

**For:** FSA Offices, CMA's, and LSA's

**2003 Crop Year Producer Eligibility Policy and Startup of Automated CMA Process**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

According to 1-CMA, CCC-approved Cooperative Marketing Associations (CMA's) and cotton Loan Servicing Agents (LSA's) are responsible for:

- determining that CMA members and LSA producers are eligible to receive CCC marketing assistance loans and LDP's
- allocating market gains and LDP's only within an eligible producer's payment limitation (PLM) for the applicable producer
- using the automated CMA Process to determine producer eligibility and to properly allocate market gains and LDP's.

The automated CMA Process will begin running for the 2003 crop year during the week of July 21. This should allow CMA's and LSA's adequate time to:

- make needed 2003 crop year PLM adjustments
- correct eligibility discrepancies.

**B Purpose**

This notice provides CMA's, LSA's, and State and County Offices with:

- producer eligibility provisions for the 2003 crop year
- producer PLM's applicable to the 2003 crop year
- new submission and download file schedule information in subparagraph 4 E.

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 2004	FSA State Offices; State Offices relay to County Offices and FAX to CMA's and LSA's

## Notice CMA-79

### 2 2003 Crop Year Loan and LDP Producer Eligibility

#### A General Eligibility Requirements

Producers applying for loans or LDP's through CMA's or LSA's must:

- comply with USDA highly erodible land conservation (HELC) and wetlands conservation (WC) provisions by filing AD-1026 at their administrative FSA County Office
- comply with FSA actively engaged in agriculture and PLM provisions by filing CCC-502 at their administrative FSA County Office

**Note:** Producers not meeting actively engaged and PLM provisions remain eligible for a marketing assistance loan to be repaid at principal plus interest or with a commodity certificate exchange.

- file a report of acreage of all cropland on the farm for which a loan or LDP is requested
- not have been convicted under Federal or State law of a controlled substance violation
- comply with the average adjusted gross income (AGI) limitation

**Note:** Producers not complying with AGI remain eligible for a loan to be repaid with principal plus interest or with a commodity certificate exchange.

- not be delinquent on any non-tax Federal debt according to the Debt Collection Improvement Act of 1996 (DCIA).

**Note:** The requirement for purchasing Federal crop insurance is no longer applicable for producers to be eligible for marketing assistance loans and LDP's. However, an FCIC fraud violation will become applicable with the publication of an applicable Federal regulation. Also, a Direct and Counter-Cyclical Program contract is not required for loan and LDP eligibility.

#### B PLM's Effective for the 2003 Crop Year

Applicable PLM's are unchanged from the 2002 crop year and are as follows:

- \$75,000 for cotton, rice, and grains
- \$75,000 for wool, mohair, honey, and peanuts.

**Note:** Commodity certificate exchanges are not applicable to PLM.

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### 3 Eligibility Requirements and Applicable CMA Process Output Fields

#### A HELC and WC Compliance

CMA and LSA producers must visit their administrative FSA County Office to complete or update AD-1026 to comply or continue compliance with USDA HELC and WC provisions. The FSA County Office maintains a flag in subsidiary files that is applicable to the current year. If a CMA or LSA producer:

- is in violation of HEL/WC provisions, the CMA Process output file will return:
  - a "Y" in field [47]
  - an "I" in field [1] making the producer ineligible.
- does not file AD-1026, or the AD-1026 flag is invalid, the CMA Process output file will return:
  - a "Y" in field [60]
  - an "I" in field [1] making the producer ineligible.

#### B Actively Engaged in Agriculture and Person Determination

CMA and LSA producers must visit their administrative FSA County Office to maintain their applicable CCC-502 to establish:

- that they are actively engaged in agriculture
- the number of persons applicable to PLM.

If a CMA or LSA producer:

- has not undergone a "person" determination, or the County Office flag is blank, the CMA Process output file will return:
  - a "Y" in field [61] or [72]
  - an "I" in field [1] making the producer ineligible.
- is not actively engaged in agriculture, the CMA process output file will return:
  - a "Y" in field [71]
  - an "I" in field [1] making the producer ineligible.
- does not have a PLM record in the County Office, the CMA process output file will return:
  - a "Y" in field [73]
  - an "I" in field [1] making the producer ineligible.

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### 3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)

#### C Acreage Reporting Requirement

The 2002 Farm Bill requires that to receive loans and LDP's, a producer must file a report of acreage of all cropland on the farm for which a loan or LDP is requested.

For producers not meeting the acreage reporting requirements, the CMA Process now returns:

- a "Y" in field [49] and an "I" in field [1] when:
  - the producer's ID number is not associated with a crop on any farm for which an eligibility record is requested by CMA
  - no crop shares were reported for the producer's ID number.

**Note:** The CMA process will be enhanced as soon as possible to return a flag when a report of acreage of all cropland on the farm for which a loan or LDP is requested has not been filed.

PSD recognizes that loans and LDP's may be requested for crops, such as wheat ,before a complete acreage report on other crops, such as corn, is filed. Therefore, a producer who has only reported wheat may be ineligible for a wheat loan or LDP. In these cases, according to 1-CMA, paragraph 48, CMA's and LSA's are authorized to:

- obtain loans and LDP's for producers they believe to be eligible
- repay loans or LDP's, if after 90 calendar days from the date of loan or LDP the producer remains ineligible.

#### D Controlled Substance Violations

The CMA or LSA producer's administrative FSA County Office will:

- determine whether a producer has been convicted under Federal or State law of a controlled substance violation
- set the appropriate flag in the County Office subsidiary files.

If a producer is determined to be in violation of controlled substance provisions, the CMA process will:

- return a flag set to "Y" in field [48]
- set the flag in field [1] to "I" making the producer ineligible.

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### 3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)

#### E AGI Limitation

Effective for the 2003 through 2007 fiscal years, an individual or entity shall not be eligible for marketing loan gains and LDP's, if both of the following apply:

- the average AGI of the individual or entity exceeds \$2.5 million
- less than 75 percent of the average AGI is derived from farming, ranching, or forestry operations.

The CMA or LSA producer's administrative FSA County Office will:

- accept certification of a producer's AGI on CCC-526
- set a negative flag in subsidiary files if the producer is in violation of AGI provisions.

CMA's and LSA's shall:

- monitor field [54] of the CMA Process file
- **deny** a market gain or LDP to producers when the AGI flag is set to "Y".

**Note:** For joint operations or entities, where a member does not comply with AGI, a future CMA Process enhancement will allow CMA's and LSA's to:

- reduce any market gain or LDP earned by an entity or joint operation by an amount commensurate with the direct and indirect interest of the member in violation
- review ownership interest in any entity to the fifth level, if applicable, to determine applicable commensurate share reductions.

#### F DCIA Compliance

According to DCIA, producers who are delinquent on non-tax Federal debt are ineligible for Federal loans. The recent exemption for CCC loans and LDP's was rescinded by passage of the 2002 Farm Bill. CMA's and LSA's shall:

- not obtain loans and LDP's on behalf of delinquent Federal debtors, except if the debtor satisfies the delinquency before the loan or LDP is disbursed
- monitor field [67] of the CMA Process output file to identify producers who are delinquent debtors to FSA

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### 3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)

#### F DCIA Compliance (Continued)

- obtain producer certification for DCIA by:
    - entering the following statement on an annual addendum to the CMA's uniform marketing agreement, "Are you or any co-applicant delinquent on any federal non-tax debt?"
- Note:** Provide blocks for the producer to check "yes" or "no" to the question.
- obtaining DCIA certification from producers at least annually on the addendum to the uniform marketing agreement
  - obtaining LSA producer certification on the applicable CCC Cotton A or CCC Cotton AA.

### 4 Making Submissions for the 2003 Crop Year CMA Process

#### A Making Submissions and Requesting Assistance

CMA's and LSA's shall:

- follow the instructions in 1-CMA, paragraph 177, to determine the type of record submission
- Important:** For joint operations or entities, CMA's and LSA's shall submit the "parent" ID number in field 7 of the input file to the CMA Process, not the individual component member ID number. The CMA Process will return applicable eligibility and PLM data for each component member.
- begin regular 2003 crop year file submissions **upon receipt of this notice**
  - if necessary, call for technical assistance from FSA's National Help Desk at 1-800-255-2434; select option 1 for web support:
    - to verify if the CMA or LSA system is functional with the Web Room
    - whenever there are transmission problems.

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**4 Making Submissions for the 2003 Crop Year CMA Process (Continued)**

**B Record Format of Input File**

The input file:

- is named CMAssccc.MB1, where "ssccc" is the applicable State and CMA or LSA code
- provides KC-ITSDO basic producer data to process producer eligibility and PLM data
- shall be submitted according to this notice, with a "03" in field [8]
- is created according to the following format.

<b>Field No.</b>	<b>Contents</b>	<b>Begin</b>	<b>Length</b>	<b>Data Type</b>
1	Record Status	1	1	Character
2	CMA or LSA State Code	2	2	Character
3	CMA or LSA County Code	4	3	Character
4	Crop Code	7	4	Character
5	State code of administrative County Office	11	2	Character
6	County code of administrative County Office	13	3	Character
7	Producer ID number	16	9	Character
8	Crop Year	25	2	Character
9	Farm serial number (to delete records only)	27	7	Character
10	Filler	34	10	

**C Control Record File**

A control file:

- provides KC-ITSDO a count of the records submitted in the input file
- is named CMAssccc.MB4, where "ssccc" is the applicable State and CMA or LSA code
- shall be created according to the following format.

<b>Field No.</b>	<b>Contents</b>	<b>Begin</b>	<b>Length</b>	<b>Data Type</b>
1	State code of CMA or LSA	1	2	Character
2	County code of CMA or LSA	3	3	Character
3	Filler	6	1	
4	Number of records in input file	7	7	Character
5	Filler	14	1	
6	Date input file was prepared in the following format: yyyy/mm/dd	15	10	Character

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### 4 Making Submissions for the 2003 Crop Year CMA Process (Continued)

#### D Preparing Files for Submission

One file will be prepared for submission and transmitted as follows:

- create a zipped transmission file named KCXXXBBS.000, where "XXX" is the assigned CMA or LSA **ALPHA** code and "000" is the next sequential transmission ID number after the last transmission
- the transmission file shall contain the MB1 input file and the MB4 control file
- FTP the file to host bbs.fsa.usda.gov using the assigned user ID and password.

#### E Submission and Download Schedule

For the 2003 crop year, the submission deadline will change to **6 p.m. c.t. Wednesdays**. The resulting download will be available the following Tuesday.