UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice DAP-36

For: State and County Offices

CLDAP Factors and Payment Issuance

Approved by: Acting Deputy Administrator, Farm Programs

1 Overview

A Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 was signed into law on October 21, 1998. This Act provided a disaster funding allocation of:

- $1.5 billion for producers that experienced a 1998 crop loss
- $875 million for producers that experienced a multiyear crop loss.

Signup for the program began February 1, 1999, and ended April 16, 1999.

Program data uploaded May 5th to the KCMO mainframe has been used to:

- determine the national payment factors
- select the best CLDAP program for producers eligible for both single and multiyear programs
- set payment limitation amounts for multicounty CLDAP producers.

B Purpose

This notice:

- provides general information to assist County Offices in preparing for issuing CLDAP payments
- announces the national factor
- authorizes issuance of payments.

C State Office Action

State Offices shall immediately FAX this notice to County Offices.

Disposal Date	Distribution
January 1, 2000	State Offices; State Offices FAX to County Offices

2 General Information

A Single and Multiyear National Payment Factors

National payment factors for single and multiyear CLDAP have been established to ensure that disaster funding allocations are not exceeded. The national payment factor for:

- single year CLDAP is 84.9 percent
- multiyear CLDAP is 84.9 percent.

A payment limitation of $80,000 per "person" is applied to all CLDAP payments **before** the factor is applied.

The maximum amount that can be issued to any "person" earning benefits is $67,920 ($80,000 times 84.9 percent).

B Important Dates

This table provides approximate dates relevant to CLDAP payment processing.

Date	Event	County Office Action
5/19/99	County Release No. 408 containing new CLDAP payment limitation field received in County Offices	Ensure that County Release No. 408 is loaded upon receipt.
5/28/99	County Release No. 408-S containing CLDAP payment software received in County Offices	Ensure that County Release No. 408-S is loaded upon receipt.
6/1/99	program determination file received (may come as early as 5/28)	Ensure that file has been received **before** processing CLDAP payments.
6/1/99	CLDAP payment processing begins	Process payments.
6/2/99	2nd upload of single and multiyear worksheets occurs	Perform EOD processing to ensure proper processing of worksheet upload.
6/14/99	2nd download of program determination file received	Process payments reflecting any corrections to payments for applications entered into the system after the May 5th upload, but before the June 2nd upload.

3 Producer Report

A Program Determination Report

The Program Determination Report has been developed to inform County Offices of specific determinations that have been made for each producer. Software to print the Program Determination Report is included in County Release No. 408-S.

The following information is included on the report for each producer that was uploaded:

- producer identification for each producer with an application
- whether beneficial program will be either "Single-Year" or "Multi-Year"
- whether the producer has filed an application for a tree loss
- whether the producer has been determined to be ineligible because the gross revenue provisions have not been met.

B Printing the Report

County Offices shall print the Program Determination Report after County Release No. 408-S has been installed. Follow this table to print the report.

Step	Menu/ Screen	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable.
2	FAX09002	If option 4 was selected on Menu FAX250, then select the appropriate county.
3	FAX07001	ENTER "11", "PFC/Compliance".
4	M00000	ENTER "1", "CAT, NAP, and Disaster".
5	MH0000	ENTER "10", "Crop Loss Disaster Assistance Program".
6	MHAX00	ENTER "4", "Payment Processing".
7	MHADN0	ENTER "5", "Reports".
8	MHADO1	ENTER "2", "CLDAP Program Determination Report".
9	MHADPRT2	Enter the appropriate printer ID and PRESS "Enter".

4 Determining Producer CLDAP Benefits

A Producers Eligible for One Program

Producers eligible for either the single or multiyear program, but not both, may only receive benefits in the program for which they are eligible. The program determination file will be used to ensure that producers are paid out of the appropriate program fund.

Example: John is an individual producer who is eligible for multiyear CLDAP only. Assuming:

- National payment factor = 84.9 percent
- John's multiyear loss total (pre-pay limit) = $100,000.

John's total payment is $67,920. Since payment limitation is applied **before** the factor, John's loss total of $100,000 would be limited to $80,000. The $80,000 is then multiplied times the 84.9 percent factor to obtain the $67,920 payment total.

B Producers Eligible for Both Programs

Producers may only receive CLDAP benefits from one CLDAP. After each upload, the KCMO mainframe determines which program would be more beneficial for a producer that is eligible for both single and multiyear programs. Once this is determined, the program determination file is used to ensure that producers are paid out of the appropriate program fund.

Example: Kenyon Inc. is eligible for either single or multiyear CLDAP benefits. Assuming:

- National payment factor (single & multiyear) = 84.9 percent
- Kenyon Inc.'s multiyear loss total (pre-pay limit) = $50,000
- Kenyon Inc's single year loss total (pre-pay limit) = $42,000.

Kenyon Inc.'s total payment would be $42,450. The KCMO mainframe determines that the greatest benefit would be earned in the multiyear program. Kenyon Inc's multiyear loss total of $50,000 would be multiplied times the 84.9 percent factor to obtain the $42,450 payment total.

5 Setting Payment Limitation

A Overview

To ensure proper limitation of CLDAP payments made to multicounty producers, a new CLDAP payment limitation field was created in the 1998 payment limitation file. The KCMO mainframe performed a **one-time** setting of payment limitation amounts in this field, and will download these amounts to counties on or about May 27th This edit of the CLDAP field expedites the CLDAP payment process by enabling most payments to be made without maintenance having to be performed to properly set payment limitation amounts.

Payment limitation amounts are determined based on:

- the program or programs from which the "person" is receiving benefit
- whether benefits originally exceeded payment limitation
- the total benefit amount **before** factoring.

Note: Payments to non-multicounty producers will be limited through regular payment processing.

B Persons Receiving Multiyear Benefits Only

Because multiyear payments are issued by the "persons" control county, KCMO will automatically set the control county CLDAP payment limitation amount to $80,000 for persons receiving multiyear benefits only.

Example: Gloria is an active producer in Halifax and Suffolk County. Halifax County is Gloria's control county. Gloria is eligible for either multiyear or single year CLDAP benefits, as shown:

- Gloria multiyear - $1,000
- Gloria single year - $500.

KCMO determines multiyear to be the most beneficial program for Gloria. KCMO will set the Halifax County payment limitation amount for Gloria to $80,000.

Note: It is important to note that although payment limitation will be set at $80,000 for Gloria, she will receive only $849 ($1,000 times 84.9 percent), as $849 is the maximum CLDAP benefit based on losses she incurred.

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5 Setting Payment Limitation (Continued)

C
Persons Receiving Single Year Benefits Only

KCMO set CLDAP payment limitation amounts for multicounty "persons" receiving only single year benefits in each county where a 1998 single year loss occurred. Amounts are based on the percentage of potential benefits in each county as compared to the benefit total.

Note: Tree losses will be added to single year losses when determining total single year loss amounts. Payment limitation amounts will be set based on this total.

Example 1: Brisco Farms Ltd Partnership incurred 1998 losses such that the potential CLDAP benefit is as follows:

- $4,200 in Lancaster County
- $450 in Saline County
- $2,500 in Seward County.

The total benefit amount of $7,150 does not exceed the $80,000 payment limitation. The payment limitation amount is set by determining the percentage of each loss as compared to the loss total, and multiplying that percentage times $80,000, as shown:

- $4,200/$7,150 = .5874 x $80,000 = $46,993 (Lancaster)
- $450/$7,150 = .0629 x $80,000 = $5,034 (Saline)
- $2,500/$7,150 = .3496 x $80,000 = $27,972 (Seward).

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5 Setting Payment Limitation (Continued)

C
Persons Receiving Single Year Benefits Only (Continued)

Example 2: Kincaid Joint Venture (JV) is a 2 "person" operation with the following members:

- William - 75 percent share
- Edie - 25 percent share.

William and Edie have no other farming operations.

Kincaid JV has farming operations in 3 counties, 2 of which incurred 1998 losses resulting in the following potential benefit:

- $75,000 in Steuben County
- $100,000 in Ontario County
- $0 in Wyoming County.

The total benefit amount of $175,000 exceeds the payment limitation. Payment limitation is performed at the member level for joint operations, so payment limitation amounts must be set for both members of the joint venture. Though the member shares in the joint venture differ, the payment limitation amount for each member should be equal across county lines, since pay limit amounts are based solely on the county percentage of the total multiplied times $80,000, as shown:

- $75,000/$175,000 = .4285 x $80,000 = $34,285 (Steuben)
- $100,000/$175,000 = .5714 x $80,000 = $ 45,714 (Ontario)
- $0 (Wyoming).

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5 Setting Payment Limitation (Continued)

D
"Persons" Receiving Both Single and Multiyear Benefits

In certain cases a "person" may receive a share of both multiyear and single year payments. This occurs because although payments are limited for the "person", payment eligibility is determined at the **producer** level. A producer may consist of a number of separate "persons", such as with joint operations. Similarly, a "person" may be made up of a number of separate producers, as with a combination. The following examples illustrate how KCMO sets payment limitation amounts for cases involving joint operations and combinations.

Example 1: Blue Horizon Farms is a joint operation consisting of:

- Slim - 50 percent share
- Mary - 50 percent share.

Blue Horizon Farms is active in both Alleghany and Lycoming counties, and incurred losses in both such that the partnership is eligible for single year benefits, as shown:

- $50,000 in Lycoming County
- $10,000 in Alleghany County.

Slim farms as a separate individual in Erie County, and incurred losses that qualify him for a multiyear benefit of $4,000.

Because the total benefit to Slim, as a "person", is less than $80,000, Slim will receive the following:

- $30,000 in multiyear benefits (50 percent of $60,000), for his share in Blue Horizon

- $4,000 in single year benefits for his individual operation.

Payment limitation amounts for Slim are set as follows:

- $50,000/$64,000 = .7812 x $80,000 = $62,500(Lycoming)
- $10,000/$64,000 = .1562 x $80,000 = $12,500(Alleghany)
- $4,000/$64,000 = .0625 x $80,000 = $5000(Erie).

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5 Setting Payment Limitation (Continued)

D Persons Receiving Both Single and Multiyear Benefits (Continued)

Example 2: Englert Acres, Inc. and Dave Englert are combined for payment limitation purposes, since Dave has a majority share in Englert Acres.

Englert Acres, Inc. is active in Calvert County, and incurred losses such that the corporation is eligible for either multiyear or single year benefits, as shown:

- $25,000 in multiyear benefits
- $85,000 in single year benefits.

KCMO determines single year to be the most beneficial program for Englert Acres, Inc.

Dave farms as an individual in both Calvert and St. Mary's County, and incurred losses qualifying him for a single year benefit of:

- $750 in Calvert County
- $2,000 in St. Mary's County.

Because Englert Acres, Inc. and Dave are combined, and the combination is limited to one $80,000 CLDAP payment, payment limitation amounts for the combination will be set as follows:

- $85,750/$87,750 = .9772 x $80,000 = $78,176(Calvert)
- $2,000/$87,750 = .0227 x $80,000 = $1,823(St. Mary's).

E Payment Limitation Maintenance

The KCMO mainframe edit of the CLDAP pay limit field was a 1-time edit. Adjustments to CLDAP payment limitation amounts, if necessary, should be handled by the control county through normal subsidiary file maintenance.

Note: Access the CLDAP field by selecting 1998 on Screen MAD70502. See 2-PL for further information on control county changes to pay limit amounts.