

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
100 USDA, Suite 102
Stillwater, OK 74074

OK Notice DCP-3

For: County Offices

PFC/DCP Transition Overpayments

Approved by:



1 Overview

A

Background

An FY 2002 PFC overpayment will exist for a farm, producer, and crop if either of the following occurs:

- the calculated 2002 DCP final direct payment is less than the FY 2002 PFC payment issued for the farm, producer, and crop
- an FY 2002 PFC payment was issued for a crop; however, the crop is not enrolled under DCP.

County Release No. 500 provided software for calculating the overpayment in these situations.

B

Purpose

The purpose of this notice is to provide guidance for calculating and collecting 2002 transition overpayments.

| | |
|---|--|
| <p>Disposal</p> <p>April 1, 2003</p> | <p>Distribution</p> <p>County Offices</p> |
|---|--|

OK Notice DCP-3

2 County Office Action

A Collecting Overpayments

PFC overpayments created due to the transition to DCP shall be offset from:

- all FY 2002 direct DCP payments if they have not yet been issued
 - any other payment if the 2002 direct DCP payment has already been issued.
-

B Collection Process

All of the following steps **must** be completed each time 2002 DCP payments are processed:

| Step | Action |
|------|--|
| 1 | Run Special Overpayment Process for DCP Transition according to 2-DCP, Par. 354. |
| 2 | If overpayment amount is not correct, correct the error and re-run the process. |
| 3 | Transfer Transition Overpayments to CRS according to 2-DCP, Par. 356. The system will establish a debt basis code of: <ul style="list-style-type: none">• 10-428 if the 2002 DCP payment was issued before the Transition Overpayment was calculated. This is considered a <u>debt</u> to CCC. See subparagraph 2 C.• 10-315 if the 2002 DCP payment has NOT been issued before the Transition Overpayment was calculated. This is considered a <u>payment reduction</u> for that specific farm. |
| 4 | Print the "Individual Producers With Outstanding Receivables Report" according to 67-FI, Par. 539. This report will list the producers with outstanding receivables in ID order. The Reference Number will be the farm number from which you will setoff the receivable. Note: According to 2-DCP, subparagraph 352 E, at this time the collection of overpayments with debt basis code of 10-315 is farm specific. |
| 5 | Process 2002 DCP payments according to 2-DCP, Part 4. |
| 6 | Process the "O" batch using the "Individual Producers With Outstanding Receivables Report" to identify the producer, farm and dollar amount to be setoff. |
| 7 | Apply the check to the receivable established for the specific farm. |
| 8 | Verify if producers in Step 6 have any outstanding receivables. If the producer: <ul style="list-style-type: none">• does not have any more outstanding receivables, change the Receivables flag in Name and Address to "N".• has other outstanding receivables, no action is required. |

Continued on the next page

OK Notice DCP-3

2 County Office Action (Continued)

C
Debt Basis 10-428

Transition Overpayments established as a receivable with a debt basis code of 10-428 will have a demand letter generated through the receivable process. Receivables established with a debt basis code of 10-428 are considered a CCC debt; therefore, procedure in 67-FI, Part 8, Write-Off Small Balance Receivables, may be used to eliminate receivables of less than \$10. This should be done after Step 3 from subparagraph 2 B has been completed in order to keep those producers from being reflected on the Outstanding Receivables Report generated in Step 4. DO NOT pass these receivables to claims. Debts of \$10 or more must be offset from the next payment issued to the producer.

If the demand letter has already been sent for a situation where the overpayment is less than \$10, either of the following actions may be taken:

- collect the debt
- notify the producer that the debt will not be collected.

Receivables established with a debt basis code of 10-428 should only occur the first time the Transition Overpayment process is completed. After the process has been initially run and overpayments transferred to CRS, the Transition Overpayment process shall be run and overpayments passed to CRS before processing 2002 DCP payments.

Note: There should be no future receivables established with a debt basis code of 10-428. All future overpayments shall be collected from 2002 DCP payments.
