

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Direct and Counter-Cyclical Payments
2-DCP**

Amendment 13

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraph 12 has been amended to provide information about prerequisite for issuing payments.

Paragraph 21 has been amended to provide additional information about direct and CC payments.

Exhibit 7 has been withdrawn because CCC-770 DCP **dated 11-20-06** is obsolete.

Note: See 1-DCP, Exhibit 14 for information about the revised CCC-770 DCP dated 12-11-06.

Exhibit 12 has been added to provide for direct payment rates.

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11 Manual Calculations for DCP Payments

A Introduction

This paragraph provides the steps for calculating DCP payments manually.

Note: County Offices are **not authorized** to issue manual checks. These steps are provided to assist County Offices with verification of payment amounts on CCC-184's or direct deposits.

B Calculating DCP Payments Manually

The same manual payment calculations method applies to both direct and counter-cyclical payments.

The following table provides the method to calculate advance or final direct or counter-cyclical payments for the farm, producer, and crop. The data elements applied to each step are for a single crop. The payment calculated for each crop and producer must be added together to arrive at the payment total for the farm.

Note: Not all steps will be used in the calculation process because of producers having unique farming situations.

Step	Calculation
1	Payment acres, minus
2	FAV reduction acres, times
3	Direct or counter-cyclical payment yield, as applicable, times
4	Producer share, times
5	Member share if payment is being calculated for a joint operation, times Notes: This will be 1.000 if payment is not to a joint operation Joint operation payments are computed at the member level and added together to determine the total joint operation payment. See paragraph 40.
6	*--Permitted/AGI share, times Note: AGI share effective starting 2003.--*
7	Cropland factor for the producer, times
8	Cropland factor for the member, times
9	Advance or final payment rate for the crop, as applicable, minus
10	Prior payments, minus
11	FAV violation reductions (starting 2003), minus
12	Payment limitation reduction amount
13	Round result to whole dollars

12 Prerequisites for Issuing Payments

A Introduction

Actions must be completed before issuing payment to ensure that the producer or entity is eligible for payment.

B Actions Completed Before Issuing Payments

*--The following contains the actions that must be completed before issuing DCP payments. COC, CED, or designee shall ensure each action is completed.

Step	Action
1	CCC-770 DCP has been completed for approved contracts.
2	CCC-770 Eligibility has been completed for approved contracts.
3	Overpayments have been: <ul style="list-style-type: none"> • computed for all programs for the current year and any applicable prior years • transferred to CRS or had corrective action taken to resolve any overpayment listed in error • established in CRS according to 67-FI for all outstanding debts for nonautomated programs.
4	Ensure that the Financial Services System has been updated to reflect assignment and joint payment information for all CCC-36's and CCC-37's that have been received.
5	For those counties not having DCP payment reductions, ensure that the DCP Payment Reduction File has been created according to 4-CP. Note: This step does not need to be completed until compliance and FAV software becomes available for the crop year. Software for the 2007 crop year should be available early summer.

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13 (Reserved)

18 Final Direct Payments**A Issuing Final Payments**

Final payments can be issued starting:

- FY 2002, October 2002
- FY 2003 and subsequent years, October 1 of the applicable year.

* * *

B Offsetting 2002 PFC Payments

2002 final direct payments will be offset by payments earned for 2002 PFC. 2002 PFC payments that offset the 2002 final direct payment will count against the producer's \$40,000 payment limitation. See paragraph 351.

C Final Payments of Less Than \$10

The payment processes will:

- issue final payments that round to at least \$1
- not issue final payments of less than \$1.

All payables that round to at least \$1 will be processed and sent to the Accounting system. The Accounting software combines all payables for the farm and producer and one CCC-184 is generated. In most cases, the combined CCC-184 is greater than \$10.

Note: Even though EFT payments are not combined, all payables that round to at least \$1 are processed.

18 Final Direct Payments (Continued)

D Prompt Payment Due Dates

According to the Prompt Payment Act, a prompt payment interest penalty applies if a final payment is not issued in a timely manner. See 61-FI for additional information about handling prompt payment interest penalties.

Reminder: All required eligibility documentation and contract signatures must be received in the County Office by the applicable deadline for the producer to be eligible for a final payment.

E Prompt Payment Exceptions

An interest penalty payment does not apply if the:

- payment is the subject of an ongoing judicial action, including when a payee has filed for bankruptcy
- payee fails to provide the necessary documentation
- payee does not comply with the terms of any contract
- payee does not meet necessary program requirements.

19 (Withdrawn--Amend. 3)

21 Determining Advance and Final DCP Payment Rates**A Introduction**

Advance payments are authorized for both direct and counter-cyclical payments.

Advance direct payments will be 50 percent of the payment rate and will be issued in the month of the producer's choice beginning on December 1 of the calendar year before the crop is harvested.

*--Direct payment percentages are as follows:

- 2002, final payment rate
- 2003 through 2005, advance payments issued at 50 percent of the payment rate
- 2006, advance payment issued at:
 - 50 percent of the payment rate if CCC-509 signature date was February 8, 2006, or before
 - 40 percent of the payment rate if CCC-509 signature date was after February 8, 2006
- 2007, advance payments issued at 22 percent of the payment rate.

Advance CC payments are authorized to be issued twice for crop years 2002 through 2006.--* The first advance will be issued in October of FY following the crop year and will be made in the amount of 35 percent of the estimated marketing difference. The second advance will be made in February of FY following the crop year and will be in the amount of 70 percent of the estimated marketing difference.

--For crop year 2007, there will only be 1 advance payment which will be issued after completing the first 6 months of the marketing year for the covered commodity.--

21 Determining Advance and Final DCP Payment Rates (Continued)

B Direct Payment Rates

The Farm Security and Rural Investment Act of 2002 establishes the following payment rates for each of the eligible commodities. The rate each crop will receive is:

- barley, \$0.24 per bushel
- corn, \$0.28 per bushel
- grain sorghum, \$0.35 per bushel
- oats, \$0.024 per bushel
- wheat, \$0.52 per bushel
- flax, \$0.448 per bushel
- peanuts, \$0.018 per pound (starting in 2003)
- rice, \$0.0235 per pound
- soybeans, \$0.44 per bushel
- upland cotton, \$0.0667 per pound
- other oilseeds, \$0.0080 per pound.

--Note: See Exhibit 12 for direct payment rates.--

C CC Crop Payment Rates

The Farm Security and Rural Investment Act of 2002 establishes the following target prices for each of the eligible commodities. CC payments may be issued at the Secretary’s discretion when the market price is lower then the target price. The payment rate will be the difference between the market rate and the target price. See 1-DCP. The target price for each crop is as follows.

	Year	Wheat (bu.)	Corn (bu.)	Grain Sorghum (bu.)	Barley (bu.)	Oats (bu.)	Upland Cotton (lbs.)	Rice (Hdw.)	Soybeans (bu.)	Other Oilseeds (lbs.)	Peanuts (lbs.)
Target Price	2002	3.86	2.60	2.54	2.21	1.40	0.7240	10.50	5.80	0.0980	0.2475
	2003	3.86	2.60	2.54	2.21	1.40	0.7240	10.50	5.80	0.0980	0.2475
	2004	3.92	2.63	2.57	2.24	1.44	0.7240	10.50	5.80	0.1010	0.2455
	2005	3.92	2.63	2.57	2.24	1.44	0.7240	10.50	5.80	0.1010	0.2455
	2006	3.92	2.63	2.57	2.24	1.44	0.7240	10.50	5.80	0.1010	0.2455
	2007	3.92	2.63	2.57	2.24	1.44	0.7240	10.50	5.80	0.1010	0.2455

Note: See Exhibit 13 for CC payment rates.

22-35 (Reserved)

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 (HELIC) and Wetland Conservation (WC) Certification (includes Appendix)		12, 16, 140, 227,
CCC-36	Assignment of Payment		12
CCC-37	Joint Payment Authorization		12
CCC-184	CCC Check		Text, Ex. 5
CCC-478	Production Flexibility Contract		127
CCC-502B	Farm Operating Plan for Payment Eligibility Review for a Joint Operation or General Partnership		Ex. 16
CCC-504	Worksheet to Blend Shares and Determine Percent of Cropland Factor		37
CCC-509	Direct and Counter-Cyclical Contract		Text, Ex. 5
CCC-509B	Direct and Counter-Cyclical Worksheet		98
CCC-509E	Direct and Counter-Cyclical Statement of Producer Earnings		96.5, 301, 302, 351
CCC-770 DCP	Direct and Counter-Cyclical Program Contract Checklist		12
CCC-770 Eligibility	Eligibility Checklist		12
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		127
FSA-578	Report of Acreage		12, 140, 222, 301

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AGI	adjusted gross income	Text
CC	counter-cyclical	Text Ex. 13
CRS	common receivable system	Text
EFT	electronic funds transfer	Text
FAV	fruits and vegetables	Text, Ex. 5
PPH	producer payment history	Text

Delegations of Authority

None

***--Direct Payment Rates**

A Background

Direct payment percentages are as follows:

- 2002, final payment rate
- 2003 through 2005, advance payments issued at 50 percent of the payment rate
- 2006, advance payment issued at:
 - 50 percent of the payment rate if CCC-509 signature date was February 8, 2006, or before
 - 40 percent of the payment rate if CCC-509 signature date was after February 8, 2006
- 2007, advance payments issued at 22 percent of the payment rate.

B 2002 Through 2006 Rates

The following provides direct payment rates for 2002 through 2006.

Crop	Payment Rate	Advance Payment Rate at 50 Percent	Advance Payment Rate at 40 Percent
Wheat (bu.)	\$0.52	\$0.26	\$0.208
Corn (bu.)	\$0.28	\$0.14	\$0.112
Grain Sorghum (bu.)	\$0.35	\$0.175	\$0.14
Barley (bu.)	\$0.24	\$0.12	\$0.096
Oats (bu.)	\$0.024	\$0.012	\$0.0096
Upland Cotton (lbs.)	\$0.0667	\$0.03335	\$0.02668
Rice (lbs.)	\$0.0235	\$0.01175	\$0.0094
Soybeans (bu.)	\$0.44	\$0.22	\$0.02668
Other Oilseeds (lbs.)	\$0.0080	\$0.0040	\$0.0032
Peanuts (lbs.)	\$0.018	\$0.009	\$0.0072

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***--Direct Payment Rates (Continued)**

C 2007 Rates

The following provides direct payment rates for 2007.

Crop	Payment Rate	Advance Payment Rate at 22 Percent
Wheat (bu.)	\$0.52	\$0.1144
Corn (bu.)	\$0.28	\$0.0616
Grain Sorghum (bu.)	\$0.35	\$0.077
Barley (bu.)	\$0.24	\$0.0528
Oats (bu.)	\$0.024	\$0.00528
Upland Cotton (lbs.)	\$0.0667	\$0.014674
Rice (lbs.)	\$0.0235	\$0.00517
Soybeans (bu.)	\$0.44	\$0.0968
Other Oilseeds (lbs.)	\$0.0080	\$0.00176
Peanuts (lbs.)	\$0.018	\$0.00396

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