

For: State and County Offices

2004 Counter-Cyclical (CC) Overpayment Software

Approved by: 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 CCC-509 agree to refund any unearned CC payments received that exceed the amount actually earned under CCC-509.

Notice DCP-132, issued on April 26, 2005:

- advised State and County Offices that producers receiving a first advance 2004 CC payment in October 2004 and February 2005, could be overpaid once final payment rates were calculated
- outlined the options available to producers for repayments of the unearned payments
- advised producers and FSA Offices that repayments of the unearned payments will be required starting October 2005 for producers choosing repayment option 1.

Letters were mailed in May 2005, notifying producers of the repayment options available to them to repay any unearned 2004 CC payment.

Notice DCP-135, issued on July 11, 2005, confirmed that the first advance 2004 wheat and oats payments were unearned.

B Purpose

This notice:

- briefly outlines producer repayment options
- outlines changes to CC overpayment and accounting software.

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

Notice DCP-139

2 Notice DCP-132

A Options to the Producer

Producers were given the following 2 options in a letter mailed directly to them in May 2005:

- option 1 provided for FSA reducing DCP payments earned from October 2005 to October 2006 to repay the unearned 2004 CC payment

Note: This option required no action by the producer.

- option 2 provided for the producer repaying the unearned 2004 CC payment by following procedures under the Debt Collection Improvement Act of 1996 (DCIA) and providing repayment by check.

Note: A producer may repay the unearned 2004 CC payment at anytime regardless of the option they have chosen.

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 County Offices to transfer CC overpayments before modified overpayment software is provided to create overpayments for those producers who chose option 1.

Step	Action for Producer Who Chose Option 2
1	Remove the approval date on the 2004 CCC-509.
2	Run 2004 CC overpayments according to 2-DCP, paragraph 221.
3	Transfer overpayments to receivables according to 2-DCP, paragraph 228.
4	After the overpayment has been transferred to receivables the original approval date must be re-entered on CCC-509.

Note: County Offices will **not** have the option of transferring option 2 overpayments separately when final payment rates are announced in October 2005. Therefore, **all option 2 overpayments should be processed immediately.**

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3 Modified 2004 CC Overpayment Software

A Background

A large number of producers will be overpaid because of unearned 2004 CC payment advances received in October of 2004. In order to alleviate some of the additional workload, the 2004 CC overpayment software has been modified to expedite the overpayment process. Modified 2004 CC overpayment software will be included in County Release No. 572/573.

Note: Notice DCP-132, advised County Offices to process all overpayments that were **not** due to unearned payments. County Offices shall have all overpayments **not** due to unearned payments processed and transferred to receivables before County Release No. 572/573 is loaded.

B Notification of Final Payment Rates and Software Applications

County Offices will be notified by an info bulletin when final payment rates are available. The info bulletin will provide instructions for loading the program parameter file that contains the payment rates and the menu options for 2004 overpayments. A future DCP notice will be issued with final payment rates for corn, sorghum, and soybeans.

C Modified Overpayment Software Effects on Other DCP Payments

County Offices will **not** be able to issue the following payments until 2004 CC overpayments are processed and transferred to CRS according to subparagraph D:

- 2004 Final CC
- 2005 Final Direct
- 2005 Advance CC
- 2006 Advance Direct.

If the user attempts to issue the above payments without running the 2004 Modified CC Overpayments process, the message, "Payments cannot be issued until 2004 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 select the option to transfer to the Common Receivable System (CRS), even if there aren't any known overpayments for 2004 CC payments. If the compute and transfer overpayment process is not run, County Offices will **not** be able to process direct or CC payments.

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3 Modified 2004 CC Overpayment Software (Continued)

D Processing Overpayments

Follow these steps to process 2004 CC overpayments.

Step	Action	Result
1	On Primary Selection Menu FAX 250, Enter “3” or “4”, “Application Processing”.	
	IF the user selects option...	THEN Application Selection Menu...
	3	FAX07001 will be displayed. Note: Select the appropriate county and continue to Menu FAX07001.
	4	FAX09002 will be displayed. Note: Select the appropriate county and continue to Menu FAX07001.
2	On Menu FAX07001, ENTER “11”, “PFC/DCP/Compliance”	PFC/DCP/Compliance Menu M00000 will be displayed.
3	Enter “10”, Direct/Counter-Cyclical Program (DCP) on Menu M00000.	Direct/Counter-Cyclical Menu MZYEAR will be displayed.
4	Enter applicable option for DCP year to be processed on Menu MZYEAR. Note: These changes are for 2004 only.	DCP Application Selection Menu MZA000 will be displayed.
5	Enter “3”, Counter-Cyclical Payment Processing” on Menu MZA000.	Counter-Cyclical Payment Main Menu MZABPO will be displayed.
6	Enter “2”, “Overpayment Processing” on Menu MZABPO.	Counter-Cyclical Overpayment Main Menu MZAB01 will be displayed.
7	Enter “1”, “Compute Overpayments” on Menu MZAB01.	Printer Selection Screen MZABPRT2 will be displayed.
8	Enter printer selection on Screen MZABPRT2.	All overpayments will be calculated. The user will be returned to Menu MZAB01.
9	Enter “3”, “Transfer Overpayments to CRS” on Menu MZAB01.	All overpayments will be transferred to CRS. The user will be returned to Menu MZAB01.

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3 Modified 2004 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 2004 CC overpayment software will be issued a debt basis code of 10-325. 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 do either of the following will **not** be displayed or available to the user:

- view a list of all producers with overpayments
- change certain information on the overpayment record.

Note: Overpayments **must** be transferred to CRS before direct or CC payments can be issued.

H Overpayment Register and Reports

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

I Set Off From DCP Payments

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

J Overpayments Less Than \$35

All 2004 CC overpayments will be transferred to CRS and offset from DCP payments.

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4 Action

A County Office Action

County Offices shall take the following actions:

- immediately process overpayments for producers choosing option 2, as outlined in Notice DCP-132 and this notice
- process all 2004 CC overpayments that are **not** due to unearned CC payments in accordance with 2-DCP
- load County Release No. 572/573 as soon as received
- follow the instructions in the Info Bulletin that outlines the 2004 CC final payment rates and menu options for the modified 2004 CC overpayments
- run 2004 CC overpayments as soon as final payment rates are available in accordance with this notice
- issue all the following payments, as applicable:
 - 2004 Final CC
 - 2005 Final Direct and first Advance CC
 - 2006 Advance Direct.

B State Office Action

State Offices shall ensure that County Offices take the following actions:

- load County Release No. 572/573 as soon as received
- run 2004 CC overpayments before issuing direct or CC payments.