

For: State and County Offices

**Ensuring That FY 2000 PFC and MLA Payments Are Issued Correctly
for Producers With FAV Acre-for-Acre Reductions**

Approved by: Acting Deputy Administrator, Farm Programs

Christine White

1 Overview

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Background**

Notice PF-143:

- reminded County Offices of the requirements for issuing FY 2000 PFC payments
- advised that the PFC regular payment processes will be disabled on October 1, 2000.

Notice PF-144 advised County Offices:

- of requirements for issuing FY 2000 MLA payments
- that the MLA regular payment processes will be disabled on October 1, 2000.

A problem has been identified with the PFC and MLA regular payment processes for producers with **all** of the following conditions:

- producer received payments that reached the producer's effective payment limitation
- a subsequent FAV acre-for-acre payment reduction was recorded after the payments were issued which created an overpayment
- the overpayment was transferred to the common receivable system (CRS).

In these cases, the PFC and MLA regular payment processes are not properly subtracting the receivable that has been established when computing amounts that can be issued for payment limitation purposes.

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Disposal Date	Distribution
January 1, 2001	State Offices; State Offices relay to County Offices

Notice PF-145

1 Overview (Continued)

B

Purpose

This notice:

- describes the condition that has been identified
 - advises County Offices that on September 11, 2000, KC-ITSDO transmitted software to County Offices to ensure that additional payments are properly issued to producers meeting the conditions described in paragraph 2
 - identifies actions that shall be taken by County Offices to ensure that producers are paid properly before the September 30, 2000, statutory payment deadline.
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2 Payment Calculation Condition

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Explanation of Calculation Problem

Several State Offices have reported a problem with the PFC regular payment process for producers that received PFC payments early in the FY then have a subsequent FAV acre-for-acre payment reduction. In these cases, the payment calculation process is not correctly computing additional PFC payments for producers with **all** of the following conditions.

- The producer requested and received PFC payments before any FAV acre-for-acre payment reductions were known or recorded.
- Payments issued to the producer were less than the PFC payments earned because the PFC earned payments exceeded the “person’s” effective payment limitation.
- After the maximum payments were issued to the producer, a subsequent FAV acre-for-acre payment reduction was recorded, **for the producer**, which created an overpayment.
- The overpayment was transferred to CRS.

County Offices are now attempting to issue additional payments to the producer because the FAV acre-for-acre payment reduction and receivable should be applied before applying the “person’s” payment limitation. See 4-CP, subparagraph 41 D.

Note: This condition also applies to the MLA payment process if the MLA payments are issued before the FAV acre-for-acre payment reduction is recorded and a receivable is subsequently established.

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Notice PF-145

2 Payment Calculation Condition (Continued)

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Example

Producer A earned and received payments on the following 3 farms:

- FSN 120 - \$5,400 earned and paid on wheat
- FSN 1995 - \$16,000 earned and paid on wheat
- FSN 8294 - \$31,600 earned on wheat of which:
 - \$18,600 was paid
 - \$13,000 was not issued because of payment limitation.

The payments on FSN 8294 were reduced because of payment limitation, resulting in \$13,000 not being issued to the producer. After all the payments were issued, a FAV acre-for-acre reduction was established on FSN 1995 for \$2,000. The overpayment is subsequently transferred to CRS.

In this case, the regular payment process should recognize that a receivable has been established and reduce \$2,000 from the payments previously issued, which would reduce the payments attributable to payment limitation to \$38,000. Since the producer has not received the entire earned payment on FSN 8294, a \$2,000 payment should be computed and issued on FSN 8294.

3 County Office Action

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Action

County Offices shall:

- ensure that the software modification broadcast by KC-ITSDO on September 11, 2000, is installed immediately upon receipt following the instructions in Information Bulletin No. 1942
- process FY 2000 PFC and MLA through the regular payment process payments for all producers with the condition described in this notice before September 30, 2000.

Recommendation: It is recommended that County Offices process an “ALL” payment batch for both PFC and MLA payments at least one time before September 30, 2000.
