

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Direct and Counter-Cyclical Payments 2-DCP	Amendment 11
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Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Note: All references to:

- “FAV maintenance violation” has been corrected to “maintenance default reduction”
- State and county codes in conjunction with eligibility have been removed.

Subparagraphs 16 B and C have been amended to reflect changes in the way eligibility files are processed for issuing payments.

Paragraph 95 has been added to include policy on issuing 2002 and 2003 DCP payments.

Paragraph 140 has been amended to add new nonpayment messages.

Paragraph 230 has been added to provide for DD review policy for the overpayment register.

Exhibit 13 has been updated to include the payment rates for 2003 and 2004 counter-cyclical payments.

Page Control Chart		
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Part 2 Preparation for Issuing Payments

10 Payment Procedure

A Introduction

The automated processing system uses many different files when going through the payment process. For the payment to be calculated correctly, each file must be updated correctly.

B Obtaining Payment Processing Data

This table shows where the system obtains the data elements to calculate payments for a farm, crop, and producer.

File Name	Provides
DCP Worksheet	payment acres and direct or counter-cyclical payment yields
Producer Share	crop shares and payment request flags
Producer Eligibility	<ul style="list-style-type: none"> • permitted share • cropland factor • eligibility code
Name and Address	<ul style="list-style-type: none"> • name and address • refuse payment indicator • claim indicator • receivable indicator • other agency indicator • assigned payment indicator • joint payee indicator • nonresident alien indicator • resident alien indicator • bankruptcy indicator • deceased indicator • missing indicator • incompetent indicator

10 Payment Procedure (Continued)

B Obtaining Payment Processing Data (Continued)

File Name	Provides
Payment Limitation	payment limitation amounts for producers and members of joint operations
Joint Operation	members' shares for partnerships and joint ventures
Entity	<ul style="list-style-type: none"> • permitted share for the producer • AGI share for the producer or member
AGI	AGI for producers and members of joint operations (applicable starting in 2003)
Combined Entity	members of combined entities
FAV	<ul style="list-style-type: none"> • FAV reduction acres • FAV planting violation amount • FAV reporting violation amount •*--maintenance default reduction amount <p>Note: For 2004 and subsequent years, maintenance default reduction amounts will not be reduced from CC payments.--*</p>
Program Parameter	<ul style="list-style-type: none"> • advance and final crop payment rate • advance and final payment dates

15 Multi-County Producers

A Introduction

Payments issued to a multi-county producer shall be limited to the amount allocated to each County Office for counties in which the producer has farming interests. The payment process will limit payments to the payment limitation in the multi-county producer file. See 2-PL.

Note: New multi-county producers may print on the Nonpayment Register with the message, “Payment Limitation Allocated to Zero”, within the timeframe for completing the upload/download process for updating payment limitation.

B Accessing Multi-County Files

The control county can access multi-county files to look at a producer’s effective limitation or to update a limitation according to this table.

Step	Menu	Action
1	FAX250	ENTER “3” or “4”, “Application Processing”, and PRESS “Enter”.
2	FAX09002	Enter the appropriate county and PRESS “Enter”.
3	FAX07001	ENTER “9”, “Common Provisions”, and PRESS “Enter”.
4	MA0000	ENTER “4”, “Subsidiary Files Maintenance”, and PRESS “Enter”.
5	MAD000	ENTER “3”, “Multiple County Producers”, and PRESS “Enter”.
6	MAD200	ENTER “4”, “Update Effective Payment Limitation”, and PRESS “Enter”. Note: See 2-PL to update limitation.

16 **Determining Payment Eligibility**

A Introduction

The DCP payment process reads the eligibility and multi-county files to determine whether a producer is eligible to be paid. If the producer is ineligible to be paid, the individual or entity will be placed on the nonpayment register with the appropriate message. The eligibility *--determinations must be updated before the producer can be paid.

B Determining Flags for Advance Direct Payments

This table shows the eligibility determinations and values required for advance payments.

Note: The following table applies to advance direct payments only.

Eligibility Field	Eligible Flags	Ineligible Flags	Flags Requiring Other Determinations
AD-1026	Y, F	N, A	
Actively Engaged	Y, B	N, S	M, blank
Person Determination	Y, P		blank
6-CP	Y	N	B
Controlled Substance - FSA	Y	N	
AGI	Y	N	

--*

16 Determining Payment Eligibility (Continued)

C Determining Flags for Final Direct and All CC Payments

*--This table to shows the eligibility determinations and values required for final direct and all CC payments.

Eligibility Field	Eligible Flags	Ineligible Flags	Flags Requiring Other Determinations
AD-1026	Y	N, A, F	
Actively Engaged	Y	N, S	B, M, blank
Person Determination	Y	P	blank
6-CP	Y	N	B
Controlled Substance - FSA	Y	N	
AGI	Y	N	

--*

D “B” Flag in “6-CP” Field

When a “B” flag is present in the “6-CP” field, the software will look at the HELC flag in the farm producer file to determine whether this farm is eligible for payment. Eligible payment flags are either:

- “Y”
 - “C”.
- ***

Note: An “N” flag is ineligible.

E “M” Flag in “Actively Engaged” Field

An “M” flag in the “actively engaged” field will only be considered an eligible flag for payment purposes if the producer or entity with the “M” flag is a member of a joint operation. All other occurrences of this flag for payment purposes will be considered an ineligible flag, but should not cause problems because no payments should be due for the ID number.

Note: A stockholder should not be paid.

16 Determining Payment Eligibility (Continued)

* * *

F Deleted Records

The DCP payment process reads:

- all active records
- deleted records for the prior year (current year minus 1)
- deleted * * * county records in which current year on Report MABDIG and the year of payment are equal, except for members of joint operations.

G AGI

The DCP payment process will read the AGI software to determine AGI eligibility. This will *--be for FY 2003 and future years. An individual or entity exceeding the \$2.5 million AGI will be ineligible for a payment. See 1-PL and 3-PL for policy and software for AGI.--*

20 Final Counter-Cyclical Payments

A Issuing Final Payments

Final counter-cyclical payments will be issued according to the following.

Month	Crops
July	Wheat, Barley, and Oats
September	* * * Peanuts
October	Corn, Cotton, Grain Sorghum, and Soybeans
--February	Rice--

Note: Final payments will be issued as close to the final issuance month as possible. Final payments cannot be issued for any crop until the close of the marketing year for that crop nationwide. Therefore, State and County Offices shall not provide a specific payment date to producers.

B Payment Rates

Final counter-cyclical payment rates are calculated based on the market prices. See subparagraph 21 C for payment rates.

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.

With the implementation of combined counter-cyclical payments, 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.

20 Final Counter-Cyclical 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.

***--F Maintenance Default Reductions**

For 2004 and subsequent years, maintenance default reduction amounts will not be--* reduced from CC payments.

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.

Advance counter-cyclical payments are authorized to be issued twice. The first advance will be issued in October of the 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 the FY following the crop year and will be in the amount of 70 percent of the estimated marketing difference.

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.

21 Determining Advance and Final DCP Payment Rates (Continued)

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)

Part 4 Payment Processing**Section 1 Issuing Payments****96 Overview****A Background**

The automated payment system is designed to ensure that payments are correct and that all procedures have been followed. The payment process computes and issues payments for all eligible producers.

B Eligible Producers

Eligible producers include the following:

- individuals
- corporations
- partnerships and joint ventures
- trusts and estates
- Native Americans whose payments are handled by BIA
- combined entities
- multi-county producers
- producers with assignments, claims, joint payees, and receivables
- *--producers with FAV acre-per-acre reductions--*
- producer with FAV violations, starting with 2003 processing
- dead, missing, and incompetent persons.

--96.5DCP Processing for Crop Years 2002 and 2003*A Direct and CC Payments for 2002 and 2003**

Direct and CC processing for crop years 2002 and 2003 has been disabled.

If an overpayment has occurred for a 2002 or 2003 direct or CC payment, then enter the overpayment according to 67-FI.

To receive authorization to issue a 2002 or 2003 direct or CC payment, County Offices shall submit the following documentation to the State Office:

- explanation of why payment was not issued before software was disabled
- CCC-509
- CCC-509E
- direct or CC PPH from all counties the producer has an interest in
- PFC PPH, if the request is to issue a 2002 direct payment

Reminders: If the producer is a joint operation, then PPH must be submitted for each member of the joint operation.

PPH must be submitted for each combined producer, if applicable, for all counties the combined producer has an interest in.

Note: PPH shall be printed by selecting the applicable menu options from the enabled 2002 or 2003 direct, CC, or PFC payment menus. An accounting history print or transaction statement will **not** be accepted in place of PPH from the direct, CC, or PFC processing menus.

- current MABDIG for each:
 - producer
 - affected member of the joint operation
- 2003 Farm Payment Reduction Report.--*

***--96.5DCP Processing for Crop Years 2002 and 2003 (Continued)**

A Direct and CC Payments for 2002 and 2003 (Continued)

State Office shall:

- review the documentation submitted by the County Office to ensure that:
 - the payment should be issued
 - all applicable documentation has been provided
- forward the documentation to PECD, Common Provisions Branch, using either of the following methods:
 - FAX to 202-720-0051, Attention: Sandy Bryant
 - FedEx to:

USDA, FSA, PECD, CPB
Attn: Sandy Bryant
Room 3643, South Building
1400 Independence Ave, SW
Washington, DC 20250--*

97 Accessing Payment Processing

A Introduction

Direct or CC payment processing may be accessed from Menu FAX250.

B Accessing Regular Payment Processing

Access direct or CC payment processing from Menu FAX250 according to the following table.

* * *

Step	Menu or Screen	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable.
2	FAX09002	Enter the appropriate county on the Office Selection Menu, if applicable.
3	FAX07001	ENTER "11", "PFC/DCP/Compliance".
4	M00000	ENTER "10", "Direct and Counter-cyclical Program".
5	MZYEAR	Enter the appropriate program year.
6	MZA000	ENTER either of the following: <ul style="list-style-type: none"> • "2", "Direct Payment Processing", to access the direct payment options • "3", "Counter-cyclical Payment Processing", to access counter-cyclical payment options.
7	MZAAP0 - Direct MZABP0 - CC	ENTER "1", "Payment Processing".
8	MZAAP1 - Direct MZABP1 - CC	ENTER "1", "Issue Payments".

Part 5 Payment Registers

140 Nonpayment Register

A Exception Messages

This paragraph contains explanations of the exception messages that print on the Nonpayment Register. Use the following table to find the message and the corresponding page number where it can be found.

Message	Page
--“Contract Not Approved for Payment” (Applicable through 2004 only)--	5-4
“Producer Did Not Request an Advance Payment”	
“Producer Does Not Have A Certified FSA-578”	
“Payment Computed to Zero”	
“Producer Does Not Meet AGI Provisions”	
“Permitted/AGI Share for Producer is Invalid”	5-5
“Producer Has Refused ALL Payments”	
“Producer Has Refused Payment on FSN XXXXXXXX.”	
“Producer is a Federal Entity”	
“Permitted Share is Equal to Zero”	5-6
“Producer is a Joint Operation”	
“Producer has a Temporary ID Number.”	
“No Members for Joint Operation”	
“Prior Payment Exceeds Current Payment”	
“Payment Limitation Has Been Exceeded”	
“Producer Has Reached Payment Limitation”	
“Payment Limitation Allocated to Zero”	

140 Nonpayment Register (Continued)

A Exception Messages (Continued)

Message	Page
"Invalid Entity Type or Producer ID Type - Entity Type - XX - Producer ID Type - XX"	5-7
"Payment Calculated to Less Than \$1.00"	
"One or More Members of Joint Operation Have Been Rejected"	
"No Eligibility Record on File"	
"Producer is Not Recorded on Entity File"	
"No Eligibility Record on File for Joint Operation"	
"Actively Engaged Flag is Invalid"	
"Actively Engaged Flag for Joint Operation * * * is Invalid"	
"Actively Engaged Flag for Member * * * is Invalid"	
"Person Determination Flag is Invalid"	5-8
"Person Determination Flag for Joint Operation * * * is Invalid"	
"Person Determination Flag for Member * * * is Invalid"	
"AD-1026 Flag is Invalid"	
"AD-1026 Flag for Joint Operation * * * is Invalid"	
"AD-1026 Flag for Member * * * is Invalid"	
"6-CP Flag is Invalid"	
"6-CP Flag for Joint Operation * * * is Invalid"	
"6-CP Flag for Member * * * is Invalid"	
"Controlled Substance Flag is Invalid"	5-9
"Controlled Substance Flag for Joint Operation * * * is Invalid"	

140 Nonpayment Register (Continued)

A Exception Messages (Continued)

Message	Page
“Controlled Substance Flag for Member * * * is Invalid”	5-9
“HELIC Flag * * * is ‘N’”	
“Joint Operation HELIC Flag * * * is ‘N’”	
“Multiple Invalid Eligibility Flags”	
“CCC-509 Has Been Cancelled.”	5-10
“Producer Withdrew CCC-509.”	
“CCC-509 Has FAV Violation.”	5-11
“CCC-509 Has HELIC/WC Violation.”	
“CCC-509 Has Noxious Weed Violation.”	
*--“CCC-509 Was Entered in Error” (For 2005 and subsequent year)	5-12
“Acreage Reporting Violation” (For 2005 and subsequent year)	5-12
“Farm Has Been Reconstituted” (For 2005 and subsequent year)	5-12
“Farm Has Been Out Transferred” (For 2005 and subsequent year)	5-13
“Farm Records Have Been Modified” (For 2005 and subsequent year)--*	5-13

B Nonpayment Register

The Nonpayment Register shows all payments that the system is unable to calculate a payment for at this time and gives an exception message explaining why. A negative register will not print. The entries are sequenced on the register by:

- farm
- producer
- crop.

County Offices shall:

- review the register
- take corrective action, if necessary.

Reminder: If a payment is reduced because of payment limitation, the reduction will be printed on the pending payment register. However, if the **entire** payment is not issued because of payment limitation, that payment will be listed on the nonpayment register.

140 Nonpayment Register (Continued)

C Messages

Resolve exception messages printed on the Nonpayment Register according to this table.

Message	Reason for Message	County Office Action
<p>“Contract Not Approved for Payment”</p> <p>*--Note: Applicable through 2004 only.--*</p>	<p>CCC-509 does not have an approval date entered in the system.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • if CCC-509 was approved, enter the approval date in the system • if CCC-509 has not been approved, do nothing.
<p>“Producer Did Not Request an Advance Payment”</p>	<p>A “Y” has not been entered on the worksheet to issue advance payments</p>	<p>Update CCC-509 worksheet if the producer wants an advance payment.</p>
<p>“Producer Does Not Have A Certified FSA-578”</p> <p>Note: The message applies to final direct and all counter-cyclical payments.</p>	<p>All cropland acres have not been certified.</p>	<p>Update cropland acres through the compliance process as applicable.</p>
<p>“Payment Computed to Zero”</p>	<p>Payment was computed to zero.</p>	<p>No action necessary.</p>
<p>“Producer Does Not Meet AGI Provisions”</p>	<p>Individual or entity is flagged as not meeting AGI provisions.</p>	<p>Determine whether the flag is correct.</p>
<p>“Permitted/AGI Share for Producer is Invalid”</p>	<p>Entity information may not be correct in the entity file.</p>	<p>Access and update entity information starting with the lowest member according to 2-PL.</p> <p>Note: Entity information does not need to be changed, just re-updated in the system.</p>

140 Nonpayment Register (Continued)

C Messages (Continued)

Message	Reason for Message	County Office Action
“Invalid Entity Type or Producer ID Type - Entity Type - XX - Producer ID Type - XX”	The entity type and producer ID type are not eligible for payment.	Correct the entity type, producer ID type, or both if they are not loaded correctly in the name and address file.
“Payment Calculated to Less Than \$1.00”	Result of calculated payment is less than \$1.	No action is necessary.
“One or More Members of the Joint Operation Have Been Rejected”	One or more members of the joint operation are not eligible to be paid.	Determine why member is not eligible to be paid by looking at member message.
“No Eligibility Record on File”		
Producer is Not Recorded on Entity File”	The producer is not recorded on the entity file.	Enter the producer in the entity file.
“No Eligibility Record on File for Joint Operation”		
“Actively Engaged Flag is Invalid”	Actively engaged flag is invalid. See paragraph 16 to *--determine valid values.	Determine whether the value is correct.--*
“Actively Engaged Flag for Joint Operation * * * is Invalid”		
“Actively Engaged Flag for Member * * * is Invalid”		

140 Nonpayment Register (Continued)

C Messages (Continued)

*--

Message	Reason for Message	County Office Action
“Person Determination is Invalid”	Person determination is invalid. See paragraph 16 to determine valid values.	Determine whether the eligibility values are correct.
“Person Determination for Joint Operation is Invalid”		
“Person Determination for Member is Invalid”		
“AD-1026 is Invalid”	AD-1026 flag is invalid. See paragraph 16 to determine valid values.	Determine whether the eligibility values are correct.
“AD-1026 for Joint Operation is Invalid”		
“AD-1026 for Member is Invalid”		
“6-CP Flag is Invalid”	6-CP flag in specified county is invalid. See paragraph 16 to determine valid flags.	Determine whether the eligibility values are correct.
“6-CP Flag for Joint Operations is Invalid”		
“6-CP Flag for Member is Invalid”		

--*

140 Nonpayment Register (Continued)

C Messages (Continued)

*--

Message	Reason for Message	County Office Action
“Controlled Substance Flag is Invalid”	Controlled substance is invalid.	Determine whether the flag is correct.
“Controlled Substance Flag for Joint Operation is Invalid”		
“Controlled Substance Flag for Member is Invalid”		
“No HELC”	HELC flag in the farm producer file for the farm being paid is no.	Determine whether the flag is correct.
“Joint Operation HELC is ‘N’”		
“Multiple Invalid Eligibility”	The individual or entity being paid has multiple invalid eligibility determinations.	Print Report MABDIG to determine the invalid eligibility value.

--*

140 Nonpayment Register (Continued)

C Messages (Continued)

Message	Reason for Message	County Office Action
<p>“CCC-509 Has Been Cancelled.”</p> <p>*--Note: Applicable for 2003 and 2004 only.--*</p>	<p>Cancellation reason code of 1, 2, 3, or 8 has been entered for CCC-509.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if a cancellation reason code of 1, 2, 3, or 8 was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • reinstate CCC-509 if canceled in error.
<p>“Producer Withdrew CCC-509.”</p>	<p>Cancellation reason code of 4 has been entered for CCC-509.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if a cancellation reason code of 4 was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • reinstate CCC-509 if canceled in error.

140 Nonpayment Register (Continued)

C Messages (Continued)

Message	Reason for Message	County Office Action
<p>“CCC-509 Has FAV Violation.”</p>	<p>Cancellation reason code of 5 has been entered for CCC-509.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if a cancellation reason code of 5 was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • reinstate CCC-509 if canceled in error.
<p>“CCC-509 Has HELC/WC Violation.”</p> <p>*--Note: Applicable for 2003 and 2004 only.</p>	<p>Cancellation reason code of 6 has been entered for CCC-509.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if a cancellation reason code of 6 was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • reinstate CCC-509 if canceled in error.
<p>“CCC-509 Has Noxious Weed Violation.”</p> <p>Note: Applicable for 2003 and 2004 only.--*</p>	<p>Cancellation reason code of 7 has been entered for CCC-509.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if a cancellation reason code of 7 was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • reinstate CCC-509 if canceled in error.

140 Nonpayment Register (Continued)

C Messages (Continued)

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Message	Reason for Message	County Office Action
<p>“CCC-509 Was Entered In Error”</p> <p>Note: Applies to 2005 and subsequent years processing.</p>	<p>Cancellation reason selected on CCC-509 is CCC-509 was entered in error.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if the cancellation was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • re-enter CCC-509 if canceled in error.
<p>“CCC-509 has an acreage reporting violation”</p> <p>Note: Applies to 2005 and subsequent years processing.</p>	<p>Cancellation reason has been entered as CCC-509 has an acreage reporting Violation.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if the cancellation was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • re-enter CCC-509 if canceled in error.
<p>“Farm Has Been Reconstituted”</p> <p>Note: Applies to 2005 and subsequent years processing.</p>	<p>Cancellation reason has been automatically generated because the farm has been reconstituted.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if the cancellation was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • re-enter CCC-509 if canceled in error.

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140 Nonpayment Register (Continued)

C Messages (Continued)

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Message	Reason for Message	County Office Action
<p>“Farm Has Been Out Transferred”</p> <p>Note: Applies to 2005 and subsequent years processing.</p>	<p>Cancellation reason has been entered because the farm has been out transferred.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if the cancellation was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • re-enter CCC-509 if canceled in error.
<p>“Farm Records Have Been Modified”</p> <p>Note: Applies to 2005 and subsequent years processing.</p>	<p>Cancellation reason has been automatically generated because farm records have been modified.</p>	<p>Do 1 of the following:</p> <ul style="list-style-type: none"> • disregard message if the cancellation was correctly entered for CCC-509 • change the cancellation reason code if entered incorrectly • re-enter CCC-509 if canceled in error.

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141 (Reserved)

225 Updating Overpayments (Continued)

C Fields on Screen MZAAOF01 (Continued)

Field	Information Displayed	What Can Be Changed
Basis Code	The basis code associated with the overpayment.	The basis code will be displayed based on the reason for the overpayment. The displayed basis code may be changed. See paragraph 227 for applicable basis codes. Note: The basis code must not be changed for members of joint operations. Change the basis code only for the joint operation.
Audit No.		If the basis code is 19-XXX, the audit number must be entered in this field. See subparagraph 227 B.
Overpayment Amount	The amount of the crop overpayment, if applicable.	The overpayment amount may be reduced or increased. If the amount is changed, a reason code must be entered.
Pay. Limit Amount	The amount of the payment limitation overpayment, if applicable.	The payment limitation amount may be reduced or increased. If the amount is changed, a reason code must be entered.
FAV Violation Amount Note: Applies to 2003 processing only.	The amount of the FAV violation, if applicable.	The FAV violation amount may be reduced or increased. If the amount is changed, a reason code must be entered.
Planting Violation Amount	The amount of the planting violation, if applicable	*--The planting violation amount may be decreased only. If the amount is changed, a reason code must be entered.
Reporting Violation Amount	The amount of the reporting violation, if applicable	The reporting violation amount may be decreased only. If the amount is changed, a reason code must be entered.
Maintenance Default Reduction Amount	The amount of the maintenance default, if applicable	The maintenance default amount may be decreased only. If the amount is changed, a reason code must be entered.

Note: The planting, reporting, and maintenance violation or reduction data fields will--* only display for 2004 and subsequent years. For 2003 overpayment processing, one FAV violation data field will display as “FAV Violation Amount”.

225 Updating Overpayments (Continued)

C Fields on Screen MZAAOF01 (Continued)

Field	Information Displayed	What Can Be Changed
Total Overpayment Amt	<p>Calculated overpayment total amount.</p> <p>Note: This amount will be recalculated by the system if the crop or payment limitation amount is adjusted.</p>	
Reason Code		<p>An entry will be required in this field if the crop, payment limitation, DCP reduction, or FAV violation amount is adjusted. See paragraph 226 for applicable reason codes.</p>
Interest Start Date		<p>An entry is required in this field if the *-basis code has been changed to 10-423 or 19-423. The interest start date should be the date of the original DCP disbursement.</p>
Interest Rate		<p>An entry is required in this field if the basis code has been changed to 10-423 or 19-423. The interest rate:--*</p> <ul style="list-style-type: none"> • must be greater than 0 and less than 25.001 • should be the interest rate in effect at the date of the original DCP disbursement. See 50-FI for the applicable loan interest rate.

227 Basis Codes

A Introduction

The basis code will default to the appropriate code coinciding with the message printed on the overpayment register; however, it may be changed. It is important that the basis code is correct to track all overpayments. The National Office uses the basis code to track FY disbursements and allocations.

B Overpayments Found as Result of Audits

If the overpayment is discovered as the result of an audit, the first 2 digits must be changed to “19”. The system will then require that the audit number be entered in the “audit number” field.

C Allowable Basis Codes

County Offices shall use this table to determine allowable basis codes.

Note: If COC has determined fraud, scheme, or device, the last 3 digits of the debt basis code shall be changed to “423”.

IF the overpayment message is...	THEN the system will default the basis code to...
“CCC-509 Has Been Withdrawn”	10-425.
“Crop Has Been Withdrawn”	10-425.
“Payment Limitation Exceeded”	10-426.
“No Eligibility Record on File”	10-427.
“Person Determination * * * is Invalid”	10-427.
“AD-1026 * * * is Invalid”	10-427.
“Actively Engaged * * * is Invalid”	10-427.
“6-CP * * * is Invalid”	10-427.
“Controlled Substance * * * is Invalid”	10-427.
--“Multiple Invalid Eligibility Determination”--	10-427.

227 Basis Codes (Continued)

C Allowable Basis Codes (Continued)

IF the overpayment message is...	THEN the system will default the basis code to...
"Prior Payments Exceed Current Payments"	10-428.
"Producer Has Refused Payment"	10-428.
"CCC-509 Does Not Have an Approval Date"	10-429.
"CCC-509 Has Been Canceled"	10-429.
"Found on Payment History Only" Note: If the overpayment is the result of producer misrepresentation, change the debt basis code to *--"10-423", so an interest start date can be entered.--*	10-429.
"Producer ID Not on Entity File"	10-429.
"FAV Violation"	10-431.

Note: If a joint operation does not meet eligibility requirements, all members of the joint operation are not eligible for payment.

--230 Overpayment Register*A About the Overpayment Register**

When overpayments are computed, an overpayment register will be printed that includes information for each selected producer that is overpaid. This register informs County Offices of the reason the overpayment has been calculated and the amount of the overpayment.

Note: An overpayment register will be printed even if none of the producers in the selected batch are overpaid. The message, “No Exceptions for Selected Producers”, will be printed on the overpayment register.

B Reviewing the Overpayment Register

The overpayment register is automatically printed after all selected overpayments have been computed. County Offices shall review the overpayment register to ensure that:

- producers are timely notified of overpayments
- the finality rule will not apply.

C DD Review

DD’s shall review the overpayment register to ensure that County Offices are:

- running the overpayment process in a timely manner
- collecting overpayments in a timely manner
- correcting information in the system that creates an erroneous overpayment condition.--*

***--230 Overpayment Register (Continued)**

D Register Retention

County Offices shall retain copies of direct or CC overpayment registers for 1 year from the date the overpayment register is prepared.

E Reprinting the Overpayment Register

The overpayment register for the most recent computations can be reprinted by accessing option 2, "Reprint Overpayment Register", on Menu MHACO2.

Note: The overpayment register cannot be reprinted if the system date is more than 7 calendar days past the date the overpayments were last computed.--*

231-243 (Reserved)

Part 9 (Reserved)

244-272 (Reserved)

Reports, Forms, Abbreviations, and Redelegations 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 (HELC) and Wetland Conservation (WC) Certification (includes Appendix)		12, 16, 140, 227, Ex. 7, 10
CCC-36	Assignment of Payment		Ex. 7, 10
CCC-37	Joint Payment Authorization		Ex. 7, 10
CCC-184	CCC Check		Text, Ex. 5
CCC-478	Production Flexibility Contract		127
CCC-502 (A, C, D, EZ)	Farm Operating Plan for Payment Eligibility Review		Ex. 7, 10
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
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, 10
PPH	producer payment history	Text

Delegations of Authority

None

Final Payment Checklist

This checklist is provided to County Offices as a tool to:

- ensure that all requisite tasks are completed to issue DCP payments
- expedite the DCP payment process.

Step	Action	Reference	Completed
1	Verify download of crop data table.	1-CM	
2	Verify that all producers on the farm have a certified AD-1026 on file.	6-CP	
3	*--Ensure that all eligibility information has been updated.	2-DCP, 2-PL, 3-PL--*	
4	Verify that the flags for claims, receivables, other agency claims, assignments, joint payees, nonresident aliens, and bankruptcies are set correctly by comparing to actual files.		
5	Ensure that all CCC-36's and CCC-37's are filed and entered in the system.	63-FI	
6	For multi-county producers, check multiple county file. If necessary, change effective payment limitation.	2-PL, *--3-PL--*	
7	Ensure that successors-in-interest have been added to CCC-509.	1-DCP	
8	Ensure that "person", "actively engaged in farming", "foreign person", and "cash rent tenant" determinations are completed according to 1-PL.	1-PL	
9	Ensure that DCP acre-for-acre payment reductions have been recorded through the automated payment reduction software.	4-CP	
10	Verify that the AGI flag has been updated, starting with 2003 processing.	2-PL, *--3-PL--*	
11	Ensure that the overpayment register was run.	2-DCP	
12	Issue final payments.	2-DCP	

CC Rates

A Background

CC payment rates are determined according to marketing rates for program crops.

Note: Rates in these tables used for payment are shown in **bold**. Rates will be updated when applicable.

B 2002 Rates

This table provides 2002 advance and final CC rates.

Crop	Target Price	100 Percent CC Payment Rate (as of 2/1/03)	35 Percent CC Payment Rate	70 Percent CC Payment Rate
Wheat (bu.)	3.86	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Corn (bu.)	2.60	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Grain Sorghum (bu.)	2.54	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Barley (bu.)	2.21	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Oats (bu.)	1.40	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Upland Cotton (lbs.)	0.7240	\$000.13730000	\$000.04810000	\$000.09610000
--Rice (lbs.)--	10.50	\$000.01650000	\$000.00580000	\$000.01160000
Soybeans (bu.)	5.80	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Other Oilseeds (lbs.)	0.0980	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Peanuts (lbs.)	0.2475	\$000.0520000	\$000.01820000	\$000.03640000

C 2003 Rates

Crop	Target Price	100 Percent CC Payment Rate	35 Percent CC Payment Rate	70 Percent CC Payment Rate
Wheat (bu.)	3.86	\$0.0 (No Payment)	\$000.031500	\$0.0 (No Payment)
Corn (bu.)	2.60	\$0.0 (No Payment)	\$000.220000	\$0.0 (No Payment)
Grain Sorghum (bu.)	2.54	\$0.0 (No Payment)	\$000.014000	\$0.0 (No Payment)
Barley (bu.)	2.21	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Oats (bu.)	1.40	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Upland Cotton (lbs.)	0.7240	\$000.039300	\$000.020100	\$0.0 (No Payment)
--Rice (lbs.)	10.50	\$000.000700--	\$000.005775	\$000.006300
Soybeans (bu.)	5.80	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Other Oilseeds (lbs.)	0.0980	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Peanuts (lbs.)	0.2475	\$000.036500	\$000.018200	\$000.025900

CC Rates (Continued)

*--D 2004 Rates

Crop	Target Price	100 Percent CC Payment Rate	35 Percent CC Payment Rate	70 Percent CC Payment Rate
Wheat (bu.)	3.92	\$0.0 (No Payment)	\$000.035000	\$0.0 (No Payment)
Corn (bu.)	2.63	\$000.290000	\$000.140000	000.280000
Grain Sorghum (bu.)	2.57	\$000.270000	\$000.094500	000.189000
Barley (bu.)	2.24	\$000.150000	\$000.052500	000.105000
Oats (bu.)	1.44	\$0.0 (No Payment)	\$000.005600	000.011200
Upland Cotton (lbs.)	0.7240	\$000.137300	\$000.048100	000.096100
Rice (lbs.)	10.50	\$000.008200	\$000.003150	000.005250
Soybeans (bu.)	5.80	\$0.0 (No Payment)	\$000.091000	000.182000
Other Oilseeds (lbs.)	0.0980	\$0.0 (No Payment)	\$0.0 (No Payment)	\$0.0 (No Payment)
Peanuts (lbs.)	0.2475	\$000.040500	\$000.012775	000.020650

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