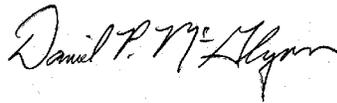


For: State and County Offices

**Interim Method to Issue FY 2003 Milk Income Loss Contract (MILC)
Transition Period Payments**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

Software was developed and released to the field October 11, 2002, to issue FY 2002 MILC transition period payments.

Software is currently being developed to pay the following:

- **monthly MILC payments**
- **transition MILC payments** for the FY 2003 transition period.

Until the additional software is released follow:

- **Notice PS-446** to pay monthly MILC payments
- **this notice** to pay FY 2003 transition MILC payments.

Important: MILC payments shall be issued using currently available software and these interim methods of payment. **Do not** wait to make payments for the software release. Software development may take several months.

B

Purpose

This notice provides information about the interim method to pay FY 2003 transition period MILC payments.

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Disposal Date October 1, 2003	Distribution State Offices; State Offices relay to County Offices
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1 Overview (Continued)

C

Critical Second Party Review

It is critical that a second party review be conducted on both payment calculations and payment entries to minimize errors. Conduct second party reviews to **verify** the following:

- calculation of FY 2002 portion of the transition period using option 1 on MILC -Processing Menu **PMD000** in APSS
- web-page payment calculations entries to compute each month included in the FY 2003 transition period

Note: Verify milk production pounds are entered correctly with:

- no:
 - extra digits in the number
 - missing digits in the number
 - transposed numbers
 - incorrect numbers
 - the correct monthly payment rate.
-

D

Effective Date for Interim MILC Payment Process

The interim MILC FY 2003 transition payment process is authorized for use upon receipt of this notice.

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1 Overview (Continued)

E

Important Limitation

This interim payment method is to be used **only** for FY 2003:

- monthly MILC payments
- transition period FY 2003 MILC payments.

Some FY 2002 transition period payments were made using:

- “0” for 1 or more of the end months because the production was not available
- incorrect production data
- incorrect producer data.

These types of corrections will be addressed in a forthcoming PS notice. Do **not** use code “02URGENT” to pay (correct) payments issued using option 1.

F

Tracking Registers

The following 2 **separate** registers shall be maintained.

- One register listing all MILC payments issued using code “02URGENT” indicating whether the code was used to issue a:
 - monthly MILC payment
 - FY 2003 transition MILC payment

Example: The following is an example of the MILC payments register using code “02URGENT”.

<u>Date</u>	<u>MILC #</u>	<u>Producer</u>	<u>Check/EFT Number</u>	<u>Amount</u>	<u>Type Payment</u>
11-27-02	178	I. M. Dairy	51145678	\$15,000.00	Monthly Contract
12-23-02	250	Dairy Prod.	51145694	\$10,000.00	Transition FY 2003

- One register in each MILC folder, tracking by FY, to ensure that the 2.4 million pound FY maximum is not exceeded.

For FY 2002, keep a copy of the printout of Screen PMD10500. For FY 2003, a manual register must be kept at this time.

Notice PS-455

2 Interim MILC FY 2003 Transition Payment Process

A

How to Calculate and Pay the 2002 Portion of Transition Payments Calculate and pay the FY 2002 portion of new MILC's using software now available in APSS according to the following.

Step	Action	Result
1	On Price Support - Main Menu PCA005 : <ul style="list-style-type: none"> • ENTER "10", "Perform Special Functions" • PRESS "Enter". 	Special Price Support - Processing Menu PCA000 will be displayed.
2	On Menu PCA000 : <ul style="list-style-type: none"> • ENTER "2", "Perform Dairy Market Loss Assistance (DMLA) Processing Functions" • PRESS "Enter". 	Special Price Support Functions - Processing Menu PMA005 will be displayed.
3	On Menu PMA005 : <ul style="list-style-type: none"> • ENTER "4", "Perform Milk Income Loss Contract (MILC) Functions" • PRESS "Enter". 	MILC - Processing Menu PMD000 will be displayed.
4	On Menu PMD000 : <ul style="list-style-type: none"> • ENTER "1", "Entering MILC Contract Data and Issuing Payment" • PRESS "Enter". 	Screens for entering December 2001 through September 2002 production and producer information will be displayed in sequence.

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2 Interim MILC FY 2003 Transition Payment Process (Continued)

A
How to Calculate
and Pay the 2002
Portion of
Transition
Payments
(Continued)

Step	Action	Result
5	<p style="text-align: center;">***Important Entry Information***</p> <p>Enter the production and producer information as follows:</p> <ul style="list-style-type: none"> • “10-01-02” as “Start Date” • “10-15-02” as “Approval Date” • “Y” to receive transition payment • “N” to select starting month • leave select starting month blank • “10-01-02” as date production evidence was received. 	<p>Production Summary Screen PMD10500 will display the following:</p> <ul style="list-style-type: none"> • each month’s payment rate • a summary total of payment due. <p>Note: Screen print this page.</p>
6	<p>On Screen PMD10500, PRESS “Enter” after screen print.</p>	<p>Payment Summary Screen PMD11000 will be displayed showing the total contract payment due. PRESS “Enter” to continue in the system and issue payment.</p>

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Notice PS-455

2 Interim MILC FY 2003 Transition Payment Process (Continued)

B

**How to Calculate
and Pay FY 2003
Transition
Payment
Amounts**

Calculate the FY 2003 portion of transition period payments using the “Monthly Payment Calculator” available at <http://www.fsa.usda.gov/dafp/psd/milc.htm>.

Payment rates are listed on the right side of this web-page by month. At the bottom of the web-page there is a “Payment Calculator”. **This is the same process used to calculate “monthly contract payments” but in this case is being used to calculate the “transition month payments”** included in the FY 2003 transition period. A **calculation** must be made **separately for each month** that is to be included in the FY 2003 transition payment. Follow these steps to calculate a payment amount:

- enter the milk production (in pounds)
- enter the payment rate for the applicable month
- click “Calculate” and the “Monthly Payment (\$)” will calculate.

Make entries according to the instructions at the bottom of the internet page.

- Enter only numeric values (no commas) for production pounds.
- Use decimal points where needed in the payment rate.

Record each month’s calculated payment amount in the applicable month by hand on CCC-580.

After completing the calculations for each month included in the FY 2003 portion of the transition payment, add each month together. Issue 1 check/EFT for the total FY 2003 transition payment using code “**02URGENT**”.

Example: The following is an example of transition payment amounts.

FY 2003 transition payment calculated for October	+	2,000.00
FY 2003 transition payment calculated for November	+	<u>2,000.00</u>
Total FY 2003 Transition Payment Amount		\$4,000.00

Issue a check/EFT using code “**02URGENT**” for \$4,000.00.

Record this transaction on the registers noted in subparagraph:

- 1 A to track use type for code “02URGENT”
- 1 C to track pounds by FY for the maximum pound limitation.

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2 Interim MILC FY 2003 Transition Payment Process (Continued)

C

Issuing Payments Payments will be issued using “Accounting” software. Issue payments according to the following table.

Step	Action	Result
1	On Application Selection Menu FAX07001 : <ul style="list-style-type: none"> • ENTER “1”, “Accounting” • PRESS “Enter”. 	Accounting Main Menu AAA000 will be displayed.
2	On Menu AAA000 : <ul style="list-style-type: none"> • ENTER “1”, “Disbursements/Check Writing” • PRESS “Enter”. 	Accounting - Check Writing Main Menu ANK000 will be displayed.
3	On Menu ANK000 : ENTER “1”, “On-line Check Writing” PRESS “Enter”.	Accounting Enter Check Writing Data Screen ANK31501 will be displayed.
4	On Screen ANK31501 , enter the following: <ul style="list-style-type: none"> • program code - “02URGENT” • issue date - (the date payment is made) • producer selection criteria. 	Accounting Enter Payment Data Screen ANK32510 will be displayed.
5	On Screen ANK32510 , enter the total calculated MILC FY 2003 transition period payment amount.	Screen ANK32510 will be redisplayed.
6	On Screen ANK32510 , enter contract information for reference, such as the following: <ul style="list-style-type: none"> • MILC payment for FY 2003 transition period payment • MILC payment contract number. 	Screen ANK32510 will be redisplayed. PRESS “Enter” if entries are correct. Screen ANK32510 will be redisplayed for a 2 nd validation, PRESS “Enter” if entries are correct. Screen ANK35010 will be displayed.
7	On Screen ANK35010 , PRESS “Enter”.	Accounting Interim Payment Process Screen ABK10001 will be displayed if the producer has a claim, receivable, or other payee flag in the NAM file. Otherwise, complete the payment process according to 3-FI.

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2 Interim MILC FY 2003 Transition Payment Process (Continued)

D
Assignments and
Joint Payments

Assignments and joint payments can be established using code "02MILC". These assignments or joint payments will be reduced **only** when payment is issued through the automated application.

To ensure that interim payments are issued to the assignee or joint payee(s), **establish** assignments and joint payments **using** the interim code "**02URGENT**". When payments are issued through Check Writing, the "02URGENT" assignment will be reduced.

The following is an example of interim "02URGENT" assignment establishment on Screen AZK10020.

Accounting	105 TANGIPAOA	Establish	AZK10020
Assignment/Joint Payment Screen	Version: AC87	12-23-2002 14:23	Term B1

Producer ID	444 44 4444 Type S Facility Code 00 Assignment CCC-36		
Name	JOHN DOE		
Place an 'X' by the applicable program			
Conservation Reserve			
Production Flexibility			
Loan Deficiency Payment			
Market Loss Assistance			
Direct and Counter Cyclical Program			
Oilseeds Program			
Tobacco Loss Assistance			
Grazing Payments			
Milk Income Loss Contract Program			
OR, Enter Program Code			
Other 02URGENT			
Enter=Continue Cmd4=Previous Screen Cmd7=End Help=Help Text			