

ASCS
HANDBOOK

DAIRY INDEMNITY PAYMENT PROGRAM

To access the transmittal page click on the short reference

For State and County Offices

SHORT REFERENCE

3-LD
(Revision 6)

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Stabilization and Conservation Service
Washington, DC 20250

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Dairy Indemnity Payment Program
3-LD (Revision 6)

Amendment 16

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 75 C has been amended to add a note clarifying when a new CCC-770 Eligibility is required.

Subparagraph 77 A has been amended to:

- clarify spot check requirements for selecting STC, COC, and/or employees
- add a note on maintaining CCC-770 DIPP's that were spot checked by CED's.

Subparagraph 77 B has been revised to specify the frequency of STC spot checks.

Subparagraph 77 C has been amended to clarify the:

- frequency of STC spot checks
- the spot check requirements for STC, COC, and/or employees.

Subparagraph 77 D has been amended to remove the number of concurred spot checks by CED's and DD's from the National Office spot report.

Page Control Chart		
TC	Text	Exhibit
1, 2	6-7, 6-8 6-8.5 and 6-8.6 (add) 6-11 through 6-14	

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Part 1 General Information

1 Overview

A

Introduction

This handbook provides procedures and uniform methods for State and County Offices to follow in administering DIPP.

B

DIPP Forms

--DIPP forms have been modified to reflect the dairy industry change in formula to determine the payment price used to calculate the price producers receive. This change resulted in payment pricing based on component pricing instead of a butterfat base.--

Section 1 Introduction

2 Overview

A

Introduction

This section includes the objectives, source of authority, and related references for DIPP.

3 Objectives of DIPP

A

Objectives

The objectives of DIPP are to provide payments to:

- *--dairy producers for milk removed from the commercial market because it--* contained residue from substances, including:
 - pesticides
 - toxic substances and chemicals other than pesticides
 - nuclear radiation or fallout
 - manufacturers whose products are removed from the market because they contain pesticide residue.
-

B

Program Intent

The intent of DIPP is that a participating producer or manufacturer will receive from **all** sources, no more monetary compensation than if the producer or manufacturer had produced and marketed a quantity equal to normal marketings. Payments representing the fair market value as determined by COC will be made on the:

- producer's normal marketings of whole milk
 - manufacturer's milk products.
-

C

Duration of Indemnity Payments

Indemnity payments shall continue until the earliest of the following:

- the producer has been reinstated and is again allowed to sell milk in commercial markets
 - the manufacturer has removed all the contaminated products from commercial markets
 - appropriated funds for making DIPP payments have been expended.
-

4 Sources of Authority and Related References

A

Legislative History

The sources of authority for DIPP regulations are the:

- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Pub. L. 106-387)
 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (Pub. L. 107-76)
 - *--Farm Security Rural Investment Act of 2002 (Pub. L. 107-171).
-

B

Federal Regulations

Regulations governing the administration of DIPP are provided at 7 CFR Part 760.

C

Related Handbooks

Handbooks about DIPP include the following.

IF the material concerns...	THEN see...
appeals	1-APP.
signatures	1-CM.
scheme, device, or failure to comply	4-CP.
HELC/WC provisions	6-CP.
misaction/misinformation	7-CP.
issuing payments	1-FI.
deposits	3-FI.
interest rates	50-FI.
claims procedures/offsets--*	58-FI.
prompt payment provisions	61-FI.
reporting to IRS	62-FI.

5-10 (Reserved)

Section 2 Responsibilities and Other Basic Provisions

11 Overview

A

Introduction

--This section provides the roles and responsibilities of FSA in administering--
DIPP.

***--12 FSA Administration and Responsibilities**

A

**Program
Administration**

Administered under the general supervision of DAFP through PSD, FSA has the primary responsibility, through STC's and COC's, for administering DIPP.

B

**STC
Responsibilities**

STC's shall:

- supervise and monitor DIPP to ensure that policies and procedures authorized in this handbook are uniformly followed by County Offices
 - review FSA-373's received from County Offices for completeness and accuracy
 - take any action required by this handbook that has not been taken by COC
 - send FSA-373's to PSD through the State Office for approval or disapproval
 - request a fund allocation from PSD through the State Office
 - correct or require COC to correct any action taken by COC that is not authorized according to this handbook.--*
-

Continued on the next page

***--12 FSA Administration and Responsibilities (Continued)**

**C
COC
Responsibilities**

COC shall:

- administer DIPP on the county level through CED under STC supervision
- inform producers about the eligibility requirements for DIPP payments
- determine, to the extent possible, the source of the contamination in each case
- determine whether the submitted documentation provides the required information needed for the base and claim periods
- complete and review FSA-373's and other documentation for completeness and accuracy
- send FSA-373's to PSD through the State Office for approval.

Note: FSA-373 may be disapproved by COC if all eligibility requirements and conditions for payment are not met by the producer.

**D
CED
Responsibilities**

CED's shall carry out the day-to-day operations of DIPP according to COC's determinations and this handbook.

**E
Nondiscrimination
Responsibilities**

STC or COC shall not on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in DIPP.

**F
Outreach
Responsibilities**

STC and COC shall ensure that DIPP information and awareness is communicated to under represented individuals, groups, and communities.--*

13 Rounding Procedures

A

Introduction

Specific rounding procedures must be used when computing the price for DIPP.

B

Rounding Procedures

When computing:

- *--the claim period "gross payment price", less the hauling and promotional fees, round 5 places to the right of the decimal point
 - a producer's indemnity payment, in Part C of FSA-373, round the:
 - base production per cow, per day, to 2 places to the right of the decimal point in item 17
- Note:** Carry the calculation out to 3 decimal places and round back to 2 decimal places.
- calculated production to the nearest whole pound in item 18
 - net payment price, in dollars per pound, to 5 places to the right of the decimal point in item 19.

Note: Using the net payment price in FSA-373, Part B, item 13:

- move the decimal 2 places to the left
 - calculate to 6 decimal places to the right and round back to 5 decimal places to the right.--*
-

14-20 (Reserved)

Part 2 Producer Eligibility Requirements

21 Overview

A

Introduction

This part covers eligibility requirements for producers to participate in DIPP.

22 Eligibility of Dairy Producers

A

Losses Eligible for Indemnification

Dairy producers are eligible for indemnification for losses caused by the following:

- pesticides
- chemical and toxic substances
- nuclear radiation or fallout.

--Note:** Medication administered to dairy cattle or residues in feed raised or purchased that may result in antibiotic contaminated milk is **not** eligible for loss under DIPP.**--

B

Eligibility Requirements

To be eligible to participate in DIPP, the producer must not have been responsible for the milk contamination.

Note: A producer may be eligible if the substance that caused the removal of the milk from the market was:

- registered and approved for use by the Federal Government when it was used
 - used according to the directions on the label.
-

Continued on the next page

22 Eligibility of Dairy Producers, Continued

**C
Contamination**

Use this table to determine the result of the contamination and eligibility requirements necessary.

IF the contamination resulted from...	THEN the producer shall...
using purchased feed	<ul style="list-style-type: none"> • certify that when the feed was purchased, there was no reason to believe that the feed was contaminated • provide the name and address of the seller of the feed.
using home-grown feed	certify that when the feed was used, the producer did not know or have reason to suspect that the feed was contaminated.
a violating substance drifting into feed crops grown on the farm	provide evidence that the drift was not from substances applied to other crops on the producer's farm.
a pesticide	provide proof by a certified statement that the substance was: <ul style="list-style-type: none"> • registered and approved for use by the Federal Government when it was used • used according to the directions on the label.

23-30 (Reserved)

Part 3 Filing DIPP Applications

31 Overview

A

Introduction

This part covers the requirements for filing DIPP applications.

32 What to File

A**Background**

Requests for dairy indemnity payments must be received on FSA-373.

B**Application
Period**

The application period for FSA-373 is as follows:

- *--begins on the date the milk was officially removed from the commercial market
- ends on the date the milk was officially reinstated to the commercial market
- may not extend past FY-end if the producer's milk is still quarantined from the commercial market.

Note: Losses from more than one FY cannot be included on one FSA-373.

C**Multiple
Producers**

If a dairy operation consists of more than 1 producer and those producers each receive a share of the commercially marketed milk, complete one FSA-373 for the entire dairy operation.

Notes: Include all producers and corresponding shares on FSA-373.

Determine shares according to paragraph 44.--*

D**Multiple Dairy
Operations**

If a producer has more than 1 dairy unit or more than 1 dairy operation, complete FSA-373 for **each** dairy unit that incurred a loss.

Note: Do not combine multiple units or dairy operations on one FSA-373.

33 Where to Apply

A

Background

When a producer requests an indemnity payment, applications for all of the producer's dairies affected with the contamination must be filed in 1 County Office.

B

One County

If a producer has an interest in a single dairy or multiple dairy units in 1 county, file the DIPP applications in the county where the producer's dairy unit or units are located.

C

Multiple Counties

If a producer has interest in multiple dairy units in more than 1 county, the County Office shall:

- advise that the producer:
 - can file for DIPP in any county where a dairy unit with contaminated milk is located
 - must file multiple applications in the same county
- inform all other County Offices that the producer has a dairy unit and that the producer has elected to file the DIPP application in this County Office
- verify that there has not been a DIPP application filed in another County Office in which the producer has a dairy unit.

Note: If a producer sustains a loss more than once during FY, all subsequent applications for DIPP must be filed in the same County Office as the initial application.

34 When to Apply

A

Background

FSA-373's may be filed monthly if the milk is off the market longer than 1 month.

B

Final Filing Date

*--FSA-373's must be filed by December 31 following the FY-end in which the loss occurred.

Notes: Dairy producers must file FSA-373.

Manufacturers must apply according to Part 5.

C

Example of Final Filing Date

This table provides an example of the final filing date.

IF the loss occurred...	THEN the final filing date to apply is...
on or after October 1, 2003, but by September 30, 2004	December 31, 2004.
on or after October 1, 2004, but by September 30, 2005	December 31, 2005.--*

35 AD-1026 Filing Requirement

A

Background

To be eligible to receive payments under DIPP, a producer must comply with highly erodible land and wetland conservation provisions.

B

AD-1026 Requirement

Before making payments, require producers requesting DIPP to file AD-1026 according to 6-CP so a compliance determination can be made.

C

Violations

Indemnity payments must be reduced according to 6-CP before payments can be made to producers who are in violation of any procedure in 6-CP.

36-40 (Reserved)

Part 4 Completing DIPP Applications

41 Overview

A

Introduction

This part covers the requirements for completing DIPP applications.

42 Applicant Certification

A

Background

The applicant shall sign the certification and answer the questions on
--FSA-373, Part A.--

Note: See 1-CM for signature requirements.

B

Certification

Request the applicant to read and discuss the certification and questions before
signing FSA-373.

C

**Disposition of
Dairy Herd**

If the producer disposed of all milk cows during the period the milk is off the
*--commercial market, eligibility for indemnity payments shall include the period
the milk was removed from the commercial market through the last day the--*
cows were milked while still in the applicant's possession.

Note: If only part of the milk cows were disposed of, report this on FSA-373
and compute normal milk marketings only for the cows remaining in the
applicant's possession.

43 Applying for Indemnity Payment

A

Purpose of FSA-373

FSA-373 shall be used to document the information necessary for:

- applying for DIPP
 - determining the indemnification amount.
-

*_B

Obtaining FSA-373

Eligible dairy producers can obtain FSA-373 to request DIPP benefits from the County Office where the dairy is physically located as follows:

- in person
- by mail
- by telephone
- by FAX.

FSA-373 may also be downloaded by the producer from the Internet from the following:

- PSD website at <http://www.fsa.usda.gov/dafp/psd>
 - eForms website at <http://www.sc.egov.usda.gov>.--*
-

C

Base Period

The base period will be a 28- to 32-day period immediately before the pay period in which the milk was removed from the market.

The exact base period will vary for producers, but will be 1 of the following:

- monthly period, for producers who receive a final payment once a month

Note: An advance payment is not a final payment.

- 2 half-month periods for producers who receive a final payment twice a month
 - 2 2-week periods for producers who receive a final payment every 2 weeks.
-

Continued on the next page

43 Applying for Indemnity Payment (Continued)

D**Claim Period**

The claim period is the 28- to 32-day period in which the milk was removed from
--the commercial market.--

Notes: A claim period may cross over into the next month, depending on when the
milk would have been marketed.

Do **not** determine claim periods on when the milk would have been
produced.

E**Producer
Information**

The producer must:

- report the average number of cows milked during each pay period in the base
period and the claim period
- report the beginning and end date of the DIPP application period

Note: The application period is a period that begins with the date milk is
*--removed from the commercial market and ends with the date the milk
is reinstated to the commercial market.

- list the substance causing the contamination
 - carefully read and answer FSA-373, questions 6 a through j.--*
-

44 Completing FSA-373, Application for Dairy Indemnity Payment

A

Completing FSA-373, Page 1 Complete FSA-373, page 1 according to this table, if the producer is requesting DIPP in **person** at the County Office.

Item	Instructions
1A	Enter the producer's name and address.
1B	Enter the producer's identification number.
2	Enter the application number. The application number is the State and county code, plus the next available application number, as applicable.
3	The County Office shall enter the date FSA-373 is received in the County Office after the producer has completed and signed FSA-373.
Part A shall be completed by the milk producer.	
4A	Enter the base period dates in terms of pay period.
4B	Enter the number of cows milked during the base period, as applicable.
4C	Enter the pounds of milk marketed during the base period.
4D	Enter the number of calendar days in the base period month.
5A	Enter the claim period dates in terms of the corresponding pay period in which the loss occurred.
5B	Enter the average number of cows milked during the pay period for which assistance is being requested.
6 a-j	The producer shall answer questions about the contamination.
7	*--Enter the dates milk was removed from, and reinstated to, the commercial market.
8A and B	The producer shall sign and date FSA-373.--*

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

A
Completing
FSA-373, Page 1
(Continued)

Item	Instructions
Parts B and C shall be completed by the County Office.	
9A	*--Enter the month in which the milk was marketed applicable to the claim period.--*
9B	Enter the pounds of milk marketed applicable to the claim period.
10	Enter the gross payment price received for the milk paid to the producer during the claim period. See subparagraph G for an example.
11	Enter the promotional fees. Divide the promotion fee deduction by cwt. for the milk marketed. See subparagraph G for an example.
12	Enter the hauling fees. Divide the hauling charge deduction by cwt. for the milk marketed. See subparagraph G for an example.
13	Subtract items 11 and 12 from item 10 to enter the net payment price.
14	Enter the beginning and ending date for each pay period included in the application period.
15	*--Enter the number of days milk was removed from the commercial market according to subparagraph E.
16	Enter the average number of cows milked during each claim period from item 5B.--*
17	<p>Enter the base production in terms of average pounds of milk per cow per day. Calculate as follows:</p> <ul style="list-style-type: none"> • divide the total milk production in the base period, from item 4C, by the average number of cows milked during the base period, from item 4B • divide this result by the number of days in the base period from item 4D.

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

**A
Completing
FSA-373, Page 1
(Continued)**

Item	Instructions
18	Enter the result of item 15 times item 16 times item 17. Round to the nearest cent.
19	*--Enter the net payment price calculated in item 13, with the decimal point moved--* 2 places to the left and rounded to 5 places to the right of the decimal point.
20	Calculate the payment due the producer by multiplying item 18 times item 19. Round to the nearest cent.
21	Enter the total payment due to the producer.
22	*--Enter the indemnification received from other sources, such as insurance, loan, or--* milk handler payment.
23	Enter the offset amount, if applicable.
24	Enter the result of item 21 minus item 22 and item 23, if applicable.
25A and B	CED or representative shall sign and date.

 Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

B
Example of
Completed
FSA-373, Page 1

This is an example of a completed FSA-373, page 1.

*--

This form is available electronically. Form Approved - OMB No. 0660-0116

1A. PRODUCER'S NAME AND ADDRESS <small>(Including ZIP Code)</small> Pritchett Farms 9143 Honeysuckle Dr. Anytown, USA 12345		2. APPLICATION NUMBER 51-1013-15	FSA-373 <small>(04-03-02)</small> U.S. DEPARTMENT OF AGRICULTURE <small>Farm Service Agency</small> APPLICATION FOR DAIRY INDEMNITY PAYMENT <small>(See Page 2 for Privacy Act and Public Burden Statements.)</small> 3. DATE RECEIVED IN COUNTY OFFICE (MM-DD-YYYY) 8-10-2004
1B. PRODUCER'S IDENTIFICATION NUMBER		(See Page 2 for Privacy Act and Public Burden Statements.)	

PART A - COMPLETED BY MILK PRODUCER

4. BASE PERIOD				5. CLAIM PERIOD		6. QUESTIONS FOR PRODUCER		CHECK ONE	
A. Dates (MM-DD-YYYY)	B. No. of Cows Milked	C. Pounds Marketed	D. Days Marketed-Month	A. Dates (MM-DD-YYYY)	B. Number of Cows Milked			YES	NO
1) 8-1-2003 8-31-2003	300	398500	31	1) 9-1-2003 9-30-2003	300	a. Name of contaminating substance:			
2)				2)		b. Did you use the substance on your farm in the past 24 months?			X
3)				3)		c. If Yes, was it used according to instructions on the label?			
CONTAMINATED COWS									
						d. Did you purchase any cows recently?			X
						e. If Yes, did you receive a certificate of purity from the seller of the cows?			
<i>The undersigned producer hereby certifies that the data entered in Part A are true and correct to the best of my knowledge and belief, and I hereby request a milk indemnity payment for the application period indicated below.</i>						f. Did you know or have reason to believe that such cows were carrying residues of a harmful substance?			X
7. APPLICATION PERIOD (Dates removed from and reinstated to the market) September 8 - September 12						CONTAMINATED FEEDS			
8A. SIGNATURE OF MILK PRODUCER				8B. DATE (MM-DD-YYYY)		g. Did you purchase feed that could have caused this contamination?		X	
						h. If Yes, did you receive a certificate of purity from the seller of the feed?			
						i. Did you know or have reason to believe that the contaminated feed contained a harmful substance?			X
						j. Other:			

PART B - FOR COUNTY OFFICE USE ONLY

9. CLAIM PERIOD		AMOUNT
A. Month: September	B. POUNDS: 397,133.00	
10. Gross Payment Price (Actual price producer received)		\$ 16,85689
11. Promotional Fees (Paid during claim period) (Subtract)		\$.1500
12. Hauling Fees (The hauling fees paid during claim period) (Subtract)		\$.6215
13. Net Payment Price (The result of Item 10 LESS Items 11 and 12.)		\$16.08539

PART C - CALCULATIONS - FOR COUNTY OFFICE USE ONLY (Items 14-24 below and Items 26-28 on Page 2)

14. Pay Periods	15. Days Off Market	16. Cows Milked	17. Base Prod. Lbs/Cow/Day	18. Calculated Production	19. Claim Period	20. Payment Due
9-1-2003 9-30-2003	2.5	X 300	X 42.85	= 32,138	X .16085	= \$ 5,169.40
		X	X	=	X	= \$
		X	X	=	X	= \$
		X	X	=	X	= \$
		X	X	=	X	= \$
21. TOTAL PAYMENT DUE						\$ 5,169.40
22. Non-refundable payments advanced to farmer for milk removed.						\$
23. Off-Set.						\$
24. Balance due applicant.						\$

APPROVED FOR PAYMENT	25A. SIGNATURE OF COUNTY OFFICE OFFICIAL	25B. DATE (MM-DD-YYYY)
-----------------------------	--	------------------------

*--

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

C

Completing FSA-373, Page 2 Complete FSA-373, page 2 according to this table, if the producer is requesting DIPP in **person** at the County Office.

Item	Instructions
Shall be completed by the County Office.	
26A	Determine the average pounds of milk produced per day by dividing item 4C by item 4D.
26B	Determine the average pounds of milk per milking by dividing the result of item 26A by the number of milkings determined in item 26E.
26C	Enter the date milk was removed from the market from the Public Agency notice.
26D	Enter the date milk was reinstated to the market from the Public Agency notice.
26E	For the base period, enter the approximate time of each milking during a day.
26F	For the base period, enter the following: <ul style="list-style-type: none"> •*--how often is the milk scheduled for pickup by the milk handler • approximate time of each milk pickup.
27	Calculate the number of days removed from the commercial market according to subparagraph E.
28	Enter the total number of days milk was off the commercial market.--*
29A and B	Enter the name, address, and telephone number of the County Office.

Distribute FSA-373 as follows:

- keep original in the County Office
- give first copy to the producer
- send second copy to the State Office.

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

D
 Example of
 Completed
 FSA-373, Page 2

This is an example of a completed FSA-373, page 2.

*--

FSA-373 (04-03-02) Page 2

26. DAILY MILKING DOCUMENTATION:					
A. Average Pounds Marketed Per Day	B. Average Pounds Per Milking	C. Date Removed From Market (MM-DD-YYYY)	D. Date Reinstated To The Market (MM-DD-YYYY)	E. Time of Daily Milking(s) 6:00 am	F. Time of Day Milk Is Picked Up everyother day 10 am
12855	6423	09-08-2001	09-12-2001	6:30 pm	

27. CALENDAR INDICATING TIME OF DAY COWS WERE MILKED					
A. Day	B. Time of Day	A. Day	B. Time of Day	A. Day	B. Time of Day
1	AM PM	12	AM Mkt'd PM 18,162	23	AM PM
2	AM PM	13	AM PM	24	AM PM
3	AM PM	14	AM PM	25	AM PM
4	AM PM	15	AM PM	26	AM PM
5	AM PM	16	AM PM	27	AM PM
6	AM PM	17	AM PM	28	AM PM
7	AM PM	18	AM PM	29	AM PM
8	AM Mkt'd PM 26,993	19	AM PM	30	AM PM
9	AM 1 day PM 1 day	20	AM PM	31	AM PM
10	AM 1 day PM 1/2 day	21	AM PM		
11	AM PM	22	AM PM		

28. DAYS OFF MARKET	29A. FSA County Office Name and Address (Including ZIP Code)	29B. FSA County Office Telephone Number (Including Area Code)
2.5	Fredericksburg Area FSA Office 6252 Fence Post Drive Arytown, USA 55555	(555) 555-1215

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. This program which was originally authorized by the Economic Opportunity Act of 1964, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, is contingent upon the appropriation of funds. These appropriated funds and 7 C.F.R. Part 760 authorize collection of the data. Furnishing the requested information is voluntary; however, without it assistance cannot be provided. The information will be used to determine eligibility for program benefits. Failure to furnish the requested information will result in ineligibility for payment. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 U.S.C. 285, 287, 371, 651, 1001, 15 U.S.C. 714m; and 31 U.S.C. 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0116. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

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*--

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

E**Example for
Determining
Number of Days
Off Market**

Use the following instructions to determine the total number of days the producer's milk was off the market.

For this example, the following is applicable:

- milk pickup is every other day at 10 a.m.
- cows are milked twice a day at 6 a.m. and 6 p.m.
- *--pounds of milk marketed on September 8 are 26,998
- pounds of milk marketed on September 12 are 18,182.--*

Note: It is possible that not all of the milk, stored on the farm at the time of the first pickup after reinstatement, was not included in the first pickup. This will be evident if the second and third milk pickups after reinstatement show more than the normal quantity per pickup based on average production. In this case, determine:

- the pounds above normal that was included in the second and third pickups
- the number of milkings represented by the above normal pounds, based on average pounds per milking
- that this additional number of milkings is included with the number of milkings determined for the first pickup, to establish the total number of milkings of stored production available when the first pickup occurred.

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

F

Instructions to Producer

*--If a producer requests and submits DIPP by **mail, FAX, or Internet**, the producer shall complete FSA-373, items 1 and 4 through 8.

Item	Instructions
1A	Enter the producer's name and address.
4A	Enter the base period dates in terms of pay period.--*
4B	Enter the number of cows milked during the base period, as applicable.
4C	Enter the pounds of milk marketed during the base period.
4D	Enter the number of calendar days in the base period month.
5A	Enter the claim period dates in terms of the corresponding pay period in which the loss occurred.
5B	Enter the average number of cows milked during the pay period for which assistance is being requested.
6 a-j	The producer shall answer questions about contamination.
7	*--Enter the dates milk was removed from, and reinstated to, the commercial market.--*
8A and B	The producer shall sign and date Part A.

Continued on the next page

44 Completing FSA-373, Application for Dairy Indemnity Payment (Continued)

H

Example of
Producer's Milk
Marketing

Following is an example of the producer's milk marketing.

DAIRY FARMERS OF AMERICA, INC.										
MEMBER NO	EQUITY NO			DATE 10/13/01	PERIOD END 09/30/01	VRU ID				
PAY PERIOD TOTALS:		WEIGHT	397,133	GROSS	66,944.26	DEDUCTIONS	48,678.91	NET	18,265.35	
YEAR TO DATE TOTALS:		WEIGHTS	4,277,524		643,388.43					
DAY TYPE	WEIGHT	B.F.	PROT	OTS	SOMATIC CELL	QUALITY TEST RESULTS		WATER INHIBITORS	SED TEMP	
02 DFA	29,587	2.80	3.29	5.82	420,000					
04 DFA	28,463	3.25	3.22	5.74	600,000					
06 DFA	26,940	3.03	3.26	5.78		8,000 PIC				
08 DFA	26,998	3.14	3.10	5.75	510,000					
12 DFA	18,182	3.25	3.09	5.79	640,000					
14 DFA	27,159	3.28	3.09	5.78	530,000					
16 DFA	29,259	3.55	3.08	5.78	580,000					
18 DFA	28,682	3.42	3.09	5.78		5,000 PIC				
18 DFA					560,000					
20 DFA	28,840	3.24	3.08	5.64	600,000					
22 DFA	28,526	3.37	3.08	5.68	670,000					
24 DFA	29,604	3.51	3.03	5.74	600,000					
26 DFA	30,777	3.48	3.02	5.70	650,000					
28 DFA	31,963	3.52	3.08	5.75	530,000					
30 DFA	32,153	3.62	3.14	5.73	520,000					
TOTAL	397,133	AVG 3.33	3.12	5.75	573,000					
PRICING INFORMATION										
PAYMENT					WEIGHT	PRICE		AMOUNT		
BUTTERFAT PAYMENT	3.33	BF AVG			13,213.79	2.44490 /LB		32,306.40		
PROTEIN PAYMENT	3.12	PROT AVG			12,380.98	2.16470 /LB		26,801.11		
OTHER SOLIDS PAYMENT	5.75	OTHER SOLIDS AVG			22,817.60	.15200 /LB		3,468.28		
PRDG PRICE DIFF					397,133	1.29000 /CMT		5,123.02		
SCC ADJUSTER		SCC RATE .00085			397,133	.19000- /CMT		754.55-		
GRADE A	571,000							16,85689		
DEDUCTIONS		DEDUCTIONS		DEDUCTIONS		DEDUCTIONS		DEDUCTIONS		
1,340.00	FCP CLASS IV ADJ	14,2500	BFP	15,5900	690.00	FCP CLASS IV ADJ	14,9000	BFP	15,5900	
4,370.00	FCP CLASS III ADJ	11,5300	BFP	15,9000	595.70	ADVERTISING AND PROMOTION			(\$595.71 / 3,971.35)	
150.00	BASIC SERVICE CHARGE				397.13	CAPITAL RETAIN				
2,468.05	HAULING				21,930.39	NET ADVANCE PAYMENT				
					163.00	TX - LAB SUPPLIES				

(12) (\$ 2,468.05 / 3,971.35)

(11)

(10)

CURRENT BASE CAPITAL LEVEL PER CWT. \$.90294

THE AVERAGE 3.5 PRICE PAID IN YOUR AREA FOR THE MONTH IS \$ 17.252.

--Notes: Circle number 10 is the gross payment price paid to the producer.--
See the example in subparagraph B.

Circle number 11 is the total advertising and promotional fees paid.
See the example in subparagraph B.

Circle number 12 is the total hauling fees paid by the producer. See the example in subparagraph B.

45, 46 (Withdrawn--Amend. 12)

47 Additional Required Documentation

A

Background

Before any FSA-373 may be approved for payment, the producer must provide additional required documentation.

B

**Public Agency
Notice Removing
Producer From
the**

***--Commercial--*
Market**

The producer must provide a copy of the notice from the public agency that resulted in removing the milk from commercial markets. The notice must include the following:

- name of the violating substance causing the removal
 - dates the milk was removed from the commercial market.
-

C

**Laboratory
Analysis**

A copy of all laboratory analysis of feed and milk must be provided. If the milk is off the market for longer than 1 month, there should be at least 1 milk analysis per month.

D

**Public Agency
Notice of
Reinstatement**

The producer must also provide a copy of the letter from the public agency reinstating the producer's milk to the commercial market.

Note: This **must** include the date of reinstatement.

Continued on the next page

47 Additional Required Documentation (Continued)

E

Sales Documents

Required documentation includes a copy of all sales documents for milk marketed during:

- the base period
- each claim period in the application period.

Note: The copy of the sales documents must include the producer's milk pickups during the first week or 2 after reinstatement to commercial markets. This is required so the County Office can determine how many days of milk production were in the producer's milk tank when the producer was reinstated to commercial milk markets.

***--F**

**Loans From
Co-ops or Dairy
Associations**

Producers who receive a loan from a co-op or dairy association are **not** eligible for a DIPP payment unless proof of repaying the loan has been submitted. --*

Continued on the next page

47 Additional Required Documentation (Continued)

G
Example of
Completed
CCC-314

CCC-314 must be completed and signed when applying for DIPP. This is an example of a completed CCC-314.

<p>CCC-314 (07-16-96)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>DAIRY INDEMNITY PAYMENT PROGRAM AGREEMENT</p>	<p>Form Approved - OMB No. 0560-0116</p>
<p>REPRODUCE LOCALLY. Include form number and date on reproductions.</p>		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. This program which was originally authorized by the Economic Opportunity Act of 1964, as amended, by the Food, Agriculture, Conservation, and Trade Act of 1990, is contingent upon the appropriation of funds. These appropriated funds and 7 C.F.R. Part 760 authorizes collection of the contamination source. The information will be used to determine eligibility for payment. Furnishing the requested information is required. Failure to furnish the requested information will result in ineligibility for payment. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 U.S.C. 286, 287, 371, 651, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, may be applicable to the information provided.</p> <p>Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0116), STOP 7630, Washington, D.C. 20250-7630. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
<p>In accordance with the provisions of 7 U.S.C. § 450j and the regulations at 7 C.F.R. §§ 760.1-760.9, the Department of Agriculture is making payment to the undersigned dairy farmer, <u>Harlow Erickson</u>, doing business as <u>M&R Dairy</u>, to indemnify said dairy farmer for lost milk marketings caused by the removal of the milk from the market due to contamination by <u>Aflatoxin</u>.</p> <p>The dairy farmer hereby certifies that pursuant to 7 C.F.R. §760.9(a) the application for indemnity payment contains all information necessary for the determination by the Department of Agriculture whether other legal recourse, including but not limited to compensation by the dairy farmer's own insurance company, is available to the dairy farmer. The dairy farmer agrees to refund within fourteen (14) days of the receipt of compensation the amount of indemnity payment received from the Department of Agriculture under these regulations to the extent that other legal recourse is available to the dairy farmer. With respect to compensation paid by the dairy farmer's own insurance company, the amount to be refunded to the Department of Agriculture is limited to the insurance policy's coverage of lost milk marketings.</p> <p>Additionally, the regulations which govern the making of dairy indemnity payments provide at 7 C.F.R. § 760.9(b) as follows:</p> <p style="padding-left: 40px;"><i>In the event that a farmer receives an indemnity payment under this sub-part and such farmer is later compensated for the same loss by the person (or the representative or successor in interest of such person) responsible for such loss, the indemnity payment shall be refunded by the farmer to the Department of Agriculture: Provided That the amount of such refund shall not exceed the amount of other compensation received by the farmer.</i></p> <p>The undersigned dairy farmer agrees to refund the amount of the indemnity payments received from the Department of Agriculture under these regulations to the extent the dairy farmer is compensated by the person or persons responsible for the dairy farmer's losses resulting from the same incident of <u>Aflatoxin</u> contamination causing the losses for which the dairy farmer receives indemnity payments from the Department of Agriculture. The dairy farmer further agrees that this provision is applicable to all compensation received from such person or persons as a result of said <u>Aflatoxin</u> contamination and is not limited to amounts received by the dairy farmer which are specifically designated as compensation for lost milk marketings.</p> <p>The dairy farmer agrees to make such refunds to the department of Agriculture within fourteen (14) days of receipt of compensation for such losses from the person or persons, or insurers or representatives or successors in interest of such persons, responsible for the dairy farmer losses due to the contamination of the milk.</p>		
<p><u>/s/ Harlow Erickson</u> Signature of Dairy Farmer</p>		<p><u>8-15-XX</u> Date</p>
<p>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.</p>		

Continued on the next page

47 Additional Required Documentation (Continued)

H**Personal Letter**

A personal letter from the producer must include the following:

- the trade name, manufacturer, and date of use of any pesticide used during the 24 months just before the application period in producing crops, on the cattle, and in the farm buildings
- the USDA registration number of any pesticide involved in the contamination
- the name of the personal business that marketed the violating pesticide, if available
- a detailed statement describing the possible source or sources of the contamination and how it got into the producer's milk

Note: If this is the second claim for the producer within FY, COC must determine whether the same feed from the first contamination caused the second contamination.

- a detailed statement describing actions taken to reduce the level of contamination in the milk after discovering the milk was contaminated

Note: If this is the second claim for the producer within FY, the producer must certify to the actions taken to remove the contaminated feed after the first claim has been paid.

- a statement that explains the producer's normal milking and milk pickup practices including:
 - how many times a day the cows are milked
 - the approximate time of each milking
 - the approximate time and how often milk is picked up by the milk handler.
-

48 Fair Market Value of Producer's Milk

**A
One Milk
Handler**

The fair market value for each pay period will be the quantity of milk determined to be the normal marketings in each pay period, times the payment price, less the *--promotion and hauling fees.--*

**B
Multiple Milk
Handlers**

If FSA-373 is received from more than 1 handler for an applicant, enter the weighted average price as the price for each pay period.

**C
Example of
Weighted
Average**

This is an example of a weighted average price computation:

- milk marketed with handler A totaled 5000 cwt. and with handler B totaled 1000 cwt.
- handler A paid an average price of \$11.2500 per cwt. and handler B paid an average price of \$11.0000 per cwt.

Step	Action	Result
1	Add the total cwt. of milk marketed by all handlers.	6000 cwt. (5000 + 1000)
2	For each handler, multiply cwt. marketed by the handler times the price paid by that handler.	\$56,250 (\$11.2500 x 5000) \$11,000 (\$11.0000 x 1000)
3	Add the result of step 2.	\$67,250 (56,250 + 11,000)
4	Divide the result of step 3 by 6000 cwt.	\$11.2083 Carry the calculation to 6 decimal places to the right of the decimal point and round back to 4 decimal places.

49-56 (Reserved)

Part 5 Manufacturer Eligibility and Application

57 Overview

A

Introduction

This part covers the necessary requirements for determining eligibility and filing DIPP applications for manufacturers.

58 Manufacturer Eligibility Requirements

A

Background

To be eligible for indemnification under DIPP, the manufacturer must not have been responsible for contamination of the product. The contamination must have been because of a pesticide.

Note: Manufacturer losses from chemical, toxic substances, and nuclear radiation or fallout are not eligible for indemnification.

B

Pesticide Contamination

If the manufacturer used the pesticide that caused the removal of the product from the market, the pesticide must have been:

- registered and approved for use by the Federal Government when it was used
 - used according to directions on the label.
-

C

Purchase of Contaminated Milk

If the contamination resulted from the purchase of contaminated milk, the manufacturer must certify that there was no reason to believe the milk from which the product was made contained a harmful level of pesticide residue.

59 Manufacturer-Required Information

A**Background**

Manufacturers who are eligible to apply for DIPP must provide documentation necessary to determine the indemnification amount.

B**Required Information**

To apply for DIPP, the manufacturer shall provide:

- a copy of the notice from the public agency that resulted in removing the ~~product~~ from the commercial market
 - the name of the pesticide causing the removal of the product from the market and, if possible, the source of the pesticide
 - the fair market value of the product removed from the commercial market ~~--*~~
 - the name of any pesticides used by the manufacturer
 - the estimated salvage value of the product
 - a signed CCC-314 according to paragraph 47
 - any other information that DAFP requests.
-

60 Manufacturer-Eligible Losses for Indemnification

A

Indemnification

Indemnification under DIPP is limited to the fair market value of dairy products that a public agency requires the manufacturer to remove from commercial markets because the dairy products contain pesticide residue.

B

**Voluntarily
Removal**

Products that are voluntarily removed from commercial markets are not eligible for indemnification under DIPP.

C

**Ineligible for
Indemnification**

The following are not eligible for indemnification under DIPP:

- loss of market
 - loss of reputation
 - mental anguish.
-

61 Application for Payment

A

Where to File

Manufacturers shall file application for payment in the County Office serving the county where the manufacturer's headquarters is located.

B

What to File

The application may be in the form of a letter or memorandum supported by *--required documentation.--*

C

**County Office
Action**

County Offices shall submit manufacturers' applications to the State Office.

D

**State Office
Action**

State Offices shall submit all applications and related material filed by manufacturers to DAFP for:

- review
 - approval or disapproval.
-

62-71 (Reserved)

Part 6 Computing Payments

72 Overview

A

Introduction

This part covers the requirements for computing payments for DIPP.

73 Determining When Conditions for Payment Are Met

A

Background

County Offices shall examine the applicant's file to ensure that:

- the applicant has met all conditions of payment
 - the data serving as the basis for computing the payment is reliable and reasonable
 - the applicant was in no way responsible for the contamination
 - if a pesticide was reported as having caused the removal of the milk from the ~~commercial market~~, it was registered and approved for use by the Federal ~~Government~~ when it was used
 - the applicant has adopted practices to eliminate the contamination from the milk
 - the farm was operated as a dairy farm for the entire period covered by FSA-373.
-

B

FSA-373's Not Signed by Producer

If a legal representative is signing FSA-373 for the producer, require the legal representative to supply sufficient information to ensure that the producer has complied with the terms and conditions of DIPP.

Note: A legal representative might have no knowledge of the producer's actions.

Continued on the next page

73 Determining When Conditions for Payment Are Met (Continued)

C

Questionable Information

--If there is reason to question the information on FSA-373, or whether the -- applicant is entitled to a payment, request sufficient additional information to:

- correct the data
 - remove any doubt before the payment is approved.
-

D

Interview

If necessary, interview the applicant, or others, to verify the information submitted.

74 DIPP Payment Process

A

DIPP Payment

Compute the payment for DIPP as follows:

- *--use FSA-373, Part C to determine payment to be made according to--* paragraph 45
 - make entries and compute payments using data on FSA-373.
-

B

Deductions

Reduce computed indemnity payment by the following amounts:

- any monies received for milk or dairy products not marketed
 - nonrefundable payment, if any, the handler advanced to the producer for milk removed from the market
 - insurance payment, if any, for loss of milk marketings.
-

C

Refundable Amounts

Do not approve FSA-373 for payment until the producer provides proof that all refundable amounts the milk handler advanced to the producer, have been repaid.

Notes: The proof can be a paid receipt or a canceled check.

County Offices shall:

- make a photocopy of the proof
 - file it in the producer's DIPP folder.
-

Continued on the next page

74 DIPP Payment Process (Continued)

D

Assignments DIPP payments may **not** be assigned.

E

Offsets *--If the applicant is listed on FSA-604, enter the following on FSA-373:--*

- creditor agency's name and address
- the claim identification data
- the amount of the offset.

Note: This is the smaller of the amount of the:

- debt
- payment due.

Notes: Priority for offsets is in 58-FI.

--Enter the balance due the producer on FSA-373 according to--
paragraph 44.

Continued on the next page

74 DIPP Payment Process (Continued)

**F
Nonresident
Alien Income
Tax**

Payments due to a nonresident alien are subject to a withholding of the nonresident alien income tax.

The withholding tax:

- *--takes precedence over debts on FSA-604
- applies to producers or joint producers who are not United States citizens and who live outside the United States, its territories, or possessions
- applies even if FSA-373 is filed by an agent whose address is in the United States.

Withhold nonresident alien income tax according to 62-FI, Part 5, and:

- enter as an offset on FSA-373
 - enter the balance due to the producer on FSA-373 according to--* paragraph 44.
-

75 **Review of Payment**

A Background

The required review of all DIPP applications must be completed before issuing the payment to the producer.

B COC Action

COC shall:

- obtain DAFP or STC clearance, as applicable
- advise the applicant that payment has been computed and that the applicant may visit the County Office to review the computations.

Note: If the applicant does not want to review the computation, the County Office may continue processing the payment.

C County Office Action

County Offices shall:

- conduct a 2nd party review of all required program documents:
 - for completeness and accuracy
 - to verify all program requirements for payment are met
- complete CCC-770 DIPP according to paragraph 76
- complete CCC-770 Eligibility for each DIPP applicant according to 3-PL, paragraph 3.

***--Note:** Once CCC-770 Eligibility is completed for FY, unless there is a change in operation or eligibility status, it is **not** necessary to complete a new CCC-770 Eligibility.--*

75 Review of Payment (Continued)

D DAFP Clearance

Before making any DIPP payment to a producer or manufacturer, the County Office shall submit:

- the complete file for the first FSA-373 filed for each contamination, by each producer, to DAFP for clearance

Notes: Submit through the State Office.

Additional FSA-373's filed for the same contamination period are not required to be submitted to DAFP, but they must be submitted to STC for review before requesting allocation of funds according to paragraph 86.

- any FSA-373 that STC believes requires review to DAFP.

76 CCC-770 DIPP**A Background**

County Offices have come under close scrutiny because of audits and reviews:

- performed externally by Price-Waterhouse
- done internally by CORP checking improper payments.

The National Office was mandated to assemble a checklist to assist County Offices with issuing a proper payment to the intended recipient. The checklist is CCC-770 DIPP.

B General Information

It is not the intent of CCC-770 DIPP to supersede or replace procedure. County Offices should:

- use CCC-770 DIPP as a reminder of the most frequently “erred” actions when completing DIPP application packages for approval and payment
- recognize that the questions asked on CCC-770 DIPP are very general in nature
- note that CCC-770 DIPP to address every conceivable situation about program eligibility would not be practical.

C Using CCC-770 DIPP

CCC-770 DIPP was developed by the National Office and is the **only** authorized checklist for DIPP. County Offices shall not use State- or locally-generated checklists for DIPP.

County Offices shall:

- complete one CCC-770 DIPP for each applicant competing FSA-373
- see subparagraph D for instructions on completing CCC-770 DIPP
- maintain CCC-770 DIPP with each FSA-373.

Note: Using CCC-770 DIPP before payments are issued to a DIPP applicant is **mandatory**.

*--76 CCC-770 DIPP (Continued)

E Example of CCC-770 DIPP (Continued)

CCC-770 DIPP (12-13-06)		Page 2			
9. PAYMENT PROCESSING:	Handbook or Other Applicable References	YES	NO	Initials	Date Completed
A. Have you ensured to the best of your knowledge, that the data serving as a basis for computing payments is reliable and reasonable?	3-LD, subparagraph 73A				
B. Has the DIPP payment been properly computed?	3-LD, subparagraph 74A				
C. Has the FSA-373 and all required program documents been photocopied and forwarded to PSD for approval through the State Office?	3-LD, subparagraphs 12C, 44C, and 75C				
D. Has DAFP approval of applicant's payment allocation been obtained?	3-LD, paragraph 75				
E. Has payment been issued using program code "xxMIPP", with "XX" representing the last two digits of the FY in which the payment is being made?	1-FI and 3-LD, paragraph 88				
F. Has one copy of the FSA-373 been provided to the State Office after payment was issued?	3-LD, paragraph 88				
G. Was a second party review completed before payment was issued?	3-LD, subparagraph 75C				
10. Remarks:					
CERTIFICATION:					
<i>I (we) the undersigned certify the above items have been verified or updated accordingly.</i>					
11A. Signature of Preparer(s)				11B. Date (MM-DD-YYYY)	
12A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
12B. CED Signature for Spotcheck				12C. Date (MM-DD-YYYY)	
13A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
13B. DD Signature for Spotcheck				13C. Date (MM-DD-YYYY)	

--*

77 CCC-770 DIPP Spot Checks

A CED Spot Check Selection

CCC-770 DIPP's certified by a preparer must be spot checked by CED or their designated representative on a FY quarterly basis. CED or designee shall:

- *--use APSS to print a quarterly spot check register of producers receiving DIPP benefits during an applicable FY quarter
- at a minimum, spot check the following preparer certified CCC-770 DIPP's every FY quarter in each Service Center:--*
 - five CCC-770 DIPP's if 10 or less preparer certified CCC-770 DIPP's have been completed
 - ten CCC-770 DIPP's if 11 through 1,000 preparer certified CCC-770 DIPP's have been completed
 - twenty CCC-770 DIPP's if more than a 1,000 preparer certified CCC-770 DIPP's have been completed
- *--randomly select applicants for the required number of spot checks from the APSS system-generated report of DIPP payments issued during a FY for each quarter as--* follows:
 - October through December
 - January through March
 - April through June
 - July through September
- *--randomly spot check up to 5 CCC-770 DIPP's for each FSA employee (including STC's and COC's) for the FY in each Service Center

Note: Spot checks of STC, COC, and/or employees are in addition to the 5, 10, or 20, required for the FY quarter.--*

 - certify spot check on CCC-770 DIPP, item 12 according to instructions provided in subparagraph 76 D
 - report to COC and the STC representative any CCC-770 DIPP that is checked "Do Not Concur".

*--**Note:** CED's are encouraged to copy and file, by program, all CCC-770 DIPP's that were spot checked by CED.--*

77 CCC-770 DIPP Spot Checks (Continued)

B State Office Spot Check Selection

The State Office shall select the following for spot check by STC or their representative, at a minimum, every FY quarter in each Service Center:--*

- three CCC-770 DIPP's if 10 or less CCC-770 DIPP's have been completed
- five CCC-770 DIPP's if 11 through 1,000 CCC-770 DIPP's have been completed
- ten CCC-770 DIPP's if more than 1,000 CCC-770 DIPP's have been completed.

C STC or Designee Spot Checks

CCC-770 DIPP's certified by a preparer must be spot checked by STC or their designated representative on a FY quarterly basis. STC or designee shall:--*

- spot check CCC-770 DIPP's selected by the State Office according to subparagraph B
- spot check, at a minimum, 50 percent of CED's spot checks in subparagraph A
- randomly spot up to 5 CCC-770 DIPP's for each FSA employee (including STC's and COC's) for the FY in each Service Center

Note: Spot checks of STC, COC, and/or employees are in addition to the 50 percent of CED's spot checks.--*

- certify completed spot checks on CCC-770 DIPP, item 13 according to instructions in subparagraph 76 D
- submit the results of the spot check to SED.

--Note: DD or State Office representative shall use the County Office spot check register and method provided in subparagraph A to select the appropriate number of State Office required spot checks.--*

77 CCC-770 DIPP Spot Checks (Continued)

D National Office Report

At the end of FY, State Offices shall compile a report of spot check results from each quarter for submission to the National Office. Each report must be categorized by the following:

- quarter
- county
- number of FSA-373's completed in the County Office
- number of CCC-770 DIPP's:
 - selected for spot check by CED
* * *
 - *--selected for spot check by DD or designee
 - concurred by DD or designee
 - not concurred by DD or designee.--*

Reports of results are due to PSD no later than October 31 of each year. Reports must be *--submitted to the attention of DIPP by email to psd@wdc.usda.gov.--*

78-84 (Reserved)

Part 7 Making DIPP Payments

85 Overview

A

Introduction

This part covers the necessary requirements for making payments for DIPP.

86 Allocation of Funds

A

**State Office
Action**

State Offices shall:

- request an allocation of funds for paying DIPP claims from PSD
- make allocations to County Offices
- request additional allocations, if needed, through * * * PSD
- maintain a ledger of allocations made to County Offices.

Note: Prepare one FSA-373-A for the State.

B

**Unobligated
Balances**

The funds allocated for DIPP are available until September 30 of the applicable FY. Any FY unobligated balances that will not be used by FY-end must be returned to the National Office.

State Offices shall:

- release FY unobligated balances, by memorandum, to PSD, by COB, September 20

***--Note:** States with unobligated balances will receive FSA-357 from BUD,--* reducing the balance to zero for the applicable FY.

- request DIPP allocation for the next FY DIPP claims, as applicable.

Note: If September 20 is a weekend day or holiday, send the memorandum on the next workday.

Continued on the next page

86 Allocation of Funds (Continued)

**C
County Office
Action**

County Offices shall:

- request an allocation of funds from State Offices
 - not approve payments that exceed allocation received.
-

***--87 Completing FSA-373-A**

A

**Completion
Instructions**

State Offices shall complete FSA-373-A according to this table.

Circle Number	Instructions
1	Enter the appropriate State. Note: Prepare one FSA-373-A for the State.--*
2	Enter the current FY.
* * *	* * *
3	Enter page numbers.
4	Enter approval date of transaction in "MM-DD-YY" format.
5	Enter description of transaction. Use application number plus suffix, if applicable, to identify payments. Examples of transaction descriptions are as follows: <ul style="list-style-type: none"> • "Allocation" • "DAFP or STC Approval" • "Amount Paid" • "FY Total" • "FY Close" • "FY Unobligated Balance Adjustment".
6	*--Enter amount of allocation changes shown on FSA-357.--*

Continued on the next page

87 Completing FSA-373-A (Continued)

A
Completion
Instructions
(Continued)

Circle Number	Instructions
7	Enter amount of approved application after DAFP or STC review. The first entry shall be the same as the first allocation in column 7. Thereafter, on each line, enter the result of adding or subtracting entries in columns 7 and 8 from the previous entry in the column, as applicable. This will keep a running balance of allocation still available.
8	Enter amount of payments issued or amount refunded.
9	Enter amount, which is the result of column 7 minus column 8.
10	Enter county name or code.
11	Determine FY totals for: <ul style="list-style-type: none"> • column 7 by adding or subtracting the amount of changes in allocations shown on FSA-357 • column 8 by adding or subtracting amounts approved on FSA-373 • column 9 by adding or subtracting amounts paid or collected.
12	*--Determine FY total for column 9 by carrying forward the last balance after the--* last amount paid. Note: Check that this amount does not include any amount recently submitted for approval on FSA-373.
13	*--The FY total amount in column 9 is the FY unobligated balance.--* Note: State Offices shall submit, by memorandum, the unobligated balance according to subparagraph 86 B.

Continued on the next page

87 Completing FSA-373-A (Continued)

B
Example of
FSA-373-A

This is an example of a completed FSA-373-A.

*--

REPRODUCE LOCALLY. Include form number and date on reproductions.

FSA-373-A (02-19-98)				U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency		1. State North Dakota (1)	
COUNTY ALLOCATION CONTROL LEDGER FOR DAIRY INDEMNITY PROGRAM						2. Fiscal Year 200X (2)	3. Page 1 of 1 (3)
4. DATE	5. DESCRIPTION OF TRANSACTION	6. ALLOCATION & CHANGES (Plus or Minus)	7. AMOUNT APPROVED (Plus or Minus)	8. AMOUNT PAID (Plus or Minus)	9. BALANCE AVAILABLE FOR ALLOCATION (Plus or Minus) (Col. 6 minus Col. 8)	10. COUNTY NAME	
(4) 05-26-0X	Allocation (5)	(6) 1065.45	(7)	(8)	(9) 1065.45	(10)	
05-26-0X	DAPP Approval		1065.45				
05-28-0X	Amount Paid			1065.45	0	McHenry	
07-31-0X	Allocation	1149.50			1149.50	07-31-0X	
07-31-0X	STC Approval		-100.00 1049.50				
07-31-0X	Amount Paid			1049.50	100.00	McHenry	
	FY Total (11)	2214.95	2114.95	2114.95	(12) 100.00		
	Unobligated Total (13)				100.00		
	FY Close	0	0	0	0		

--*

88 Making Payments

**A
Issuing
Payments**

Issue payment according to 1-FI. Use program code "XXMIPP". "XX" shall be the last 2 digits of FY in which the payment is made, regardless of when the claim occurred.

* * *

**B
Record of
Payments**

County Offices shall send 1 copy of each paid FSA-373 to the State Office immediately after making the DIPP payment.

**C
Prompt Payment**

Prompt payment interest will begin as follows:

- for the first application, 30 calendar days after the date that the County Office receives notification from DAFP that eligibility is established and the payment is properly computed
 - for subsequent applications for the same contamination, 30 calendar days after receiving a properly documented application for payment.
-

Continued on the next page

88 Making Payments (Continued)

* * *

**D
Other Legal
Recourse**

Do not make an indemnity payment for contamination resulting from chemicals or toxic substances, if DAFP determines, within 30 calendar days after the date of FSA-373, that other legal recourse is available to the producer.

**E
Indemnification
From Other
Sources**

If a dairy producer or manufacturer of dairy products receives an indemnity payment and is later compensated for the loss by the party responsible for the loss, the producer or manufacturer shall refund to FSA within 14 calendar days, the lesser of the following:

- amount of the indemnity payment for the loss
 - amount of compensation from other source.
-

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		35
CCC-184	CCC Check		87
CCC-314	Dairy Indemnity Payment Program Agreement	47	59
CCC-770 DIPP	Dairy Indemnity Payment Program Checklist	76	75, 77
FSA-357	State Program Allocation		86, 87
FSA-373	Application for Dairy Indemnity Payment	44	Text
FSA-373-A	County Allocation Control Ledger for Dairy Indemnity Program	87	86
FSA-604	Debt Register		74

Abbreviations Not in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
DIPP	Dairy Indemnity Payment Program	76, 77

Delegations of Authority

None

Definitions of Terms Used in This Handbook

Application Period Application period is the period that begins with the date the milk is removed
*--from the commercial market and ends with the date the milk is reinstated to the
commercial market.

Base Period Base period is the calendar month, 2 half months, or 2 biweekly pay periods
immediately before removal of the milk from the commercial market.--*

**Chemicals or
Toxic Substances** Chemicals or toxic substances are any chemical substance or mixture, as defined in
the Toxic Substances Control Act (15 U.S.C. 2602).

Claim Period Claim period is the calendar month, or months, in which milk was removed from
the commercial market and usually is the calendar month immediately following
the base period.

**Commercial
Market for
Farmer** Commercial market for farmer is the market to which a producer normally delivers
milk and from which it was removed because of the detection of contamination.

**Dairy Indemnity
Application
Period** Dairy indemnity application period is any period for which FSA-373 is made
during which a producer's milk is removed from the commercial market under the
direction of a public agency, because of the detection of a contamination.

**Dairy Indemnity
Pay Period** Dairy indemnity pay period is the period used by the milk handler in settling with
the dairy producer for whole milk purchased. This is usually monthly, bimonthly,
or biweekly.

Continued on the next page

Definitions of Terms Used in This Handbook (Continued)

Milk Handler Milk handler is the marketing agency to whom or through whom the eligible dairy producer marketed milk immediately before it was removed from the commercial market.

***--Normal Milk Marketings** A normal milk marketing is the sum of the quantities of whole milk which a farmer would have sold in the commercial market in each of the pay periods in the application period but for the removal of his whole milk from the commercial market because of the detection of a residue of a violating substance.

Nuclear Radiation or Fallout Nuclear radiation or fallout is contamination by nuclear radiation or fallout from any source.

Payment Subject to a Refund Payment subject to a refund means a payment which is made by a milk handler to an affected farmer, and which such farmer is obligated to refund to the milk handler.--*

Pesticide Pesticide is an economic poison that was registered with the Federal Government according to the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, (7 U.S.C. 135-135K) and approved for use by the Federal Government.

Public Agency Public agency is any of the following:

- Federal
 - State
 - local public regulatory agency.
-

Removed From the Commercial Market Removed from the commercial market is the milk or dairy products produced and:

- destroyed or used as livestock feed
 - delivered to a handler who:
 - destroyed it, or disposed of it, on a salvage basis, such as separating it, destroying the fat, and drying the skim milk
 - diverted the milk to some place other than the commercial market.
-

Continued on the next page

Definitions of Terms Used in This Handbook (Continued)

**Violating
Substance**

Violating substance is 1 or more of the following:

- pesticides
 - chemicals or toxic substances
 - nuclear radiation or fallout.
-

Whole Milk

Whole milk is the milk as it is produced by cows.
