all producers shall sign, provide last 4 digits of TIN, date, and indicate share of the grazed crop, as applicable.
Item 25 is to be completed by the FSA County Office.	
25	COC or designee shall approve or disapprove CCC-633 GRAZING, sign, provide title, and date as applicable. Notes: Do not approve if producer is not in compliance. Provide a copy to the producer, as applicable.

Example of CCC-633 GRAZING

Following is an example of CCC-633 Grazing.

This form is available electronically.

CCC-633 GRAZING (06-19-08) NOTE: Complete a separate application for each commodity. GRAZING PAYMENT PROGRAM APPLICATION See Page 2 for Privacy Act.	USDA CCC	ITEMS 1 THROUGH 5 ARE COMPLETED BY THE FSA OFFICE				
	1. PROGRAM YEAR	2A. FSN NO.	2B. APPLICATION NO.			
	2010	759	2010/00002			
	3. FSA COUNTY OFFICE NAME & ADDRESS (Including ZIP Code)					
	Jones County FSA Office 1521 Main Street Anywhere, ST 00001					
4. STATE CODE		5. COUNTY CODE				
99		999				
NOTE: The authority for collecting the following information is Pub. L. 110-246. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.						
PART A - ELIGIBILITY (ITEMS 6 THROUGH 16B ARE FILLED OUT BY THE PRODUCER)						
6. CONTACT PRODUCER'S NAME AND ADDRESS			7. TYPE OF COMMODITY (Please check type of crop below)			
William Green 510 Hwy 123 Anywhere, ST 00001			<input checked="" type="checkbox"/> Wheat <input type="checkbox"/> Barley <input type="checkbox"/> Oats <input type="checkbox"/> Triticale			
TELEPHONE NUMBER (Area Code): (999) 555-5544			8. CLASS (For Wheat Only) HRW			
Check "YES" or "NO" in the applicable box in Items 9 through 14:				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?				✓		
13. Do you understand if you received either a FCIC or NAP indemnity payment on the same grain acres, you must refund the amount received and provide proof of the refund to be eligible for a GRAZE-OUT payment?				✓		
14. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details:) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO						
15. GRAZING PERIOD (Actual or Estimate)		16. REQUESTED GRAZED ACRES				
August 15, 2010 - September 15, 2010		A. Requested Acres	B. Tract/Field Location			
		40	T10652/Field 1			
PART B - PAYMENT INFORMATION AND CALCULATION (ITEMS 17 THROUGH 23 ARE FILLED OUT BY FSA OFFICE)						
17. Total Actual Grazed Acres	18. Yield (EY-ACY)	19. Total Quantity (Item 17 times Item 18)	20. County Where Acres Grazed	21. Request Date	22. Payment Rate	23. Payment Amount (Item 19 times Item 22)
40	50 Bu/Ac	2,000	Jones	08-03-2010	\$ 1.16 (acre)	\$ 2,320
PART C - PRODUCER'S CERTIFICATION 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 FCIC 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, 651, 1001, and 1014; USC 714m; and 31 USC 3729.						
24A. SIGNATURE OF PRODUCER		24B. PRODUCER'S IDENTIFICATION NUMBER (Last 4 Digits)		24C. DATE (MM-DD-YYYY)	24D. SHARE	
/s/ William Green		7092		08-03-2010	100 %	
					%	
					%	
FOR FSA OFFICE USE ONLY 25A. SIGNATURE OF FSA APPROVING OFFICIAL /s/ John Dee				25C. ACTION <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved		
25B. TITLE CED		25D. DATE (MM-DD-YYYY) 08-03-2010				

Example of CCC-633 GRAZING (Continued)

CCC-633 GRAZING (06-19-08) Page 2

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). 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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