

For: State and County Offices

2009 Advance Direct Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (2008 Act), Pub. L. 110-246, was enacted into law on June 18, 2008. For crop years 2008 through 2012, the 2008 Act provides the following:

- continuing DCP enrollment
- issuing DCP payments to covered commodities and peanuts
- direct attribution rules apply to 2009 and future program year DCP payments
- issuing 2009 advance direct payments beginning in December 2008
- new AGI provisions for 2009 and future program years
- exceptions for socially disadvantaged and limited resource farmers and ranchers.

Provisions no longer applicable under the 2008 Act for 2009 and future program years include the following:

- “person” determinations
- permitted entity rule.

B Purpose

This notice informs State and County Offices of the following:

- software for CCC-509 and CCC-509 Appendix to be used for 2009 DCP signup will be available on Monday, December 22, 2008, at <https://indianocan.sc.egov.usda.gov/DCP/index.jsp>
- follow instructions in a forthcoming informational bulletin to enable 2009 advance direct payment processing options
- 2009 advance direct payment rates
- 2009 advance direct payments will **not** be issued using direct attribution rules.

Disposal Date	Distribution
May 1, 2009 12-19-08	State Offices; State Offices relay to County Offices

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2 2009 Advance Direct Payments

A Background

To implement the provisions of the 2008 Act, major changes are required to all payment processes affected by the legislation. While the development of software is underway, these processes cannot be made available to accommodate requests for 2009 advance direct payments beginning in December 2008.

As a result, a decision has been made that software used to issue 2008 advance direct payments will be modified to issue 2009 advance direct payments. However, this software will **not** implement all provisions required by the 2008 Act. The 2008 Act provisions, including the provisions for direct attribution, will be fully incorporated into the software for issuing 2009 final direct and both advance and final counter-cyclical payments.

The remainder of this paragraph provides detailed information about the changes that will be implemented for issuing 2009 advance direct payments.

B Adjusted Gross Income (AGI)

The 2009 advance direct payment process will read the following:

- AGI commodity programs certification/COC determination
- AGI direct payment certification/COC determination.

IF the AGI commodity certification is set to...	AND the AGI direct certification is set to...	THEN the producer/member...
“Exempt”	“Exempt”	is exempt from AGI provisions.
“Not Filed”	any value	does not meet AGI provisions.
“Not Met – COC”		
“Not Met – Producer”		
<ul style="list-style-type: none"> • “Compliant – Producer” • “Compliant – Agent” 	“Compliant - Producer”	meets AGI provisions.
	“Compliant – Agent”	
	“Not Met – COC”	does not meet AGI provisions.
	“Not Met – Producer”	
	“Not Met – Producer”	

If the producer does **not** meet AGI provisions, then:

- 2009 direct payments will **not** be issued
- the Direct Nonpayment Register will display the message, “Producer Does Not Meet AGI Provisions”.

Note: County Offices shall review **both** AGI commodity and AGI direct certification/COC determinations to verify the correct certifications have been recorded in the eligibility system.

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2 2009 Advance Direct Payments (Continued)

C Socially Disadvantaged and Limited Resource Farmer or Rancher

Payments will only be issued to producers on a farm with 10.0 base acres or less when all owners on the farm certify to meeting requirements for 1 of the following:

- socially disadvantaged farmer or rancher and web eligibility for “Socially Disadvantaged Farmer or Rancher Includes Racial, Ethnic, and Gender” is set to “Yes”
- limited resource farmer or rancher and web eligibility for “Limited Resource Farmer or Rancher” is set to “Yes”.

D Combinations and Payment Limitation

Payment limitation for a producer’s direct payment is \$40,000 per “person”. During the 2009 subsidiary rollover process, 2008 combinations were rolled to 2009. The 2009 advance direct payment process will limit payments to the combined “person” using the 2009 combination file. Even though the “person” rules do not apply for 2009 advance direct payments, payments will be limited to the payment limitation for the combined “person”.

Important: County Offices shall **not** delete any 2009 combinations unless a new COC “person” determination is completed. “Person” provisions are still applicable for some programs.

It is possible some combinations may result in an underpayment, which will be resolved at the time final payments are issued.

3 Reconciliation Process

A Overview

The 2009 advance direct payments will be issued without regard to direct attribution. Once direct attribution software is available, a reconciliation process will be initiated. A forthcoming notice will address the reconciliation process.

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4 Payment Rates

A 2009 Advance Direct

2009 advance direct payments will be 22 percent of the crop's final direct payment rate. The following provides the 2009 advance direct payment rates.

Crop	Advance Payment Rate	Crop	Advance Payment Rate
Wheat (bu.)	\$0.1144	Corn (bu.)	\$0.0616
Oats (bu)	\$0.00528	Grain Sorghum (bu)	\$0.077
Rice – Long Grain (lbs)	\$0.00517	Peanuts (lbs)	\$0.00396
Rice – Med Grain (lbs)	\$0.00517	Barley (bu)	\$0.0528
Upland Cotton (bu)	\$0.014674	Dry Peas (lbs)	
Soybeans (bu)	\$0.0968	Lentils (lbs)	
Flax (bu)	\$0.09856	Desi Garbanzo Beans (lbs)	
Other Oilseeds (lbs)	\$0.00176	Kabuli Garbanzo Beans lbs)	

Note: 2009 fruit and vegetable (FAV) payment reductions will **not** be incorporated into the 2009 advance direct payment software.

5 Action

A State Office Action

State Office specialists shall ensure that County Office employees are immediately informed of the contents of this notice.

B County Office Action

County Offices shall:

- begin using 2009 DCP contract software upon receipt
- **not** delete any 2009 combinations

Note: “Person” rules are still applicable for some programs.

- update eligibility according to 3-PL
- update entity and joint operation files according to 2-PL
- follow instructions in a forthcoming Information Bulletin to enable 2009 advance direct payment processing options

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5 Action (Continued)

B County Office Action (Continued)

- print the 2009 direct program parameter file information according to 1-CM, subparagraph 108 A to verify rates
- begin issuing 2009 advance direct payments immediately after software is available when the producer has requested a December advance payment
- follow 2-DCP to issue 2009 advance direct payments

Note: Payments will be issued according to 2-DCP except for the changes identified in this notice.