

For: State and County Offices

Updating Subsidiary Records for Various Payment Processing Problems

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notice PL-134 advised State and County Offices:

- about an edit to be performed on the web-based AGI data
- action required after AGI edit is performed.

The edit to AGI data was completed for all States and counties on May 2, 2005. Since AGI edit was completed, State and County Offices have:

- identified additional issues and problems with issuing various program payments
- reported problems with issuing 2003-2005 CDP payments to producers that were multi-county for 2003 and/or 2004, but not 2005
- reported problems with combining producers because the affected producers are not considered “active” for the applicable program year.

B Purpose

This notice:

- advises State and County Offices that AGI edit has been completed for all States and counties
- reminds County Offices that a review is required to ensure that all producers known to be ineligible due to AGI are updated properly in the web-based eligibility software to ensure payments are not issued to ineligible producers

Disposal Date	Distribution
December 1, 2005	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose (Continued)

- provides information on other eligibility issues that have been identified with issuing payments to joint operations
- reminds State and County Offices of the provisions of Notice CM-510 about the use of “generic farms”
- advises County Offices that members of joint operations with permanent ID numbers shall not be added to farms and tracts
- provides procedure for changing a producer’s status from “inactive” to “active” so that payment limitation can be controlled properly for various payment processes.

2 AGI Edit

A Introduction

The edit to set AGI data in the web-based system from “Not Filed” to “Compliant” was completed on May 2, 2005. This edit should rectify situations where producers were listed on nonpayment and overpayment registers in error.

B County Office Action

County Offices shall review AGI data to ensure that the eligibility data in the web-based application is updated correctly for producers and members of joint operations or entities with either of the following conditions:

- producer or member has not filed CCC-526 or certification of compliance with AGI provisions
- producer or member has been determined ineligible for program benefits, either based on a COC determination or certification by the producer that compliance cannot be met.

The “Ineligible AGI Producer/Member Report” developed on System/36 is available to County Offices to identify producers that have been determined ineligible for program benefits based on AGI provisions. County Release No. 562 included modifications to re-enable this option.

County Offices can use this report to identify producers or members that are currently recorded in the system as ineligible due to AGI eligibility provisions.

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3 Updating Member Information for Joint Operations

A Member Eligibility Determinations on the System/36

Under System/36 software, joint operations could be paid even if the members of joint operations did not have an eligibility record. This provision was in place because eligibility records were not created unless a producer was added to a farm. Since most members of joint operations are only associated with the farm through the joint operation, the software was developed to:

- read the eligibility record for the joint operation and each member of the joint operation
- consider members to be eligible for payment if an eligibility record was not found.

In order to determine if an eligibility record was required for members of joint operations, the PCW flag in the eligibility record was read. This flag was summarized for producers from the PCW flag in the farm record tract files.

IF the PCW flag was...	THEN...
"blank" for a member of a joint operation	the member was considered eligible for program benefits.
anything other than "blank"	the member was associated with a farm and an eligibility record must have been found in order to issue program benefits. The applicable eligibility flags were then read to determine if the member's portion of the program payment could be issued.

B Eligibility Records in the Web-Based Eligibility System

Since the deployment of the web-based eligibility system, several modifications had to be made in order to accommodate the various programs that were reading the eligibility files. One modification was to set the PCW flag to "Y" on the System/36 for all producers regardless of whether they are associated with a farm.

C Problems Currently Being Encountered with Issuing Payments

The modification to set the PCW flag to "Y" for all producers on the System/36 has rectified many problems that were being encountered. However, it has also resulted in problems with issuing payments on the System/36 to members of joint operations for many programs such as DCP, CDP, NAP, etc.

County Offices are now reporting that members of joint operations are listed on various nonpayment and overpayment registers with message "Multiple Invalid Eligibility Flags". This message is most likely printed because the:

- member's actively engaged, person, and AD-1026 determinations are not updated in the web-based system

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3 Updating Member Information for Joint Operations (Continued)

C Problems Currently Being Encountered with Issuing Payments (Continued)

- data downloaded for actively engaged, person, and AD-1026 flags on the System/36 are “blank”
- System/36 payment system is checking eligibility for actively engaged, person, and AD-1026 because the PCW flag is set to “Y”.

D County Office Action

With the implementation of the new web-based eligibility system, County Offices now have the capability to properly record determinations for joint operations at the member level. This is consistent with the determination actually being made.

County Offices shall access the web-based eligibility system and update the member level eligibility records according to the following table for members that do not have an interest outside the joint operation.

For...	County Offices shall update the members' eligibility records based on...
actively engaged and person determinations	the information filed on CCC-502B for each member of the joint operation and the determination for the members from the corresponding CCC-503A for the joint operation. Note: County Offices shall continue to update the joint operation eligibility record for actively engaged and person determinations until further notice.
AD-1026 determinations	the AD-1026 filed for the joint operation.

Although some cases can be quite complex, generally if a member of a joint operation has other farming interests outside that of the joint operation, then:

- all applicable CCC-503A's must be reviewed before updating the member's actively engaged and person determinations
- members are required to sign AD-1026 for those farming interests in order for the joint operation to be eligible for USDA program benefits
- the latest information filed should be used to update the member's eligibility record.

It is recommended that County Offices contact their State Office for guidance if multiple actively engaged, person, and/or AD-1026 determinations conflict for the same producer.

Reminder: AGI is the only eligibility determination that is read when processing payments for members of entities and AGI is not applicable for all programs.

4 Updating Farm Records

A Members of Joint Operations

Some County Offices have questioned whether members of joint operations should now be added to farms and tracts. Members of joint operations shall only be added to farms and tracts if the member has a direct interest in the farm/tract. If the sole interest is through the joint operation, then the members shall not be added to the farm/tract.

Exception: For joint ventures that do not have a permanent ID number, the joint venture and each member should be added to the farm/tract. See 3-CM for additional information.

B Use of “Generic Farms”

County Offices are reminded that provisions of Notice CM-510 shall be followed **without exception**. Notice CM-510 provides that County Offices shall **immediately**:

- ensure that no more “generic farms” are created
- discontinue the use of existing “generic farms”
- delete any existing “generic farms”.

Note: The farm records maintenance software does not allow users to remove producers or farms for prior years. Therefore, the requirement to delete any existing “generic farms” is applicable for 2005 farms only. However, County Offices shall not add producers to 2003 and 2004 “generic farms” under any circumstance.

C State Office Action

As specified in subparagraph B, County Offices are not authorized to continue the use of “generic farms” under any circumstance. State Offices shall contact PECD/CPB for additional guidance if a situation is encountered that cannot be resolved as a result of this provision.

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5 Updating PCW Flags on the System/36

A Introduction

The modification described in subparagraph 3 C automatically set the PCW flag on the System/36 to “Y” for most producers and members of joint operations and entities. However in some cases, the PCW flag is still set to “blank” on the System/36.

In this case, problems might be encountered with processing payments for programs such as Florida Disaster, TAA, and eEWE. For Florida Disaster, message “No Eligibility Record on File” will be listed on the nonpayment register.

Note: This condition should not affect programs such as DCP, CDP, NAP, CRP, or other price support programs that require the producer to be associated with an actual farm.

B County Office Action

If the PCW flag in the eligibility file on the System/36 is “blank”, County Offices shall take the following action in order to trigger an update to the System/36 and set the PCW flag to “Y”.

Note: County Offices can use the MABDIG report to determine the PCW value set on the System/36.

Step	Action
1	Access the 2005 web-based eligibility record for the affected producer.
2	Change any eligibility determination for the producer to another option. Only 1 change is required.
3	Click “Submit”
4	Click “Accept” to the question “Are you sure you would like to submit your changes?”
5	Re-access the eligibility record that was just modified and reset the determination to the original value, submit, and accept the change. PCW flag on the System/36 should now be updated to “Y”.

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6 Changing a Producer's Status from "Inactive" to "Active"

A Definition of "Active" Producers

For System/36 processing purposes, a producer is considered active if either of the following applies in the applicable county:

- producer is associated with at least one farm
- producer is recorded as a member of an entity or joint operation.

If either of these conditions exists, the producer's "Active Producer" flag is automatically set to "Y" in the name and address file. This information is then used by various subsidiary processes, including but not limited to, the following.

- PLM sets on the mainframe are created based on the active producer flag. If a producer has an active producer flag of "Y" in more than 1 county, then a PLM set is created for the producer between those counties.
- Combined producer software will only allow producers with a "Y" active producer flag to be combined.

B Problems Affecting the 2003-2005 Crop Disaster Program

For 2003-2005 CDP, producers are considered multi-county if they participated in more than one county for **any** of the 3 years. Further, producers are eligible to apply for program benefits in multiple counties for all years, however:

- the System/36 CDP payment software makes a determination as to which year is most beneficial for the producer on a county-by-county basis
- only one \$80,000 limitation is applicable per "person".

Based on these provisions, the payment limitation allocation was created in the 2005 PLM file only and the CDP payment software is programmed to read this file regardless of the year for which the producer is receiving payment.

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6 Changing a Producer's Status from "Inactive" to "Active" (Continued)

B Problems Affecting the 2003-2005 Crop Disaster Program (Continued)

In some cases, producers were multi-county for 2003 and/or 2004, but not 2005. As a result, the producer is not considered "active" in more than 1 county for 2005 and a PLM set:

- has not been created for the producer in the 2005 payment limitation files
- exists but does not include all counties where the producer participated for 2003, 2004, and/or 2005.

This condition is causing producers to be listed on nonpayment and overpayment registers with message "Payment Limitation Allocated to Zero". In order to rectify the problem, a PLM set must be created that includes all counties where the producer:

- is active for 2005
- was active for 2003 and/or 2004.

Note: This provision could also apply to other programs being implemented after-the-fact but the primary effect is on 2003-2005 CDP.

C Combining Producers That Are "Inactive"

Notice CM-510 provides that County Offices shall **immediately**:

- ensure that no more "generic farms" are created
- discontinue the use of existing "generic farms"
- delete any existing "generic farms".

As a result of this provision, several situations have been reported where producers **receiving program benefits** were de-combined when 1 or more of the combined producers were removed from the "generic" farm.

These producers must be re-combined in order to properly control payment limitation; however the combined producer software will not allow the recombination because at least 1 of the producers is not considered "active". This issue primarily affects producers applying for program benefits that do not require a producer to be tied to a farm, such as TAA or eWE.

6 Changing a Producer's Status from "Inactive" to "Active" (Continued)

D Restrictions for Changing Producers from "Inactive" to "Active"

A process has been developed in the System/36 name and address process that allows users to change a producer from "inactive" to "active". However, the following restrictions apply to using this process.

- County Offices **shall never** use this process to change a producer from "Active" to "Inactive". If a producer is truly inactive in the county, County Offices shall ensure the producer is either:
 - removed from all farms
 - deleted from the joint operation or entity file.
- County Offices **shall not** use this process to circumvent the proper constitution of a farm.
- County Offices shall continue to follow all the provisions of 3-CM and 2-PL. This option is strictly for limited use based on the situations specifically identified in this notice.

E County Office Action

County Offices shall:

- ensure the provisions of Notice CM-510 are followed immediately and without exception
- follow subparagraph G to change the "active" producer status **only for situations identified in this notice**
- contact the State Office for additional guidance if other situations are identified where a change to the producer's active producer status may be warranted but is not addressed in this notice.

F State Office Action

State Offices shall:

- ensure that County Offices are aware that the process for changing a producer's status from "active" to "inactive" shall not be used except as specifically provided in this notice
- contact PECD/CPB for additional guidance if other situations are identified where a change to the producer's active producer status may be warranted but is not addressed in this notice.

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6 Changing a Producer’s Status from “Inactive” to “Active” (Continued)

G Procedure for Changing a Producer from “Inactive” to “Active”

If a situation is found that matches the situations addressed in this notice, County Offices shall take the following action to change the producer’s status from “inactive” to “active”.

Note: In situations where County Offices are attempting to create a PLM set that includes a county where the producer no longer participates, **the county that has been dropped is the county that must make the update.**

Example: Producer participates in County A and County B in 2003 and 2004. In 2005, the producer drops all farming interest in County B. The producer applies for 2003 and 2004 program benefits in both counties.

County B must update their files to change the producer from “inactive” to “active” for 2005 in order to create the PLM set for the producer.

Step	Action	Result
1	Access the name and address file on the System/36 according to 1-CM, paragraph 142. Note: The producer must be linked to the applicable County Office in SCIMS before the name and address record is updated. If the producer is not linked, access SCIMS and link the producer.	
2	On Menu MACI00, select option 1, “Change or View”.	Screen MACI1001 will be displayed.
3	On Screen MACI1001, select the applicable producer.	Screen MACI2001 will be displayed.
4	PRESS “Enter” 3 times until Screen MACI3501 is displayed.	
5	Screen MACI3501 includes fields that indicate whether the producer is “active” or “inactive for: <ul style="list-style-type: none"> • current year (2005) • previous year (2004) • current year - 2 (2003). The cursor on this screen is defaulted to “assigned payment” field. However, if the user needs to change the active producer flag from “N” to “Y”: <ul style="list-style-type: none"> • MOVE the cursor to the applicable field, and • ENTER “Y”. Once “Y” is entered for each applicable active producer flag, MOVE the cursor to the update field, ENTER “U” and PRESS “Enter”.	Screen MACI6001 will be displayed indicating the name and address record has been updated.
6	Unlink the producer in SCIMS if the producer was linked in step 1.	