

For: State and County Offices

2003 Counter-Cyclical (CC) Overpayment Software

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 provides for CC payments for covered commodities and oilseeds beginning with crop year 2002. Producers signing a Direct and Counter-Cyclical Program (DCP) contract agree to refund any unearned CC payments received that exceed the amount actually earned under the contract.

Notice DCP-109, issued on April 29, 2004:

- advised State and County Offices that producers receiving a 1st advance 2003 CC payment in October 2003 could be overpaid once final payment rates were calculated
- outlined the options available to producers for repayment of the unearned payments
- advised producers and FSA Offices that repayment of these unearned payments will take place in October 2004.

Letters were mailed to producers on May 3, 2004, notifying the producer of the repayment options available to them to repay the unearned 2003 CC payment.

Notice DCP-113, issued on July 21, 2004, confirmed that the 1st advance 2003 wheat payment was unearned and will be repaid.

Disposal Date	Distribution
August 1, 2005	State Offices; State Offices relay to County Offices

Notice DCP-114

1 Overview (Continued)

B Purpose

This notice:

- briefly outlines producer repayment options
- outlines changes to CC overpayment and accounting softwares
- advises County Offices how to handle situations involving bankruptcy and deceased producers.

2 Notice DCP-109

A Options to the Producer

Producers were given 2 options in a letter directly mailed to them in May 2004.

- Option 1 provided for FSA reducing DCP payments earned from October 2004 to March 2005 to repay the 2003 unearned CC payment. This option required no action by the producer.
- Option 2 provided for the producer repaying the unearned payment by following procedures under DCIA, and providing repayment by check.

Note: A producer may repay the 2003 CC payment at anytime regardless of which option they have chosen.

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2 Notice DAP-109 (Continued)

B County Office Action for Producer Who Chose Option 2

County Offices shall take the following steps immediately for producers who have chosen option 2. These steps will allow the County Office to transfer CC overpayments before modified overpayment software is provided to create overpayments for those producers who chose option 1.

Step	Action
1	Remove the approval date on the 2003 CCC-509 for the producer requesting option 2.
2	Run 2003 CC overpayments, according to 2-DCP, paragraph 221.
3	Transfer overpayments to receivables according to 2-DCP, paragraph 228, for the producer who chose option 2.
4	After the overpayment has been transferred to receivables, the approval date must be re-entered on CCC-509.

Note: The County Office will not have the option of transferring option 2 overpayments separately when final payment rates are announced in October 2004. Therefore, all option 2 overpayments should be processed immediately.

C Repaying Unearned Payments for Producers Who Chose Option 1

Unearned 2003 CC advance payments will be reduced from the following DCP payments until overpayments have been collected back:

- 2003 Final CC
- 2004 Final Direct
- 2004 Advance CC
- 2005 Advance Direct.

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3 Modified 2003 CC Overpayment Software

A Background

A large number of producers will be overpaid because of unearned 2003 CC payment advances received in October 2003. To alleviate some of the additional workload, the 2003 CC Overpayment software has been modified to expedite the overpayment process. Modified 2003 CC Overpayment software will be included in County Release No. 547.

Note: Notice DCP-109 advised County Offices to process all overpayments that were not because of unearned payments. County Offices shall have all overpayments not because of unearned payments processed and transferred to receivables before County Release No. 547 is loaded.

B Notification of Final Payment Rates and Software Applications

County Offices will be notified by an information bulletin when final payment rates are available. The information bulletin will provide instructions for loading the program parameter file, which contains the payment rates, and the menu options for 2003 overpayments. A DCP notice will also be issued with final payment rates for cotton, corn, sorghum, peanuts, and soybeans at that time.

C Modified Overpayment Software Effects on Other DCP Payments

County Offices will not be able to issue the following payments until 2003 CC overpayments are processed and transferred to CRS, according to subparagraph D:

- 2003 Final CC
- 2004 Final Direct
- 2004 Advance CC
- 2005 Advance Direct.

If the user attempts to issue the above payments without running the 2003 Modified CC Overpayments process, the message, "Payments cannot be issued until 2003 CC overpayments are processed", will be displayed. The user will be returned to the CC payment issue screen.

Note: All County Offices shall run overpayments and take the option to transfer to CRS, even if there aren't any overpayments for 2003 CC payments. If the entire overpayment/transfer process is not run, the County Office will not be able to process DCP payments.

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3 Modified 2003 CC Overpayment Software (Continued)

D Running Overpayments

Process 2003 CC overpayments according to the following.

Step	Action	Result
1	On Primary Selection Menu FAX250, ENTER "3" or "4", "Application Processing".	Application Selection Menu FAX07001 or Office Selection Options Menu FAX09002 will be displayed
2	IF option...	THEN...
	3 is selected	Menu FAX07001 will be displayed. Go to step 3.
	4 is selected	Menu FAX09002 will be displayed.
		Note: Select the appropriate county and continue to Menu FAX07001.
3	On Menu FAX07001, ENTER "11", "PFC/DCP/Compliance".	PFC/DCP/Compliance Menu M00000 will be displayed.
4	On Menu M00000, ENTER "10", "Direct/Counter-Cyclical Program (DCP)".	Direct/Counter-Cyclical Menu MZYEAR will be displayed.
6	On Menu MZYEAR, enter applicable option for DCP year to be processed. Note: These changes are for 2003 only.	DCP Application Selection Menu MZA000 will be displayed.
7	On Menu MZA000, ENTER "3", "Counter-Cyclical Payment Processing".	Counter-Cyclical Payment Main Menu MZABPO will be displayed.
8	On Menu MZABPO, ENTER "2", "Overpayment Processing".	Counter-Cyclical Overpayment Main Menu MZAB01 will be displayed.
9	On Menu MZAB01, ENTER "1", "Compute Overpayments".	Printer Selection Screen MZABPRT2 will be displayed.
10	On Screen MZABPRT2, enter printer selection.	All overpayments will be calculated. The user will be returned to Menu MZAB01.
11	On Menu MZAB01, ENTER "3", "Transfer Overpayments to CRS".	All overpayments will be transferred to CRS. The user will be returned to Menu MZAB01.

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3 Modified 2003 CC Overpayment Software (Continued)

E Processing Overpayments

Users will no longer be able to select a specific producer or range of farms to process. All producers for all farms will be processed when the overpayment option is taken.

F Debt Basis Code

All overpayments processed with the modified 2003 CC Overpayment software will be issued a debt basis code of "10-320". The user will not be able to change the debt basis code.

G Transferring Overpayments to CRS

From Menu MZAB01, ENTER "3", "Transfer Overpayments to CRS". This will transfer all overpayments to CRS automatically without user intervention. The typical transfer screens that allow the user to view a list of all producers with overpayments or allows the user to change certain information on the overpayment record will not be displayed or available to the user. **Overpayments must be transferred to CRS before DCP payments are issued.**

H Overpayment Register and Reports

No change has been made to the processing or printing of any registers or reports.

I Offset From DCP Payments

Overpayments will automatically be offset from DCP payments. The County Office will not be required to print manual checks and deposit the funds.

J Bankruptcy

The County Office shall follow procedures already in place for producers who have filed bankruptcy. The County Office shall refer to 67-FI.

K Deceased Producers

County Office shall follow the policy in 1-DCP, paragraph 394, for deceased producers.

L Successor-in-Interest

County Office shall follow the policy in 1-DCP, paragraph 393, for successor-in-interest.

M Overpayments Less than \$35

All 2003 CC overpayments less than \$35 will be transferred to CRS and offset from DCP payments.

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4 County Office Action

A Action

County Offices shall take the following actions:

- immediately process overpayments for producers choosing option 2 as outlined in Notice DCP-109 and this notice
- process all 2003 CC overpayments that are not because of unearned CC payments according to 2-DCP
- load County Release No. 547 as soon as received
- follow instructions in the information bulletin that outlines the 2003 CC final payment rates and menu options for the modified 2003 CC overpayment
- run 2003 CC overpayments as soon as final payment rates are available according to instructions in this notice
- issue all final 2003 CC, 2004 final direct and 1st advance CC, and 2005 advance direct payments as applicable.