

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DCP-224

For: State Offices and Service Centers

Initial 2009 DCP-ACRE Final Direct Payments

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Web-based software has been developed for 2009 DCP-ACRE final direct payments, however:

- the initial release of software may not apply all required provisions for specific farm and producer situations
- because of time constraints, all applicable payment limitation adjustments may not be completed before issuance of 2009 final direct payments
- combined producer software to enter common attribution may not be available before issuance of 2009 final direct payments.

B Purpose

This notice advises State and County Offices of situations where:

- additional actions may be necessary for specific farm and producer conditions
- the initial release of software will not apply applicable provisions.

Disposal Date

August 1, 2010

Distribution

State Offices; State Offices relay to Service Centers

9-28-09

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2 Situations That May Require County Office Action

A Farms with Possible FAV Reductions

The initial release of 2009 final direct payment software will not apply provisions for the following:

- FAV acre for acre reductions
- FAV planting violation reductions
- reporting reductions
- maintenance reductions.

County Offices shall print the “FAV & WR Planted on Base Acres Report” to identify farms having FAV acre for acre reductions, FAV planting violation reductions, and reporting reductions

Software is currently being modified to include all the provisions, but modified software will not be available until after initial payments are issued. As a result, County Offices will be required to temporarily remove the DCP-ACRE **Contract approval date** to prevent payments to any farms having FAV acre for acre, planting violation, reporting, and maintenance reductions to ensure that the reductions are applied to the 2009 final direct payment.

Important: Do **not** remove the DCP-ACRE Contract signature date.

If the Contract approval date is not removed, payment for the producer will be calculated without taking any of the reductions into consideration, which means an overpayment may occur after software has been modified.

B Payment Limitation Adjustments

Notice PL-196 provided County Offices with instructions on how to load payment limitation adjustments. Because of the volume of payment limitation adjustments to be made, some County Offices may be unable to complete entering all payment limitation adjustments before final direct payments are issued. As a result, County Offices will be required to temporarily remove the DCP-ACRE **Contract approval date** to prevent payments from being issued to producers that have not had applicable payment limitation adjustments entered in the system.

Important: Do **not** remove the DCP-ACRE Contract signature date.

If the Contract approval date is not removed, the payment for the producer will be calculated without taking payment limitation adjustments into consideration, which means an overpayment may occur after payment limitation adjustments are entered.

2 Situations That May Require County Office Action (Continued)

C Producer Combinations

Combined producer software to load common attribution is currently not available and may not be available until **after** initial 2009 final direct payments are issued. As a result, County Offices will be required to temporarily remove the DCP-ACRE **Contract approval date** for farms having both of the following:

- a producer with common attribution needing to be entered into combined producer software
- a share greater than zero for at least 1 crop on the DCP-ACRE Contract.

This will prevent 2009 final direct payments from being issued to producers that have not had common attribution information entered through the combined producer software.

Important: Do **not** remove the DCP-ACRE Contract signature date.

If the Contract approval date is not removed, the payment for the producer will be calculated without taking common attribution into consideration when determining available payment limitation, which means an overpayment may occur after common attribution has been entered in the system.

D Farms Having 10.0 or Less Total Base Acres

Provisions for farms having 10.0 or less total base acres allow for a DCP-ACRE payment to be issued if 50 percent of the ownership interest in the farm is determined to meet socially disadvantaged or limited resource producer provisions.

2009 final direct payment software will not have the ability to determine if 50 percent of the ownership interest in the farm is determined to meet socially disadvantaged or limited resource producer provisions. As a result, County Offices will need to determine if 50 percent of the ownership interest in the farm meets socially disadvantaged or limited resource producer provisions for those farms having 10.0 or less total base acres.

If a farm has 10.0 or less total base acres **and** 50 percent ownership interest in the farm is determined to:

- meet socially disadvantaged or limited resource producer provisions, no action is necessary
- **not** meet socially disadvantaged or limited resource producer provisions, the DCP-ACRE **Contract approval date** should be removed permanently to prevent payments to that farm.

2 Situations That May Require County Office Action (Continued)

E Member Contribution

Software was updated to provide an option in the 2009 entity file to enter determinations for contributions of active personal labor and/or active personal management by a member of an entity according to 4-PL, subparagraph 147 A. Notice PL-192 was issued to provide procedure for updating the “Member Contribution” flag.

Currently, software does not account for situations when an entity member does not meet the provisions of 4-PL, subparagraph 147 A, however, the member is eligible on owned land under the land owner provision. Software is being modified to account for these situations.

The cropland factor for the entity shall **not** be used to account for these situations. The **Cash Rent Tenant** is a separate determination from the member contribution determination. Adjusting the cropland factor to account for member contribution determinations will **not** correctly attribute payments to the members in this situation resulting in improper payments.

For situations where the entity owns some land and cash or share leases additional land, if member contribution is:

- fully met on leased land, then set the member contribution flag to “Y”
- **not** fully met on leased land, then set the member contribution flag to “N”.

Once software is available, County Offices will be provided procedure on entering the member contribution share. At that time, an additional 2009 final direct payment will be issued.

F Permitted Entity Flags

County Offices shall only enter permitted entity flags when the entity receives a payment for a CRP contract under the provisions in 1-PL. Permitted entity is not applicable to programs under 4-PL provisions.

3 2009 Final Direct Payments to Public Schools

A Payments to Public Schools

2009 final direct payments to Public Schools will not be processed with the initial release of web-based software because of a known software problem. A software modification will be released as soon as possible to correct this condition. In the interim, public schools will be listed on the nonpayment register with the reason, “Producer’s business type not eligible under attribution rules”.

4 Action

A State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice.
- take action, when applicable, according to the information provided in this notice.

B County Office Action

County Offices shall:

- print the “FAV & WR Planted on Base Acres Report” to identify farms having FAV acre for acre reductions, FAV planting violation reductions, and reporting reductions
- remove the DCP-ACRE **Contract approval date** for farms having FAV reductions, reporting reductions, or maintenance reductions

Important: Do not remove the DCP-ACRE Contract signature date.

If the Contract approval date is not removed, the payment for the producer will be calculated without taking any of the reductions into consideration, which means an overpayment may occur after software has been modified.

The DCP-ACRE Contract approval date should be entered in the system for applicable contracts after County Offices are notified that 2009 final direct payment software has been modified to incorporate FAV reductions, reporting reductions, and maintenance reductions.

- remove the DCP-ACRE **Contract approval date** for applicable farms only if **both** of the following apply:
 - total base acres for the farm are 10.0 acres or less, **and**
 - 50 percent of the ownership interest in the farm is **not** determined to meet socially disadvantaged or limited resource producer provisions.

4 Action (Continued)

B County Office Action (Continued)

- remove the DCP-ACRE **Contract approval date** for farms having producers with:
 - payment limitation adjustments that have not been entered in the system
 - common attribution that has not been entered in the combined producer software

Important: Do not remove the DCP-ACRE Contract signature date.

If the Contract approval date is not removed, the payment for the producer will be calculated without taking payment limitation adjustments or producer combinations into consideration, which means an overpayment may occur after payment limitation adjustments or common attribution information is entered in the combined producer software.

The DCP-ACRE Contract approval date should be entered in the system for applicable contracts after completing payment limitation adjustments or entering common attribution information in the combined producer software.

- update member contribution flags according to subparagraph 2 D
- update permitted flags according to subparagraph 2 E
- be aware that initial 2009 final direct payment software will:
 - not issue payments to Public Schools until **after** a software modification is made
 - list Public Schools on the Nonpayment Register with the reason, “Producer’s business type not eligible under attribution rules.”.