

For: State and County Offices

Making CRP Annual Rental Payments in FY 2008

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Sufficient FY 2008 funds have been made available to make CRP annual payments.

Note: This notice is **not** applicable to Emergency Forestry Conservation Reserve Program annual payments.

All of the CRP annual rental payments due participants in FY 2008 shall be paid by electronic fund transfers (EFT's) or with CCC-184's.

B Purpose

This notice advises State and County Offices:

- to strictly adhere to policies in this notice to ensure that **all** due CRP annual rental payments are issued in a timely manner

Note: See:

- 1-CRP, 1-FI, and 6-FI for CCC-184 and EFT instructions
 - 67-FI for receivables
 - 58-FI for IRS levies
 - 64-FI for claims.
- that the Finality Rule does **not** apply to CRP annual payments

Disposal Date	Distribution
January 1, 2008	State Offices; State Offices relay to County Offices
10-1-07	

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1 Overview (Continued)

B Purpose (Continued)

- that CRP annual rental payments issued in FY 2008, after the download file T.EP.TM1 is received through transmission from KCAO, shall be issued:
 - using either of the following:
 - EFT's
 - CCC-184's

Important: Manually typewritten checks will **not** be authorized. The manual check option is to be used for correction purposes **only**, if necessary.

- **beginning** October 2, 2007
- that a manual procedure must be used to manage CRP adjusted gross income (AGI) according to provisions outlined in 2-CRP, paragraph 87 and 3-PL, paragraph 31 when processing FY 2008 CRP annual payments
- of procedures for making CRP annual rental payments to producers with approved CRP-1's.

2 Prompt Payment Interest

A Prompt Payment Interest on Rental Payments

CRP annual rental payments issued on or after October 31, 2007, may be eligible to receive interest under the Prompt Payment Act, according to 61-FI, if calculated to be at least \$1.

B Interest Rate and Disbursement

The prompt payment interest rate through December 2007 is 5.7500 percent.

Prompt payment interest disbursements will be issued using the CRP payment software at the same time the annual payment is being processed, if applicable.

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3 Action

A County Office AGI Action Before Processing CRP Annual Rental Payment for FY 2008

Current software will **not** process AGI provisions as they pertain to CRP; therefore, AGI **must** be processed manually by County Offices for the FY 2008 CRP annual payment cycle.

Any CRP-1 approved on or after May 13, 2002, with an effective date of October 1, 2002, is subject to AGI provisions as they pertain to CRP. Apply AGI provisions **only** if the program year of CRP-1 is greater than or equal to the 2003 program year. According to 2-CRP, paragraph 87, all applicable producers must provide a certification of average AGI according to 1-PL. For CRP, certifications of AGI are binding for the life of CRP-1 at the time the contract is approved.

Note: For contracts with an effective date before October 1, 2002, the System 36 will **not** read the AGI flag. Therefore, the System 36 will issue the payments regardless of the AGI value for contracts with program years less than 2003.

The Ineligible AGI Producer/Member Report developed on the System 36 is available to County Offices to identify producers who have been determined ineligible for program benefits based on AGI provisions. County Offices shall use this report to verify current AGI flag settings and process applicable CRP annual payments according to the following table.

Step	Action			
1	On Application Selection Menu FAX07001, ENTER "9", "Common Provisions".			
2	On Common Management Menu MA0000, ENTER "4", "Subsidiary Files Maintenance".			
3	On Common Provision-Subsidiary Main Menu MAD000, ENTER "11", "Adjusted Gross Income".			
4	On Adjusted Gross Income Main Menu MAD830, ENTER "3", "Print Ineligible AGI Producer/Member Report".			
5	On Subsidiary Year Selection Menu MAD01301, ENTER "2006".			
6	Select the desired printer ID.			
7	Report ID No. MAD845-R001 will print.			
8	IF...	THEN...		
	the message, "No Ineligible Producers recorded for this County", prints on the report	there are no producers and/or members of an entity flagged as ineligible because of AGI in the County Office. No further action is required. No payment reductions apply. Proceed to step 11.		
9	IF...	THEN...	IF producers listed...	THEN....
	there are producers and/or members listed on Ineligible AGI Producer/Member Report MAD845-R001	check the CRP-1 files on all producers and/or members listed on the report.	have an active CRP-1 with an approval date on or after May 13, 2002 do not have an active CRP-1 approved on or after May 13, 2002	proceed to step 10. no further action is required. No payment reductions apply. Proceed to step 11.

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3 Action (Continued)

A County Office AGI Action Before Processing CRP Annual Rental Payment for FY 2008 (Continued)

Step	Action	
10	<p>IF producers and/or members listed on Report No. MAD845-R001 were AGI... eligible at the time CRP-1 was approved</p>	<p>THEN... process payments using option “4”, “Access Special Authorized Payment”, according to 1-CRP, paragraph 361.</p>
	<p>ineligible at the time CRP-1 was approved</p>	<p>producers and/or members are ineligible for the life of CRP-1. Do not issue payments to the ineligible producers/members.</p>
11	<p>Process payments as determined by steps 1 through 10.</p> <p>Exception: If a producer and/or member was AGI ineligible at the time CRP-1 was approved on or after May 13, 2002, but is now flagged as AGI eligible in the eligibility file, that producer and/or member is still AGI ineligible for CRP payments. On CRP Contracts - Annual Payment Activities Screen EPCJ0001, ENTER “2”, “Select Producers for Special Payment and/or Reduction Processing”, to select the ineligible producer and/or member for special payment processing to ensure that the ineligible producer and/or member does not process in the annual payments activities batch process. Do not pay the ineligible producer and/or member.</p>	

Note: County Office shall follow Notice PL-163 for instructions of reviewing payments to deceased individuals.

B Applying Haying/Grazing Reductions

Payment reduction for:

- CRP-managed haying and grazing has been reduced for certain areas
- managed haying and grazing was reduced to 10 percent of the annual rental payment in the same area as the emergency haying and grazing area.

For emergency haying and grazing eligibility:

- the area was expanded up to 210 miles beyond an approved county
- payment reduction was reduced from 25 percent to 10 percent.

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3 Action (Continued)

B Applying Haying/Grazing Reductions (Continued)

Therefore, the payment reduction for emergency haying and grazing or managed haying and grazing within approved counties and the 210-mile “expanded area” are reduced to 10 percent of the annual rental payment. **For all other areas**, the payment reduction will remain at 25 percent of the annual rental payment.

Note: If haying/grazing reduction fees have:

- **not** been paid by the producer, **before** making CRP annual rental payments, verify that reductions for “XXHAYGRZ”, “XXMANHAYGRZ”, and/or “XXCRPRED” are **only** entered in the applicable “reduction amount” field, **not** in “prorated reduction” field, or both

Note: Do **not** set the miscellaneous flag to “Y” in this instance. A “Y” flag will cause payables to be processed through special payments 1 at a time instead of regular batch processing.

- been paid by the producer, see subparagraph C.

C Processing Refunds of Prepaid 25 Percent Payment Reductions

For all land enrolled in CRP that has been approved for emergency haying and grazing, a payment reduction shall be assessed based on the number of acres actually hayed or grazed times the CRP annual rental rate times **10** percent. Producers who prepaid the 25 percent payment reduction shall have the difference refunded through the disbursement/checkwriting function.

To process refunds in System 36, County Offices shall follow 3-FI, paragraphs 87 and 93. Use program code “XXHAYGRZ”; where “XX” is the year CRP-1 became effective.

Note: On System 36, in:

- Cash Receipts:
 - modify the program record down to the lower amount
 - record a “REFREP” collection for the amount to be refunded, using an already deposited CCC-257 and the original check number
- Checkwriting, use code “REFREP” to refund the overcollection.

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3 Action (Continued)

D Processing and Issuing CRP Payments

County Offices shall take action according to the following table after completing subparagraph A.

Step	Action
1	Rerun CRP prepayment process according to 1-CRP, paragraph 354.
2	Prepare the CRP table file for 2007 after download file is received, according to 1-CRP, subparagraph 357 C.
3	<p>On Screen EPCJ0001, ENTER “11”, “Update/View Annual Payment Authorization”, to prepare the CRP table file for 2007 received from the State Office. Verify the following for accuracy before continuing:</p> <ul style="list-style-type: none">• annual installment payment year• percentage of cash payments displays as 100.00• date annual rental payments are authorized• date prompt payment starts is 30 calendar days including the date payment is authorized. <p>If entries are correct, PRESS “Print Scrn” to print the screen. PRESS “Enter” to update the CRP table file for FY 2008.</p>

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3 Action (Continued)

D Processing and Issuing CRP Payments (Continued)

Step	Action
4	<p data-bbox="394 365 846 401">Issue CRP annual rental payments:</p> <ul data-bbox="394 436 1453 1073" style="list-style-type: none"><li data-bbox="394 436 786 472">• beginning October 2, 2007<li data-bbox="394 514 1453 583">• according to 2-CRP, paragraph 372, if participant has filed annual certification of compliance<li data-bbox="394 625 1019 661">• according to 1-CRP, paragraphs 357 and 358<li data-bbox="394 703 1203 739">• using option “4”, “Access Special Authorized Payment”:<ul data-bbox="443 781 1430 961" style="list-style-type: none"><li data-bbox="443 781 1406 850">• according to 1-CRP, paragraph 361 for AGI producers and/or members according to subparagraph A, step 10<li data-bbox="443 892 1425 961">• if necessary, according to 1-CRP, paragraph 361 especially for inherited contracts exceeding \$50,000<li data-bbox="394 1003 1354 1073">• allowing sufficient time to verify and sign the producer’s disbursement statement for all payments processed for EFT or countersign CCC-184. <p data-bbox="443 1108 1127 1144">Note: EFT statements will be batched when printed.</p> <p data-bbox="394 1186 1419 1255">EFT’s may be queued and transmitted 1 day earlier than the issue date specified when processing payments.</p> <p data-bbox="394 1297 1300 1333">Important: Manually typewritten checks are not authorized for use.</p>

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3 Action (Continued)

E Special Payment Processing

During CRP special payment processing, County Offices shall take action according to the following table.

Step	Action
1	<p>Using CRP software on System 36, cancel only CCC-184's or EFT's that are not to be reissued, such as those with incorrect amounts or incorrect ID's.</p> <p>Reminder: CCC-184's and EFT's processed for multiple payment reductions to 1 producer will have only 1 transaction code. This transaction will cancel all payments and other deductions listed on the disbursement statement. If CCC-184 is not available, or the EFT record has been queued for transmission, a receivable will be established when the payment is canceled.</p>
2	<p>Do not use the CRP software to cancel CCC-184 if it has:</p> <ul style="list-style-type: none"> • been mutilated by the printer after responding that print was satisfactory • expired because of the 1-year period negotiability • been reported lost, stolen, or destroyed.
3	<p>Follow 1-FI:</p> <ul style="list-style-type: none"> • paragraphs 251 and 252 to process, cancel, and reissue a substitute CCC-184, if needed <p>Note: This only changes the date of issuance and the check or payable number unless the payment is needed for another payee, such as CCC.</p> <ul style="list-style-type: none"> • paragraph 233 if an incorrect serial number needs to be changed for an issued CCC-184. <p>Example: If CCC-184 numbers 00001201 and 00001202 need to be switched, use the next unused CCC-184 number (00001203) to complete the correction using option "5", "Correct Check Number or Payment Data", and:</p> <ul style="list-style-type: none"> • temporarily move 00001201 information to 00001203 • move 00001202 information to 00001201 • move 00001203 information to 00001202. <p>After the numbers have been corrected, CCC-184 number 00001203 will still be the next available number for issuance.</p>

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3 Action (Continued)

E Special Payment Processing (Continued)

Step	Action
4	<p>Review all approved continuous signup CRP-1's previously entered and calculated by CRP software on System 36 that are due a prorated payment in October 2007. If any of these CRP-1's have been revised since being entered in the system:</p> <ul style="list-style-type: none"> • correct original CRP-1 that is now terminated, if necessary <p>Notes: If needed corrections are not adjusted, both CRP-1's will be paid by CRP software on System 36 and the producer may be overpaid, but will not be on the overpayment report. Print and verify report according to 1-CRP, paragraph 387.</p> <p>Prorated reduction amounts may be increased on the terminated CRP-1. Also, this CRP-1 may need to be deleted from special payments if no payment is now due, according to 1-CRP, paragraph 356.</p> <ul style="list-style-type: none"> • select new CRP-1 with suffix to reduce the payment, which is now displayed as a full year's payment, to the correct amount, if necessary.
5	<p>Process the following reports as soon as all or most of the payments have been issued:</p> <ul style="list-style-type: none"> • List of Producers Under Paid Report in 1-CRP, paragraph 391 • CRP Overpayment Report Overpayment Report for all producers in 1-CRP, paragraph 394. <p>Note: When changes have been made to CRP-1 anytime after payments have been issued, the reports will indicate incorrect data.</p>

F State Office Action

State Offices shall ensure that County Offices follow the instructions in this notice.