

For: State and County Offices

**Producer Crop Disaster Program (CDP) Payment Adjustments for
Prevented Planted-Multiple Planted Crops**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, authorized funding for CDP. CDP allows benefits for crop losses because of natural disaster conditions that occurred in 2005, 2006, and 2007.

Historically under CDP, prevented planting payments have **not** been issued if a subsequent crop was harvested, hayed, or grazed on the same acreage **before** November 1 of the same crop year, unless the farm within the unit has a history of multiple cropping. The county **must** be approved for multiple cropping according to 5-DAP (Rev. 2), paragraph 72, or the crop **must** be a repeat crop meeting eligibility conditions in 5-DAP (Rev. 2), subparagraph 7 D.

In 2004, RMA amended its policy for paying indemnities on prevented planted crop losses. Because RMA downloads used for CDP, RMA's amended policy affects potential CDP benefits on acreage with initial prevented planted losses that was **not** approved for multiple cropping, but was subsequently planted to another crop.

B Purpose

This notice informs State and County Offices of CDP policy changes for insured producers who were prevented from planting on initial crop and subsequently planted a crop on the same acreage, but **not** in an approved multiple cropping pattern. This notice provides instructions for adjusting payments to these producers.

Because of RMA's policy change, payments to producers who may be underpaid or overpaid will require County Office corrective action.

<p>Disposal Date</p> <p>May 1, 2009</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 Explanation of Changes to CDP

A CDP Policy

CDP prevented planting acreage for multiple planted crops policy is located in 5-DAP (Rev. 2), subparagraph 71 E, which provides:

“Prevented planting payments are **not** provided on acreage that had either a previous or subsequent crop, **unless** the producer has a history of multiple cropping and the county is approved for multiple cropping according to paragraph 72, or the crop is a repeat crop meeting eligibility conditions in subparagraph 7 D.”

Other exceptions are in 5-DAP (Rev. 2), subparagraph 72 E.

In general, CDP prevented planting acreage for multiple planted crops policy prohibits a producer from receiving prevented planting benefits for a crop if it is subsequently followed by a second crop and multiple cropping has **not** been approved.

B RMA Policy

In 2004, RMA adjusted its policy associated to crops that were initially prevented from being planted and followed by a subsequent crop when multiple cropping had **not** been approved. In these instances, RMA allows the producer to be eligible for 35 percent of the full value of the prevented planting indemnity on the initial crop **and** may allow the producer to be eligible for low yield or prevented planting on the subsequent crop, based on the producer’s level of insurance coverage.

Because of this change, County Offices are receiving RMA download records on prevented planting for CDP payment processing even though a subsequent crop was planted on the same acres, which violates CDP policy.

If a subsequent crop had **not** been planted, the producer would be eligible for both of the following:

- 100 percent of the full value of the prevented planting indemnity on the initial crop
- CDP benefit.

C Multiple Cropping Provisions Change

Producers prevented from planting the initial crop that planted a subsequent crop (on acreage **not** meeting double cropping rules) may now be eligible for the prevented planting crop under CDP, if elected by the producers, using FSA-840M.

This change in multiple cropping policy means that when acreage is **not** approved for multiple cropping, and the initial crop was prevented planting and a subsequent crop resulted in a disaster related low yield, the producer **must** select a CDP payment for either of the following:

- prevented planting initial crop
- prevented planting or low yield on the subsequently planted crop.

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2 Explanation of Changes to CDP (Continued)

D Potential Overpayments

Because of RMA policy changes, certain County Offices may have received an RMA downloaded loss record for an initial prevented planted crop, as well as a separate loss record for the subsequently planted low yield crop. As a result, some producers may have been paid a CDP payment for 2 losses on the same acreage when **not** approved for multiple cropping.

To resolve these discrepancies, the National Office requested that RMA provide data to identify producers who may or may **not** have received a prevented planting indemnity on an initial crop and a low yield indemnity on a subsequent crop for the same acres when a history of multiple cropping was **not** approved.

E Excel Report

RMA provided the National Office with a report in Excel format that identifies producers who may be overpaid or underpaid because of the recent change in the multiple cropping provisions.

The Excel report includes Stage Codes and Multi-Crop Flag Codes. A description of the Stage Codes and Multi-Crop Flag Codes related to a producer's record will be found in a key that is attached to each Excel report. Certain Multi-Crop Flag Codes are more likely to be displayed for producers who may **not** have been accurately paid. Subparagraph 3 B provides instructions for using the Excel report. State Offices shall contact their RMA Regional Offices for clarification and questions about the Excel report.

The Excel report will be e-mailed to all State Offices that had discrepancy data. Because the Excel report identifies producers by policy and encrypted producer ID numbers, each State will be provided with a password and instructions for opening the encrypted WinZip files.

For instructions on accessing the WinZip file and using the data, see Notice IRM-372, Exhibit 2.

To open the WinZip file:

- open the e-mail and right-click on the attached file
- a Decrypt dialog box will be displayed, enter password provided and CLICK “**OK**”.

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3 Collecting Overpayments

A National Office Action

The RMA Excel report that was provided to the National Office lists 40 States with possible overpayments. The National Office will e-mail each State its portion of the Excel report.

B State Office Action

State Office chief program specialists shall:

- ensure that County Offices are informed of the contents of this notice
- distribute the Excel report to applicable County Offices for identifying producers who may have received a prevented planting or low yield payment on the same acreage when approved double cropping did **not** apply
- contact their RMA Regional Office with questions or issues about the Excel report.

C County Office Action

County Office staff shall locate the Multi-Crop Flag column on the Excel report and note producers with the following codes.

Code	Description
IR	Indemnity Reduction - 65 percent reduction (that is 35 percent payment level) of prevented planting indemnity payment on first crop, pending the existence of or loss on a subsequently planted crop using the same acres where there is no approved history of multiple cropping.
RI	Restore Indemnity - 65 percent indemnity restored (that is 100 percent payment level) on prevented planting payment for first crop where either no second crop was planted or where this was no loss on the second crop.
PR	Premium Reduction on acreage record when producer has IR. Note: This is not seen on Excel report attached key, but is found on loss records.
RP	Restore Premium - not seen on loss records. Where there is no loss on a second crop, indemnity and the insurance premium is restored on first crop is also restored. Note: This is found on both Excel report attached key and loss records.

The Excel report has been compiled by State and provides the following basic information:

- insurance provider
- County Office identification number
- policy number for the producer.

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3 Collecting Overpayments (Continued)

C County Office Action (Continued)

A “Key” tab at the bottom of each State Excel report contains stage codes and multiple cropping flags. The 4 Multi-Crop Flag Codes, identified in this subparagraph, signify when a producer may have planted a subsequent crop after a prevented planted crop. The Excel report:

- has alternating bands of white and orange as a visual aid to make it easier for counties to identify breaks between individual counties
- provides insurance policy numbers and/or encrypted producer identification numbers for incorrectly paid producers.

County Offices shall:

- use the Excel report to identify producers according to this subparagraph
- notify producers who have received indemnity payments that they may have been overpaid and provide them with the option to receive payment according to subparagraph 2 C for **either** of the following:
 - the initial prevented planted crop
 - a low-yield or prevented planted payment on a subsequently planted second crop.

Producers who elect to receive a CDP payment for either low yield or prevented planting of the second crop, which was subsequently planted on acreage **not** approved for multiple cropping, **must** repay the 35 percent reduced prevented planting CDP payment issued for the first crop. Overpaid producers shall repay the overpayment, with interest, within 90 calendar days, according to 58-FI.