

For: State and County Offices

**Problems Encountered by NRCS When Processing
Environmental Quality Incentive Program (EQIP) Requests**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

On October 1, 2004, NRCS assumed administrative responsibility for EQIP. For payment purposes, NRCS has developed software that reads FSA's subsidiary files to determine:

- producer eligibility for adjusted gross income (AGI) and HELC/WC
- member information for entities and joint operations.

Many questions have been raised because of problems that NRCS has encountered while processing EQIP payments and contract approvals.

B Purpose

This notice:

- identifies known situations that have caused EQIP payment processing problems
- advises FSA County Offices of the action required to ensure that FSA files are updated properly so EQIP payments can be processed timely
- identifies FSA data that is used by NRCS to determine producer/member payment eligibility.

C Sharing Information With NRCS

FSA State and County Offices shall ensure that this notice and its contents are shared with NRCS staff in the State and county.

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

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2 Identified Problems With Processing EQIP Requests

A Introduction

NRCS has developed software that uses FSA information to determine producer and member eligibility information for EQIP. Several problems have been identified and are addressed in the remainder of this paragraph.

Note: See paragraph 3 for a complete list of the FSA information read by NRCS' EQIP payment process.

B Conservation Compliance HELC Determination Is Set to "Pending Determination"

In the web-based eligibility software, the HELC determination is automatically summarized to the web-based application based on the HEL and 027 flags that are set for each producer associated with a tract.

In some cases, the HEL flag for a tract is "blank" because NRCS has not determined whether or not the tract includes land that is highly erodible. In many cases, a determination is not required because 1 or more fields on the tract are not planted to an agricultural commodity. 6-CP provides that the HEL field for each tract should be updated as follows:

- ENTER "Y" if NRCS has classified a field on a tract as "HEL"
- ENTER "N" if NRCS has classified all fields on the tract as "NHEL" (not HEL)
- the field should be "blank" if either of the following apply:
 - NRCS has classified some fields on the tract as "NHEL", but "HEL" determinations are not completed for the tract
 - NRCS has not made any HEL determinations for the tract.

In cases where the HEL field is "blank" for 1 or more tracts associated with a producer, the HELC determination in the web-based software is summarized to "Pending Determination" unless the producer is in violation of HELC provisions. The EQIP software initially considered this an ineligible value. As a result, many FSA State and County Offices were asked to change the "HEL" flag to "Y" or "N" so that an EQIP payment could be processed. NRCS recently released software to correct this problem. FSA County Offices shall:

- ensure that the tract data is updated according to 6-CP, paragraph 222 to reflect the determinations that have actually been made for each tract
- **not** update the HEL field for a tract to "Y" or "N" solely for the purpose of issuing the EQIP payment if a HEL determination has not been completed for the tract
- reset the HEL field to "blank" if the tract data has already been updated to "Y" or "N" in order to accommodate processing of the EQIP payment.

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2 Identified Problems With Processing EQIP Requests (Continued)

C Updating Joint Operation and Entity Member Information

FSA and NRCS have agreed that, at a minimum, CCC-501A shall be obtained by NRCS from joint operations and entities that are currently not FSA customers. CCC-501A identifies the members of the joint operation or entity that is required by NRCS to:

- determine member payment eligibility
- identify the members so that payment limitation can be attributed to each member properly.

In cases where an EQIP application is filed for a joint operation or entity that is not an FSA customer or is an FSA customer but does not receive program benefits, FSA County Offices shall immediately take the following action based on CCC-501A provided by NRCS.

- Record the members of the joint operation or entity into the System 36 joint operation or permitted entity file according to 2-PL.
- Follow the steps in this table to set the permitted entity flag for members of joint operations and entities.

IF the producer is a...	THEN set the permitted entity flag to...
joint operation	“N” for each member of the joint operation.
entity	“D” for each member of the entity.

This action:

- results in a “0.0000” permitted share for the joint operation or entity
- ensures that FSA program benefits are not erroneously issued to these producers in the event they apply for FSA programs without filing the requisite CCC-501B and CCC-502, as applicable.

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2 Identified Problems With Processing EQIP Requests (Continued)

D Payment Limitation Problems

In some cases, NRCS has indicated that there is a problem with a producer's payment limitation for EQIP. Since NRCS assumed responsibility for EQIP, FSA is no longer responsible for handling EQIP payment limitation allocations between counties. Further, NRCS does not read FSA's payment limitation file to determine the amount that can be issued to a producer for payment limitation purposes.

It is possible that this message is resulting because members of joint operations or entities are not loaded in the joint operation or permitted entity files. FSA County Offices shall ensure that member information is recorded in the joint operation and entity files according to subparagraph C.

Note: NRCS is reading member information for joint operations and entities from the permitted entity file on the KC-ITSD mainframe.

As a result, there could be a maximum 2 week delay between the time the data is recorded in the System 36 and when it is available to be read by NRCS. FSA County Offices shall immediately report any telecommunication problems to the National Help Desk to ensure that these updates are not unnecessarily delayed.

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3 Information Read by NRCS' EQIP Request Process

A General Information

Generally, NRCS is reading FSA's subsidiary files for the following information:

- AGI compliance
- AD-1026 and conservation compliance
- member information for joint operations and entities.

B AGI Compliance

3-PL, paragraph 31 provides information on how AGI is read for individuals, joint operations, entities, and members of joint operations and entities. This table provides a general summary of how NRCS is reading AGI information for producers and/or members, as applicable.

Note: For joint operations and entities, AGI member eligibility cannot be determined unless the members are recorded in the joint operation or permitted entity file.

IF the AGI "COC Determination" in the web-based eligibility system is...	THEN NRCS is considering the producer/member...
compliant (CCC-526)	eligible for EQIP benefits.
compliant (agent)	
not met (COC)	ineligible for EQIP benefits.
not met (producer)	
not filed	

Reminder: Joint operations, Federally-owned, State-owned, county-owned, city-owned, public schools, and Indian tribal ventures are exempt from AGI provisions.

C AD-1026 Compliance

3-PL, paragraph 29 provides information on how AD-1026 is updated in the web-based eligibility system. This table describes how NRCS is reading AD-1026 information for producers and/or members, as applicable.

IF the AD-1026 "Certification" in the web-based eligibility system is...	THEN NRCS is considering the producer/member...
certified	eligible for EQIP benefits.
COC exemption	
good faith determination	
not filed	ineligible for EQIP benefits.
affiliate violation	
awaiting certification	
awaiting affiliate certification	

Reminder: Notice PL-135 provides instructions for updating AD-1026 information for members of joint operations.

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3 Information Read by NRCS' EQIP Request Process (Continued)

D Conservation Compliance

3-PL, paragraph 30 provides information on how conservation compliance is updated from tract information. This table describes how NRCS is reading conservation compliance information for producers and/or members, as applicable.

FOR...	IF the determination in the web-based eligibility system is...	THEN NRCS is considering the producer/member...
HELIC	no HEL	eligible for EQIP benefits.
	compliant	
	landlord/tenant exemption	
	good faith	
	no association	
	pending determination	
	Note: See subparagraph 2 B for additional information.	
	not complaint	ineligible for EQIP benefits.
	appeal rights exhausted	
planted converted wetland	compliant	eligible for EQIP benefits.
	good faith	
	no association	
	planted wetland	ineligible for EQIP benefits.
converted wetland	compliant	eligible for EQIP benefits.
	good faith	
	restored wetland	
	no association	
	appeal rights exhausted	ineligible for EQIP benefits.
not compliant		
farm/tract eligibility	in compliance	eligible for EQIP benefits.
	reinstated	
	no association	
	in violation	ineligible for EQIP benefits.
	past violation	
	partial compliance	

E Service Center Information Management System (SCIMS) Business Types

NRCS does not allow producers with the following SCIMS business types to file an EQIP contract:

- Federally-owned entity
- State-owned entity
- general entity members.