

Some of you have been receiving calls from dairy farmers regarding the extension of the MILC program payments. They know it was extended and that President Bush signed it. Now with lower milk prices they want to know when they will receive payments.

I will do my best to summarize the final rules on the MILC extension.

The extension is from October 1, 2005 through August 31, 2007.

The extension is referred to as MILCX program

Dairy producers will have to sign an application form CCC-580X and submit it to the COUNTY FSA office.

Dairy producers have the option to sign up during one of two sign up periods, the initial sign up period or the extended sign up period.

The INITIAL SIGNUP PERIOD begins March 13, 2006 and ends April 14, 2006. During the initial sign up period producers MUST select a START MONTH. This start month may be selected from a) any month beginning December 2005 through April 2006, in which there was a payment rate in effect, or b) any month beginning May 2006 through September 2006, for which the payment rate is NOT KNOWN. While the extension is retroactive back to October 1, 2005 milk prices didn't fall below the MILC trigger until December 2005 (the trigger is the \$16.94 Boston Class I price). We already know the MILCX payment rate per hundredweight for December 2005 was \$.0408, for January 2006 \$.1054, February \$.1054, and for March \$.4080. The April Class I mover will be released this Friday, March 17 and the April Class I price will be known. The April MILCX payment rate will be the \$16.94 minus the actual Boston April Class I price multiplied by 34 percent. Note, under MILC the rate was determined by multiplying this difference by 45 percent, but the MILCX rate was reduced to 34 percent of the difference.

The EXTENDED SIGNUP PERIOD begins April 15, 2006 and continues through the duration of the program. A producer MUST select a START MONTH.

EXCEPT for the initial sign up period of March 13, 2006 through April 14, 2006 (a period where the MILCX payment rate may be known), a producer can only select a start month from the REMAINING months (can not revert back) in the fiscal year in which MILCX application is submitted AND for which the payment rate is NOT KNOWN. Thus, the dairy producer must select a start month on or before the 14th of the month BEFORE the MILCX designated start month. For example, if June 2006 is selected as the start month, this designation needs to be made on or before May 14, 2006.

A producer may change the start month. But, the change must be made on or before the 14th of the month BEFORE the ORIGINAL selected start month. Thus, the change must be made before the payment rate is known for BOTH the original month selected as start month and the new selected start month. For example, if June was originally selected as the start month and the producer wishes to change it to August, the change would need to be made by May 14th.

Beginning with the month selected as the start month MILCX payments will be issued on the selected months' production and for each

consecutive month's production thereafter, with a payment rate in effect, until the earlier of the following:

- a) maximum payment quantity of 2.4 million pounds is reached, or
- b) the applicable fiscal year ends.

The fiscal year is October 1st through September 31st. The first fiscal year for MILCX is October 1, 2005 through September 31, 2006. The second is from October 1, 2006 through September 31, 2007 (But, MILCX ends one month prior on August 31, 2007). The payment limit is 2.4 million pounds of milk marketed during a fiscal year.

The application form, CCC-580X may be obtained from the County FSA Office in person, by mail, by telephone, or by fax. Or the form may be obtained electronically for download on the following websites:

<http://www.sc.egov.usda.gov>

<http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>

<http://www.fsa.usda.gov.dafp.psd>

For any questions or clarifications, producers should contact their county FSA office.