

For: State and County Offices

Handling CRP Payment Reductions for Program Year 2012

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

2-CRP, Part 18 includes restrictions on using land enrolled in CRP during the CRP-1 contract period. However, some exceptions are permitted in exchange for the assessment of a payment reduction for the applicable contract. These exceptions include but are not limited to:

- emergency haying and grazing
- managed haying and grazing
- routine grazing
- prescribed grazing.

With the implementation of the web-based conservation payment system, County Offices were required to establish receivables in NRRS that represented the payment reduction amount. This process allowed the payment sent to NPS to be offset by the amount of the receivable but was cumbersome and required manual intervention by users.

B Purpose

This notice:

- provides State and County Offices with information about changes being made to the conservation payment system for program year 2012
- advises State and County Offices that receivables **do not** need to be created for producers that elect to have a payment reduction taken from their annual rental payment
- instructs County Offices that receivables shall continue to be created if a producer elects to pay a CRP payment reduction amount.

Disposal Date	Distribution
January 1, 2013	State Offices; State Offices relay to County Offices

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2 System Modifications for Program Year 2012

A Concept

Software is currently being developed for deployment by late August that allows the reduction of CRP annual rental payments because of amounts assessed based on exceptions in 2-CRP, Parts 18 and 19.

Unless the producer elects to pay the payment reduction amount, payment reduction amounts will be recorded in the system and the net payment amount, after the reduction is applied, will be sent to NPS. County Offices will no longer be required to block payments to ensure that the receivable is reduced from the correct contract payment.

B Release Date

Software is projected to be released as follows:

- late August 2012, that allows County Offices to record payment reductions for CRP contracts into the web-based payment system for amounts accessed
- October 1, 2012, to process payments by reducing payment reduction amounts from the annual rental payment for all CRP contracts.

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3 Contracts Maintained on System 36

A Handling Payment Reductions for 2012

For contracts currently maintained on System 36, this table provides guidance for handling payment reductions applicable to program year 2012.

IF the producer elects to...	THEN County Offices shall...
have the assessed amount reduced from their annual rental payment	<p>record payment reductions according to 1-CRP for each of the following:</p> <ul style="list-style-type: none"> • unauthorized uses • emergency haying/grazing • managed haying/grazing. <p>Note: Amounts recorded on System 36 will be migrated to the web-based system in August.</p> <p>When the batch payment process runs in October 2012, then amounts:</p> <ul style="list-style-type: none"> • recorded as payment reductions will automatically be reduced from the annual rental payment • sent to NPS will reflect the net payment earned by the producer.
pay the reduction amount so it is not reduced from their annual rental payment	<ul style="list-style-type: none"> • establish a receivable according to 64-FI <p>Note: The payment must be in FSA’s possession before the receivable is created.</p> <ul style="list-style-type: none"> • apply the payment as a collection against the receivable according to 64-FI.

B Example

For this example, Producer A is associated with CRP contract 123 and is authorized for emergency haying/grazing. The annual rental payment is \$40,000 with a \$4,000 payment reduction.

This table compares the process that has been used traditionally by County Offices to reduce the payment against the new process that will be in place for the 2012 annual rental payment run.

	For 2011 and Prior	For 2012
Contract Amount	\$40,000	\$40,000
Payment Reduction (recorded in S/36 – see note)	\$4,000	\$4,000
Amount Sent to NPS	\$40,000	\$36,000
Receivable Amount (manually established by user)	\$4,000	--
Net Amount to Producer	\$36,000	\$36,000

Note: The payment reduction amount recorded for 2011 and prior years in System 36 did not actually reduce the payment but was used to block the payment so the contract payment could be manually processed.

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4 Contracts Maintained in COLS

A Handling Payment Reductions for 2012

For contracts currently maintained in COLS, new software will be developed that allows County Offices to record payment reduction amounts.

Note: The payment reduction software is projected to be available in late August 2012.

This table provides guidance for handling payment reductions applicable to 2012 program year contracts maintained in COLS.

Note: Additional guidance will be provided for recording payment reductions in the new system when the software is ready for release.

IF the producer elects to...	THEN County Offices shall...
have the assessed amount reduced from their annual rental payment	<p>not establish receivables in NRRS for the payment reduction amount.</p> <p>Recommendation: County Office may opt to maintain a list of contracts with payment reductions so these amounts can be entered quickly once the payment reduction software is available.</p>
pay the reduction amount so it is not reduced from their annual rental payment	<ul style="list-style-type: none"> • establish a receivable according to 64-FI <p>Note: The payment must be in FSA's possession before the receivable is created.</p> <ul style="list-style-type: none"> • apply the payment as a collection against the receivable according to 64-FI.

B Example

For this example, Producer A is associated with CRP contract 123 and is authorized for emergency haying/grazing. The annual rental payment is \$40,000 with a \$4,000 payment reduction.

This table compares the process that has been used traditionally by County Offices to reduce the payment against the new process that will be in place for the 2012 annual rental payment run.

	For 2011 and Prior	For 2012
Contract Amount	\$40,000	\$40,000
Payment Reduction (recorded through new software)	--	\$4,000
Amount Sent to NPS	\$40,000	\$36,000
Receivable Amount (manually established by user)	\$4,000	--
Net Amount to Producer	\$36,000	\$36,000