

**For:** State Offices and Service Centers

**2001 Sugar Payment-in-Kind (PIK) Program Accepted Offers**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Eligible 2001 Sugar PIK Program offers transmitted to KC-ITSDO from FSA Service Centers were accepted based on:

- the “Ranking Percentage” of the offer being equal to or less than 87.9931
- all terms and provisions of CCC-744, CCC-744 Appendix, FR Notice, and program notices being met.

The amount of CCC inventory sugar available for the program is limited to 200,000 tons. Accordingly, offers were ranked based on the “Ranking Percentage” from lowest to highest until the 200,000 ton limit was reached.

**B**

**Purpose**

This notice provides State Offices and Service Centers with:

- sample letters used to notify producers with accepted offers
- additional guidance on:
  - withdrawing and modifying offers
  - approving CCC-744's.

<b>Disposal Date</b>	<b>Distribution</b>
April 1, 2002	State Offices; State Offices relay to Service Centers

## Notice SU-74

### 2 Producer Notification Overview

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#### A

##### Producer Notification

On September 28, 2001, a USDA press release announced that CCC would accept all offers with a "Ranking Percentage" of 87.9931 or less provided that the offer meets all other eligibility requirements.

On October 12, 2001, and October 15, 2001, the National Office notified producers whose offers were accepted in the 2001 Sugar PIK Program using a version of the letters provided in Exhibit 1.

**Important:** The letters in Exhibit 1 are for demonstration purposes only. Service Centers shall **not** send the letters, or any variation thereof, to any producer under any circumstances.

Offers with a "Ranking Percentage" above the 87.9931 cutoff level were not accepted. The National Office will notify applicable producers with rejected offers.

**Important: FSA Service Centers shall not send any letter to any producer about the acceptance or rejection of a 2001 Sugar PIK Program offer unless directed by DAFP.**

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#### B

##### Different Acceptance Letters

Some producers submitted offers for which the producer's share of the total offer amount exceeds the \$20,000 in-kind payment limitation. The \$20,000 in-kind payment limitation for 2001 Sugar PIK program is statutory. Accordingly, no producer will receive more than \$20,000 value of CCC-owned sugar.

All producers on an accepted offer in which at least one producer on the offer exceeded the \$20,000 in-kind payment limitation will receive an acceptance letter informing them of the following:

- their offer has been accepted as submitted
- at least 1 producer on the offer has exceeded the \$20,000 in-kind payment limitation
- no producer shall receive more than \$20,000 value of CCC-owned sugar
- to contact the applicable FSA service center with questions regarding the \$20,000 in-kind payment limitation.

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## Notice SU-74

### 2 Producer Notification Overview (Continued)

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#### **B Different Acceptance Letters (Continued)**

All producers on an accepted offer in which no producer exceeded the \$20,000 in-kind payment limitation will receive an acceptance letter; however, it will not contain any language regarding the \$20,000 in-kind payment limitation.

**Note:** Exhibit 1 provides samples of the 2 different acceptance notification letters.

Some producers exceeded the \$20,000 in-kind payment limitation because they submitted offers in more than 1 FSA Service Center and the producer's share of the combined offers exceeded the limitation. FSA Service Centers do not have access to 2001 Sugar PIK program offer data in other FSA Service Centers. Therefore, FSA Service Centers may not be able to provide complete answers to certain producer's request for information regarding their offers.

FSA Service Centers that receive questions they cannot fully answer regarding the \$20,000 in-kind payment limitation shall contact the National Office through the State Office.

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### 3 Identifying Acreage Enrolled

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#### **A Delineating Exact Location of Acres**

Producers have 10 calendar days from the date of the notification letter to report the exact location of the acreage enrolled in 2001 Sugar PIK Program.

The producer must identify the acreage according to Notice SU-70, paragraph 11.

**Note:** Some producers may have identified the acreage at the time the offer was submitted.

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### 4 Policies for Approving CCC-744's

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#### **A Approving CCC-744's**

CCC-744's shall not be approved under any circumstance until such authority is authorized by DAFP.

Offers submitted for the 2001 Sugar PIK Program are irrevocable. **Withdrawing offers after September 21, 2001, is not authorized.**

See Notice SU-70.

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## Notice SU-74

### 5 Handling Requests for Information

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#### A

#### Handling Requests

2001 Sugar PIK Program data has been determined market sensitive. Handle requests for information according to Notice SU-72.

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### 6 Action

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#### A

#### State Office Action

State Offices shall:

- ensure that FSA Service Centers do not:
    - notify producers about the acceptance or rejection of their 2001 Sugar PIK Program offers
    - approve any CCC-744 under any circumstances until authorized by DAFP
  - contact National Office according to Notice SU-70 when a Service Center has questions regarding \$20,000 in-kind payment limitation.
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#### B

#### FSA Service Center Action

Service Centers shall:

- ensure that producers identify acreage according to Notice SU-70
  - not notify producers about the acceptance or rejection of their 2001 Sugar PIK Program offers
  - not approve any CCC-744 under any circumstances until authorized by DAFP
  - contact National Office through State Office with questions regarding \$20,000 in-kind payment limitation.
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**Example Acceptance Notification Letters**

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The following are examples of the notification letters producers will receive about the acceptance of their 2001 Sugar PIK Program offer. Which letter the producer receives is based on whether a producer on the offer exceeded the in-kind payment limitation. See paragraph 2.

	October 12, 2001										
John Smith 12345 Broadmore St. Fargo, ND 68750	ID 999999999S										
<p>Thank you for your offer(s) to divert acreage under the 2001 Sugar Payment-In-Kind (PIK) Program. This document serves as notification that your offer(s) listed below has been accepted by the Commodity Credit Corporation (CCC). As you agreed by signing CCC-744, Irrevocable Offer and Contract to Participate in the 2001 Sugar Payment-In-Kind (PIK) Diversion Program, the offer(s) is irrevocable and may not be withdrawn or modified by you in any manner.</p> <p>Please contact the applicable Farm Service Agency Service Center within 10 days of the date of this notification to report the exact location of the acreage you have agreed to divert under the 2001 Sugar PIK program. CCC-744 cannot be approved until you have identified the exact location of the acres diverted.</p>											
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>OFFER</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>PROCESSOR</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>ACRES</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>RANKING %</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>ST/COUNTY</u></th> </tr> </thead> <tbody> <tr> <td>163</td> <td>Minn-Dak Farmers Co</td> <td>14.2</td> <td>80.2500</td> <td>ND/Richland</td> </tr> </tbody> </table>		<u>OFFER</u>	<u>PROCESSOR</u>	<u>ACRES</u>	<u>RANKING %</u>	<u>ST/COUNTY</u>	163	Minn-Dak Farmers Co	14.2	80.2500	ND/Richland
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163	Minn-Dak Farmers Co	14.2	80.2500	ND/Richland							

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Example Acceptance Notification Letters (Continued)

October 15, 2001

Jane Smith  
 12345 Broadmore Street  
 Fargo, ND 68750

ID 999999999S

Thank you for your offer(s) to divert acreage under the 2001 Sugar Payment-In-Kind (PIK) program. This document serves as notification that your offer(s) listed below has been accepted by the Commodity Credit Corporation (CCC). As you agreed by signing the CCC-744, Irrevocable Offer and Contract to Participate in the 2001 Sugar Payment-In-Kind (PIK) Diversion Program, the offer(s) is irrevocable and may not be withdrawn or modified by you in any manner.

Based on the total offer amount of the offer(s) listed below and the producer's respective share on the CCC-744(s), the total amount of CCC-owned sugar requested by at least one producer on the offer(s) exceeds the \$20,000 value of sugar in-kind payment limitation. The CCC-744 and CCC-744 Appendix provide that the total value of CCC-owned sugar an eligible producer may receive for an accepted offer(s) in the 2001 Sugar PIK program is the lessor of \$20,000 or an amount equal to the total amount of the offer times the producer's share as provided on the CCC-744. Accordingly, no producer shall be awarded more than \$20,000 of CCC-owned sugar.

Please contact the applicable Farm Service Agency service center within 10 days of the date of this notification to report the exact location of the acreage you have agreed to divert under the 2001 Sugar PIK program or if you have any questions regarding the in-kind payment limitation. The CCC-744 cannot be approved until you have identified the exact location of the acres diverted.

<u>OFFER</u>	<u>PROCESSOR</u>	<u>ACRES</u>	<u>RANKING %</u>	<u>ST/COUNTY</u>
163	Minn-Dak Farmers Co	14.2	80.2500	ND/Richland