

For: State Offices and Service Centers

2007 Final Counter-Cyclical (CC) Payment Calculations for Wheat, Barley, and Oats

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 (2002 Act) provides for CC payments for covered commodities and oilseeds beginning with crop years 2002 through 2007. Partial 2007 crop year advance CC payments were not issued for wheat, barley, or oats.

B Purpose

This notice:

- provides a detailed explanation of how counter-cyclical payment rates are determined
- informs State and County Offices that final counter-cyclical payments will **not** be made for wheat, barley, and oats for crop year 2007 because their effective prices exceed their respective target prices.

2 Calculating 2007 Final CC Payments for Wheat, Barley, and Oats

A Zero Rate for Wheat, Barley, and Oats

Final 2007 CC payment rates for wheat, barley, and oats are zero because their effective price exceeds their respective target prices. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average farm price.

Disposal Date	Distribution
July 1, 2009	State Offices; State Offices relay to Service Centers

Notice DCP-193

2 Calculating 2007 Final CC Payments for Wheat, Barley, and Oats (Continued)

A Zero Rate for Wheat, Barley, and Oats (Continued)

The following table illustrates the calculation for wheat, barley, and oats.

Item	Wheat	Barley	Oats
	Dollars Per Bushel		
Target Price	3.92	2.24	1.440
National Average Loan Rate	2.75	1.85	1.330
National Average Farm Price	6.48	4.35	2.630
Higher of Loan Rate or Farm Price	6.48	4.35	2.63
Direct Payment Rate	0.52	0.24	0.024
Effective Price	7.00	4.59	2.654
Final Counter-Cyclical Payment Rate	0	0	0

B 2007 Counter-Cyclical Partial Payments for Wheat, Barley, and Oats

The 2002 Act provides for an advance partial counter-cyclical payment in December 2007 and a final payment **after** the close of the marketing year. Advance partial 2007 counter-cyclical payments were **not** paid on wheat, barley, and oats.

C Update to CC Payment Parameter File

The Payment Parameter File:

- will be updated to reflect current payment rates and final payment dates when County Release No. 647 is installed
- information can be printed according to 1-CM.

D Web Site for National Average Prices Received by Producers

The national average prices received by producers for contract commodities can be found on the FSA Internet at <http://www.fsa.usda.gov/>.