

For: State and County Offices

**Announcing Registration and Coverage Election Period for 2014 and 2015
Margin Protection Program for Dairy Producers (MPP-Dairy)**

Approved: Deputy Administrator, Farm Programs



1 Overview

A Background

The 2014 Farm Bill requires establishing the MPP-Dairy program no later than September 1, 2014. Notice MPP-1 informed State and County Offices of basic MPP-Dairy program provisions and State Office designees recently received training on MPP-Dairy program provisions at the 2014 National Farm Bill Training the week of August 18, 2014.

To be eligible for MPP-Dairy program benefits, dairy producers that produce and commercially market milk **must**:

- meet the eligibility requirements provided at 7 CFR 1430, Subpart A
- submit both CCC-781 and CCC-782 during the announced 2014 and 2015 registration and coverage election period.

The MPP-Dairy regulations were filed for public inspection at the Office of the Federal Register on August 28, 2014, and will be published in FR on August 29, 2014.

B Purpose

This notice provides State and County Offices with the following:

- 2014 and 2015 registration period for MPP-Dairy
- policy changes since the National Farm Bill Training about collecting premium fees for buy-up coverage.

Disposal Date	Distribution
December 1, 2014	State Offices; State Offices relay to County Offices

Notice MPP-3

1 Overview (Continued)

C Contact

If there are questions about this notice, State Offices shall contact Dani Cooke, PSD, by either of the following:

- e-mail to danielle.cooke@wdc.usda.gov
- telephone at 202-720-1919.

2 MPP-Dairy Registration Period and Policy Changes Since the National Farm Bill Training

A 2014 and 2015 Registration and Coverage Election Period

Dairy operations can begin registering for MPP-Dairy on **September 2, 2014**, through **COB November 28, 2014**, for either or both of the following:

- coverage for September through December 2014
- coverage for calendar year 2015.

When registering for MPP-Dairy, the dairy operation **must**:

- have a production history approved by COC or designee for the dairy operation on CCC-781 (Exhibit 1), based on verifiable documentation of actual marketings of the dairy operation during the applicable periods
- submit a completed CCC-782 (Exhibit 2) for each year of coverage
- pay a nonrefundable \$100 administrative fee for **each** year of coverage **before** the registration period ends on **COB November 28, 2014**.

Dairy operations may register for coverage in either 2014 or 2015, or the dairy operation may register for coverage for **both** years. A separate administrative fee is required for **each** year of coverage for **each** registering dairy operation. Completed CCC-781's and CCC-782's **must** be submitted to the administrative County Office for the dairy operation. CCC-781's and CCC-782's received by mail after the registration deadline date **must** have a postmark date no later than **November 28, 2014**, to be considered timely filed and **must** include the administrative fee.

Note: Late-filed provisions will **not** apply to the MPP-Dairy program. However, relief may be requested from DAFP for extenuating circumstances for CCC-782's received after the deadline date.

Notice MPP-3

2 MPP-Dairy Registration Period and Policy Changes Since the National Farm Bill Training (Continued)

B Premium Buy-Up Coverage for 2015 and Subsequent Calendar Years

A participating dairy operation that purchases buy-up coverage during the registration and coverage election period is also required to pay a premium fee in addition to the administrative fee. For coverage in 2014, the total premium for buy-up coverage is due by **November 28, 2014**, the end of the registration and coverage election period. However, policy about the minimum payment due for calendar year 2015, and subsequent calendar years, has changed since National Farm Bill Training. The 50 percent minimum of the amount of the total calculated premium is no longer required by the end of the registration period.

The policy now requires the following:

- **no minimum** payment of the total calculated premium for buy-up coverage before the end of the registration and coverage election period
- a minimum of 25 percent of the total calculated premium is due by **COB February 1** of the applicable calendar year of coverage, with the remaining balance due by **COB June 1** of the applicable calendar year of coverage.

Nonpayment of the 25 percent minimum by the 30th calendar day after February 1, 2015, for calendar year 2015 coverage, will result in loss of coverage until such time as the 25 percent minimum is paid.

Note: The option of a participating dairy operation paying up to 100 percent of the total calculated premium for buy-up coverage during the registration and coverage election period remains unchanged.

C Handbook Update

1-MPP that will provide MPP-Dairy program policy and procedure is forthcoming.

D MPP-Dairy Automated Process

Procedure for using the InfoPath tool will be provided in a forthcoming directive.

E MPP-Dairy Decision Tool

The web-based MPP-Dairy decision tool developed to assist dairy producers in understanding available risk management options about the new dairy provisions was launched on August 28, 2014, when the MPP-Dairy program regulations were made available for public inspection in FR.

Notice MPP-3

2 MPP-Dairy Registration Period and Policy Changes Since the National Farm Bill Training (Continued)

E MPP-Dairy Decision Tool (Continued)

The MPP-Dairy decision tool can be accessed at www.fsa.usda.gov/mpptool.

Note: To use the decision tool, FSA employees **must** do either of the following:

- upgrade to Internet Explorer 9, according to the August 27, 2014, ITS Customer Notification that was e-mailed to all employees
- using Internet Explorer 8, go to “Tools,” “Compatibility View Settings,” and UNCHECK (✓) “**Display intranet sites in Compatibility View**” option.

3 Action

A State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice
- immediately publicize the contents of this notice by all available means
- direct questions about MPP-Dairy program policy and procedure to the National Office according to subparagraph 1 C.

B County Office Action

County Offices shall:

- immediately notify producers, by all available means, of the MPP-Dairy program registration and coverage election period for 2014 and 2015
- provide CCC-782 Appendix (Exhibit 3) to contact producer for the dairy operation at the time the dairy operation first registers for the MPP-Dairy program
- a forthcoming FI notice will provide instructions to create remittances and record receipts for MPP-Dairy administrative fees and additional premiums
- forward questions about the contents of this notice to the State Office Price Support specialist.

Notice MPP-3

3 Action (Continued)

C Redelegation of Authority

The authority to approve all CCC-781's and CCC-782's, and all other program documents **must** be redelegated, in writing, to the next authority. Follow this table for exceptions to redelegate authority for approval of CCC-781's and CCC-782's.

IF the producer is a...	THEN approval authority is...
State, Federal, or non-Federal County Office employee	CED.
COC member	DD.
STC member	SED.
CED	COC.

Questionable cases may be referred to the next higher authority for determination.

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment

The following is an example of CCC-781.

This form is available electronically.		(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)									
CCC-781 (08-28-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation									
MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) PRODUCTION HISTORY ESTABLISHMENT		For County Office Use Only									
		1. A. <input type="checkbox"/> Initial Establishment B. <input type="checkbox"/> Transfer C. <input type="checkbox"/> Merger									
		2. Admin State Name:									
		3. Admin County Name:									
		5. Dairy Operation Number:									
PART A – GENERAL INFORMATION											
6. Dairy Operation Name											
PART B – ANNUAL PRODUCTION HISTORY											
		YES	NO								
7. Did the dairy operation produce and commercially market milk as of February 7, 2013? If "YES", enter the total production history for the dairy operation for each applicable year in Item 8, and then proceed to Part D. If "NO", proceed to Part C.		<input type="checkbox"/>	<input type="checkbox"/>								
8. Enter the total marketings for the dairy operation for each applicable calendar year below:											
2011:	lbs.	2012:	lbs.								
		2013:	lbs.								
PART C – NEW DAIRY OPERATION PRODUCTION HISTORY											
9. What date did the dairy operation first begin to market milk?		Date (MM-DD-YYYY)									
Complete Option I and/or Option II to determine the highest marketings that may be used to establish the production history.											
Option I Actual production history as adjusted by the seasonal index.											
10. Enter the actual milk marketings for each month the dairy has been in operation beginning with the first full month of production as indicated in Item 9. For months with no production enter "0". If you are a seasonal dairy producing operation, meaning, your dairy operation customarily operates only a specific number of months annually, check here: <input type="checkbox"/> If this box is checked, indicate the number of months your seasonal dairy operation will produce milk on an annual basis: _____ months											
Mo.	Year	Marketings	Index	Mo.	Year	Marketings	Index	Mo.	Year	Marketings	Index
Jan		lbs.	.0844	May		lbs.	.0883	Sep		lbs.	.0795
Feb		lbs.	.0782	Jun		lbs.	.0841	Oct		lbs.	.0820
Mar		lbs.	.0872	Jul		lbs.	.0840	Nov		lbs.	.0800
Apr		lbs.	.0854	Aug		lbs.	.0831	Dec		lbs.	.0838
11. Calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the seasonal index percentages for the applicable months. Or, if this is a seasonal dairy, as indicated by a check in the box in Item 10, calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the index percentages, dividing the result by 12, and multiplying the result by the number of months indicated in Item 10.										For County Office Use Only	
lbs.											
Option II The annual production history will be based on the herd size of the participating dairy operation relative to the national rolling herd average data published by USDA.											
12. Enter the current number of dairy cows in the dairy operation, including dry cows (excludes heifers not yet fresh):											
13. National annual milk production per cow (21,822 lbs. for 2014 and 2015 registration; subsequent years will use NASS data as published):										For County Office Use Only	
lbs.											
14. Calculate annual production history by multiplying Item 12 and Item 13 and enter amount:										For County Office Use Only	
lbs.											
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>											

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

CCC-781 (08-28-14)		Page 2 of 2
PART D – DAIRY OPERATION'S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION		
15. FSA representative will enter the applicable production history for the dairy operation as established in Part B in Item 15A or the dairy operation shall designate in Item 15B the option selected under Part C for new dairy operations with less than 12 full months of actual monthly marketings.		15A. 15B. <input type="checkbox"/> Option 1 <input type="checkbox"/> Option 2
16A. Signature of Producer (By)	16B. Title/Relationship of the Individual Signing in the Representative Capacity	16C. Date (MM-DD-YYYY)
17A. Signature of COC or Designee	17B. <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	17C. Date (MM-DD-YYYY)
18. Remarks		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.</p> <p>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).</p> <p>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election

The following is an example of CCC-782.

<p>This form is available electronically.</p> <p>CCC-782 (08-28-14)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p align="center">MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) CONTRACT AND ANNUAL COVERAGE ELECTION</p>		<p align="center">For County Office Use Only</p> <p>1. Admin State Name: _____</p> <p>2. Admin County Name: _____</p> <p>3. Farm/Tract Number: _____</p> <p>4. Dairy Operation Number: _____</p> <p>5. Coverage Year: _____</p>	
<p>PART A – GENERAL INFORMATION</p>			
<p>6. Dairy Operation Name and Address</p>		<p>7. Type of Action:</p> <p><input type="checkbox"/> New Contract <input type="checkbox"/> Annual Coverage Election <input type="checkbox"/> Successor-In-Interest</p> <p><input type="checkbox"/> Contract Revision <input type="checkbox"/> Retirement <input type="checkbox"/> Permanent Dissolution</p>	
<p>8. Does the dairy operation currently produce and commercially market milk?</p>		<p>YES</p> <input type="checkbox"/>	<p>NO</p> <input type="checkbox"/>
<p>9. Do all dairy producers in the operation make contributions (including land, labor, management, equipment, or capital) to the dairy operation, which are at least commensurate with their shares of the proceeds of the operation? If "NO", indicate which producer(s) are not commensurate in Part F.</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>10. Do any of the producers collectively have more than a 50% interest in both this dairy operation and another dairy operation that is covered under MPP - Dairy? (Not applicable to CY 2014/2015 election period).</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>11. Does the dairy operation currently have a policy under RMA's Livestock Gross Margin for Dairy Program (LGM-Dairy)? If "NO", skip to Part B.</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>12. If "YES" to Item 11, what is the last month/year of target marketings insured under your LGM-Dairy policy?</p>		<p>(MM-YYYY)</p>	
<p>PART B – COVERAGE LEVEL THRESHOLD ELECTION</p>			
<p>13. Check one desired level:</p> <p><input type="checkbox"/> \$4.00 <input type="checkbox"/> \$5.50 <input type="checkbox"/> \$7.00</p> <p><input type="checkbox"/> \$4.50 <input type="checkbox"/> \$6.00 <input type="checkbox"/> \$7.50</p> <p><input type="checkbox"/> \$5.00 <input type="checkbox"/> \$6.50 <input type="checkbox"/> \$8.00</p>			
<p>PART C – COVERAGE LEVEL PERCENTAGE ELECTION</p>			
<p>14. Check one desired level:</p> <p><input type="checkbox"/> 25% <input type="checkbox"/> 40% <input type="checkbox"/> 55% <input type="checkbox"/> 70% <input type="checkbox"/> 85%</p> <p><input type="checkbox"/> 30% <input type="checkbox"/> 45% <input type="checkbox"/> 60% <input type="checkbox"/> 75% <input type="checkbox"/> 90%</p> <p><input type="checkbox"/> 35% <input type="checkbox"/> 50% <input type="checkbox"/> 65% <input type="checkbox"/> 80%</p>			
<p>PART D – ESTABLISHED PRODUCTION HISTORY (For County Office Use Only)</p>			
<p>15. Enter production history for the dairy operation from Part D, Item 15 of the CCC-781:</p>			<p>lbs.</p>
<p>PART E – CALCULATED PREMIUM AND PREMIUM PAYMENT OPTIONS (For County Office Use Only)</p>			
<p>16. Calculated Premium Amount</p>	<p>17. Select the desired premium payment option below:</p>	<p>18. Calculated Totals</p>	
<p>\$</p>	<p><input type="checkbox"/> 100% of Calculated Premium</p>	<p>A. Administrative Fee due by end of election period</p>	<p>\$ 100.00</p>
	<p><input type="checkbox"/> Alternative Amount (Must be 25% or more of calculated premium due no later than February 1 of the applicable calendar year of coverage). \$</p>	<p>B. Premium Minimum (Due by February 1 of the applicable year of coverage.)</p>	<p>\$</p>
		<p>C. Remaining Balance (Due no later than June 1 of the applicable year of coverage.)</p>	<p>\$</p>
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>			

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

CCC-782 (08-28-14)

Page 2

PART F – CERTIFICATION AND SIGNATURES

This Contract to participate in the Margin Protection Program (MPP-Dairy) for dairy producers is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-782 Appendix, entitled "Appendix to Form CCC-782 Margin Protection Program" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Margin Protection Program for the stipulated contract period from the date the Contract is executed by the CCC. As such, the participant will be legally obligated to pay the annual administrative fee for the duration of the MPP-Dairy program and all associated premiums for buy-up coverage elected by the participant. The participant also agrees to the coverage threshold and coverage level percentage elected above for the applicable calendar year of coverage and further understands that a coverage election must be made annually on form CCC-782 for the duration of the MPP-Dairy program during the open election periods designated by the CCC. By signing below, the Participant (1) agrees to the established production history in Part D; (2) acknowledges receipt of the CCC-782 Appendix, and agrees to abide by the terms and conditions contained therein; and (3) agrees to comply with the regulations governing the applicable program eligibility. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability. The terms and conditions of this contract are contained in this form CCC-782 and in the CCC-782 Appendix and any addendum thereto. The Participant also agrees to not receive benefits under the Livestock Gross Margin program for dairy while participating in the Margin Protection Program for dairy producers. Payments under the MPP-Dairy program may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount. **BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE THAT A PRODUCTION HISTORY ESTABLISHMENT FORM CCC-781 WAS COMPLETED BY AN AUTHORIZED REPRESENTATIVE OF THE DAIRY OPERATION ABOVE AND ACKNOWLEDGE THAT THE PRODUCTION HISTORY ESTABLISHED AND ENTERED ABOVE WILL BE USED FOR THE DURATION OF THE PROGRAM IN ACCORDANCE WITH REGULATIONS AT 7 CFR PART 1430, SUBPART C.**

19. Signature of Producer (By)	20. Title/Relationship of the Individual Signing in the Representative Capacity	21. Date (MM-DD-YYYY)	22. Share %	23. Commensurate		24. Refuse Payment		25. Point of Contact
				NO	YES	YES	NO	
				<input type="checkbox"/>				
				<input type="checkbox"/>				
				<input type="checkbox"/>				
				<input type="checkbox"/>				
				<input type="checkbox"/>				

PART G – CCC ACCEPTANCE AND APPROVAL

26A. COC or Designee Signature	26B. Date (MM-DD-YYYY)	26C. <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved
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27. Remarks

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions

The following is an example of CCC-782 Appendix.

This form is available electronically.

<p>CCC-782 APPENDIX (08-28-14)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Cooperation</p> <p>MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS Terms and Conditions</p>
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The Margin Protection Program for Dairy Producers Program (MPP-Dairy) is administered by the Commodity Credit Corporation (CCC) through the Farm Service Agency (FSA) under secs. 1401-1410 of the Agricultural Act of 2014 (7 U.S.C. 9051-9060, Pub. L. 113-79) (2014 Farm Bill). All provisions of the Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election Application and rights and responsibilities of the parties are specifically subject to the 2014 Farm Bill. We will use the procedures (handbooks, manuals, and notices), as issued by USDA and published on the FSA website at <http://www.fsa.usda.gov> in the administration of the Contract and Annual Coverage Election Application, including provisions regarding the establishment of production history provided hereunder.

TERMS AND CONDITIONS

1. Definitions.

Actual Dairy Production Margin - means the difference between the all-milk price and the average feed cost.

Administrative County Office - means the County Office designated by FSA to make determinations, handle official records, and issue payments to producers.

Administrative Fee - means a non-refundable fee of \$100.00 required to be paid annually through December 31, 2018, by all participating dairy operations to CCC.

Administrator - means the FSA Administrator.

All-Milk Price - means the average price received, per hundredweight of milk, by all dairy operations for all milk sold to plants and dealers in the United States, as determined by the Secretary.

Annual Coverage Election Period - means the period, each calendar year established by the Deputy Administrator, for a dairy operation to register initially to participate in MPP-Dairy, pay associated administrative fees, and applicable premiums, or if already registered as a participating dairy operation, to make annual coverage elections for an applicable calendar year.

Average Annual Growth - means any increase in US milk production determined annually by FSA that will be applied annually to the established production history of a participating dairy operation.

Average Feed Cost - means the national average cost of feed used by a dairy operation to produce a hundredweight of milk, determined using the sum of the following:
1.0728 multiplied by the monthly price of corn per bushel.
0.00735 multiplied by the monthly price of soybean meal per ton.
0.0137 multiplied by the monthly price of alfalfa hay per ton.

Buy Up Margin Protection - means margin protection coverage for a margin protection level above \$4 per cwt of milk.

CCC - means the Commodity Credit Corporation of the U.S. Department of Agriculture.

Catastrophic Level or CAT - means the lowest level of margin coverage, \$4.00 per cwt on 90% of production history for the annual administrative fee of \$100.

Consecutive 2-Month Period - means a 2-month period consisting of the months of January and February, March and April, May and June, July and August, September and October, or November and December, respectively.

Contract - means the terms and conditions to participate in MPP-Dairy as executed on a form prescribed by CCC and required to be completed by the producers in the dairy operation and accepted by CCC, including any contract modification made in an annual election period before coverage for the applicable calendar year commences.

Contract Period - means a period ending on December 31, 2018, with annual election periods provided for contract modifications, including coverage level changes for the applicable calendar year.

County Committee or COC - means the FSA county committee.

County Office - means the FSA office responsible for administering FSA programs for farms located in a specific area in a State.

Coverage Level Percentage - means the percentage level of coverage elected by the participating dairy operation ranging from 25 percent to 90 percent, in 5 percent increments.

Coverage Level Threshold - means the margin level trigger selected by the participating dairy operation, ranging from \$4.00 to \$8.00, in \$0.50 increments.

Covered Production History - means the production history of the dairy operation multiplied by the coverage percentage selected by the participating dairy operation.

Dairy Operation - means a dairy operation as defined pursuant to the criteria and procedures under the Milk Income Loss Contract (MILC) Program or any dairy facility that was part of a single dairy operation that participated in the MILC program as of February 7, 2014, that consists of one or more dairy producers that produce and market milk commercially produced from cows as a single unit in which each dairy producer: (1) is at risk in the production of milk in the dairy operation; (2) contributes land, labor, management, equipment, or capital to the dairy operation which are at least commensurate with the individual or entity's share of the proceeds of the operation; and (3) whose production facilities are located in the United States. Operations that are determined to be "new operations" under this program will be subject to an affiliation test under these terms and conditions if the operation elects to participate in MPP-Dairy separately. The Deputy Administrator for FSA or designee will determine additional dairy operations that operate in a manner that is separate and distinct.

Page 1 of 6

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

CCC-782 Appendix (08-28-14)

Page 2 of 6

Deputy Administrator - means the Deputy Administrator for Farm Programs (DAFP) or designee.

Farm Service Agency or FSA - means the Farm Service Agency of the U.S. Department of Agriculture and is responsible for administering MPP-Dairy.

Full Month of Production - is established when a dairy operation has produced milk each day of the corresponding calendar month.

Hundredweight or cwt - means 100 pounds.

Livestock Gross Margin-Dairy (LGM-Dairy) - means the risk management insurance program for dairy producers offered by the Federal Crop Insurance Corporation.

Margin Protection Program for Dairy Producers or MPP-Dairy - means a voluntary risk management program authorized by the Agricultural Act of 2014 offering risk protection against low margins resulting from a combination of low milk prices and high feed costs for participating dairy operations.

Marketed Commercially or Commercially Marketed - means selling whole milk to either the market to which the dairy operation normally delivers and receives monetary compensation or other similar markets as determined by the Deputy Administrator.

Milk Income Loss Contract or MILC - means the program established under section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and regulations in 7CFR Part 1430, Subpart B.

Milk Marketing - means a sale of milk for which there is a verifiable production record of milk marketed commercially.

MPP-Dairy Payment - means a payment made to an eligible participating dairy operation when the national margin falls below the operation's selected margin trigger for a consecutive 2-month period.

New Dairy Operation - means any dairy operation that did not commercially market milk at least 12 full months as of February 7, 2014.

Open Coverage Election Period - means the period, each calendar year, established by the Deputy Administrator, for a participating dairy operation to either register to participate in the MPP-Dairy program, pay associated administrative fees and applicable premiums, or to make annual coverage elections or change annual coverage elections for an applicable calendar year.

Participating Dairy Operation - means a dairy operation that registers to participate in MPP-Dairy.

Producer - means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien in the United States, and who directly or indirectly, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital) to the dairy operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation as determined by the Deputy Administrator.

Production History - means the highest level of annual milk production during the calendar year 2011, 2012 or 2013 determined for a dairy operation when the participating dairy operation registers in MPP-Dairy. For participating dairy operations in operation less than a year, they shall elect one of the following methods to determine production history: (1) The

volume of actual milk marketings for the months in operation extrapolated to a yearly amount; or (2) An estimate of actual milk marketings of the participating operation based on the operation's herd size relative to the national rolling herd average data. The production history is a term used to define the established annual volume of milk marketing for a participating dairy operation used throughout the duration of the MPP-Dairy to calculate premiums and MPP-Dairy payments. This base is established using the production history of the dairy operation and is determined upon initial application for MPP-Dairy.

Retired Dairy Operation - means a dairy producer commercially producing and marketing milk insured under a MPP-Dairy Contract who has ended active participation in the dairy operation.

Rolling Herd Average - means the data established by the National Agricultural Statistics Service annually.

Secretary - means the Secretary of Agriculture or any other officer or employee who has delegated the authority to act in the Secretary's stead with respect to MPP-Dairy.

Seasonal Dairy - means an operation that markets milk on a fixed annual schedule less than 12 months with planned periods of no production.

United States - means the 50 States of the United States of America, the District of Columbia, American Samoa, Guam, The Commonwealth of the Northern Mariana Islands, The Commonwealth of Puerto Rico, the Virgin Islands of the United States, and any other territory or possession of the United States.

Verifiable production records - mean evidence that is used to substantiate the amount of production marketed and that can be verified by CCC through an independent source.

2. Eligibility.

- a) By signing the MPP-Dairy Contract and Annual Coverage Election the participant certifies that such participant produces milk from cows in the United States and is in the business of commercially marketing such production at the time of registration and each annual coverage election.
- b) The participant agrees to provide evidence of such production commercially marketed by all persons in the participating dairy operation to establish total pounds of production history that will be converted to hundredweight and subsequently used to determine payment eligibility based on the amount of coverage selected by the dairy operation.
- c) The dairy operation must comply with highly erodible land and wetland conservation provisions set out at 7 CFR Part 12, and all other provisions prescribed in the MPP-Dairy regulations at 7 CFR Part 1430, Subpart A.
- d) The dairy operation must agree to not participate in the Livestock Gross Margin for Dairy (LGM-Dairy) Program administered by the Risk Management Agency except that during the 2014 and 2015 registration and coverage election period for MPP-Dairy, dairy operations already enrolled in LGM-Dairy may sign up for MPP-Dairy; however the coverage under MPP-Dairy will not become effective until after the target month of marketings under LGM-Dairy has ended or the dairy operation provides proof that the LGM-Dairy

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

CCC-782 Appendix (08-28-14)

Page 3 of 6

policy has been cancelled.

- e) In order to receive coverage and a potential payment under MPP-Dairy the dairy operation must have submitted a contract during the applicable registration and coverage election period for the applicable calendar year of coverage. The operation must also annually pay required administration fees for participation in MPP-Dairy and any premiums, if applicable.

3. Restrictions on Payments

- a) Any producer who enters into a MPP-Dairy contract with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) shall be ineligible to receive monthly payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract. A dairy operation with ineligible foreign persons as members will have any payment reduced by the proportional share of such members.
- b) Federal agencies and States, including all agencies and political subdivisions of a State, are not eligible for payments under MPP-Dairy.

4. Dairy Operation Determination

- a) A dairy operation that enters into a MPP-Dairy contract with CCC that was previously part of a single operation that was eligible for and participated in the Milk Income Loss Contract (MILC) program administered FSA as of February 7, 2014, will be classified in the same manner under MPP-Dairy. All other dairy operations must meet the requirements of a separate and distinct dairy operation, as established by FSA State Committee criteria under the MILC program.
- b) A participating dairy operation that purchases or forms a new dairy operation will be subject to an affiliation rule that restricts the new operation from being determined a separate and distinct dairy operation under MPP-Dairy if producers that collectively own more than 50 percent interest of the new dairy operation also collectively own more than 50 percent interest in another dairy operation registered in MPP-Dairy.
- c) A single dairy operation operated by more than one dairy producer will be treated as a single dairy operation for MPP-Dairy purposes. A producer who owns more than one eligible dairy operation determined to be separate and distinct by FSA may participate separately for each dairy operation.

5. Establishing Production History Under MPP-Dairy

- a) A dairy operation in the business of producing and commercially marketing milk as of February 7, 2013, agrees to establish production history based on the annual milk marketings from the highest of the 2011, 2012, or 2013.
- b) A dairy operation that begins to produce and market milk after February 7, 2013, will be considered a new dairy operation and production history for such new

dairy operation will be determined by either one of the two following methods, at the election of the dairy operation:

- 1) Extrapolated from actual production data for the first calendar year with at least one full month of production history, adjusted using a national seasonality index to calculate a yearly amount of production; or
 - 2) Estimated based on the herd size of the dairy operation relative to the national rolling herd average production data published by USDA.
- c) The production history must be established on a form prescribed by CCC. The amount established is assigned to the participating dairy operation, not to an individual producer, and will be adjusted by an annually announced adjustment factor to reflect annual changes in the national average milk production.
- d) The established production history of a participating dairy operation that sells or changes ownership of the operation will stay with that operation and be assigned to the new owner.
- e) The established production history of a participating dairy operation that relocates or otherwise moves their operation to another location will transfer to the new location. If the new location has existing production history, the production history may be reconstituted combining the production history of the relocated operation and the new location to the new location and becomes available for the next calendar year of coverage.
- f) An increase in established production history, except as provided in (c), is prohibited. Only in cases where a dairy producer purchases a dairy operation with no established production history can a new history be established, subject to the affiliation rule set out in section 4a that prohibits a new dairy operation that is affiliated with a registered dairy operation under MPP-Dairy from being treated as a separate dairy operation under MPP-Dairy.
- g) Producers of more than one dairy operation that separately participate in MPP-Dairy may transfer the established production histories of these dairy operations into a previously unregistered dairy operation.
- h) FSA may reestablish production history, provided that the production history has not been transferred, in the case of the retirement of a producer in a solely owned dairy operation or the dissolution of a participating dairy operation.
- i) All producers in the participating dairy operation are required to provide adequate proof of the dairy operation's quantity of milk commercially marketed, to establish the production history for the dairy operation. All information provided is subject to verification, spot check, and audit by FSA.

6. Coverage Levels

- a) MPP-Dairy provides catastrophic level coverage at a \$4.00 coverage level threshold on a coverage level percentage of 90 percent of the dairy operations

**CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
(Continued)**

production history for an administrative fee of \$100. Buy-up margin protection is also available for a premium in addition to the administrative fee. Amounts of coverage and premiums vary based on producer selections.

- b) At the time of registration and annually thereafter, producers in a participating dairy operation must select a coverage level threshold between \$4.00 and \$8.00 (in \$.50 increments) and a coverage level percentage of production history from 25 percent to 90 percent (in 5 percent increments).
- c) Only one coverage level threshold and one coverage level percentage of production history can be selected per participating dairy operation for a calendar year of coverage.
- d) The coverage levels selected also cannot be split and all producers in a participating dairy operation must agree to the coverage levels selected.
- e) Registered dairy operations may change their levels of coverage annually during the annual coverage election period but cannot drop coverage altogether, except in cases where a producer is retiring, dies, or the operation goes out of business.
- f) Coverage level elections must be submitted on an authorized form by the end of the initial registration or annual coverage election period.
- g) In the event a participating dairy operation fails to make a coverage election, the dairy operation will remain obligated to pay the annual administrative fee through 2018.

7. Margin Coverage

Payments are issued to dairy operations when the actual dairy production margin is at a level that is below the participating dairy operation's elected coverage level threshold. MPP-Dairy does not provide coverage for the death or loss or destruction of your dairy cattle, or against any unexpected decline in milk production, or in other loss or damage of any kind whatsoever.

8. Registration and Coverage Election

- a) Registration of a dairy operation under MPP-Dairy results in a multi-year contract between CCC and the dairy operation.
- b) A dairy operation agrees to pay an administrative fee of \$100 at registration and annually thereafter for the duration of the MPP-Dairy program by the close of each coverage election period. Non-payment of the annual administrative fee by the close of the annual coverage election period is considered an incomplete contract and the participation request for coverage under MPP-Dairy will not be approved.
- c) Once the coverage election period for an applicable calendar year of coverage has ended, a dairy operation's election of coverage becomes final and can only be changed for the next calendar year of coverage during the next coverage election period.
- d) All producers in a dairy operation must agree to register the operation for the program in order for that operation to be eligible for MPP-Dairy coverage.
- e) Dairy operations must agree to carry MPP-Dairy coverage for the duration of the program.

- f) Dairy operations must register and make coverage elections on a CCC prescribed form and submit completed contracts and supporting documentation to the administrative county FSA office during the annual coverage election period established by the Deputy Administrator. Registration requests and coverage elections submitted after the applicable allowed time for submission will not be considered, except following the first 90 calendar days from the date on which a new dairy operation first commercially markets milk, the new dairy operation may register or otherwise wait until the next registration and coverage election period is announced.
- g) To receive coverage under MPP-Dairy, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than one separate and distinct operation, the producer shall register each operation separately for each operation to be eligible for coverage.
- h) If a participating dairy operation fails to file an update of its coverage election during the annual election coverage period, the coverage level will be reduced to the catastrophic level coverage, but such coverage will only be provided if the participating dairy operation timely pays the annual administrative fee for the relevant calendar year.
- i) All producers in a participating dairy operation must sign and certify to all submissions made under MPP-Dairy that relate to the registration and level of coverage. All information provided is subject to verification and FSA may require a dairy operation to provide verifiable documentation, to the satisfaction of the FSA county office committee. If the dairy operation does not provide, to the satisfaction of FSA, documentation requested to substantiate the eligibility or registration of the dairy operation, including but not limited to documents pertaining to establishing production history of the dairy operation, then the registration will not be approved.

9. Premium or Buy-Up Coverage

- a) Coverage level thresholds (margin triggers) above \$4.00 require payment of a premium at a rate established by the 2014 Farm Bill that corresponds to coverage level percentage elected by the dairy operation on the first 4 million pounds (40,000 cwt) of covered production history and covered production history above 4 million pounds (40,000 cwt). The premium will be determined based on the dairy operation's election of the coverage level threshold and coverage level percentage.
- b) Premiums for the first 4 million pounds of eligible covered production history will be reduced by 25 percent for each of calendar years 2014 and 2015, except at the \$8.00 coverage level.
- c) Premiums per cwt in 2014 and 2015 for the covered production history that is 4 million pounds or less, with 25 percent premium reduction applied, are as follows:

**CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
(Continued)**

CCC-782 Appendix (08-28-14)

Page 5 of 6

\$4.00.....	None
\$4.50.....	\$0.008
\$5.00.....	\$0.019
\$5.50.....	\$0.030
\$6.00.....	\$0.041
\$6.50.....	\$0.068
\$7.00.....	\$0.163
\$7.50.....	\$0.225
\$8.00.....	\$0.475

- d) Premiums per cwt for years after 2015 for the covered production history that is 4 million pounds or less are as follows:

\$4.00.....	None
\$4.50.....	\$0.010
\$5.00.....	\$0.025
\$5.50.....	\$0.040
\$6.00.....	\$0.055
\$6.50.....	\$0.090
\$7.00.....	\$0.217
\$7.50.....	\$0.300
\$8.00.....	\$0.475

- e) Premiums per cwt for all years of t MPP-Dairy for the part of covered production history that is over 4 million pounds are as follows:

\$4.00.....	None
\$4.50.....	\$0.020
\$5.00.....	\$0.040
\$5.50.....	\$0.100
\$6.00.....	\$0.155
\$6.50.....	\$0.290
\$7.00.....	\$0.830
\$7.50.....	\$1.060
\$8.00.....	\$1.360

- f) A new dairy operation that first registers to participate in MPP-Dairy for a calendar year after the start of the calendar year is only required to pay a pro-rated premium for that calendar year that is based on the portion of the calendar year for which the participating dairy operation is eligible and for which it purchases coverage.
- g) The dairy operation must pay a minimum of 25 percent of the amount of the total premium no later than February 1 of the calendar year of coverage with the balance of the premium due no later than June 1 of the applicable calendar year of coverage.
- h) Premium balances due, but not in arrears, prior to June 1 will be deducted from any MPP-Dairy payment(s) made to the participating dairy operation during the applicable calendar year of coverage.
- i) A participating dairy operation with an unpaid premium balance after June 1 for a calendar year of coverage will lose eligibility for coverage until such premium is paid in full. Coverage will resume with the next consecutive 2-month period and any MPP-Dairy payment for months when coverage was lost will not be paid.

- j) The Deputy Administrator may waive the obligation to pay the premium, or refund the premium paid, of a participating dairy operation for a calendar year, in cases that include, but are not limited to, as determined by the Deputy Administrator, death, retirement, permanent dissolution of a participating dairy operation, or other circumstances determined by the Deputy Administrator.

10. Determining Payment

- a) MPP-Dairy payments for a dairy operation are based on a coverage level and percentage of coverage annually elected by a participating dairy operation.
- b) An MPP-Dairy payment will be made to a participating dairy operation for any consecutive 2-month period when the average actual dairy production margin for the consecutive 2-month period falls below the coverage level threshold in effect for the participating dairy operation.
- c) USDA will calculate the actual dairy production margin using the national all-milk price minus the national average feed cost based on prices and feed rations provided in the regulations at 7 CFR 1430.110.
- d) The MPP-Dairy payment to an eligible dairy operation for the qualifying 2-month period will equal the product obtained by multiplying the amount by which the coverage level in effect for the participating dairy operation exceeds the average actual dairy production margin for the applicable 2-month period by the coverage percentage in effect; and the production history of the dairy operation divided by 6.
- e) If a dairy operation is participating in LGM-Dairy, the operation will not be eligible to receive an MPP-Dairy payment until after LGM-Dairy coverage has ended during the 2014 or 2015 transition period.

11. Coverage Period

- a) Coverage begins on the covered production history on January 1 of the applicable calendar year of coverage and ends on December 31 of that same year for participating dairy operations registering during the preceding registration and annual coverage election period, except for calendar year 2014 in which, coverage begins on September 1, 2014, and ends on December 31, 2014.
- b) Coverage for new dairy operations registering after a registration and annual coverage election period has ended, but within the first 90 days that the operation begins to produce and commercially market milk will begin with the next consecutive 2-month period.
- c) Coverage for the month 2-consecutive periods of January and February, March and April, May and June, July and August, September and October, or November and December cannot be split.

12. Duration of Participation

- a) Participating dairy operations registered in MPP-Dairy are enrolled in the program until December 31, 2018. As such, a participating dairy operation is obligated to pay the initial and annual administrative fees and applicable premiums each succeeding calendar year

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

CCC-782 Appendix (08-28-14)

Page 6 of 6

following the date the contract is first entered into through December 31, 2018.

- b) If a participating dairy operation goes out of business before December 31, 2018, the contract will be terminated immediately, except with respect to payments accrued to the benefit of the participating dairy operation before such termination.

13. Contract Modifications

- a) Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in MPP-Dairy. Changes include, but are not limited to death of a producer on the contract, producer joining the operation, producer exiting the operation, relocation of the dairy operation, transfer of shares by sale or other transfer action, or dairy operation reconstitution.
- b) Payment of any outstanding premium or administrative fee for a participating dairy operation must be paid in full before a transfer of shares by sale or any other change in producers on the contract originally submitted to FSA may take effect. Otherwise, producer changes will not be recognized until the following annual open coverage election period and only if at that time all associated premiums and administrative fees from any previous calendar year of coverage have been paid in full.
- c) In the event that a statute is enacted during the duration of this contract which would materially change the terms and conditions of this contract, CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.
- d) CCC may modify a contract under MPP-Dairy if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.

14. Termination of Contract

- a) If a participating dairy operation fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such operation to refund, with interest, payments received under this contract, or require the operation to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC. Interest shall run on all refunds from the date of CCC disbursement.
- b) If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of establishing a new production history or to circumvent applicable premium rates under MPP-Dairy, the operation will be considered in violation of their contract and subject to termination according to this section.

15. Corrections

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

16. Erroneous Representation and Scheme and Device

- a) A participant who is determined to have erroneously represented any fact affecting a determination with respect to this contract and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this contract and the participant must refund to CCC all payments received by such participant, plus interest with respect to the contract.
- b) Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this contract will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.
- c) The remedies provided under this section shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

17. Failure to Pay Fees

- a) A participating dairy operation that fails to pay a required administrative fee or premium payment due upon application to MPP-Dairy or for a calendar year of coverage will remain legally obligated to pay such administrative fee or premium, as applicable, and upon such failure to pay when due, loses coverage under MPP-Dairy until such administrative fee or premium is paid in full and once paid, coverage will begin with the next consecutive 2-month period.
- b) CCC may take such actions as necessary to collect unpaid administrative fees and premium payments.

18. Regulations to Prevail to the Extent They Are Not Superseded by the Agricultural Act of 2014

The regulations in 7 CFR Part 1430, Subpart A, for MPP-Dairy are incorporated herein. In the event of a conflict between the regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this Appendix) and the program regulations.

19. Sequestration

Payments under the MPP-Dairy may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. If a payment reduction is required, FSA will reduce the payment by the required amount.