

For: State Offices and Service Centers

2009 Advance and Final Direct Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (2008 Act), Pub. L. 110-246, was enacted into law on June 18, 2008. For crop years 2008 through 2012, the 2008 Act provides the following:

- authority for direct payments for covered commodities and peanuts participating in DCP or ACRE
- direct attribution rules applicable to 2009 and future program year DCP and ACRE payments.

Additional changes starting with 2009 processing also include the following:

- member contribution
- substantive change
- direct attribution.

Software for 2009 advance direct payments and overpayments did **not** incorporate all the new provisions set forth by the 2008 Act and related regulations.

Disposal Date	Distribution
August 1, 2010	State Offices; State Offices relay to Service Centers

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1 Overview (Continued)

B Purpose

This notice:

- provides information about the following:
 - 2009 advance direct payments and overpayments
 - preparing for 2009 final direct payments
 - processing 2009 final direct payments and overpayments
- informs State and County Offices that:
 - 2009 advance direct payment and overpayment processing must be completed on or before **September 19, 2009**
 - 2009 advance direct payment and overpayment processing options will be **disabled** start-of-day **September 21, 2009**
 - County Offices will be **required** to select the option to compute 2009 direct overpayments **on October 1, 2009**

Notes: Options to compute overpayments will be temporarily enabled to allow for County Offices to compute 2009 direct overpayments on **October 1, 2009**.

It is imperative that County Offices select the option to compute 2009 direct overpayments on October 1, 2009.

- the first run of 2009 final direct payments is scheduled to be processed on or about **October 9, 2009**
- 2009 final direct payment and overpayment processing will:
 - be completed through web-based software
 - no longer require users to initiate the payment or overpayment process
 - automatically process every night without user intervention if CCC-509 is approved
 - be aggregated and paid at the farm number level, rather than at the commodity level
 - include all applicable provisions of the 2008 Act and related regulations.

Note: All references to direct payments refer to DCP and ACRE direct payments.

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2 2009 Direct Payments and Overpayments

A 2009 Advance Direct Payments and Overpayments

2009 advance direct payments have been issued without applying the provisions for the following:

- direct attribution
- member contribution
- substantive changes
- direct attribution combined rules
- cropland factor reductions.

As a result, all previously issued 2009 advance direct payments will be processed as overpayments on the System 36 to allow for the 2009 final direct payment process to apply provisions to 100 percent of the producer's final payment.

County Offices are required to select the processing option to compute 2009 direct overpayments on October 1, 2009. The system will automatically transfer overpayments, without user intervention, to receivables after the option to compute overpayments is selected.

Notes: County Offices having more than 1 County Office on the system are required to select the option to compute 2009 direct overpayments for only 1 County Office since processing has been designed to compute overpayments for **all** County Offices on the system once the compute option is selected.

County Offices that do **not** have DCP or ACRE are **not** required to select the option to compute 2009 direct overpayments on October 1, 2009.

B Disabling 2009 Direct Payment and Overpayment Processing Options

Processing options for 2009 direct payments and overpayments will be **disabled** start-of-day **September 21, 2009**, to allow for all payment processing to be completed before the October 1, 2009, date when County Offices will be required to select the option to compute 2009 direct overpayments.

Note: The option to compute 2009 direct overpayments on the System 36 will be enabled at a later date to allow for County Offices to compute overpayments on October 1, 2009.

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2 2009 Direct Payments and Overpayments (Continued)

C 2009 Final Direct Payments

The first run of 2009 final direct payments is scheduled to be processed on or about October 9, 2009.

2009 final direct payments will:

- be issued through web-based software
- be offset by the receivable established in the October 1, 2009, overpayment process

Notes: If the producer has older claims or receivables already established, the 2009 final direct payment will be setoff for those first, and if a payment amount remains, then it will be applied to any receivables established for 2009 advance direct payments.

Producer transaction statement will reflect the final payment amount and show the offset being applied to arrive at the net payment

- no longer require users to initiate a payment or overpayment process
- process automatically every night without user intervention if CCC-509 is approved
- be aggregated and paid at the farm number level, rather than at the commodity level

Note: Entering the approval date in the system for CCC-509 is considered a “trigger” that will initiate the payment or overpayment process for that CCC-509 during nightly processing.

- have the following provisions applied during processing:
 - direct attribution
 - member contribution
 - substantive change
 - payment limitation
 - direct attribution combination rules
 - cropland factor.

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3 Action

A State Office Action

State Offices:

- shall contact the National Help Desk immediately if a County Office experiences transmission problems when processing overpayments on October 1, 2009
- will be contacted by the National Office about County Offices that have **not** completed transmission of 2009 direct overpayments
- shall ensure that County Offices:
 - are immediately informed of the contents of this notice
 - have issued all outstanding 2009 advance direct payments on or before **September 19, 2009**
 - compute and transfer all 2009 advance direct overpayments on or before **September 19, 2009**
 - select the option to compute direct overpayments **on October 1, 2009**

Note: County Offices **not** having DCP or ACRE are **not** required to select the option to compute 2009 direct overpayments on October 1, 2009.

- update producer information according to the following:
 - Notice PL-192 for member contribution and substantive change
 - Notice PL-196 for payment limitation
 - a forthcoming amendment to 3-PL (Rev. 1) for common attribution.

B County Office Action

County Offices shall:

- issue all outstanding 2009 advance direct payments on or before **September 19, 2009**
- compute and transfer all 2009 advance direct overpayments on or before **September 19, 2009**

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3 Action (Continued)

B County Office Action (Continued)

- **select the processing option to compute 2009 direct overpayments on October 1, 2009**

Notes: County Offices having more than 1 County Office on the system are only required to select the option to compute 2009 direct overpayments for 1 County Office since processing has been designed to compute overpayments for **all** County Offices on the system once the compute option is selected.

County Offices that do **not** have DCP are **not** required to select the option to compute 2009 direct overpayments on October 1, 2009.

Overpayments will be automatically transferred to the receivable system without user intervention.

- contact the State Office immediately if transmission problems occur when processing overpayments on October 1, 2009
- complete the following as soon as possible to ensure that final direct payment amounts are determined using the most current producer information:
 - update producer information according to Notice PL-192 for member contribution and substantive change

Note: Current member contribution software does **not** allow for a partial member contribution reduction. Member contribution software is currently being modified to allow for a member contribution share to be entered. Members that do **not** fully meet member contribution provisions shall be updated as ineligible. Once modified software is made available, County Offices shall update the member contribution share. At that time, an additional DCP payment will be issued.

- update producer information according to Notice PL-196 for the following:
 - adjustments to payment limitation because of the inheritance provision
 - increases and decreases to payment limitation because of participation in the ACRE Program
- combined producer information shall be updated according to a forthcoming amendment to 3-PL (Rev. 1).