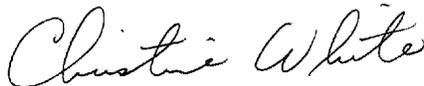


For: State Offices and Service Centers

Calculating CRP Practice Incentive Payment (PIP) and Clarifying CRP C/S

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

2-CRP, Amendment 19 provides that PIP is a one-time incentive payment made to participants who enroll land in CRP after April 6, 2000, to be devoted to a continuous signup practice. PIP's are calculated based on 40 percent of the cost of practice installation. There are questions about how to calculate total eligible cost of practice installation.

B

Purpose

This notice provides:

- information about total eligible cost for calculating PIP
- definition of ineligible contributors for CRP C/S payments
- examples for calculating PIP.

C

NRCS

Concurrence

NRCS National Office has concurred with this notice.

<p>Disposal Date</p> <p>November 1, 2000</p>	<p>Distribution</p> <p>State Offices; State Offices relay to Service Centers and NRCS State Offices</p>
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Notice CRP-370

2 Clarifying CRP C/S Policy

A

C/S Policy

Eligible producers may receive up to 50 percent of the eligible cost of establishing the approved practices. Ensure that the total C/S amount received does not exceed 100 percent of the cost of the practice.

CRP participants may receive C/S funding from non-Federal sources to install conservation practices on CRP acreage.

B

Total Cost of Installing a Practice

Calculate the total cost of establishing the approved practice according to 2-CRP, paragraph 413. Total eligible cost includes all applicable costs for labor, material, equipment used, sales tax, and value of material used. Expenses for personal labor and personal equipment should be less than that charged by contractors who are entitled to make a profit for their efforts. See subparagraph C for ineligible contributors.

C

Ineligible Contributors

Any person who is **not** a signatory to CRP-1 that contributes to the cost of establishing the approved practice is an **ineligible** contributor.

Exception: Special interest groups **may** contribute to the cost of establishing a practice. Their contribution shall **not** be subtracted from the total cost when computing C/S.

Compute C/S according to 2-CRP, paragraph 417, if an ineligible contributor contributes to the cost of establishing the practice.

Notice CRP-370

3 Calculating PIP

A

PIP Calculation

CRP participants are eligible to receive PIP for certain practices according to 2-CRP, paragraph 101. PIP is calculated based on 40 percent of the total eligible cost of practice installation. Do not include ineligible costs or ineligible contributions when determining total eligible cost to calculate PIP. See 2-CRP, paragraph 413 for ineligible costs.

Calculate PIP by multiplying AD-862, item H 2, Cost-Share, times 80 percent.

B

Example

The producer's total cost of installing the practice is \$3,000. The producer received \$1,000 from an ineligible contributor. The producer received a C/S payment for \$1,000 (\$2,000 times 50 percent). AD-862, item H 2 is \$1,000. The total PIP is \$800 (\$1,000 times 80 percent).
