

## Payment Limitation Reminders

Several States have requested assistance to determine why program participants are unable to receive payments due to payment limitation adjustments. It is important to mention that ProTracts is applying payment limitation adjustments to enforce program regulation and statutory requirements.

Reminders:

1-Payment limitation requirements apply according to the appropriate regulations and program policy in place at the time the contract was obligated.

- 2010-1 contracts are subject to payment limitations in the Interim Final Rule and draft policy in 440-CPM-Part 508. See 440-CPM-Section 512.112 eligibility matrix tab for the interim final rule.
- All subsequent Stewardship contracts are subject to payment limitations in the Final Rule and final policy in 440-CPM, Part 508 posted on the E-directives. See 440- CPM Section 512.112 eligibility matrix tab for the final rule.

2-Participants, both direct and indirect (entity or joint operation members) receiving payments in multiple contracts will receive payments based on their available payment limitation as per the applicable rule under which they were obligated. If a participant has contract items that exceed their payment limitation, ProTracts internal controls will reduce payments at the time of payment certification to avoid an improper payment. These adjustments are reflected on the payment application NRCS-CPA-1245 and reflected in the Fund Manager annual payment limit reports.

3-Participants, both directly and indirectly receiving payments in multiple contracts, may be affected by the order on how NRCS certifies and make those payments. This is as a result of the changes to the contract and payment limit for Joint Ventures and General Partnerships (collectively called Joint Operations) in the final rule. **Since the payment eligibility increased, for Joint Operation participants with contracts under both rules the contracts from 2010-1 signup should be paid before the later signup contracts.**

4-States need to ensure that determination of multiple operations are made according to policy in 440-CPM, Section 508.52(3). Agricultural or NIPF delineation made according to policy will reduce administrative workload managing unnecessary contracts for the same participant. This will also reduce situations related to payment limitation adjustments difficult to comprehend. States with existing contracts in this situation need to evaluate the impacts that multiple contract payments have before starting to approve the payments. This may require keeping a side record to evaluate the appropriate order the payments should be made.

5- Participants, both direct and indirect, that are close to or exceeding payment limitations may not be able to be paid on all contracts. However, the participant still has a contractual obligation that needs to be met. Additional guidance will be provided on how to approve implementation of contract items for zero payment as this scenario is not yet handled by ProTracts processes.

6- The Fund Manager report Annual Payment Limits should be the first stop for any payment limitation questions on existing contracts or for new applications. This report shows detailed information on all the contracts where the direct or indirect payment recipients have applications or contracts (take note of the distinct report sections). Any data highlighted in yellow indicates a payee that has exceeded their \$40,000 annual payment limitation. We

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recognize on complicated business entities, or for participants with multiple contracts, there is an enormous amount of data displayed; simplified report views are being designed to better assist in state diagnosis of payment limitation issues. Training will be provided when the new reports are deployed.

Please contact the CSP Team at, [NRCS-Steward@wdc.usda.gov](mailto:NRCS-Steward@wdc.usda.gov) if you have any questions regarding payment limitation policy for CSP. Specific contract payment limitation problems should continue to be sent with appropriate detail by state designated staff to Fund Manager Support or use the process in 440-CPM Section 512.3 (E)(5) to escalate eligibility problems to FAPD for investigation. We appreciate your attention and cooperation in this matter.