

For: State and County Offices

Issuing Final CDP Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, was signed into law on October 22, 1999. This Act authorizes the Secretary to provide \$1.29 billion in disaster assistance to producers that experienced a 1999 crop loss.

Signup for CDP:

- began December 13, 1999
- ended February 25, 2000.

During signup, producers on approved applications received a 35 percent advance payment.

On March 27, 2000, program data was uploaded to the mainframe in KCMO to determine whether final CDP payments would have to be factored to ensure the program funding allocation is not exceeded. Based on the data uploaded, the national final payment factor is 69.6 percent.

B

Purpose

This notice:

- announces the final payment factor for CDP payments
- advises that the final payment factor will be downloaded to County Offices on April 4, 2000
- provides instructions for County Offices to issue final payments to eligible producers on approved applications.

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

Notice DAP-74

2 General Information

A

National Final Payment Factor

The national final payment factor for 1999 CDP payments is 69.6 percent.

On April 4, 2000, KCMO will transmit the national final payment factor to County Offices.

B

Payment Limitation

Each "person" is limited to \$80,000. However, the payment limitation is applied **before** the national final payment factor is applied. Therefore, the maximum amount that can be issued to any "person" earning benefits is \$55,680 (\$80,000 times 69.6 percent).

Before CDP signup began, a process was performed on the mainframe in KCMO to set the \$80,000 CDP payment limitation for multi-county producers. These allocations were not allocated to any county because it was unknown as to which county a producer may have incurred a crop loss.

Control County Offices are responsible for adjusting payment limitation allocations through normal subsidiary file maintenance according to 2-PL.

Note: On Screen MAD01101, access the CDP payment limitation allocation field by selecting "1999". See 2-PL for further information on control county changes to payment limitation allocations.

Noncontrol County Offices are responsible for advising the control county of the allocation amount that is needed to issue CDP payments for multi-county producers.

Notice DAP-74

3 County Office Action

A

National Payment Factor

County Offices shall ensure that the transmission has been successfully received by following the instructions in a forthcoming Information Bulletin.

B

Processing Payments

The CDP payment software is designed to use the applicable payment factor when calculating payments to eligible producers on approved applications. Other than ensuring that the national final payment factor has been received, software modifications are not required to issue final payments.

County Offices shall:

- run the reconciliation report to ensure that potential error conditions are rectified **before** processing final payments
- ensure the crop table download has been received for all price and yield adjustments made as a result of the national review for high value per acre

Note: Yield changes will require CCC-547's to be re-updated. See 2-DAP, subparagraph 175 E.

- after the national final payment factor is received, compute overpayments and transfer legitimate debts to CRS according to 2-DAP, Part 9, Section 4
 - **immediately** begin issuing final payments to all producers on approved applications.
-

C

Handling Advance Payment Overpayments

If data on CCC-547 changed after advance payments were issued, the producer's recalculated advance payment could have been less than the actual advance payment issued. 2-DAP, subparagraph 315 F provides that these producers shall not be 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 that was issued.
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Notice DAP-74

3 County Office Action (Continued)

C Handling Advance Payment Overpayments (Continued)

The CDP payment process is designed to calculate payment amounts by:

- multiplying the calculated payment for the crop and unit times the **applicable payment factor**
- subtracting any payments already issued for the crop and unit from the factored calculated payment.

After the national final payment factor is received in County Offices, the CDP payment process will use the final payment factor instead of the 35 percent factor.

Example: Producer A filed CCC-547 that resulted in a calculated payment of \$30,000 for wheat. An advance payment was issued for \$10,500.

It was subsequently determined that the producer's production was entered incorrectly and CCC-547 was corrected, resulting in a calculated payment of \$27,500. In this case, the producer received \$875 (\$27,500 times 35 percent minus \$10,500) more than 35 percent of the actual earned advance payment.

With a final payment factor of 69.6 percent, the producer's earned payment is \$19,140. The system will perform the following calculations when the final payment is processed for this producer.

- Calculated payment amount is \$19,140 (\$27,500 times 69.6 percent)
- Final payment amount to be issued is \$8,640 (\$19,140 minus the advance payment of \$10,500).

Notice DAP-73 advised County Offices how to:

- process overpayments for producers who received an advance payment that is greater than the calculated final payment
- rectify refunded CDP payment amounts that have been recorded on an automated CCC-257 with program code "REFREP".

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Notice DAP-74

3 County Office Action (Continued)

C
Handling
Advance
Payment
Overpayments
(Continued)

County Offices shall ensure that CDP overpayments are computed after the national final payment factor is received. This will identify all producers that received advance payments:

- in excess of the national final payment factor
- that were not earned for the specific crop.

These overpayments shall be transferred to CRS before processing final CDP payments.

Reminder: Notice DAP-73 provides that County Offices are authorized to offset CDP payments to satisfy a CDP overpayment on another crop and/or unit.
