

For: State and County Offices

County Office Preparation for Issuing CRP Annual Rental Payments

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Currently, CRP annual rental payments are processed through System 36 by County Offices. Beginning with FY 2010 the following are scheduled to be processed through the web-based Conservation Payments system:

- CRP annual rental payments, including State Acres for Wildlife Enhancement (SAFE)
- CRP-SIP's and Practice Incentive Payments (PIP's).

CRP cost-share payments will continue to be issued through System 36.

Kansas City is scheduled to initiate a batch payment process for CRP annual rental payments in early October. Emergency Forestry CRP (EFCRP) contracts that are due an annual rental payment in October will be included in this batch payment process. Beginning in November, the batch process will be executed the first week of each month.

Conservation payment processing, both System 36 and web-based, will be shutdown on September 18, 2009, and will **not** be available until after the batch annual payment process is completed. No CRP contract activity, including approving contracts and obligating funds, will occur during this time. **Before September 18, 2009, County Offices must:**

- update applicable producer eligibility files
- establish receivables for payment reductions, such as haying, grazing, and tree thinning
- record contract extensions
- perform all needed contract maintenance.

Disposal Date	Distribution
December 1, 2009	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice:

- provides State and County Offices with the following:
 - an overview of the upcoming FY 2010 annual rental payment process
 - instructions to prepare for FY 2010 payments
 - notification of available supporting materials
- obsoletes Notice CRP-638.

2 CRP Payment Processing Overview

A Changes to CRP Payment Process

Beginning in October 2009, annual CRP rental payments will be initiated as a web-based batch process from Kansas City. County Offices will have multiple steps that **must** be completed **before** the batch process. If the steps are **not** completed, producers may **not** be paid during the batch process. Before **September 18, 2009**, County Offices **must**:

- update applicable producer eligibility files
- establish receivables for payment reductions, such as haying, grazing, and tree thinning
- record contract extensions
- perform all needed contract maintenance
- record contract approvals.

The batch process initiated by Kansas City in early October will send payment information to NPS. County Offices must review CRP annual rental payments in NPS, and perform the normal certifying and signing process for payments, **before** the payments will be released to the Treasury and sent to the producers. The batch payment process will automatically run each month.

B CRP-SIP and PIP

Since December 2008, CRP-SIP and PIP payments have been issued using Online Payments. Beginning October 1, 2009, all CRP-SIP and PIP payments **must** be issued through web-based Conservation Payments software. By accessing the Conservation Payments software, County Offices will have the option of choosing to make CRP-SIP or PIP payments.

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2 CRP Payment Processing Overview (Continued)

C Conservation Payments User Guide

The Conservation Payments User Guide posted on the State and County Office CEPD Information Center web site will be updated to provide detailed instructions for payment reports, making and canceling payments, and blocking and unblocking payments. The Conservation Payments User Guide will be used to process individual payments that fail the batch process. The updated Conservation Payments User Guide will be posted when the updated Conservation Payments software is deployed.

Note: The current Conservation Payments software residing on the FSA Applications Page has not been updated to include contracts residing on System 36. The updated version of Conservation Payments software that includes contracts residing on System 36 will be:

- deployed after October 1
- available for County Office usage after the initial batch payment process is executed by Kansas City.

D Transaction Statements

Transaction statements will be mailed by Kansas City to the CRP participants receiving payments processed through the Conservation Payments system. Only payments that are processed successfully by NPS will receive a transaction statement. Producers will **not** be notified if the payment was manually blocked by the County Office or was not included in a batch process because of producer ineligibility. County Offices will **not** receive copies of transaction statements.

E Payment Corrections or Cancellations

Current System 36 functionality will still be available for maintaining payments previously issued through System 36, unless the payments have been canceled. Cancellations, refunds, and refund cancellations of CRP annual rental payments previously issued through System 36 will still be completed in System 36. Maintaining payments issued through the web-based Conservation Payments System will be completed in the Conservation Payments system.

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3 Preparing for FY 2010 CRP Annual Rental Payments

A Reports Review

County Offices shall review all reports listed in this subparagraph to prepare for CRP annual rental payments. Available reports include acreage, crop, producer eligibility, and prepayment reports.

County Offices shall run the following Farm, Tract, and Crop Reports according to 3-CM, Part 10 and resolve any outstanding issues:

- CRP Cropland Out-of-Balance Report
- CRP Pending Acres Out-of-Balance Report
- CRP Pending Report
- CRP Reduction Acres Out-of-Balance Report.

County Offices must run prepayment reports after June 1 each year to prepare for making annual rental payments in October (1-CRP, paragraph 354). Prepayment reports assist County Offices with identifying and correcting potential issues that will prevent timely payment of annual CRP rental payments to producers. Prepayment reports do **not** include data for the web-based SAFE and EFCRP contracts.

Note: The List of Producers Under Paid Report referenced in 1-CRP, paragraph 391, and the CRP Overpayment Report for all producers referenced in 1-CRP, paragraph 394 will **no longer be available** for payment issued through the Conservation Payments software. SAFE and EFCRP payment information is **not** included in the prepayment reports listed in 1-CRP, paragraph 354.

Subsidiary web-based reports are available for County Offices to use to identify CRP producer eligibility determinations and certifications that may need to be updated to prepare for CRP annual rental payments. Subsidiary web-based reports are described in detail in 3-PL, Part 8. County Offices can print the Subsidiary Print Report to show the status of all eligibility determinations and certifications for a customer. The County Eligibility Reports option is available for County Offices to display selected eligibility criteria for all producers.

B Contract Maintenance

County Offices are instructed to:

- complete **all** contract maintenance activities for web-based EFCRP and SAFE offers and System 36 contracts **before the September 18 shutdown**

Note: Any contract maintenance activity **not** completed by September 18 **cannot** be recorded until after the initial batch payment process is completed in October.

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3 Preparing for FY 2010 CRP Annual Rental Payments (Continued)

B Contract Maintenance (Continued)

- record contracts that are being extended through CRP Extensions 2009 in System 36 by **September 18**
- resolve any outstanding CRP contract payment and refund issues.

Note: The web-based payment functionality will **not** be available from September 18 until the batch payment process has been completed in October.

No new contracts shall be entered into System 36 after the **September 18** shutdown until after the initial batch payment process is completed in October.

C Eligibility

In FY 2010, the Conservation Payments System will read 2009 determinations and certification information to determine producer eligibility for the CRP annual rental payments. The rules in effect at contract approval determine which determinations and certification information apply to the contract. The applicable determinations and certification information **must** be updated for 2009 for a producer to receive the CRP annual rental payment.

Note: Determinations and certification information can only be updated if documentation is filed and determinations are made.

The permitted entity file **must** be updated in System 36. County Offices shall follow Notices PL-192 and PL-197 to enter permitted entity data.

The following determinations and certification information in the web-based subsidiary eligibility system apply to **all** CRP contracts:

- conservation compliance
- controlled substance
- fraud-including FCIC fraud
- federal crop insurance.

The following determinations and certification information in the web-based Subsidiary Eligibility System apply to CRP contracts approved before October 1, 2008. These determinations and certification information do **not** apply to CRP contracts approved on or after October 1, 2008, and will **not** apply to the extension period approved for 2009 extensions:

- actively engaged - 2002 Farm Bill
- cash rent tenant
- permitted entity - 2002 Farm Bill
- person eligibility - 2002 Farm Bill.

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3 Preparing for FY 2010 CRP Annual Rental Payments (Continued)

C Eligibility (Continued)

AGI provisions are effective at contract approval and remain in effect for the life of the CRP contract, as follows:

- 2002 Farm Bill:
 - applies to CRP contracts approved before October 1, 2008, but after May 14, 2002
 - applies to extension periods approved during the 2005 Re-Enrollment and Extension option (REX) regardless of the original contract approval date
 - does **not** apply to CRP contracts approved on or after October 1, 2008
- Conservation Program Certification:
 - applies to contracts approved on or after October 1, 2008
 - applies to the extension period for contracts recently extended through 2009 extensions
 - does **not** apply to CRP contracts approved before October 1, 2008.

Note: For contracts other than contracts extended through the REX process, with an effective date before October 1, 2002, AGI provisions do **not** apply.

D Haying/Grazing and Unauthorized Use Reductions

Haying/grazing and unauthorized use reductions will continue to be recorded in System 36 according to 1-CRP, paragraphs 355 and 355.3. This will allow County Offices to keep a record of the reductions to create the receivables using the Producers Selected for Special Payment and/or Reductions Report according to 1-CRP, paragraph 386.

To ensure that haying/grazing and unauthorized use reductions are deducted from the annual rental payment, County Offices **must** create receivables for haying/grazing and unauthorized use reductions that have **not** been paid by the producers. **The receivables must be in place in NPS before the initial batch payment process is run by Kansas City.** The receivable creation timing will be **important** for the receivable to be paid by the CRP annual rental payment and **not** through another program payment to the producer.

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3 Preparing for FY 2010 CRP Annual Rental Payments (Continued)

D Haying/Grazing and Unauthorized Use Reductions (Continued)

Program codes for establishing receivables for CRP are in 67-FI, Exhibit 4. Use program code:

- “XXHAYGRZ” to create receivables for haying/grazing reductions and emergency haying and grazing reductions
- “XXMANHAYGRZ” to create receivables for CRP managed haying and grazing reductions
- “XXCRPRED” to create receivables for unauthorized use.

Basis of Debt Code “**10431**” (67-FI, Exhibits 6 and 7) will be used when creating these receivables.

Reductions in CRP annual rental payments because of commercial use of forest refuse for pruning, thinning, or timber improvement approved on CRP-37 before June 25, 2009, are subject to payment reductions. Reductions for commercial use of forest refuse for pruning, thinning, or timber improvement will **not** be entered as an amount. County Offices will only enter a “Y” on Special Payments Screen EPCJ7301 in the Commercial Use-Forest Refuse Field. This will flag the payment to be blocked by Kansas City. County Offices will create receivables for the reduction amount. After the initial batch payment process is executed, County Offices can unblock the payment in the Conservation Payments system and issue the individual payment. Program code “XXCRPRED” should be used when creating this receivable (67-FI, Exhibit 4).

Note: The current procedure for creating receivables using System 36 is expected to change in the near future. When that occurs, an FI notice will be issued with instructions for creating receivables.

E Blocking Payments

CRP payments that have been entered in the special payment processing will be batched blocked by Kansas City. After the initial batch payment process has been executed in October, the updated version of Conservation Payments software will be available for County Office usage. County Offices can then:

- unblock the payments that were blocked by Kansas City, so payment can be made through the next batch payment process
- make payments using the “Make NPS Payment” option, if the batch process is **not** executed again in time to make payments to prevent payment prompt payment interest.

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3 Preparing for FY 2010 CRP Annual Rental Payments (Continued)

E Blocking Payments (Continued)

Payments that need to be blocked for various reasons that include, but are **not** limited to incomplete reconstitutions and producers with no FSA-578 on file, **must** be flagged with a “Y” in the System 36, Special Payments Screen EPCJ7301, “Zero Valued Original CRP-1” field. Contract participants flagged with “Y” in the “Zero Valued Original CRP-1” field will be blocked by Kansas City. No other information will need to be entered on Special Payments Screen EPCJ7301. To block System 36 contracts, **all** participants on CRP-1 **must** be updated with “Y” in the “Zero Valued Original CRP-1” field.

Notes: County Offices need to have all data entered on System 36, Special Payments Screen EPCJ7301 no later than **September 18**. Any data entered in Special Payments after September 18 may not be included in the batch payment process.

If a receivable has been created by the County Office and the receivable has been uploaded to NPS **before** September 18, the County Office does **not** need to enter any information on System 36, Special Payments Screen EPCJ7301 because the payment does **not** need to be blocked.

F Prorated Payments

Prorated reduction amount contracts will be recorded in System 36 according to 1-CRP, paragraph 355.3. The prorated reduction amount will upload to Kansas City. Conservation Payments system will process the uploaded prorated reduction amount during payment processes.

4 Action

A State Office Action

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

B County Office Action

County Offices shall read and follow the provisions of this notice.

C Contact

For questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Bryan Rogers, CEPD at 202-720-6825.