

For: State and County Offices

Special Provision for FY 2002 Production Flexibility Contract (PFC) Enrollment

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

Since 1996, some farms resulting from a reconstitution were not enrolled in PFC within 30 calendar days following the notification of completing a reconstitution. In these cases:

- pending PFC acreage has been reduced to zero
- farm is not considered to be a participating farm.

Federal Regulations at 7 CFR §1412.201 (c) are being amended, effective for FY 2002, to require all producers to sign PFC and provide supporting documentation by August 1, 2002, after an FY 2002 reconstitution is completed. Accordingly, the 30-calendar-day requirement for an owner or producer to enroll a resulting farm into PFC shall not be applicable to FY 2002 farm reconstitutions.

Effective for FY 2002, reinstatement of PFC acreage that was reduced to zero in FY 1997 through FY 2002, as a result of the failure of an owner or producer to enroll acreage into PFC within 30 calendar days following the notification of completing a reconstitution, is allowed.

B

Purpose

This notice:

- revises the PFC enrollment deadline, following an **FY 2002** reconstitution
- authorizes the reinstatement of certain PFC acreage.

Disposal Date	Distribution
October 1, 2002	State Offices; State Offices relay to County Offices

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2 FY 2002 Reconstitutions

A

Enrollment Requirement

Federal Regulations at 7 CFR §1412.201 (c) are being amended, effective for FY 2002, to require **all** producers to sign PFC and provide supporting documentation by **August 1, 2002**, after completing an FY 2002 reconstitution.

Note: The 30-calendar-day requirement for an owner or producer to enroll a resulting farm into PFC no longer applies to FY 2002 farm reconstitutions.

PFC shall not be approved for payment unless all producers sign PFC on or before August 1, 2002. In the event 1 or more (but not all) owners or producers sign PFC by August 1, 2002, the farm will be considered enrolled and participating; however, FY 2002 PFC payments shall not be earned by **any** producer on the farm. This policy is consistent with treatment of participating farms that were not involved in a reconstitution.

B

Previously Processed Reconstitutions for FY 2002

On farms for which pending PFC acreage has been reduced to zero in FY 2002 because of the failure of an owner or producer to enroll the acreage into PFC within 30 calendar days following the notification of completing an FY 2002 reconstitution, County Offices shall:

- determine the acreage eligible for reinstatement, which is the smaller of:
 - pending PFC acreage following the reconstitution
 - current effective agricultural use acreage
- notify the operator and each owner, by certified mail, of the extended opportunity to enroll the acreage into PFC
- reinstate the PFC acreage when producers meet all PFC requirements by August 1, 2002. PFC may be approved, and payments issued, provided all other eligibility requirements are met.

Note: See paragraph 4 for additional instructions.

C

Future Reconstitutions for FY 2002

The language on FSA-476 has been revised to indicate that all producers must sign PFC by August 1, 2002. The changes will be broadcasted to County Offices on or about April 23, 2002.

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3 FY 1997 Through FY 2001 Reconstitutions

A

FY 2002 PFC Enrollment Authorized

On farms for which pending PFC acreage was reduced to zero because of the failure of an owner or producer to enroll the acreage into PFC within 30 calendar days following the notification of completing an FY 1997, FY 1998, FY 1999, FY 2000, or FY 2001 reconstitution, County Offices shall:

- determine the acreage eligible for reinstatement, which is the smaller of:
 - pending PFC acreage following the reconstitution
 - current effective agricultural use acreage
- notify each **current** operator and owner, by certified mail, of the opportunity to enroll the acreage into PFC, effective for **FY 2002**
- reinstate the PFC acreage when producers meet all PFC requirements by August 1, 2002
- **not** submit requests for authorization codes, to issue prior FY payments, based on the contents of this notice. The decision to allow enrollment for FY 2002:
 - **does not** allow PFC and related benefits for prior FY's
 - allows PFC approval and issuance of FY 2002 PFC payments, provided all PFC signature requirements and all other eligibility requirements are met by August 1, 2002.

Note: See paragraph 4 for additional instructions.

B

Relief Requests and Previous DAFP Determinations

Neither the amended regulation nor this notice authorizes the issuance of PFC and related benefits for prior FY's. Accordingly, previous DAFP determinations disapproving requests for late-filed enrollment into PFC following a farm reconstitution shall remain unchanged.

Exception: Producers shall be provided an opportunity to enroll the farm into PFC, effective for FY 2002, according to this notice.

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3 FY 1997 Through FY 2001 Reconstitutions (Continued)

C

Relief Requests Pending DAFP Determination

Pending relief cases in DAFP involving late-filed PFC's:

- for FY 2002 will be considered canceled and producer shall be given the opportunity to enroll in PFC by August 1, 2002

Note: No response will be provided by DAFP.

- for FY 2001 and previous FY's will be:
 - considered canceled if the request is for meritorious relief

Note: No response will be provided by DAFP and the producers shall be given the opportunity to enroll in PFC for 2002 by August 1, 2002.

- reviewed and a response provided by DAFP for years before 2002 if the request includes FSA-321 for misaction or misinformation by the County Office. However, the County Office shall ensure that the producer is provided the opportunity to enroll the farm by August 1, 2002. Do not delay enrolling the farm for 2002 until a response is provided by DAFP.
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4 County Office Action

A

Required Farm Divisions

Terminating pending PFC acreage following a reconstitution results in a nonparticipating farm. If a resulting farm with terminated PFC acreage was subsequently combined with another nonparticipating farm, County Offices shall:

- **not** delay sending the letter in Exhibit 1
- divide the farm **before** allowing producers to enroll previously terminated pending PFC acreage, to ensure that benefits associated with participating farms are not inadvertently authorized on acreage that had not been enrolled in PFC.

Note: Follow established reconstitution policy according to 2-CM.

Continued on the next page

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4 County Office Action (Continued)

B

Determining Contract Acreages and Yields

FSA-476 provides the “contract acreage” and payment yields at the farm level; however, it will be necessary to review reconstitution documentation and reports to determine contract acreages and yields at the tract level.

County Offices shall reduce the “contract acreage”, as necessary, to ensure that PFC acreage on each tract does not exceed the **current** effective agricultural use acreage on the tract. It is acceptable to redistribute excess PFC acreage on a tract or tracts proportionately to other tracts on the farm, according to the provisions in 3-CM, paragraph 229.

Note: If a resulting farm was subsequently divided, County Offices shall:

- determine the “contract acreage” and yield for each tract for the farm that was not enrolled timely, according to this subparagraph
 - apportion the “contract acreage” to each farm resulting from the subsequent division, based on current reconstitution provisions.
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C

Sending Letters

County Offices shall send a letter, using the text of the letter in Exhibit 1, to each **current** owner and operator of farms that are considered to be nonparticipating because of a failure to timely enroll a farm into PFC following a reconstitution:

- as soon as possible, but no later than May 10, 2002
- by certified mail, with return receipt.

Note: The letters shall be sent **only** to current owners and operators of farms that are nonparticipating because of contract acreage being reduced to “0” because of a failure to enroll following a reconstitution. A manual search will be necessary in the event a list of applicable farms has not been maintained; however, the following may be of assistance to narrow the scope of the review:

- generate a query list of farms with zero PFC acres
- review only the farm numbers that did not exist before FY 1997.

County Offices shall also publicize the provisions of this notice through newsletters.

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4 County Office Action (Continued)

D

Reinstating PFC Acreage

County Offices shall reinstate PFC acreage as requested by producers according to the provisions in this notice, using:

- instructions in 3-CM, paragraph 228
 - reason code “3”, “Appeal”.
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E

Second Party Review and DD Concurrence

County Offices shall conduct a second party review to ensure that:

- actions are limited to those actions authorized by this notice
- accurate determinations are made according to subparagraphs A and B.

Note: DD concurrence shall be obtained before COC approval of PFC.

Example of Producer Notification Letter

**UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
(Print on County Office Letterhead)**

May 1, 2002

FSN 2205

Sandlot Farms, Inc.
2002 Enrollment Drive
Anywhere, USA 12345-6789

Dear Producer:

According to our records, the farm serial number (FSN) identified above is a resulting farm of a reconstitution. The parent farm(s) was enrolled under a Production Flexibility Contract (PFC); however, the FSN identified above was not enrolled into PFC within 30 calendar days following the notification of the completion of the reconstitution. Accordingly, the pending PFC acres associated with the resulting farm were reduced to zero, and PFC payments and related benefits were no longer available on this farm.

Federal Regulations are being amended, effective for FY 2002, to require all producers to sign PFC and provide supporting documentation by August 1, 2002, in the event a reconstitution is completed. With respect to FY 2002 reconstitutions, the amended regulation effectively eliminates the 30-day enrollment requirement following a reconstitution.

The amended regulation does not authorize the reinstatement of potential benefits for prior fiscal years; however, pending PFC acres terminated due to the failure to timely enroll the acreage into PFC following a farm reconstitution from FY 1997 through FY 2001 may now be enrolled into PFC, effective for FY 2002. To enroll this farm into PFC, all producers on the farm must sign a new PFC (CCC-478) on or before August 1, 2002.

Sincerely,
/s/
County Executive Director