

For: FSA Offices

Clarifying Milk Income Loss Contract (MILC) Program Production Start Month Selections

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice LD-605 informed State and County Offices of signup provisions for the FY 2008 through 2012 MILC Program. During the MILC Program signup, participating producers in a dairy operation must select the month of the FY to start receiving payments for eligible production. The MILC Program signup is being conducted in 2 signup phases, the initial signup phase and the extended signup phase.

The initial phase of signup began on December 22, 2008, and will end on January 21, 2009. Since the initial signup phase began many questions have arisen about the production start month selection options available to producers during this period.

B Purpose

This notice provides State and County Offices with a clarification of the following:

- production start month selection options available to producers during the initial signup phase and extended signup phase
- other general eligibility provisions.

Disposal Date	Distribution
July 1, 2009	All FSA Offices; State Offices relay to County Offices

Notice LD-606

2 Initial Signup Phase Options

A Initial Signup Phase

The initial signup for the MILC Program began **December 22, 2008**, and will end **January 21, 2009**. Producers that submit CCC-580's during the 30-calendar-day initial signup phase can make the following MILC production start month selections:

- **FY 2009, either** of the following:
 - the month CCC-580 is submitted and any month that precedes the month CCC-580 is submitted
 - any month remaining in FY 2009, according to normal start month selection provisions provided in 11-LD.

B Initial Signup Phase Start Month Selection Options

The following table provides FY 2009 production start month options available during specific periods of the initial signup phase.

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
December 22 through 31, 2008	October or November 2008 Note: The months preceding the CCC-580 submission date.	January 2009. Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	December 2008 Note: The month CCC-580 is submitted	
	Any month February 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	

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2 Initial Signup Phase Options (Continued)

B Initial Signup Phase Start Month Selection Options (Continued)

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
January 2 through 14, 2009	October, November, or December 2008 Note: The months preceding the CCC-580 submission date.	N/A Note: All months are available for selection during this period.
	January 2009 Note: The month CCC-580 is submitted.	
	February 2009 Note: This month can be selected because CCC-580 submission date is by 14 th of the preceding month according to normal start month selection provisions.	
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
January 15 through 21, 2009	October, November, or December 2008 Note: The months preceding the CCC-580 submission date.	February 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	January 2009 Note: The month CCC-580 is submitted.	
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	

Note: In cases where an FY 2009 production start month selection is not available during the initial signup period, producers can select October 2008, and as provided by 11-LD, subparagraph 25 E, if there is no payment rate in effect during the production start month selected by the dairy operation and designated on CCC-580, the dairy operation's payment will begin with the next consecutive month in which there is a rate in effect that follows the selected production start month.

2 Initial Signup Phase Options (Continued)

C Example of Start Month Selections During Initial Signup

Example #1:

A dairy operation submits its CCC-580 on December 30, 2008. It could have selected any of the following as a start month selection:

- October 2008
- November 2008

Note: October and November 2008 are months preceding the contract submission month.

- December (the month the contract is submitted)
- February 2009 through September 2009 (the months remaining in FY 2009 according to normal start month selection procedures).

In this example, January could not be selected because the contract was submitted **after** the 14th of December according to the normal start month selection procedure.

Example #2:

A dairy operation submits its CCC-580 on January 5, 2009. It could have selected any of the following as a start month selection:

- October 2008
- November 2008
- December 2008

Note: October, November, and December 2008 are months preceding the contract submission month.

- January (the month the contract is submitted)
- February 2009 through September 2009 (months remaining in FY 2009 according to normal start month procedure).

In this example, February could be selected because the selection would be made **before** the 14th of January according to the normal start month selection procedure. However, if CCC-580 was submitted to the County Office **after** January 14th, February 2009 could not be selected as the production start month for the dairy operation.

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2 Initial Signup Phase Options (Continued)

D Corrections to Start Month Selections

Many State Offices have reported some confusion about production start month selection options available during the initial signup phase that may have caused some MILC participants to make an erroneous or unintended production start month selection. In addition, CCC-580 does not make clear that start month selections made during the initial signup phase are subject to normal start month selection provisions provided in 11-LD, subparagraph 27 B, if that selection is made after the 14th of the preceding month being selected. Therefore, an exception has been authorized to allow producers that have already submitted a CCC-580 during the initial signup phase to the County Office to make a change to their initial production start month selection.

To submit a correction of a production start month selected during the initial signup phase, MILC participants must:

- initial and date the correction on the original CCC-580
- make the correction by the end of the initial signup phase on January 21, 2009.

When receiving requests from MILC participants to make a change to the production start month initially selected, County Offices shall note in CCC-580, Item 24, "Remarks" that the correction was authorized according to Notice LD-606. CCC-580M's will not be required in these instances to make a change to the production start month selection.

3 Extended Signup Phase

A Extended Signup Phase Options

Extended signup begins on **January 22, 2009**, after the initial signup ends. The extended signup will continue throughout the duration of the MILC program, ending on **September 30, 2012**. Producers that submit CCC-580's during the extended signup can select as the MILC production start month for their dairy operation either:

- the month CCC-580 is submitted
- from the remaining months in FY in which CCC-580 is submitted for which the payment rate is not known and according to MILC production start month selection provisions provided in 11-LD.

Note: Retroactive start month selections (October through December 2008) are not available during the extended signup phase.

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3 Extended Signup Phase (Continued)

B FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
January 22 through 30, 2009	January 2009 Note: The month CCC-580 is submitted.	February 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
February 2 through 13, 2009	February 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding February 2009 is an unavailable option.
	Any month March 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	
February 16 through 27, 2009	February 2009 Note: The month CCC-580 is submitted.	N/A Note: Any month preceding February 2009 is an unavailable option.
	Any month April 2009 through September 2009 Note: The months remaining in FY where selection follows normal start month selection provisions.	March 2009 Note: This month is not available because it is after the 14 th of the preceding month according to normal start month selection provisions.

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3 Extended Signup Phase (Continued)

C Example of Start Month Selections During Extended Signup

Example #1:

A dairy operation submits its CCC-580 on January 22, 2009. It can select any of the following as a start month selection:

- January 2009
- March 2009 through September 2009 (the months remaining in FY 2009 according to normal start month selection procedures).

Example #2:

A dairy operation submits its CCC-580 on February 12, 2009. It can select any of the following as a start month selection:

- February 2009
- March 2009 through September 2009 (the months remaining in FY 2009 according to normal start month selection procedures).

4 General MILC Program Provisions

A Adjusted Gross Income (AGI)

Producers who certify on CCC-926 that their non-farm average AGI exceeds \$500,000 are **ineligible** for MILC benefits. AGI should **not** be based on total or farm-based AGI.

B States, Political Subdivisions, and Agencies thereof

Beginning with 2009 program benefits, States, political subdivisions, and agencies thereof, are not eligible for MILC benefits.

Note: 11-LD, subparagraph 10 C, will be amended to reflect this provision.

C Effective Payment Rates for FY 2009

There is no effective FY 2009 MILC payment rate for the following months:

- October 2008
- November 2008.

Payment rates based on the feed-cost adjustment are not known until the end of the month that follows the applicable month. Therefore, while we know that we will not have a payment rate for December because of the Boston Class I price for that month not falling below the ceiling of \$16.94, we will not know if there will be a payment rate in effect for December based on feed-cost adjustment until the end of January 2009.

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4 General MILC Program Provisions (Continued)

D Contact Information

If there are questions about this notice, State Offices shall contact the appropriate individual according to this table.

Contact	Telephone Number	E-mail Address	Program Area
Dani Cooke	202-720-1919	Danielle.Cooke@wdc.usda.gov	MILC policy and procedure
Toni Williams	202-720-2270	Toni.Williams@wdc.usda.gov	MILC policy and procedure
Asime Atuboyedia	202-720-8223	Asime.Atuboyedia@wdc.usda.gov	eMILC automation

5 Action

A State Office Action

SED's and STC's shall:

- ensure that County Offices immediately notify producers of the contents of this notice using all available sources
- supervise and monitor MILC to ensure that policies and procedures in this notice and 11-LD are being uniformly followed by County Offices
- direct questions about this notice to the National Office according to subparagraph 3 D.

B County Office Action

County Offices shall:

- inform all dairy operations of MILC requirements and signup information through:
 - over-the-counter discussion
 - newsletters
 - other methods of communication, as applicable
- accept start month selection corrections made during the initial signup phase through COB, January 21, 2009, according to subparagraph 2 D
- continue to follow extended signup phase policy according to paragraph 3, and 11-LD, subparagraph 27 F
- forward questions about the contents of this notice through the State Office specialist.