

For: State and County Offices

**Extension of Automatic Offset from DCP Payments for
2003 Counter-Cyclical (CC) Overpayments**

Approved by: Deputy Administrator, Farm Programs



1 Repayment of Unearned 2003 CC Payments

A Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for CC payments for covered commodities and peanuts. Producers signing DCP contract agree to refund any unearned CC payments received that exceed the amount actually earned under the contract.

Notice DCP-109:

- 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
- advised producers and FSA Offices that repayment of these unearned payments would start October 2004
- outlined the options available to producers for repayment of the unearned payments including option 1 which provided for FSA reducing DCP payments earned from October 2004 to March 2005 to repay the 2003 unearned CC payment

Note: This option required no action by the producer and was the default method.

- any overpayment amount not satisfied by March 31, 2005, was to be transferred to receivables to begin normal collection procedures according to 67-FI

Disposal Date	Distribution
February 1, 2006	State Offices; State Offices relay to County Offices

Notice DCP-129

1 Repayment of Unearned 2003 CC Payments (Continued)

A Background (Continued)

- provided that unearned 2003 CC advance payments would be reduced from the following DCP payments:
 - 2003 final CC
 - 2004 final Direct
 - 2004 advance CC
 - 2005 advance Direct.

B Purpose

This notice informs State and County Offices that:

- the period for automatic offset for any unearned 2003 CC payments has been extended from March 31, 2005, to October 31, 2005
- until the earlier of October 31, 2005, or the date the overpayment has been repaid, unearned 2003 CC advance payments will be reduced from the following DCP payments:
 - 2003 final CC
 - 2004 final Direct
 - 2004 advance and **final** CC
 - 2005 advance and **final** Direct
- as of November 1, 2005, any outstanding 2003 CC overpayments will be collected using procedure established in the Debt Collection Improvement Act of 1996

Note: A forthcoming FI notice will provide guidance on the changeover from automatic offset to normal receivable processing.

- a producer may settle the debt at any time by writing a check to CCC
- Notice FI-2669 provides instructions for processing amounts due for producers with 2003 CC overpayments, but who are no longer in the program because they have quit farming or are deceased

Note: Collection activity should start immediately according to Notice FI-2669 for producers who are overpaid and are no longer farming or are deceased.