

**For:** State and County Offices

**Using the Business File Application for Upcoming Program Enrollment**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Software to record farm operating plan (CCC-902) information for entities and joint operations was released during FY 2012. County Offices were instructed to dataload all CCC-902's in the Business File application for 2012 before September 14, 2012, to ensure that the data would roll to the 2013 subsidiary year.

Following dataload, a number of problems have been identified, including users accessing the system improperly or recording incorrect information. This is causing payments to not process or pending overpayments to be computed because member data for entities and joint operations is not being read properly.

**B Purpose**

This notice:

- provides additional information about the design of the Business File application
- provides guidance on using the Business File application for various programs
- describes the various types of problems that affect payment processing
- informs State and County Offices that revisions to farm operating plan information shall only be updated based on information provided by the producer
- obsoletes Notice PL-251 and updates subparagraph 3 D to clarify using the Business File application to collect CCC-902 information for MILC producers.

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 2013	State Offices; State Offices relay to County Offices

## 2 General Information for the Business File Application

### A Concept of Design

The Business File application is designed to collect historical information and to use the producer signature and COC determination dates to determine the period of time for which the information applies.

In the past, changes made to data related to “actively engaged in farming”, cash rent tenant, member information, etc., simply overrode the previous information recorded. But since the determinations related to the information collected on CCC-902 are continuous, the concept of the Business File application is that the determinations are effective for a specific period of time until the plan is revised and new determinations are made by COC. At any point, users should be able to view the producer’s farm operating plans to get an historical view of the changes made to the operation.

This concept is similar to new functionality that is being developed through the MIDAS effort so it is important that State and County Office users understand the concept and how changes made in error affect the historical information available. The reason a “delete” option is **not** available in the system is because of the need to maintain the historical data.

### B Using the Business File Application

Questions are being received about the continued use of manual CCC-902I, CCC-902E, and CCC-901 instead of collecting information through the Business File application.

The Business File application is designed to collect **only** the information needed for a farming operation based on the type of operation and the contribution inputs applicable. If the information is not collected in the system, then information:

- needed for the applicable COC determinations may not be collected
- that is not necessary may be collected that may be a privacy breach.

Additionally, County Offices would have to double their efforts because the information collected on the manual CCC-902I, CCC-902E, and CCC-901 must then be recorded in the system.

Therefore, all farm operating plan information **shall** be collected in the Business File application.

**Exception:** If a producer is in the office to make changes to the farm operating plan and the Business File application is down, it is acceptable to collect the information on the applicable manual CCC-902I, CCC-902E, or CCC-901, or make pen and ink changes to a previously signed CCC-902. The producer shall not be denied the opportunity to modify the farm operating plan because the system is down.

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### 2 General Information for the Business File Application (Continued)

#### C Coordinating With NRCS

For customers participating in NRCS programs **only**, NRCS is still required to obtain CCC-901 for member information for entities and joint operations. NRCS shall provide the signed CCC-901 to FSA and the County Office shall perform the following in the Business File application:

- answer “no” to the question, “Is the farm operation applying for a program requiring an “actively engaged in farming” determination?”, so the contribution questions are bypassed and the system navigates directly to the section of the interview to collect member information
- record the:
  - member, member shares, and member signature authority information from CCC-901
  - producer signature date from CCC-901.

**Note:** COC determination date shall only be recorded if COC has made an “actively engaged in farming”, cash rent tenant, foreign person, member contribution, substantive change, or combined attribution determination.

State and County Offices are reminded that it is **not** FSA’s responsibility to manage the collection of information for producers that participate in NRCS programs, nor troubleshoot how the ProTracts system functions.

FSA offices are **required** to record information timely based on the documentation available in the County Office. If information is recorded properly based on documentation on file in the County Office, then NRCS should use their problem resolution process to troubleshoot problems.

**Exception:** If the problem is suspected to be subsidiary or Business File related, County Offices shall consult the State Office for assistance. State Offices shall contact PECD for assistance if they **cannot** resolve the situation.

**Example:** If the member data is not returning to NRCS after CCC-902 or CCC-901 information is recorded in the Business File application, the problem may be related to the situations identified in subparagraph B. The messages, “no member data” or “member shares do not equal 100%”, indicates there is a problem with the data that is recorded in the Business File application that **must** be resolved by FSA.

### 3 Common Problems/Questions With Business File Data

#### A Problems Identified

During the dataload effort, a number of software defects were identified. Most of the software defects have been resolved and the software is now functioning as intended. However, there are a number of problems that continue to arise and must be resolved to process payments to producers using the Business File data.

The following are examples of the most common situations that are preventing payments from processing.

- Plans were loaded and modified in the system numerous times. As a result, some of the plans are “out of order”, causing the member data to not return properly for entities and joint operations.
  - Users are revising:
    - plans to view the answers to the interview questions
- Note:** This creates a new “initiated” plan that is technically invalid.
- farm operating plans on behalf of producers and producers are not following through by signing the “initiated” plan before the 90-calendar-day expiration.

#### B COC Determinations

According to questions received, some users may be confused about the labor and management information that is collected through the Business File interview process versus the COC determinations for member contribution.

The message, “Member is not compliant with the requirements to provide active personal labor or active personal management”, listed on the Nonpayment Report in the Common Payment Reports process, indicates that the member contribution requirements were not met for 1 or more members.

**Note:** The message was modified in 9-CM, Amendment 8 to read, “Member does not meet the member contribution provisions”.

Some users are accessing the Business File interview process to modify the labor and management contributions that creates a new version of the farm operating plan. This change is needed to verify or record the COC member contribution determination specifying whether the requirements have been met **based on the labor and management information collected** through the interview process. 3-PL, paragraph 552 provides guidance for recording member contribution determinations in the system.

### 3 Common Problems/Questions With Business File Data (Continued)

#### C Revocable Trusts

A large number of questions have been received about revocable trusts and how grantor information is recorded in the Business File application.

Food, Conservation, and Energy Act of 2008 (2008 Farm Bill), Section 1603 (f) (3) (C) provides that for the purposes of direct attribution “a revocable trust shall be considered to be the same person as the grantor of the trust”. As a result, all payments attributed to the revocable trust must be attributed to the grantors of the trust, not the beneficiaries.

The Business File application is designed to only collect “member” information for the grantor of the revocable trust. However, some County Offices are recording the beneficiaries of the trust as the grantors because the beneficiaries are providing the contributions, such as labor and management.

County Offices shall **only** record the grantor or grantors of the trust when recording member data for the farming operation. If the beneficiaries are providing contribution inputs, those contributions should be recorded as “additional” for the revocable trust.

**Example:** The beneficiaries are providing all the labor to the farming operation. These contributions should be recorded as additional labor for the revocable trust instead of contributions of active personal labor at the member level. If the grantor is not providing labor to the operation, no contributions of labor should be recorded for the grantor.

COC can use the “additional” contributions provided by the beneficiaries when making applicable determinations for the farming operation.

A number of questions are also being received about the trust documentation because the documentation does not always clearly indicate who the grantor is for a trust. Additional guidance may be needed from the Regional Attorney in some cases.

There have been instances where verification has been received that the grantor is an entity and the Business File application does not currently allow for the selection of an entity as the grantor. Software modifications are being made and additional information will be forthcoming, but it is imperative that the correct grantor be identified.

**Example:** Trust was created by an individual that is now deceased. The County Office is trying to add the estate of the deceased individual as the grantor and receives an error message currently in the Business File application.

In this situation, the grantor is the deceased individual and the terms of the trust documentation may dictate that the trust becomes irrevocable upon the death of the grantor. Although the system may allow the selection of the estate in the future, this does not negate the need to verify that the estate is the grantor and the trust continues to be revocable.

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3 Common Problems/Questions With Business File Data (Continued)

D Using Business File for MILC Producers

The Business File application is the common process that should be used for general payment eligibility and payment limitation provisions; therefore, the data recorded should only be applicable to CCC-902.

County Offices shall follow this table to record information in the Business File application for producers participating in MILC.

IF the MILC producer...	AND the dairy operation is...	AND...	THEN...
participates in programs other than MILC requiring the collection of capital, land, equipment, labor, and management contribution information			<p>all contribution information should be collected through the Business File application for the entire farming operation.</p> <p>County Offices shall answer, “yes” to the question “Is the farm operation applying for a program requiring an “actively engaged in farming” determination?”, for entities and joint operations so the system will prompt for the collection of contribution information.</p> <p>The producer should provide the information and the applicable determinations shall be completed according to 4-PL.</p>
currently only participates in MILC	an individual producer		<p>County Offices shall only collect information in the Business File application to make a foreign person determination.</p> <p><b>Note:</b> A new CCC-902 is not required if COC has already completed the foreign person determination.</p>
	an entity or joint operation other than an informal dairy operation	information was collected on CCC-580S that is still accurate and has not changed	<p>County Offices shall:</p> <ul style="list-style-type: none"> <li>• <b>record the member data in the Business File application for 2013 only</b></li> <li>• <b>not</b> record any contributions of capital, land, equipment, labor, or management</li> <li>• record the producer signature date from the CCC-580S</li> <li>• <b>not</b> record a COC determination date.</li> </ul> <p>CCC-902 is not required to be filed until or unless changes to the dairy operation membership occur.</p>

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3 Common Problems/Questions With Business File Data (Continued)

D Using Business File for MILC Producers (Continued)

IF the MILC producer...	AND the dairy operation is...	AND...	THEN...
	<p>an informal dairy operation</p> <p><b>Note:</b> An informal dairy operation is considered any dairy operation that consists of a group of eligible individual producers who make commensurate contributions and share in the production or proceeds of the production from the dairy operation and who are listed on a MILC according to their individual taxpayer identification number; including but not limited to, husband and wife, father and son(s), brothers, friends, or partners with no formal partnership agreement.</p>	<ul style="list-style-type: none"> <li>• information was collected on CCC-580S that needs to be revised</li> <li>• the dairy operation is a <b>new</b> participant</li> </ul>	<p>the Business File application should be used to collect information related to the dairy operation. County Offices shall:</p> <ul style="list-style-type: none"> <li>• record the operation in the Business File application as a “joint venture” without a tax ID number</li> <li>• answer “yes” to the question, “Is the farm operation applying for a program requiring an “actively engaged in farming” determination?”, so the system will prompt for the collection of contribution information</li> <li>• record the individual producers as members with their share of the dairy operation</li> <li>• collect contributions of capital, land, equipment, labor, and management for the dairy operation <b>only</b></li> <li>• record in the remarks section, “<b>For MILC Purposes Only– Contribution information applies to the dairy operation only</b>”.</li> </ul> <p>Because this type of operation does not meet the common definition of a joint venture, County Offices shall:</p> <ul style="list-style-type: none"> <li>• ensure that the date the last signature is obtained on CCC-902 is recorded as the “filed” date in the Business File application</li> <li>• <b>not, under any circumstance</b>, record a COC determination date, even if foreign person determinations are completed</li> <li>• ensure that the web-based eligibility system properly reflects that COC determinations have not been completed for “actively engaged in farming” or cash rent tenant provisions</li> <li>• <b>not</b> notify producers that “actively engaged in farming” or cash rent tenant determinations have <b>not</b> been completed.</li> </ul>

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3 Common Problems/Questions With Business File Data (Continued)

D Using Business File for MILC Producers (Continued)

IF the MILC producer...	AND the dairy operation is...	AND...	THEN...
	<p>an entity or joint operation that is not an informal dairy operation</p>	<ul style="list-style-type: none"> <li>• information was collected on CCC-580S that needs to be revised</li> <li>• the dairy operation is a <b>new</b> participant</li> </ul>	<p>the Business File application should be used to collect information related to the dairy operation. County Offices shall:</p> <ul style="list-style-type: none"> <li>• answer “yes” to the question, “Is the farm operation applying for a program requiring an “actively engaged in farming” determination?”, so the system will prompt for the collection of contribution information</li> <li>• record members, member shares, and signature authority</li> <li>• collect contributions of capital, land, equipment, labor, and management for the dairy operation <b>only</b></li> <li>• record in the remarks section, “<b>FOR MILC PURPOSES ONLY – Contribution information applies to the dairy operation only</b>”.</li> </ul> <p>Because CCC-902 has been filed for MILC purposes only, the only 4-PL COC determination that may be required is foreign person.</p> <p>County Offices shall:</p> <ul style="list-style-type: none"> <li>• <b>not, under any circumstance</b>, record a COC determination date, even if foreign person determinations are completed</li> <li>• ensure that the web-based eligibility system properly reflects that COC determinations have not been completed for “actively engaged in farming” or cash rent tenant provisions</li> <li>• <b>not</b> notify producers that “actively engaged in farming” or cash rent tenant determinations have <b>not</b> been completed.</li> </ul>

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### 4 Action

#### A County Office Action

County Offices **shall**:

- collect all information through the Business File application to ensure that:
  - responses are provided to all applicable questions
  - historical changes are captured, and CCC-902 can be printed for the producer's signature

**Exception:** Producers should be allowed to file a farm operating plan using the manual CCC-902I, CCC-902E, and CCC-901, if the system is down. Pen and ink changes can be made for revisions to existing farm operating plans, but County Offices shall ensure that the producer signs and dates, and the changes and revisions are recorded immediately once the system becomes available.

- timely record CCC-901 information provided by NRCS
- contact the State Office for assistance if the system is not functioning as expected.

County Offices **shall not**:

- revise farm operating plans numerous times in an effort to try to “fix” something or to “trigger” some type of action
- record CCC-580S or CCC-502 information in the Business File application

**Exception:** CCC-502 may be loaded in the Business File application if that is the only option for properly designating permitted entity shares from CCC-501B.

- modify or revise farm operating plans on behalf of the producer for any of the following situations.

With signup beginning for various programs, County Offices may be tempted to preemptively revise farm operating plans for known changes for the producer to quickly review and sign CCC-902. Farm operating plans shall **not** be revised on behalf of the producer. The existing plan should be reviewed by the producer and the producer should answer all questions about contributions to the farming operation.

**4 Action (Continued)**

**A County Office Action (Continued)**

If a member of an entity or joint operation is deceased, County Offices shall **not** revise the farm operating plan to revise member shares. In some operations, it is known that the shares are divided equally among all members. Even if this is the case, it remains the producer's, or the producer's representative, responsibility to revise the farm operating plan and provide the correct member shares.

**B State Office Action**

State Offices shall:

- provide guidance and training to County Office employees to ensure that the Business File application is used properly
- contact PECD for questions and assistance with recording information in the Business File application.