UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

For: State and County Offices

**Revising Pandemic Livestock Indemnity Program (PLIP) Payment Reductions
Because of Coronavirus Food Assistance Program (CFAP) 1 and CFAP 2 Additional Payments**

Approved by: Acting Deputy Administrator, Farm Programs

1 Overview

A Background

CFAP 1 and CFAP 2 applicants that are a corporation, LLC, limited partnership, trust, or estate qualified for an increased payment limitation from $250,000 to $500,000 when 2 members contributed 400 or more hours of active personal labor or active personal management, or a combination thereof. The legal entity qualified for a $750,000 payment limitation if 3 members contributed 400 or more hours of labor or management. The maximum payment limitation for members of the legal entities is $250,000. In September 2020, a rule was published to change the method of attribution to legal entities that qualified for the increased limitation to provide that CFAP 1 and CFAP 2 payments would be attributed to members of the entities, regardless of ownership shares. The new rule required that software be developed to maximize payments to the legal entity when:

- shares of the entity were not equal
- the entity had not already been paid the full application value
- the entity or member otherwise had not received the maximum payment limitation.

On June 1, 2021, FSA started the labor-intensive process of staging and issuing additional CFAP payments to legal entities.

A PLIP payment, for swine only, is subject to payment reduction for any CFAP 1 or CFAP 2 payment received directly by the PLIP applicant. If additional CFAP 1 or CFAP 2 payments are issued as a result of the increased payment limitations or any other eligibility condition, the PLIP payment must be reduced by the revised total CFAP 1 and CFAP 2 amount received by the PLIP applicant.

B Purpose

This notice instructs County Offices of the process for determining whether producers are subject to further PLIP payment reductions based on the increased CFAP 1 and CFAP 2 payment limitation guidelines or other eligibility condition.

Disposal Date	Distribution
September 1, 2022	State Offices; State Offices relay to County Offices

2   Action

A   State Office Action

State Offices will:

- ensure that County Offices are aware of the provisions of this notice
- direct questions to Amy Mitchell in the National Office.

B   County Office Action

Before signing and certifying any CFAP 1 and CFAP 2 payments, County Offices must determine whether the payments will affect the PLIP payment reductions. County Offices will use the following reports to determine whether there is a producer match:

- Common Payment Report for CFAP 1 and CFAP 2
- Common Payment Report for PLIP.

County Offices will complete the following steps to determine whether a revision needs to be made to the PLIP Payment Reductions Worksheet and PLIP automated application.

Step	Action
1	Review the PLIP Payment Reductions Worksheet to determine whether the CFAP 1 and CFAP 2 **original** net payment amount for swine entered on the worksheet (items 5 and/or 11) matches the CFAP 1 and/or CFAP 2 payment for swine (using the Detailed Payment History Report).
2	If the amount entered in the PLIP Payment Reductions Worksheet (items 5 and/or 11) is different than the CFAP 1 and/or CFAP 2 revised payment for swine, revise the PLIP Payment Reductions Worksheet to reflect the revised CFAP 1 and/or CFAP 2 payment amount.
3	Revise the manual FSA-620, item 10, "COC Total Calculated Reduction for 2020 EQIP, State-Funded Program, CFAP 1 and/or CFAP 2 Payments", to equal item 16 of the revised PLIP Payment Reductions Worksheet.
4	In the PLIP application software, revise the automated FSA-620, item 10 to equal item 16 of the revised PLIP Payment Reductions Worksheet.

If a PLIP overpayment is determined, the overpayment must immediately be transferred to NRRS and the producer must be notified and provided applicable appeal rights.