

For: State and County Offices, DMA's, and CMA's

**Cooperative Marketing Association (CMA) and Designated Marketing Association (DMA)
Volume Activity Reporting**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

According to a 2001 GAO report entitled, "Farm Programs: Changes to the Marketing Assistance Loan Program Have Had Little Impact on Payments", USDA's oversight of payments to Cooperatives is inadequate. The report stated that USDA is responsible for monitoring whether CMA internal controls ensure that:

- Cooperative members are eligible for payments
- members do not exceed their payment limit
- duplicate benefits are not provided for the same crop.

While controls are adequate for producer eligibility and monitoring payment limit, there is no current system for detecting duplicate benefits that may be earned by a producer who conducts business with DMA, grain, peanut, wool, mohair or rice CMA. Because EWR's are used for cotton, duplicate bale reports serve as controls to detect duplicates on cotton. However, reports to detect cotton excess benefits may be implemented at a later date.

1-CMA contains provisions for CMA submission of an end of year volume report. However, the automated reporting system has never been implemented and the provisions in 1-CMA will be removed.

Disposal Date	Distribution
October 1, 2004	State and County Offices, DMA's, and CMA's

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1 Overview (Continued)

B Purpose

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

- policy instituting controls to avoid the potential for duplicate benefits
- format for a report to be created by DMA's and CMA's to be analyzed by applicable County Offices
- a reminder about market gain reports.

C Contact

Persons with questions about this notice may contact Chris Kyer at PSD by:

- e-mail at chris_kyer@usda.gov
- telephone at 202-720-7935.

Note: FSA County Offices shall route questions through their FSA State Office.

2 General Policy

A How Duplicate Benefits or Excess Benefits Occur

Duplicate or excess benefits may occur when producers obtain MAL's or LDP's:

- on the same quantity of commodity from CMA or DMA and their FSA County Office
- on a quantity that is determined to be unreasonable according to the COC-established yield.

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2 General Policy (Continued)

B Establishing Eligible Quantities

According to 8-LP, FSA County Committees:

- annually determine a reasonable estimate of yield for each commodity based on crop and weather conditions in a producer's administrative county
- review actual production evidence submitted by the producer during an appeal process when the MAL and LDP production exceeds 110 percent of the COC-established yield.

FSA County Offices use system generated queries to:

- determine a producer's reasonable production
- provide a running account total by producer for remaining MAL and LDP eligible quantities
- deny requests for MAL or LDP when the quantity offered for MAL or LDP is not within 10 percent of the COC-established yield.

C Reconciliation of DMA or CMA Activity to County Office Activity

To avoid providing duplicate benefits, DMA's and all CMA's except for cotton shall:

- begin providing a volume activity report to administrative County Offices
- resolve duplicate benefit problems according to this notice.

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3 DMA and CMA Report Requirements

A Report Format and Required Data

DMA's and all CMA's except for cotton shall create a report in Microsoft Excel or Access with column headings and data according to the following format.

CMA State Code	CMA Code	Producer ID Number	Producer Name	Admin State Code	Admin County Code	Crop Name (Wheat by Class)	FSN	Current Report Quantity	Cumulative Quantity
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The report shall meet the following requirements:

- sorted by producer last name, then by crop
- header shall contain the DMA or CMA's name, address, and contact telephone number
- footer shall contain a page number, crop year, and date of report
- a cumulative quantity shall be reported by crop
- quantities to include both MAL and LDP quantities
- contain the following FOIA language anywhere in the report:
 - confidential private information--this record is not to be disclosed to individuals outside of the Farm Service Agency because it is exempt from disclosure under 5 U.S.C. 552(b)(4)
 - DMA or CMA contact person's name, title, DMA or CMA name, and telephone number.

B Submission to FSA State Office Specialist

Upon receipt of this notice, DMA's and all CMA's except for cotton shall do the following.

- Prepare the cumulative report on the 15th and last work day of each month for all 2003 crop year activity when there is activity to report. If the 15th falls on a non-workday, prepare the report on the next work-day.
- E-mail to the applicable State Office Program Specialist. If necessary, contact PSD for specialist names and e-mail addresses.
- Cease sending the report when there is no longer any crop year activity to report.
- E-mail a copy of the report to **chris_kyer@wdc.usda.gov**.

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4 Review Actions

A State Office Actions

State Office price support specialists shall:

- review the report sent from DMA or CMA for completeness
- forward the report by e-mail to the applicable administrative County Office with instructions to review the report and take action in a timely manner
- set a realistic deadline for County Offices to complete review of the reports.

B Administrative County Office Actions

Administrative County Offices shall:

- review the report forwarded from the State Office received from DMA or CMA
- assess whether there has been a duplicate benefit paid to the producer
- assess whether the producer has exceeded the COC-established yield for the commodity
- when a multi-county producer exceeds allowable quantity, contact other applicable County Offices to determine eligible quantities available.

5 Resolving Problems

A Administrative County Office Actions

Administrative County Offices shall:

- resolve possible yield problems found on the report according to 1-CMA, subparagraph 51 C
- for duplicate benefit problems, contact the CMA or DMA service County Office to determine:
 - which benefit was requested first
 - whether the County Office, DMA, or CMA is responsible for a refund
- collect refunds from producers if the County Office provided benefit is the duplicate
- contact the State Office for assistance.

Note: For correction purposes, the first disbursed benefit is considered the correctly disbursed benefit and the second is considered the duplicate.

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5 Resolving Problems (Continued)

B DMA and CMA Service County Office Actions

DMA or CMA service County Offices shall:

- for duplicate benefits, assist administrative County Offices in determining which benefit was requested first
- demand and collect refunds from DMA's or CMA's according to 1-CMA, paragraph 71.

C DMA and CMA Actions

DMA's and all CMA's except cotton shall:

- submit production evidence requested by administrative County Offices according to 1-CMA, subparagraph 51 D
- request waivers of liquidated damages from PSD through the service County Office
- pay refunds at the direction of a demand letter from the DMA or CMA service County Office.

6 Market Gain Report Reminder

A CMA Action

All CMA's shall:

- according to 1-CMA, paragraph 61, monitor market gains, as defined by 1-CMA, Exhibit 2, they receive from CCC on behalf of their members
- not obtain market gains for a member above that member's payment limitation (PLM)
- allocate market gains according to 1-CMA, paragraph 62
- create and analyze market gain reports monthly
- request adjustments to producer's PLM according to 1-CMA, paragraph 80, if necessary
- semi-annually, in the middle and end of the applicable commodity crop year, send PSD a copy of the market gain report by e-mail to **chris_kyer@wdc.usda.gov**.

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6 Market Gain Report Reminder (Continued)

B DMA Action

DMA's shall:

- monitor market gains that their producers receive from CCC and not obtain market gains above a producer's PLM
- create and analyze market gain reports monthly
- request adjustments to producer's PLM according to 1-CMA, paragraph 80, if necessary
- semi-annually, in the middle and end of the applicable commodity crop year, send PSD a copy of the market gain report by e-mail to **chris_kyer@wdc.usda.gov**.