

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice MPP-43

For: State and County Offices

**Margin Protection Program for Dairy Producers (MPP-Dairy)
2016 Premium Balance Due Letters**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

As provided by 1-MPP, subparagraph 47 A, premium fees for buy-up coverage for 2016 were due September 1, 2016. However, notification letters of the premium balances due were mailed on September 16, 2016. Therefore, additional time has been allotted to pay the premium balance.

The premium balance notification letters will allow producers with a premium balance to remit payment to the County FSA Office within 30 calendar days from receipt of the notification letter.

B Purpose

This notice informs State and County Offices of the following:

- the communication method to notify participating dairy operations with buy-up coverage of their 2016 premium balance due
- impact of being in arrears if the 2016 premium balance is not paid
- special notification to dairy operations that performed a succession-in-interest transfer
- when receivables for outstanding 2016 premium balances must be established.

C Contact

If there are questions about this notice, State Offices shall contact either of the following in PSD according to this table.

Name	Telephone	E-mail
Dani Cooke	202-720-1919	danielle.cooke@wdc.usda.gov
Angela Payton	202-720-0482	angela.payton@wdc.usda.gov

Disposal Date

April 1, 2017
9-26-16

Distribution

State Offices; State Offices relay to County Offices

2 MPP-Dairy 2016 Premium Balances

A 2016 Outstanding Premium Balance Due Notification Letters

The National Office, through KC, sent a notification letter (Exhibit 1) on September 16, 2016, to dairy operations with an outstanding premium balance requesting full payment of the 2016 premium **no later than 30 calendar days from receipt** of the notification letter. A spreadsheet of the dairy operations that received premium reminder letters was emailed to the State Specialists.

B Impact of Premium Balances in Arrears

Failure to pay the applicable 2016 premium fees within 30 calendar days from receipt of the outstanding premium balance due notification letter by the producer will result in the following:

- coverage reduction to CAT level for the remainder of the 2016 calendar year of coverage
- loss of MPP-Dairy payments triggered at the buy-up level beginning with the September/October 2016 payments, if available
- loss of eligibility for buy-up coverage for the 2017 coverage year, if still in arrears by the end of the 2017 registration and coverage election period
- establishment of a receivable for the amount due on November 1, 2016.

A dairy operation that is still in arrears on or after the close of the 2017 registration and coverage election period (December 16, 2016) will not be eligible to receive the national production history bump adjustment for the 2018 calendar year of coverage, unless all of the following actions are completed on or before November 1, 2017:

- payment of the outstanding 2016 receivable for the premium balance
- 2017 administrative fee
- submission of CCC-782 at CAT-level for 2017.

C Special Notification Letters of Premium Balances Due to Successors and Predecessors

As provided by 1-MPP, subparagraph 24 B, a succession-in-interest production history transfer must have all associated premiums paid in full before the transfer can be approved. In many instances, County Offices approved a succession-in-interest production history transfer request before full payment of the premium. However, the original contract holder (predecessor) remains obligated to pay the premium balance and must be notified of the outstanding premium balance due.

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2 MPP-Dairy 2016 Premium Balances (Continued)

C Special Notification Letters of Premium Balances Due to Successors and Predecessors (Continued)

On September 16, 2016, the National Office sent a notification letter to the following:

- predecessor dairy operations (Exhibit 2) of a succession-in-interest transfer with an outstanding premium balance requesting full payment of the 2016 premium **no later than 30 calendar days from receipt** of the notification letter
- successor dairy operations (Exhibit 3) to notify them that if the premium balance is not paid by the predecessor, the successor's coverage will be reduced to CAT level for the remainder of the 2016 coverage year.

Note: County Offices may accept payment of the premium balance from the successor on behalf of the predecessor to avoid reduction in the successor's coverage.

A spreadsheet of the dairy operations that received premium reminder letters was emailed to the State Specialists.

D Establishing Receivables for Outstanding 2016 Premium Balances

County Offices must establish a manual receivable in NRRS for an outstanding 2016 premium balance on November 1, 2016. Additional guidance will be forthcoming to establish the manual receivable.

3 Action

A State Office Action

State Offices shall ensure that County Offices:



- are immediately informed of the contents of this notice
- 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 forward questions about the contents of this notice to the State Office MPP-Dairy specialist.


Outstanding 2016 Premium Balance due Notification Letter

The following is an example of the letter to notify dairy operations of the 2016 premium balance due.

 United States Department of Agriculture	
Farm and Foreign Agricultural Services	<u>(Date)</u>
Farm Service Agency	<u>(Producer)</u> <u>Address</u> <u>City, State Zip</u>
County Office Name FSA Office Address City, <u>ST</u> , Zip Code	Dear <u>(Producer)</u> ,
	<p>According to the Farm Service Agency (FSA) records, your dairy operation registered for coverage under the 2016 Margin Protection Program for Dairy Producers (MPP-Dairy) program. This is a reminder letter that you have an outstanding premium of <u>\$(Dollar Amount)</u>.</p> <p>If the remaining premium is not paid in full within 30 calendar days after you receive this notice your coverage will be reduced to the catastrophic (CAT) level for the remainder of the 2016 coverage year beginning with the September/October payment, if available. This will change your margin trigger to \$4.00 on 90 percent of your dairy operation's established production history. In addition, your dairy operation will not be eligible for buy-up coverage for 2017. You remain legally obligated to pay the premium for the 2016 coverage year and the annual \$100 administrative fees for the 2017 and 2018 MPP-Dairy programs.</p> <p>After coverage has been reduced to CAT level, eligibility for premium buy-up coverage for 2017 can only be reinstated if the premium is paid in full on or before December 16, 2016, which is the end of the 2017 annual registration and coverage election period.</p> <p>Please submit payment through the <u>(County Office)</u> County FSA office. If payment has already been submitted, please disregard this notice. If your milk handler has registered with FSA to remit your premium payment on your behalf, your milk handler will also receive a reminder letter of your outstanding premium balance due. For more information or if you have any questions, please contact this office at <u>(County Office Address)</u> or telephone at <u>(Telephone Number)</u>.</p> <p>Sincerely,</p> <p>County Executive Director </p>
<small>An Equal Opportunity Provider and Employer</small>	

Outstanding 2016 Premium Balance due Notification Letter to Predecessor of Succession-In-Interest Transfer


The following is an example of the letter to notify predecessor dairy operations of a succession-in-interest transfer with an outstanding 2016 premium balance of the amount and due date.

 United States Department of Agriculture	
Farm and Foreign Agricultural Services Farm Service Agency	<u>(Date)</u> <u>(Predecessor Producer)</u> <u>Address</u> <u>City, State Zip</u>
County Office Name FSA Office Address City, ST, Zip Code	Dear <u>(Producer)</u> , According to the Farm Service Agency (FSA) records, your dairy operation selected buy-up coverage under the 2016 under the Margin Protection Program for Dairy Producers (MPP-Dairy). There is an outstanding premium balance for 2016 coverage of <u>\$(Dollar Amount)</u> . Although you have since transferred the coverage under the contract to another dairy operation, you as the original contract holder remain legally obligated to pay the remaining premium balance. If the premium is not paid in full within 30 calendar days after you receive this notice , FSA will proceed with actions to collect the premium balance from you. Please submit payment through the <u>(County Office)</u> County FSA office. If payment by you or the dairy operation that succeeded to the contract has already been submitted, please disregard this notice. For more information or if you have any questions, please contact this office at <u>(County Office Address)</u> or telephone at <u>(Telephone Number)</u> . A letter has also been sent to the dairy operation that you transferred coverage notifying them of the premium balance due. Sincerely, County Executive Director

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Outstanding 2016 Premium Balance due Notification Letter to Successor of Succession-In-Interest Transfer

The following is an example of the letter to notify successor dairy operations of a succession-in-interest transfer that an outstanding premium balance is due on their 2016 coverage. If the outstanding balance is unpaid it could possibly result in a reduction in their 2016 coverage.

 United States Department of Agriculture	
Farm and Foreign Agricultural Services Farm Service Agency County Office Name FSA Office Address City, <u>ST</u> , Zip Code	<u>(Date)</u> <u>(Successor Producer)</u> <u>Address</u> <u>City, State Zip)</u> Dear <u>(Producer)</u> , According to the Farm Service Agency (FSA) records, your dairy operation succeeded to a contract under the 2016 Margin Protection Program for Dairy Producers (MPP-Dairy) from <u>(Name of Predecessor Dairy Operation)</u> . There is an outstanding premium balance for 2016 coverage of <u>\$(Dollar Amount)</u> . The original contract holder is obligated to pay the remaining balance. FSA will also accept payment of the 2016 premium balance from you to avoid any reduction in your coverage. However, if the premium is not paid in full within 30 calendar days after you receive this notice your coverage will be reduced to the catastrophic (CAT) level for the remainder of the 2016 coverage year. This will change your margin trigger to \$4.00 on 90 percent of your dairy operation's established production history. If you decide to pay the 2016 premium balance on behalf of the original contract holder, please submit payment through the <u>(County Office)</u> County FSA office. For more information or if you have any questions, please contact this office at <u>(County Office Address)</u> or telephone at <u>(Telephone Number)</u> . A letter has also been sent to the original contract holder notifying them of the premium due. Sincerely, County Executive Director

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