

**For:** State and County Offices

**QLP and QLP-AP Payment Calculation Problem**

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



**1 Overview**

**A**

**Background**

A payment calculation problem has been detected in the following QLP and QLP-AP processes.

- QLP entitlement report process
- QLP payment process
- QLP-AP entitlement report process.

**B**

**Purpose**

This notice:

- describes the problem that has been detected in the QLP and QLP-AP payment calculation software
- advises State and County Offices of the projected dates when modified software will be transmitted to County Offices
- advises County Offices of the action that shall be taken to ensure QLP payments are issued properly.

<b>Disposal Date</b>  May 1, 2002	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice DAP-120

### 2 Description of Payment Calculation Problem

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#### A

#### Calculation Problem

For CDP, crops were grouped by the unit, pay crop code, and pay type code. All crop types and practices that had the same unit number, pay crop code, and pay type code were grouped together. High production on one crop type and/or practice offset the disaster payment for another crop type and/or practice.

For QLP and QLP-AP, there should not be offsets between crop types and practices when the quality paid under CDP is greater than the QLP or QLP-AP calculated payment amount.

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#### B

#### Example

Producer A has HRW and HRS wheat. A \$3,000 CDP payment was issued based on losses as follows:

- \$2,500 for HRW wheat
- \$500 for HRS wheat.

For QLP and QLP-AP, the software is currently offsetting the net payment between crop types and practices as follows.

Crop Type	Gross QLP Payment for All Loss Levels	Calculated CDP Payment Attributed to Quality	Net QLP Payment
HRW	\$600	\$675 (\$2,500 - \$1,825)	-\$75
HRS	\$875	\$0	\$875
<b>Net QLP Payment for the Unit</b>			<b>\$800</b>

For QLP and QLP-AP, the software should not be offsetting the net payment between crop types and practices. Therefore, Producer A's payment should be computed as follows.

Crop Type	Gross QLP Payment for All Loss Levels	Calculated CDP Payment Attributed to Quality	Net QLP Payment
HRW	\$600	\$675 (\$2,500 - \$1,825)	\$0
HRS	\$875	\$0	\$875
<b>Net QLP Payment for the Unit</b>			<b>\$875</b>

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## Notice DAP-120

### 3 Projected Release of Revised Software

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A

#### Time Line

Modifications to the QLP entitlement report and payment processes was transmitted to County Offices on October 31, 2001.

Modifications to the QLP-AP entitlement report process is projected to be transmitted to County Offices in the near future.

The QLP-AP payment software is projected to be included in County Release No. 473.

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### 4 County Office Action

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#### Action

County Offices shall take the following action to ensure that QLP and QLP-AP entitlement reports are printed with accurate net payment amounts and QLP payments are issued properly.

- Immediately upon receipt, follow the instructions in the information bulletins to ensure the modified software is received and installed properly.

**Note:** Information Bulletin No. 2206 provides instructions for the QLP software modifications.

- Process payments for "ALL" producers.

**Note:** The modified software will recompute all QLP payments and issue additional payments to producers whose QLP payments were reduced in error.

- Process an "ALL" overpayment batch and take action to notify producers with legitimate debts to CCC.

**Note:** It is not envisioned that this software problem resulted in producers being overpaid. However, County Offices are reminded that an "ALL" overpayment process shall be run at least every 60 calendar days until the program is officially closed out.

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