

For: State and County Offices

**Handling CLDAP Overpayments and Liquidated Damages**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Pub. L. 105-277, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, authorized \$1,915,750,000 to provide disaster assistance to producers who suffered crop losses because of adverse weather conditions.

Notice DAP-78:

- advised State and County Offices that:
  - payments have been issued in excess of the funding allocation for 1998 CLDAP
  - several unsuccessful attempts have been made to obtain outstanding program payment information
  - County Office authority to issue 1998 CLDAP payments is suspended until further notice
  - with the exception of overpayment processing, software modification were made to lock users out of application and payment processing options until further notice
- reminded County Offices that they are still required to process overpayments timely according to 1-DAP, Part 10, Section 13, Subsection 3.

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<b>Disposal Date</b>  January 1, 2001	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice DAP-82

### 1 Overview (Continued)

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#### B

#### Purpose

This notice advises State and County Offices that:

- software will be included in County Release No. 441 to enable 1998 CLDAP application processing
  - no decision has been made on how additional payments will be disbursed
  - County Offices shall ensure that:
    - worksheet and application data for all CCC-540's, CCC-540A's, and CCC-540B's is properly updated in the system
    - all 1998 CLDAP overpayments that are identified as legitimate debts to CCC are immediately transferred to CRS
    - conditions are corrected that are erroneously causing producers to be listed on overpayment registers
    - receivables have been properly created for producers that did not meet insurance linkage requirements
  - SED's are required to submit a report to EDSO certifying that:
    - overpayment registers have been corrected and all legitimate overpayments have been transferred to CRS
    - receivables for liquidated damages have been properly established in CRS.
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## Notice DAP-82

### 2 1998 CLDAP Overpayment Registers

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#### A

##### Introduction

After Notice DAP-78 was issued, COR's reviewed 1998 CLDAP overpayment registers and submitted Flash reports on the number of overpayments listed, as well as the messages associated with the overpayments for each County Office they visited between June 27 through July 12, 2000.

The following describes conditions found on overpayment registers that are of particular concern. However, County Offices shall take action to correct all conditions on overpayment registers, by either:

- transferring the overpayment to CRS if it is determined that a legitimate debt exists
- correcting conditions causing producers to be erroneously listed on overpayment registers.

**Note:** 1-DAP, paragraph 1374 includes a list of all overpayment register messages and action that may need to be taken to resolve the condition.

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#### B

##### Program Determination Changes

1-DAP, Amendment 24 and Notice DAP-45 provided County Offices with instructions for handling situations where the producer's most beneficial program changed after payments were issued based on the initial program determination.

In these cases, either of the following messages will be listed on the overpayment register:

- "Program has Changed from Single-Year to Multi-Year"
- "Program has Changed from Multi-Year to Single-Year".

If this message is listed on the overpayment register, there is a good possibility that:

- the producer has been paid under both single-year and multi-year
- a legitimate debt exists.

County Offices shall follow the provisions of 1-DAP, paragraph 1299 and Notice DAP-46 to ensure that:

- all legitimate overpayments have been transferred to CRS
  - refunds, offsets, or both are properly applied to the receivables.
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## Notice DAP-82

### 2 1998 CLDAP Overpayment Registers (Continued)

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#### C

##### **Prior Payments Exceed Current Payment**

The message, "Prior Payments Exceed Current Payment" indicates that the payment issued is greater than the amount that is now being calculated for the producer.

Reasons for this may be any of the following:

- single-year acreage or yield has been reduced since the payment was issued
- single-year production has been increased since the payment was issued
- multi-year indemnity payments have been reduced.

It is likely that any producer listed with this message is overpaid. County Offices shall print:

- CCC-540E, according to 1-DAP, paragraph 1173 to determine the calculated payment amount for the producer for each crop
  - PPH, according to 1-DAP, paragraph 1362 to determine the payments issued for each crop.
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#### D

##### **Payment Limitation Exceeded**

The message, "Payment Limitation Exceeded":

- indicates that the payments issued to the producer are greater than the producer's payment limitation allocation
- is listed for multi-county producers whose payment limitation allocation has been decreased since the payment was issued.

County Offices shall contact the producer's Control County Office to request a payment limitation allocation increase. If the allocation cannot be increased, then the:

- producer is overpaid
  - overpayment shall be transferred to CRS immediately.
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## Notice DAP-82

### 3 Crop Insurance Linkage Requirements

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#### A

##### Introduction

1-DAP, paragraph 1001:

- outlines the crop insurance linkage requirements for 1998 CLDAP participants
- instructs County Offices to manually establish a receivable using program code “LIDACLDAP” for those producers that have not met this requirement.

Notice DAP-65 provided State and County Offices with instructions for using the 1998 CLDAP linkage noncompliance report as a basis for compliance determinations.

Notice DAP-79 instructed State Offices to:

- ensure that County Offices have followed the procedure in Notice DAP-65
  - compile information on the “State Office Linkage Report” and submit the information to PECD by COB July 15, 2000.
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#### B

##### Liquidated Damages

Information submitted on the “State Office Linkage Report” indicates that some County Offices may not have properly established receivables for producers that did not meet the crop insurance linkage requirements.

Numerous State Offices reported that liquidated damages were repaid before the receivable was established. This means that the refunds:

- were not attributed to receivables with program code “LIDACLDAP”
  - have not been properly credited to CLDAP accounting fund; therefore, we cannot determine available CLDAP funds to determine how outstanding payments shall be issued.
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## Notice DAP-82

### 3 Crop Insurance Linkage Requirements (Continued)

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#### B

#### Liquidated Damages (Continued)

County Offices shall ensure that:

- receivables for producers that did not meet the crop insurance linkage have been established using program code “LIDACLDAP” according to 1-DAP, subparagraph 1001 E
- all liquidated damage refunds are applied to receivables with the correct program codes.

**Note:** If refunds were deposited on CCC-257 before the receivable was established, then the remittance must be canceled on CCC-257 and applied properly to the receivable, so that the money is credited to CLDAP.

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#### C

#### Waiver of Liquidated Damages

Some reports were received that indicated the liquidated damages have been waived or not established as a receivable because:

- the producer’s disaster payment was less than the cost of CAT coverage
- producer filed an appeal that was approved
- STC approved misaction/misinformation
- producer did not report any 1999 crops or did not file for 1999 CDP
- producer has not been located.

1-DAP, subparagraph 1001 G specifies that “statute does not provide authority for meritorious relief. Producers who fail to purchase crop insurance for 1999 and/or 2000 shall be assessed liquidated damages according to subparagraph 1001 E. There will be **no exceptions or waivers.**”

County Offices shall:

- immediately establish receivables for any producer that has not met the crop insurance linkage requirements according to 1-DAP, paragraph 1001
  - notify the producer of the debt according to 67-FI and 58-FI.
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## Notice DAP-82

### 4 Action

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#### A County Office Action

County Offices shall:

- correct worksheet and application data for any CCC-540A, CCC-540B, and CCC-540 that is currently not updated properly in the system
- enter remaining manual CCC-540A data in the system and enter the enrollment date so that the data will be uploaded to Kansas City
- ensure that application data is uploaded to KC-ITSDO **after** all corrections have been made by accessing option 3 on Menu MHAX00

**Note:** Ensure the calculated payment amount for the manual application has been reported to the National Office.

- run an “ALL” FY 1998 CLDAP overpayment batch and ensure the following:
  - all overpayments listed that are determined to be legitimate debts to CCC are immediately transferred to CRS
  - all conditions causing producers to be erroneously listed on overpayment registers are corrected
- contact their State Office for assistance in rectifying overpayment register conditions

**Note:** County Offices shall not contact the National Help Desk for assistance.

- establish receivables for all producers who did not meet the crop insurance linkage requirements and properly attribute refunds to those receivables.
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#### B State Office Action

State Offices shall:

- work with County Offices to correct conditions causing producers to be erroneously printed on the overpayment registers
  - contact PECD if assistance is needed in rectifying conditions on overpayment registers
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## Notice DAP-82

### 4 Action (Continued)

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#### B

#### State Office Action (Continued)

- submit a report to EDSO by COB September 25, 2000, certifying that:
    - legitimate overpayments have been transferred to CRS and producers have been notified accordingly
    - conditions causing producers to be erroneously listed on overpayment registers have been corrected, unless guidance is received from PECD that the condition cannot be corrected
    - receivables have been established for all producers who did not meet the crop insurance linkage requirements and refunds have been properly attributed to those receivables.
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