

For: State Offices

**CRP \$50,000 Payment Limitation**

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



**1 Overview**

**A**

**Background**

The maximum annual rental payment that a “person” can receive under CRP is \$50,000 per FY. For payment limitation purposes, all CRP payments except C/S payments are subject to the \$50,000 payment limitation per FY. Any CRP payment that is not C/S payment, such as incentive payments, are subject to the CRP payment limitation.

**Exception:** Payments made by non-Federal agencies or organizations are not subject to the \$50,000 payment limitation.

Certain continuous signup practices are eligible for an additional incentive amount based on the weighted average soil rental rate (SRR) for the eligible acreage enrolled. These incentives are included in the participant's annual rental payment and are subject to the \$50,000 per “person” FY payment limitation.

For CP23, Wetland Restoration, eligible participants may receive a one-time incentive payment equal to 25 percent of the cost of restoring the **hydrology** of the site. This is a one-time non-C/S incentive payment and is subject to the \$50,000 per “person” FY payment limitation.

2-CRP, Amendment 19 includes procedure for 2 new one-time incentive payments for certain continuous signup practices. These one-time incentive payments, CRP-Signing Incentive Payment (CRP-SIP) and Practice Incentive Payment (PIP), are **not** C/S payments and; therefore, are subject to the \$50,000 per “person” FY payment limitation.

Continued on the next page

<p><b>Disposal Date</b></p> <p>October 1, 2000</p>	<p><b>Distribution</b></p> <p>State Offices</p>
--	---

## Notice CRP-364

### 1 Overview (Continued)

---

#### B

#### Purpose

This notice provides:

- general information about:
    - continuous signup practice incentives based on the weighted average SRR
    - continuous signup one-time incentive payments
    - one-time incentive payment for CP23
    - CREP incentive payments.
  - guidance on tracking payments for payment limitation determinations
  - that State Offices shall develop a method of tracking CRP payments for County FSA Offices to use to ensure that participants do not exceed the \$50,000 per FY payment limitation
  - a manual worksheet that records the basic payment information needed to determine whether CRP participants have met the \$50,000 per FY payment limitation. See Exhibit 1.
- 

### 2 Continuous Signup Practice Incentives Based on Cropland SRR's or Marginal Pasture Land Rental Rates

---

#### A

#### Guidelines

Certain continuous signup practices are eligible for an additional incentive amount based on the weighted average cropland SRR or the marginal pasture land rental rate, as applicable.

These incentives are:

- calculated and added to the weighted average cropland SRR or the marginal pasture land rental rate, as applicable
- included in the annual rental payment
- subject to the \$50,000 payment limitation
- tracked and accounted for in CRP payment software.

**Note:** See 2-CRP, paragraph 100.

---

## Notice CRP-364

### 3 Continuous Signup One-Time Incentive Payments

---

#### A

#### CRP-SIP Guidelines

CRP-SIP is a one-time incentive payment made to participants that enroll certain continuous signup practices. CRP-SIP is calculated by multiplying the number of eligible acres enrolled times the number of full years of CRP-1 times \$10. This incentive payment is neither part of nor included in the annual rental payment.

**Note:** See 2-CRP, paragraph 101.

CRP-SIP shall be:

- made, subject to the availability of funds, after:
  - CRP-1 is approved
  - AD-1026 has been completed and signed
  - certification of compliance with 1-PL
- a one-time payment only
- subject to the prompt payment provisions
- divided among participants according to the shares on CRP-1
- issued according to 1-FI using program code “XXCRPSGNI”
- subject to the CRP \$50,000 FY payment limitation.

**Important:** The CRP payment software neither tracks nor accounts for CRP-SIP’s. County FSA Offices shall track these payments manually to ensure that the \$50,000 payment limitation is not exceeded in the FY the incentive payment is made.

---

#### B

#### PIP Guidelines

PIP is a one-time incentive payment:

- equal to 40 percent of the **eligible** cost of practice installation
- applicable to all continuous signup practices.

**Important:** Do **not** include ineligible costs when calculating PIP.

**Note:** See 2-CRP, paragraph 101.

---

Continued on the next page

## Notice CRP-364

### 3 Continuous Signup One-Time Incentive Payments (Continued)

---

#### B PIP Guidelines (Continued)

PIP shall be:

- made, subject to the availability of funds, after:
  - CRP-1 is approved
  - AD-1026 has been completed and signed
  - participant signs AD-245, page 2, and reports completion of practice
  - technical agency certifies performance on AD-862
  - all necessary documents to calculate total C/S amount are obtained
  - certification of compliance with 1-PL
- a one-time payment only, regardless if the practice fails
- subject to the prompt payment provisions
- divided among participants according to the shares on CRP-1
- issued according to 1-FI using program code “XXCRPPRI”
- subject to the CRP \$50,000 FY payment limitation.

**Important:** CRP payment software neither tracks nor accounts for CRP-SIP’s. County FSA Offices shall track these payments manually to ensure that the \$50,000 payment limitation is not exceeded in the FY the incentive payment is made.

---

### 4 CP23 One-Time Incentive Payment

---

#### A Guidelines

The CP23 one-time incentive payment is equal to 25 percent of the eligible cost of restoring the **hydrology** of the site. This one-time incentive is to encourage the restoration of cropped wetlands.

**Important:** When calculating the one-time incentive payment, do **not** include:

- ineligible costs
- costs associated with establishing any associated upland acreage.

**Note:** See 2-CRP, Exhibit 9.

---

Continued on the next page

## Notice CRP-364

### 4 CP23 One-Time Incentive Payment (Continued)

---

#### A

#### Guidelines (Continued)

The CP23 one-time incentive payment shall be:

- made, subject to the availability of funds, after:
  - CRP-1 is approved
  - AD-1026 has been completed and signed
  - participant signs AD-245, page 2, and reports completion of practice
  - technical agency certifies performance on AD-862
  - all necessary documents to calculate total C/S amount are obtained
  - certification of compliance with 1-PL
- a one-time payment only, regardless if the practice fails
- subject to the prompt payment provisions
- divided among participants according to the shares on CRP-1
- issued according to 1-FI using program code “XXCRPWRI”
- subject to the CRP \$50,000 FY payment limitation.

**Important:** CRP payment software neither tracks nor accounts for CRP-SIP’s. County FSA Offices shall track these payments manually to ensure that the \$50,000 payment limitation is not exceeded in the FY the incentive payment is made.

---

### 5 Conservation Reserve Enhancement Program (CREP) Incentive Payments

---

#### A

#### Guidelines

All incentive payments made by CCC under CREP agreement, including one-time cumulative bonus payments, are subject to the \$50,000 payment limitation. However, the purpose, scope, application, and calculation of CREP incentive payments may vary for each CREP agreement.

**Note:** Payments made by non-Federal agencies or organizations under CREP agreement are not subject to the \$50,000 payment limitation. However, these payments may be limited by the specific CREP agreement.

CREP incentive payments shall be determined by the specific CREP agreement. A State amendment to 2-CRP must be developed by the State FSA Office which will provide procedure regarding any applicable CREP incentive payments.

---

## Notice CRP-364

### 6 Controlling the \$50,000 Payment Limitation

---

A

#### Calculating and Tracking \$50,000 Payment Limitation

CRP payment software does **not** calculate or track any of the following:

- CP23 one-time incentive payment
- CRP-SIP
- PIP
- CREP incentives that are not included in the per acre annual rental payment.

County FSA Offices must calculate and track these payments manually to ensure that the \$50,000 FY payment limitation is not exceeded.

**Note:** Software is being developed that will account for and track the non-CREP incentive payments. Release of the software is not anticipated until after October 1, 2000.

The formula to calculate the \$50,000 per “person” FY maximum annual payment limitation is:

(Annual rental payments) + (CRP-SIP’s) + (PIP’s) + (CP23 one-time incentive payments)

**Important:** All incentive payments made by CCC under CREP agreement shall be included when calculating the FY annual payment limitation. States with approved CREP agreements shall provide procedure for calculating applicable incentive payments and ensuring the FY annual payment limitation is not exceeded.

If the maximum annual payment limitation will be exceeded by a participant, the applicable payment(s) (annual rental payment, CRP-SIP, PIP, CP23 one-time incentive payment, and/or any applicable CREP incentive payment) shall be reduced to the applicable amount. See 2-CRP, paragraph 304.

Because CRP-SIP, PIP, and CP23 one-time incentive payment are all one-time payments, if the participant’s CRP-SIP, PIP, and/or CP23 one-time incentive payment will result in the participant exceeding the \$50,000 FY annual payment limitation:

- COC shall reduce the applicable payment
- the amount exceeding the payment limitation shall never be paid.

---

Continued on the next page

## Notice CRP-364

### 6 Controlling the \$50,000 Payment Limitation (Continued)

---

A

#### Calculating and Tracking \$50,000 Payment Limitation (Continued)

**Example:** Jane Doe received 3 annual rental payments on October 7, 1999, totaling \$48,500. On July 10, 2000, Mrs. Doe was eligible to receive CRP-SIP in the amount of \$2,000. The annual rental payments plus CRP-SIP total \$50,500. Because the total payments exceed the maximum payment limitation (\$50,000), CRP-SIP shall be reduced by \$500 (\$50,500 - \$50,000). The \$500 of CRP-SIP not paid in FY 2000 shall never be paid.

If the participant's annual rental payments total \$50,000 and are issued before any one-time incentive payment that FY, the participant is ineligible to receive any of the one-time incentive. See 2-CRP, paragraph 304.

If a participant's CRP annual rental payment will exceed the \$50,000 per FY payment limitation only because CRP-SIP, PIP, CP23 one-time incentive payment, and/or an applicable CREP incentive payment was issued before the annual rental payment in the same FY:

- COC shall reduce the applicable annual rental payment or payments
- the amount exceeding the payment limitation shall never be paid.

**Example:** Judy Jackson received CRP-SIP of \$2,000 on October 2, 2000. Mrs. Jackson has an interest in 3 CRP-1's with annual rental payments totaling \$49,000. The County Office will be making FY 2001 CRP annual rental payments on October 6, 2000. CRP-SIP plus the annual rental payments total \$51,000. Because the total payments exceed the maximum payment limitation (\$50,000), the applicable annual payment shall be reduced by \$1,000 (\$51,000 - \$50,000). The \$1,000 of annual rental payment not paid in FY 2001 shall never be paid. If all other eligibility requirements are met, Mrs. Jackson will receive the full \$49,000 in annual rental payments for the 3 CRP-1's starting in the next FY.

**Note:** Do not enter the payment reduction in System/36 as a permanent reduction if the annual rental payment will be reduced only 1 time.

---

## Notice CRP-364

### 7 Action

---

#### A State Office Action

State Offices shall:

- provide a copy of this notice to NRCS
- ensure that County FSA Offices understand and follow the payment limitation policy
- develop a method of tracking CRP payments for County FSA Offices to use to ensure that participants do not exceed the \$50,000 per FY payment limitation
- ensure that County FSA Offices follow 1-PL to control payments to participants who have farming interest in more than 1 county/State.

State Offices may use and/or modify the worksheet in Exhibit 1 when developing a method for County FSA Offices to use to track and control the \$50,000 payment limitation. Use of the worksheet is not required.

---

#### B NRCS Concurrence

NRCS National Office has concurred with this notice.

---

**CRP \$50,000 Per "Person" FY Payment Limitation Worksheet**

---

State: \_\_\_\_\_ County: \_\_\_\_\_ Fiscal Year: \_\_\_\_\_

Participant's Name: \_\_\_\_\_ Participant's ID & Type: \_\_\_\_\_

Step	Action	Result
1	Enter the participant's county payment limitation amount for CRP assigned by the control county.  <b>Note:</b> This may be less than \$50,000 for participants with an interest in more than 1 county/State.	
2	Enter the total amount of all CRP annual rental payments made to the participant in the FY.	
3	Enter the total amount of all CRP-SIP's made to the participant in the FY.	
4	Enter the total amount of all PIP's made to the participant in the FY.	
5	Enter the total amount of all CP23 one-time incentive payments made to the participant in the FY.	
6	Enter the total amount of all CREP incentive payments made by CCC that are not included in the per acre annual rental payment made to the participant in the FY.	
7	Total the results of steps 2 through 6.	
8	Subtract the result of step 7 from the result of step 1. If the result is: <ul style="list-style-type: none"> <li>• greater than zero, the participant has not reached his/her CRP payment limitation for the county. If otherwise eligible, the participant may receive additional CRP payments not to exceed this amount</li> <li>• zero, the participant has reached his/her CRP payment limitation for the county. No additional non-C/S CRP payments shall be made to the participant this FY</li> <li>• less than zero, the participant has exceeded his/her CRP payment limitation for the county. COC shall verify all payments and request refunds if applicable.</li> </ul> <b>Important:</b> County FSA Offices shall follow 1-PL to control payments to participants who have farming interest in more than 1 county/State.	