

**For:** State and County Offices

**Payment Policy Clarifications to Notice CRP-569**

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



**1 Overview**

**A Background**

Notice CRP-569 provided policies and procedures for re-enrolling expiring CRP-1 acreage into new CRP-1's for the Conservation Reserve Enhancement Program (CREP).

**B Purpose**

This notice provides clarification to Notice CRP-569 about Federal payment policy for re-enrolling CRP-1's into CREP. Payments covered include the following:

- 25 percent payment incentives for restoring hydrology
- signing incentive payments
- incentives used in maximum payment rate (MPR) calculations
- State CREP partner payments.

<b>Disposal Date</b>	<b>Distribution</b>
March 1, 2008	State Offices; State Offices relay to County Offices and NRCS State Offices

**Notice CRP-577**

**2 General Policy**

**A Federal Payment Policy for CRP-1's Re-enrolled into CREP**

The following provides policy for annual rental, cost-share (C/S), and incentive payments for re-enrolled CRP-1 land and/or additional new land added under CREP only if/as provided for under each CREP agreement.

Land Eligibility Type	Federal CRP Payment				
	SRR Incentives	C/S	Practice Incentive	25 Percent for Restoring Hydrology	Signing Incentive
<b>Re-enrolled Expiring CRP-1 Land</b>	Yes, as provided in the CREP agreement.	Yes, <b>only</b> if for expenses to meet current 2-CRP CREP technical practice standards.	Yes, <b>only</b> for re-enrolled land for which <b>additional C/S</b> is authorized.	Yes, for those sites where <b>new</b> hydrology restoration measures under CP23 and/or CP23A are implemented and <b>new C/S</b> is authorized.	No
<b>New Land <u>1/</u></b>	Yes, as provided in the CREP agreement.	Yes, if added new land is required to meet the current 2-CRP CREP technical practice standards.	Yes, for added new land for which additional C/S is authorized.	Yes, for those sites where <b>new</b> hydrology restoration measures under CP23 and/or CP23A are implemented and <b>new C/S</b> is authorized.	Yes

**1/** Additional new land added to adjacent expiring CRP-1 acreage, if required to meet the current 2-CRP CREP practice standards, as determined by NRCS or TSP.

State CREP partner payments are authorized for re-enrolled and new land as provided for in CREP agreements.

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### 2 General Policy (Continued)

#### A Federal Payment Policy for CRP-1's Re-enrolled into CREP (Continued)

**Example 1:** Re-enrolling expiring CRP contracts into CREP - **no upgrades**.

Participant Fred Baxter has 15 acres of expiring CRP contract acres and wishes to re-enroll all 15 acres into a new CREP contract. The expiring contract previously received a \$100 annual rental payment, a 20 percent incentive payment under a continuous CRP-1, and a maintenance rate of \$5 per acre. All 15 acres of Mr. Baxter's expiring CRP contract meet 2-CRP and technical guide standards for re-enrolling into the current CREP. The CREP agreement provides for a 50 percent CREP incentive calculated to determine MPR. Mr. Baxter is eligible to receive the current posted rental rate which is now \$120 per acre, plus the 50 percent incentive payment of \$60 per acre as defined in CREP, and a maintenance rate of \$4 per acre as determined by 2-CRP policy.

Mr. Baxter would **not** be eligible for:

- C/S since all land meets current practice standards for enrolling into CREP
- Practice Incentive Payments (PIP)
- 25 percent Hydrology Incentive Payments
- Signing Incentive Payment (SIP)
- 20 percent incentive calculated to determine MPR under the expiring continuous CRP-1.

**Note:** Mr. Baxter **would** be eligible for the 50 percent CREP incentive.

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### 2 General Policy (Continued)

#### A Payment Policy for CRP-1's Re-enrolled into CREP (Continued)

**Example 2:** Re-enrolling expiring CRP contract into CREP - **upgrades required.**

Participant Susan Portland has 25 acres of expiring CRP contract acres and wishes to re-enroll all 25 acres into a new CREP contract. The expiring contract previously received a \$100 annual rental payment, a 10 percent incentive payment, and a maintenance rate of \$5 per acre. The acreage does not meet current practice standards for enrollment into CREP and would require practices upgrades to be re-enrolled into CREP. Ms. Portland decides to upgrade the practices to meet current practice standards and enroll the acreage into CREP. Ms. Portland would be eligible to receive:

- updated rental rate for re-enrolling into CREP
- 50 percent CREP incentive calculated to determine MPR as determined in the CREP agreement
- C/S for required upgrade to meet practice standards
- PIP based on the cost-share payment to upgrade the practices
- maintenance rate of \$4 per acre as determined by 2-CRP policy.

The CREP agreement provides for a 50 percent CREP incentive calculated to determine MPR. Ms. Portland is eligible to receive the current posted rental rate which is now \$120 per acre, plus the 50 percent incentive payment of \$60 per acre as defined in the CREP agreement, and a maintenance rate of \$4 per acre as determined by 2-CRP policy.

Ms. Portland would **not** be eligible for:

- SIP
- 10 percent incentive calculated to determine MPR under the expiring continuous CRP-1.

**Note:** Ms. Portland **would** be eligible for the 50 percent CREP incentive.

2 General Policy (Continued)

A Payment Policy for CRP-1's Re-enrolled into CREP (Continued)

**Example 3:** Re-enrolling expiring CREP contract into CREP and **adding new land**.

Murphy Farm Partners has 10 acres of expiring CREP contract acres and intends to re-enroll all 10 acres into a new CREP contract. To meet current practice standards for CREP, Murphy Farm Partners must enroll an additional 2 acres. The previous rental rate was \$100 per acre, plus a 50 percent CREP incentive payment, plus a \$5 maintenance rate.

Provided all eligibility criteria is met, Murphy Farm Partners may enroll 12 acres into a new CREP contract and would be eligible for the following payments on **all** 12 acres enrolled:

- updated soil rental rate of \$120 per acre
- 50 percent CREP incentive of \$60 per acre maintenance rate
- maintenance rate of \$4.00 per acre as determined by 2-CRP policy.

The 2 acres of new land is eligible for the following payments:

- SIP of \$100 per acre
- PIP of 40 percent to establish the cover on the 2 additional acres of new land
- C/S for establishing the practice on the 2 acres of new land.

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### 3 Action

#### A States Office Action

State Offices shall ensure that:

- copies of this notice are provided to State CREP partners no later than December 10, 2007
- provisions of this notice are reviewed with State CREP partners
- County Offices and NRCS State Office receive a copy of this notice
- County Offices implement policy, according to Notice CRP-569 and this notice in conjunction with 2-CRP, for re-enrolled CRP-1's for CREP approved after receiving this notice
- CREP project fact sheet and/or questions and answers lists are updated in consultation with State CREP partners, as needed to reflect these provisions

#### B County Office Action

County Offices shall review and follow the policies and provisions in Notice CRP-569 and this notice.