

For: State and County Offices

**Additional Information About FY 2000 Market Loss Assistance (MLA) Payments**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

On June 20, 2000, the President signed the Agricultural Risk Protection Action of 2000 (2000 Act). The 2000 Act provides that:

- MLA payments shall be issued to producers on a farm that are eligible for a final payment for FY 2000 under PFC for the farm under the Agricultural Marketing Transition Act
- the same contract payment rates shall be that were used under Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, Section 802 (b)
- payments shall be issued not earlier than September 1, 2000, and not later than September 30, 2000.

Notice PF-140 provided general information about FY 2000 MLA payments.

**B Purpose**

This notice provides State and County Offices with:

- general information about:
  - issuing FY 2000 MLA payments
  - timing for issuing MLA payments.
- projected software release schedule
- information on the MLA payment limitation allocation edit to be performed on July 18, 2000
- MLA payment rates.

Disposal Date	Distribution
November 1, 2000	State Offices; State Offices relay to County Offices

## Notice PF-141

### 2 General Provisions for MLA Payments

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#### A Payment Information

FY 2000 MLA payments shall be:

- issued to producers who were eligible for FY 2000 final PFC payments

**Note:** No further action is required by eligible producers before issuing MLA payments.

- computed using the same payment rates that were used for FY 1999 MLA payments
  - reduced for:
    - FAV acre-for-acre payment reductions
    - payment limitation
  - issued from September 1 through September 30, 2000.
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#### B Determining Eligible Producers

MLA payments shall be issued to producers who are eligible for FY 2000 **final** PFC payments. The MLA payment process is designed to read the FY 2000 CCC-478 worksheet file to determine the payment shares for producers earning the final PFC payment.

In some cases, information provided by producers requesting LDP's has indicated that PFC payment shares may not be correct. For PFC **and** MLA payment purposes, COC's must determine in questionable cases who met the definition of a producer on contract acreage for FY 2000.

**Note:** Depending on the crops grown in the area, producers may have left the farm before September 30 and still have met the definition of a producer provided in 1-PF, subparagraph 250 B.

Under no circumstance can a producer be added to PFC for FY 2000 after August 1, 2000. Signature requirements must be met on FY 2000 contracts according to 1-PF. If producer eligibility is questionable on a contract for FY 2000, do **not** issue the FY 2000 MLA payment until COC has determined producer eligibility for the farm. Producers who erroneously received an FY 2000 payment shall not be issued an MLA payment. County Offices shall remove the COC payment approval date on any contract in which producer eligibility, as described in this subparagraph, is in question.

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## Notice PF-141

### 2 General Provisions for MLA Payments (Continued)

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#### C

##### Successions-in-Interest

In FY 1998 and 1999, many questions arose about PFC successions-in-interest and how to handle the MLA payment.

The MLA payment process is designed to read the FY 2000 CCC-478 worksheet file at the time the MLA payment is processed to determine who the MLA payment will be issued to and that producer's payment share. The CCC-478 automated worksheet file should accurately reflect all successions-in-interest that occurred for FY 2000 before the final PFC or MLA payments are issued.

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#### D

##### Timing of Payments

The MLA payment process software will be included in County Release No. 440 to arrive in County Office around August 18, 2000.

County Offices shall begin processing MLA payments on September 1, 2000. All MLA payments, except those questionable cases referenced in subparagraph B, shall be issued to eligible FY 2000 PFC producers **before September 30, 2000**.

**Note:** Producers cannot elect to defer this payment.

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#### E

##### Using FSA-325

If FSA-325 has been executed for the FY 2000 final PFC payment so that the payment can be issued to another payee, the same FSA-325 shall be used for the FY 2000 MLA payment.

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#### F

##### Payment Eligibility Rules

Final PFC payment eligibility rules apply to MLA payments. See 2-PF, subparagraph 16 C for a description of the eligible and ineligible flag values.

**Note:** A prepayment register is not being developed for the MLA payment process. Therefore, County Offices shall process payments in the normal manner and use the nonpayment register to identify producers that cannot be paid because of eligibility conditions.

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Notice PF-141

2 General Provisions for MLA Payments (Continued)

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**G**

**FY 2000  
Overpayments**

County Offices **shall** run the FY 2000 PFC overpayment process before issuing MLA payments. **All** FY 2000 PFC overpayments that have been verified as valid debts to CCC shall be transferred to CRS before issuing MLA payments.

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**H**

**Offsetting MLA  
Payments**

FSA and/or CCC debts **shall** be offset from MLA payments according to existing FI procedure.

**Exceptions:** FAV planting violations and 1995 overpayments:

- shall **not** be offset from MLA payments
  - can only be offset from PFC payments according to statute.
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**I**

**Future Directives**

An FI notice will be issued in the near future with information about recording MLA assignment information.

Additional procedure will be issued around September 1, 2000, on processing FY 2000 MLA payments.

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Notice PF-141

3 Projected Software Release Schedule

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**Software Release Schedule**

Because of the statutory requirement that all FY 2000 MLA payments be issued between September 1 and September 30, 2000, necessary resources have been dedicated to ensure that software is in place for County Offices as soon as possible.

This table includes the release schedule for the various processes affecting the FY 2000 MLA payment process.

**Note:** The release dates included in this table are projected.

Process	Method of Release	Projected Arrival Date
Payment Limitation Download	Download	July 19, 2000
MLA Payment Rates	County Release No. 440	August 18, 2000
FAV Acre-for-Acre Payment Reduction Process for MLA Payments		
MLA Regular Payment Processing		
MLA Payment Cancellation		
PPH Print and Report Options		
MLA Overpayment Processing		
Menu Permanently Disabling MLA Regular Payment Processing	County Release No. 443	October 1, 2000

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## Notice PF-141

### 4 Updating Payment Limitation Allocations

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#### A

##### Creating FY 2000 MLA Field

To facilitate timely payments, software will be downloaded to edit the FY 2000 payment limitation file. This edit:

- creates a new MLA field in the payment limitation file with a maximum allocation of \$40,000 per “person”
- distributes the \$40,000 MLA allocation proportionally to the values in the FY 2000 PFC-SL field.

**Note:** The MLA payment process will ensure that producers that are not multicounty do not receive payments in excess of \$40,000.

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#### B

##### Verifying and Revising Amounts in MLA Field

Even though the MLA payment limitation allocation field is being set to the same value as the FY 2000 PFC-SL allocation, control County Offices may need to make adjustments to the MLA allocation because the MLA payment rates are **higher** than the FY 2000 PFC payment rates.

It is the control County Office’s responsibility to ensure that payment limitation allocation adjustments are updated timely to ensure that **all MLA payments are issued by September 30, 2000**. The MLA payment limitation allocation edit is being performed on July 18, 2000, to ensure that County Offices have enough time to make the necessary adjustments. Where possible, County Offices shall not wait until payment processing time to make/request allocation adjustments.

Control County Offices shall access producers’ FY 2000 payment limitation records to verify that MLA amounts allocated are correct.

**Note:** Control County Offices should **not**, unless absolutely necessary, modify any payment limitation allocations in the system until after MLA payment limitation edit has been successfully performed. Any updates to payment limitation amounts occurring before successful distribution of the payment limitations may be overwritten and will need to be re-entered.

Control County Offices shall ensure that:

- any unallocated MLA amounts are properly allocated
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4 Subsidiary File Updates (Continued)

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**B**  
**Verifying and Revising Amounts in MLA Field (Continued)**

- noncontrol County Offices timely receive changes to payment limitation amounts
- FY 2000 PFC payment limitation amounts are allocated properly.

**Note:** After the MLA payment limitation edit is performed, changes to the PFC payment limitation allocation will not affect the MLA payment limitation allocation.

See 2-PL, paragraphs 179 and 180 to access and update FY 2000 payment limitation files.

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**C**  
**Example for Revising Amounts in Payment Limitation File**

Fred is an active producer on farms in Steuben and Livingston Counties for FY 2000. Livingston County, Fred's control county for payment limitation, set Fred's PFC-SL amounts as follows.

- Steuben County      2000 PFC-SL allocation:      \$32,000
- Livingston County    2000 PFC-SL allocation:      \$ 8,000.

Fred earned FY 2000 PFC payments as follows:

- \$32,000 in Steuben County
- \$4,500 in Livingston County.

Fred has 80 percent of his PFC-SL allocation in Steuben County, with the remaining 20 percent in Livingston County. The MLA payment limitation edit will set amounts in the FY 2000 MLA payment limitation fields using these same percentages.

- Steuben County MLA allocation:    \$32,000
- Livingston County MLA allocation: \$ 8,000.

Fred earned FY 2000 MLA payments as follows:

- \$34,667 in Steuben County
- \$4,875 in Livingston County.

In this example, Livingston County shall allocate at least an additional \$2,667 to Steuben County to maximize the MLA payments issued to Fred.

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**Notice PF-141**

**5 MLA Payment Rates**

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**A**

**Introduction**

The FY 2000 MLA payment rates will be included in County Release No. 440.

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**B**

**Payment Rates**

This table contains FY 2000 payment rates for the MLA payment.

<b>Commodity</b>	<b>Payment Rate</b>
Barley	\$0.27100000
Corn	\$0.36300000
Grain Sorghum	\$0.43500000
Oats	\$0.03000000
Rice	\$0.02820000
Upland Cotton	\$0.07880000
Wheat	\$0.63700000

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## Notice PF-141

### 6 Issuing FY 2000 MLA Payments

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#### A

##### Provisions of the 2000 Act

The 2000 Act provides that FY 2000 MLA payments shall be issued **not earlier than September 1, 2000, and not later than September 30, 2000.**

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#### B

##### Locking Out Payment Processing

The language in the 2000 Act does not provide FSA with any discretionary authority to issue FY 2000 MLA payments after September 30, 2000. As a result, the FY 2000 regular payment process will be disabled on the earlier of the following:

- October 1, 2000
- when County Release No. 443 is installed.

Any FY 2000 MLA payments not issued by October 1, 2000, shall be submitted to the National Office for an authorization code similar to the authorized process used for PFC payments.

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#### C

##### Ensuring Payments Are Issued Timely

As with PFC payments, SED's:

- are responsible for:
  - providing oversight and guidance
  - ensuring that PFC and MLA payments are issued timely
- **shall take all steps necessary to ensure that FY 2000 final PFC and MLA payments are issued by September 30, 2000, to be in compliance with applicable statutes.**

**Recommendation:** State Offices may want to review CCC-478B/CCC-478 Status Reports, pending payment registers, and nonpayment registers to ensure that payments are processed timely.

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## Notice PF-141

### 6 Issuing FY 2000 MLA Payments

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#### **D Authorized Payment Processing**

Like with PFC, the MLA authorized payment process is not intended to be an alternative to the regular payment process. County Offices are expected to issue **all** MLA payments by the September 30, 2000, statutory deadline. Exceptions to this provision apply to cases of:

- disputed shares
- pending bankruptcies and appeals.

Requesting authorization codes is a time consuming process at all levels of the Agency. As a result, the resources dedicated to preparing and reviewing requests for authorization codes are prevented from completing other program priorities.

SED's shall take all steps necessary to ensure that FY 2000 final PFC and MLA payments are issued by the September 30, 2000, statutory deadline except for cases of disputed shares, pending bankruptcies, and appeals to alleviate the burden placed on County Offices, State Offices, and the National Office.

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