



Fact Sheet

Dairy Disaster Assistance Payment Program III

Overview

The U.S. Department of Agriculture Farm Service Agency (FSA) Dairy Disaster Assistance Payment Program III (DDAP-III) provides \$16 million in benefits to dairy producers for dairy production losses that occurred between Jan. 1, 2005, and Dec. 31, 2007, because of natural disasters.

The "U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007" (2007 Act), signed by President Bush in May 2007, authorizes DDAP-III. The 2007 Act charges USDA with implementing DDAP-III. The 2007 Act provides \$16 million in DDAP-III benefits for producers who suffered dairy production losses between Jan. 1, 2005, and Feb. 28, 2007. On Dec. 26, 2007, President Bush signed the Consolidated Appropriations Act, 2008, which extends DDAP-III payments to eligible producers who suffered dairy production losses throughout the 2007 crop year before Dec. 31, 2007.

To be eligible, a producer's operation must be in a county designated a major disaster or emergency area by the president or declared a natural disaster area by the secretary of agriculture between Jan. 1, 2005, and Dec. 31, 2007. Contiguous counties are also eligible.

Producers in counties declared as disaster areas by the president may be eligible, even though the agricultural loss was not covered by the declaration, if there has been a FSA Administrator's Physical Loss Notice covering such losses.

This fact sheet describes key DDAP-III provisions, which were detailed in a Federal Register notice published March 4, 2008.

When and Where to Apply

Dairy producers may apply to receive DDAP-III benefits at local FSA service centers beginning March 5, 2008.

Eligibility Requirements

The following are some of the eligibility requirements producers must meet to receive benefits:

- Producers must have produced and marketed milk in the United States any time during the period of Jan. 2, 2005, through Dec. 30, 2007;
- Producers must have suffered dairy production losses attributed to a declared natural disaster during the eligible period in an approved area;
- Producers must not have received disaster payments for the same losses under any previous dairy disaster payment program; and

- Producers must provide proof of the average number of cows in the dairy herd and annual milk production commercially marketed by all persons in the eligible dairy operation during the years of the base period (2003 and 2004 calendar years) and applicable disaster year that corresponds with the applicable natural disaster declaration or other period to determine the total pounds of eligible losses that will be used for payment.

Producers may be involved in more than one operation under DDAP-III rules.

Proof of Production

FSA requires proof of a dairy operation's marketing and production history in order to compute dairy production losses.

Dairy producers must provide the following proof of production to receive DDAP-III benefits:

- A dairy producer must provide adequate proof of the dairy operation's commercial production, including any dairy herd inventory records available for the operation, for the years of the base period (2003 and 2004 calendar years) and disaster claim period that corresponds with the issuance date of the applicable natural disaster declaration.

- A producer must provide proof that losses were related to the disaster declaration issued and occurred in an eligible county during the eligible claim period.
- A producer must certify to the average number of cows in the dairy herd during the base period and applicable disaster claim period when there is insufficient documentation available for verification.
- FSA may request additional supporting documentation to verify production losses.
- Adequate proof of production history must be based on milk marketing statements obtained from the dairy operation's milk handler or marketing cooperative. Supporting documents may include: tank records, milk handler records, daily milk marketings, copies of any payments received from other sources for production losses or any other documents available to confirm or adjust the production history losses incurred by the dairy operation.

FSA will base loss calculations on comparing the expected base annual production and the actual production during the applicable disaster claim year. FSA may adjust calculations when losses are not caused by the disaster. FSA may reject DDAP-III applications if a producer does not provide adequate proof of production for the periods.

Determination of Losses

FSA will determine eligible losses suffered by a dairy operation in order to calculate payments.

FSA determines dairy production losses using the established history of the dairy operation's average number of cows in the dairy herd and actual commercial production marketed during the base period and applicable disaster claim period. FSA will determine the base annual production using the average annual production per cow according to the following:

- The average of annual marketed production during the base period calendar years of 2003 and 2004, divided by;
- The average number of cows in the dairy operation's herd during the base period calendar years of 2003 and 2004.

FSA will use an alternative method of determining the average annual production per cow if relevant information to calculate the average annual production per cow for one or both of the base period calendar years of 2003 and 2004 is unavailable. For example, for new dairies not in operation during 2003 and 2004, FSA may obtain information from three similar farms to estimate base annual production.

FSA will multiply the average annual production per cow by the average number of cows in the dairy operation's herd during the applicable disaster year (exclud-

ing cow losses resulting from the disaster occurrence) to determine base annual production for the dairy operation for each applicable disaster claim period year.

The eligible dairy production losses for a dairy operation for each of the authorized disaster claim period years will be:

- The relevant period's base annual production for the dairy operation less,
- The commercially marketed production for each dairy operation and disaster claim period.

FSA will count spoiled or dumped milk, disposed of for reasons unrelated to the disaster occurrence, as production for the relevant disaster claim period. FSA may adjust production losses to the extent that the producer cannot certify that the loss is the result of the disaster identified in the natural disaster declaration.

If actual production exceeds the base annual production, FSA will infer that the dairy operation incurred no eligible production losses for the claim period as a result of the natural disaster.

FSA will calculate payments using whole pounds of milk. FSA will make only one payment for each pound of milk calculated as an eligible loss after the distribution of the dairy operation's eligible production loss among the producers of the dairy operation. Payments will not be affected by any payments for dumped or spoiled milk that the dairy operation may have

received from its milk handler, marketing cooperative or any other private party. However, produced milk that was dumped or spoiled for reasons unrelated to the disaster occurrence will still count as production.

Payment Rates

Under DDAP-III, the payment rate for eligible production losses depends on the state, the annual average Mailbox milk price for the Marketing Order, applicable to the state where the eligible disaster county is located, as reported by the Agricultural Marketing Service during the relevant period. The Mailbox price is the net price producers receive for their milk, after all marketing costs, discounts and premiums are accounted for. FSA will assign a payment rate to a state not regulated under a Marketing Order based on a contiguous or nearby state's Mailbox milk price.

A state-by-state listing of maximum per pound payment rates for eligible losses for dairy operations is found in the chart found on page 4.

Payments Exceeding \$16 Million

The 2007 Act provided \$16 million in DDAP-III benefits for eligible dairy producers.

If the total value of losses claimed nationwide exceeds the \$16 million available in DDAP-III benefits, FSA will pay dairy operations with

total eligible losses exceeding 20 percent of the total base year production at the maximum rate that funding allows. A loss of more than 20 percent in only one or two months during the applicable claim period does not qualify a producer for the maximum per-pound payment. A dairy producer's losses must reach the priority level over the whole claim period for each relevant calendar year.

If dairy producers suffer total eligible losses of less than or equal to 20 percent during the eligible claim period, then FSA will calculate benefits by dividing the eligible losses of less than 20 percent by the funds remaining after making payments for all eligible losses above the 20-percent threshold.

FSA will not make payments exceeding the value determined by multiplying the producer's total eligible loss times the average price received for commercial milk production in the producer's area. No participant will receive DDAP-III benefits that exceed 95 percent of the value of the expected production for the relevant period as estimated by the secretary of agriculture. The sum of the value of the production not lost (if any) and the DDAP-III payment received cannot exceed 95 percent of what the production's value would have been if there had been no loss.

FSA may set aside a reserve of DDAP-III funds to handle pending or disputed claims.

More Information

Find more information about FSA and its disaster assistance programs on the FSA Web site at: <http://www.fsa.usda.gov>.

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DDAP-III Payment Rates

State	Mailbox Price 2005	Mailbox Price 2006	Mailbox Price 2007*
Alabama	0.1596	0.1443	0.2025
Alaska.....	0.2040	0.2010	0.2064
Arizona	0.1388	0.1128	0.1756
Arkansas	0.1596	0.1443	0.2025
California	0.1388	0.1128	0.1756
Colorado.....	0.1403	0.1214	0.1825
Connecticut	0.1539	0.1344	0.2012
Delaware	0.1539	0.1344	0.2012
Florida	0.1758	0.1603	0.2150
Georgia.....	0.1596	0.1443	0.2025
Hawaii.....	0.2700	0.2600	0.2779
Idaho	0.1402	0.1215	0.1926
Illinois	0.1514	0.1283	0.1904
Indiana.....	0.1503	0.1294	0.1933
Iowa.....	0.1507	0.1285	0.1884
Kansas	0.1403	0.1214	0.1825
Kentucky.....	0.1527	0.1349	0.1983
Louisiana	0.1596	0.1443	0.2025
Maine.....	0.1539	0.1344	0.2012
Maryland.....	0.1539	0.1344	0.2012
Massachusetts	0.1539	0.1344	0.2012
Michigan	0.1478	0.1264	0.1855
Minnesota.....	0.1512	0.1277	0.1926
Mississippi	0.1596	0.1443	0.2025
Missouri (Northern).....	0.1403	0.1214	0.1825
Missouri (Southern).....	0.1467	0.1254	0.1867
Montana	0.1512	0.1277	0.1926
Nebraska	0.1403	0.1214	0.1825
Nevada	0.1388	0.1128	0.1756
New Hampshire.....	0.1539	0.1344	0.2012
New Jersey.....	0.1539	0.1344	0.2012
New Mexico.....	0.1323	0.1108	0.1758
New York.....	0.1539	0.1303	0.1938
North Carolina	0.1527	0.1349	0.1983
North Dakota	0.1512	0.1277	0.1926
Ohio.....	0.1506	0.1302	0.1933
Oklahoma	0.1596	0.1443	0.2025
Oregon	0.1402	0.1215	0.1926
Pennsylvania (Eastern).....	0.1539	0.1340	0.1990

State	Mailbox Price 2005	Mailbox Price 2006	Mailbox Price 2007*
Pennsylvania (Western)	0.1539	0.1302	0.1939
Puerto Rico	0.2550	0.2570	0.2606
Rhode Island	0.1539	0.1344	0.2012
South Carolina.....	0.1527	0.1349	0.1983
South Dakota	0.1512	0.1277	0.1926
Tennessee.....	0.1527	0.1349	0.1983
Texas.....	0.1405	0.1194	0.1828
Utah.....	0.1403	0.1214	0.1825
Vermont.....	0.1539	0.1344	0.2012
Virginia	0.1527	0.1349	0.1983
Washington	0.1402	0.1215	0.1926
West Virginia	0.1506	0.1302	0.1933
Wisconsin	0.1535	0.1305	0.1912
Wyoming	0.1403	0.1214	0.1825

NOTE: Calculations are rounded to 7 decimal places.

*Payment rates are based on the annual average Mailbox milk price for the Marketing Order, applicable to the State where the eligible disaster occurred. In some cases rates were assigned based on mailbox prices in similar or nearby states.