



Livestock Compensation Program

Background

The 2002 Livestock Compensation Program (LCP) is an emergency initiative administered by the Farm Service Agency (FSA) that provides immediate assistance to eligible owners and cash lessees of certain types of livestock in counties named, after January 1, 2001, as primary counties under a Secretarial disaster designation for damages and losses due to drought. This program provides direct payments to eligible livestock producers.

States Eligible to Receive Assistance

Eligible livestock producers in drought-affected states may receive financial assistance statewide in Alabama, Delaware, Kansas, Kentucky, Montana, Nebraska, Nevada, New Hampshire, North Dakota, Ohio, Rhode Island, South Carolina, Utah and Vermont. Assistance is also available in specified counties in Arizona, California, Colorado, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, Washington and Wyoming.

Eligibility and Ineligibility Specifications

Eligible counties

An eligible county is one that is either of the following:

- approved as a primary county after January 1, 2001, through September 19, 2002, under a Secretarial disaster designation for damages and losses because of drought; or
- included in a pending request for a Secretarial disaster designation for damages and losses due to drought that was received by the Secretary no later than September 19, 2002, and subsequently approved as a primary county.

Ineligible counties

- Counties designated as contiguous counties are **not** eligible for LCP.
- Counties for which a drought disaster designation request was made after September 19, 2002, are not eligible.

Eligible owner

An eligible livestock owner, for 2002 LCP, is one who owns or jointly owns eligible livestock and has either of the following:

- a beneficial interest and financial risk in eligible livestock;
- citizenship of, or is a legal resident alien in, the United States;
- a farm cooperative, private domestic corporation, partnership, or joint operation in which a majority interest is held by members, stockholders, or partners who are citizens of, or legal resident aliens in, the United States.

NOTE: Livestock owners who also custom feed livestock may be eligible for LCP benefits on their own livestock, provided all other eligibility requirements are met.

Ineligible Owner/Lessee

An ineligible owner is one whose livestock headquarters operation is located in an ineligible county. An ineligible lessee is one whose leases livestock from an owner on a share basis for the offspring of the leased livestock.

Eligible producer

An eligible livestock producer, for 2002 LCP, is an individual or entity:

- that shares in the income from the sale of the eligible livestock which is either owned, under cash lease agreement, or subject to a purchase agreement for the eligible livestock; and

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- whose livestock headquarters operation is located in an eligible county.

Ineligible producer

An ineligible producer is an individual or entity:

- who does not own eligible livestock;
- whose livestock operation headquarters is **not** located in an eligible county;
- who is a livestock owner that slaughters, processes, and packs meat and meat products.

Exception: A livestock owner, who meets all other eligibility requirements, may be eligible for LCP on eligible owned or cash-leased livestock, if either or both of the following apply:

- the livestock owner is a member or shareholder of a cooperative that slaughters, processes, and packs meat and meat products; and/or
- the livestock owner owns a facility that slaughters, process, and packs meat and meat products, but that facility processed fewer than 1,000 head in calendar year 2001.

Eligible livestock include:

- beef and dairy cattle; buffalo and beefalo, when maintained on the same basis as beef cattle; and sheep and goats;
- livestock that was owned or subject to a cash lease on or before June 1, 2002, and have been owned or cash leased by

the lessee for a minimum of 90 calendar days.

NOTE: June 1, 2002, must fall within the 90-day ownership period.

- livestock located in a commercial feedlot, provided that the livestock are farmer-owned and the owner of the livestock meets all eligibility requirements; and
- livestock that were sold or died on or after June 1, 2002, and that meet all other eligibility requirements may be eligible for payment.

Ineligible livestock include:

- swine;
- equine animals;
- poultry;
- packer owned or commercial feedlot operations;
- livestock kept for recreation or for use in recreational activities or recreational businesses, even if they are also maintained for use in a controlled breeding program;
- livestock that were sold or died on or before June 1, 2002;
- all beef and dairy cattle, and buffalo and beefalo that weighed less than 500 pounds on June 1, 2002; and
- any other livestock not included in the payment calculation chart.

Livestock headquarters operation:

A livestock headquarters operation is the normal physical location of any of the following for eligible livestock:

- storage site of feed supplies that provides immediate access for winter feeding or for nongrazing eligible livestock;
- buildings, yards, and corrals used for housing, feeding, loading, unloading, or holding livestock;
- confinement building(s) that house eligible livestock; or
- site where livestock are normally located for the majority of a calendar year.

If an owner's mailing address is located in an approved county, and the owner's livestock headquarters operation is **not** physically located in an approved county, the owner is **ineligible**.

An eligible livestock owner/lessee may have more than one livestock headquarters operation, if the eligible owner's livestock in the livestock headquarters operations are separate and distinct groups of livestock and not mixed or intermingled between or among the headquarters livestock operations.

Example 1: A livestock headquarters operation where livestock are wintered, calved, lambled, etc. is located in an ineligible county; however, the same livestock are pastured in the summer in an eligible county with corrals and yards. The livestock are **not** eligible for LCP.

Example 2: An eligible owner owns AB Livestock Company with the livestock headquarters operation located in an eligible county. The same owner owns Circle S Livestock Company with

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the livestock headquarters operation located in an ineligible county. The livestock operations are separate and distinct and the livestock never mixed. AB Livestock Company livestock are eligible for LCP. Circle S Livestock Company livestock are not eligible for LCP.

NOTE: An owner’s mailing address, if different from the livestock headquarters operation, shall **not** be used to determine eligibility.

Payment Calculation

Payment rates for each type of livestock are determined based on standard feed consumption data for each eligible type of livestock.

Types of eligible livestock and payment rates per head for each type are listed in Chart 1:

Payment and Payment Limitations

Payment will be available shortly after an eligible livestock owner or lessee has signed up and the application has been approved and processed.

Producers participating in LCP are subject to a \$2.5 million gross revenue limitation per person or less for the preceding tax year. Payments are limited to \$40.00 per person. See Chart 2.

Chart 1	
Type of Livestock	Payment Per Head
Adult beef cattle, buffalo and beefalo (cows and bulls)	\$18.00
Beef, dairy, buffalo and beefalo replacement heifers (500 lbs. and over), on June 1, 2002	\$13.50
Adult dairy cattle (cows and bulls)	\$31.50
Beef, dairy, buffalo and beefalo steers (500 lbs. and over), on June 1, 2002	\$13.50
Nonbreeding beef, dairy, buffalo and beefalo heifers (500 lbs. and over), on June 1, 2002	\$13.50
Beef, dairy, buffalo and beefalo bulls (500 lbs. and over), on June 1, 2002	\$13.50
Sheep (All), born prior to June 1, 2002	\$4.50
Goats (All), born prior to June 1, 2002	\$4.50

Chart 2	
IF the total gross revenue received by the “person” is...	THEN the annual gross revenue for the “person” is the total gross revenue received from...
more than 50 percent from farming, ranching and forestry operations	farming, ranching and forestry operations in the preceding tax year
less than 50 percent from farming, ranching and forestry operations	all sources in the preceding tax year

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Signup

Signup for LCP begins October 1, 2002, and will continue until COB December 13, 2002.

Owners or lessees of eligible livestock must certify the number owned or leased as of June 1, 2002. **The animals must have been owned for 90 days or more and must fall within the 90-day ownership period.**

Contact your local county FSA office or USDA Service Center for signup information. In general, applicants will certify on the application form FSA-553, the number and type of eligible livestock owned or leased as of June 1, 2002. Documentation will be required from each applicant selected for a spot check that indicates all livestock for which payment was received that were sold or died after June 1, 2002.

NOTE: Participation in both the Livestock Compensation Program and the 2002 Cattle Feed Program is allowed, as applicable, without reductions in assistance under either program.

To learn more about this and other FSA programs, please contact your local USDA Service Center, or visit FSA's web site at www.fsa.usda.gov.

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