

For: State and County Offices

Processing CDP Overpayments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

2-DAP, subparagraph 315 F specifies that if data on CCC-547 changes after an advance payment was issued to an eligible producer and the producer's recalculated advance payment is less than the actual advance payment issued, these producers are not considered overpaid until:

- national final payment factor is known
- final payments are computed to determine whether the producer's final earned payment is less than the advance payment issued.

County Offices were also instructed in 2-DAP, subparagraph 315 F that repayment of advance payments shall not be demanded unless the producer's entire advance payment is overpaid.

B

Purpose

This notice:

- advises State and County Offices that the CDP overpayment process will be included in County Release No. 430
- reminds County Offices that, until the final payment factor is announced, overpayments shall only be transferred to CRS if the entire payable is overpaid
- provides guidance to County Offices for handling refunds that were recorded on CCC-257 with program code "REFREP".

Disposal Date	Distribution
October 1, 2000	State Offices; State Offices relay to County Offices

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2 Overpayment Processing

A

County Release No. 430

County Release No. 430 contains the CDP overpayment software and is projected to be available in County Offices on or about March 31, 2000. County Offices shall install County Release No. 430 immediately upon receipt.

B

How CDP Payments/ Overpayments Are Calculated

The CDP payment process is designed to combine the calculated payment for each unit and crop so that only 1 payment is issued to the producer. When changes are made to the variables used to calculate the payment for the crop and unit, the producer is either overpaid or underpaid for that unit and crop.

Some State and County Offices have questioned why additional payments are being generated in some cases after CCC-547 data is corrected.

Example: Application was filed as unit 1 and the advance payment was issued. It was later determined that the application should have been loaded as 2 separate units, so:

- acreage and production for unit 1 is reduced
- unit 2 is loaded in the system.

In this example, unit 1 is overpaid and unit 2 is underpaid. The system does not reduce the unit 2 calculated payment by the unit 1 overpayment so a 35 percent payment is issued for unit 2.

In cases like this example, the unit 1 payment is not entirely overpaid so the County Office should not demand that the producer refund the overpayment until the final payment factor is applied to determine if the producer is still overpaid.

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2 Overpayment Processing (Continued)

C

Processing CDP Overpayments

County Offices shall follow the provisions of 2-DAP, Part 9, Section 4 for procedure for processing CDP overpayments.

Note: An “ALL” overpayment batch must be completed the first time option 1, “Compute Overpayments” is accessed. Screen MHADOV02 will be displayed requiring users to enter either:

- “Y” to continue with the overpayment batch and compute “ALL” overpayments

Warning: An “ALL” overpayment batch can take up to an hour or longer to complete, so users shall ensure that enough time remains in the work day before initiating this process. Once the process is started, users **shall not** cancel the job from the system console.

- “N” to end the process.

The overpayment register will automatically print after all overpayments are computed. A negative register will print if there are not any overpayments.

D

Verifying Overpayment Amounts

Producers may be listed on the overpayment register for a variety of reasons. See 2-DAP, paragraph 377. For each producer listed on the overpayment register, County Offices shall verify whether the producer is in fact overpaid **before** transferring the overpayment to CRS.

IF the producer is...	THEN County Offices shall...
overpaid	<ul style="list-style-type: none">• immediately transfer legitimate overpayments to CRS by accessing option 3, “Transfer Overpayments to CRS”, according to 2-DAP, paragraph 323• notify the producer of the debt according to 58-FI and 67-FI.
not overpaid	correct conditions causing the producer to be erroneously listed on the overpayment register to ensure that the overpayment is not inadvertently transferred to CRS.

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2 Overpayment Processing (Continued)

E

Processing Reminder

County Offices are required to process CDP overpayments every 60 calendar days until the overpayment software is permanently disabled. See 2-DAP, subparagraph 315 C.

3 Changes to CDP Payment Process

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Modifications Included in County Release No. 430

Since the CDP overpayment software is being released before the final payment factor is known, the CDP payment process has been modified so CDP overpayments can be handled more easily when final payments are issued.

The CDP payment process has been modified to read the "Receivable" flag in the name and address file. If that flag is set to "Y", then the CDP payment for the producer will be processed through the "O" payment batch. This change is being made specifically to handle situations where a producer is entirely overpaid on 1 unit and crop, but is still earning a payment on another unit and crop.

Reminder: County Offices shall continue to follow the provisions of 2-DAP, subparagraph 315 F when determining whether amounts listed on the overpayment register shall be transferred to CRS before the final payment factor is announced.

B

Administrative Offset Provisions

2 -DAP, subparagraph 250 D provides that CDP payments shall not be offset to satisfy outstanding debts.

However, County Offices are authorized to offset a CDP payment to satisfy a CDP overpayment. 2-DAP will be amended to reflect this exception.

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4 Handling Advance Payment Refunds

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Refunds Already Deposited to CCC

2-DAP, subparagraph 315 F specifies that County Offices shall not demand repayment of advance payments unless the producer's entire advance payment must be refunded for reasons including, but not limited to, the following:

- producer is determined ineligible according to 2-DAP, paragraph 316
- producer voluntarily refunds the payment
- producer withdraws from the program.

County Offices were instructed to record refunded amounts on an automated CCC-257 with program code "REFREP" until the CDP overpayment software was available. "REFREP" is not a program code that can be used for automated program refunds, therefore, all transactions deposited with a "REFREP" program code will generate an exception list from KCMO if not corrected. County Offices shall take the following action for all CDP refunds deposited with a "REFREP" program code.

- Compute and transfer the overpayment to CRS according to 2-DAP.
 - Delete the "REFREP" program remittance previously recorded on the original CCC-257 according to 3-FI.
 - Record a collection on the receivable that was transferred to CRS according to 67-FI.
 - Ensure that the already prepared CCC-257 with the "REFREP" program code is the CCC-257 referenced when recording the collection on the receivable.
 - Reprint CCC-257 on which the original refund was recorded to ensure that the program code for the refund is "99CDP".
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B

Refunds Submitted But Not Yet Deposited

If a producer has refunded all or a portion of a CDP payment, and the refund has not been deposited to CCC, County Offices shall:

- immediately compute overpayments and transfer the overpayment to CRS according to 2-DAP
- record the collection for the receivable according to 67-FI.

Reminder: County Offices are not authorized to "hold" program refunds. All refunds shall immediately be deposited to CCC.
