

Part 530 – Working Lands Conservation Programs Manual

Subpart F – Payments

530.50 Payment Requirements

A. This subpart provides policy related to payment requirements for conservation program payments. NRCS approves conservation program payments to participants upon satisfactory implementation of contracted conservation practices or activities.

B. Direct Deposit

- (1) NRCS requires direct deposit for all program payments per the Omnibus Consolidated Rescissions and Appropriations Act of 1996 unless the participant requests to invoke a waiver as described in “Management of Federal Agency Disbursements” under 31 CFR Section 208.4(a).
- (2) The National Finance Center (NFC) will establish vendor records based on a participant-invoked hardship waiver for a one-time payment waiver. After payment with the one-time payment waiver, NFC deactivates the vendor file. Participant must complete and sign Form NRCS-FNM-60, “Electronic Funds Transfer Hardship Waiver Request,” available in USDA eForms, to invoke a direct deposit hardship waiver. NRCS will then establish the direct deposit waiver within the business tool vendor screen prior to approving the payment. Refer to subpart O, exhibit 530.144A, “Summary of Forms Used” of this manual.

C. Immediate Pay

NRCS processes all conservation program payments as “immediate pay.” These payments are not subject to the Prompt Payment Act, 31 U.S.C. Sections 3901 to 3907. Participants typically receive payment within 5 business days after NRCS approves the payment.

D. Internal Revenue Service (IRS) Reporting

- (1) The NFC reports payments made to participants to the IRS on Form 1099-MISC. Section 126 of the Internal Revenue Code of 1954, as amended (26 U.S.C. Section 126), provides that certain payments made to persons under conservation programs may be excluded from the recipient’s gross income for Federal income tax purposes. IRS Publication 225, “Farmer’s Tax Guide,” provides information about eligible conservation programs under “Soil and Water Conservation Expenses.”
- (2) NRCS employees must not advise participants on the tax implications of conservation payments.
- (3) Title 180, General Manual (GM), Part 403, “Federal Tax Treatment of Soil and Water Conservation Expenditures,” contains NRCS policy related to 26 U.S.C. Section 175.

E. Payment Limitations

- (1) Contracts enrolled under the 2018 Farm Bill are subject to contract and payment limitations described in the program-specific subparts of this manual. For prior Farm Bill contract payment limitation information, refer to the policy manuals in place at the time of contract obligation.
- (2) If applicable, the contracting tool automatically reduces payment amounts at the time of payment to enforce statutory payment limitations. Form NRCS-CPA-1245, “Practice Approval and Payment Application,” reflects any reduced payments. Refer to exhibit 530.143K, “Business Tools Quick Reference” of this manual for a list of applicable business tools.

- (3) Technical assistance (TA) payments for technical service providers (TSPs) do not count against programmatic payment limitations or the contract limitations.
- (4) When NRCS approves a legal entity as a contract participant, all payments will be made to the legal entity. For payment limitation purposes, NRCS attributes payments to both the legal entity and to eligible entity members according to the ownership share filed with the Farm Service Agency (FSA) on Form CCC-901, "Member's Information," or Form CCC-902 "Farm Operating Plan for an Entity." The legal entity is responsible for distributing payments to its members.
- (5) Unless otherwise authorized in the program-specific subparts of this manual, States do not have authority to establish payment or contract limits.

F. Payment Rates

Refer to subpart B, section 530.13, "Program Payment Schedules," of this manual, for information on establishing payment rates.

G. Payment Caps

- (1) States may use payment caps to limit—
 - (i) A practice payment if the participant receives payment from another USDA program.
 - (ii) Payments to producers who would otherwise exceed contract limits. The field office should work with the producer to identify which contract items to cap. During the contract period, it may be necessary for the field office to adjust payment caps based on changes made to the contract items during payment certification or through contract modification. The field office must modify the contract to adjust the payment cap in the applicable business tool.
- (2) States must not establish a maximum payment cap for any contract except as authorized by specific programs.
- (3) Refer to the program-specific subparts for additional payment cap guidance.

530.51 Processing Payment Applications

A. Once the participant notifies NRCS of the completion of a conservation practice or activity, NRCS will take the following actions:

- (1) Complete the conservation practice or activity checkout and documentation, as required in Title 450, General Manual, Part 407, "Documentation, Certification, and Spot Checking." NRCS will certify and document the actual extent performed in the applicable business tool which records the certification on Form NRCS-CPA-1245

Note: Certified quantities resulting in payment increases of less than \$1,000 per contract item do not require a modification.

Note: When NRCS certifies items for less than the planned amount, the remaining funds are automatically deobligated from the contract.

- (2) Prior to generating Form NRCS-CPA-1245 verify the participant's name, address, payment shares, signatory authority, and direct deposit information.
- (3) Obtain the participant's signature on Form NRCS-CPA-1245 including payments for participant-acquired TSP services included in the contract.

Note: When a TSP completes technical assistance, the participant must provide NRCS with required supporting documentation including invoices from the TSP to receive payment for contracted TA items.

Note: Prior to approving payment for TSP TA items, NRCS must confirm that the TSP was certified and registered in accordance with subpart E, section 530.40C of this manual, at the time the TSP provided the technical assistance.

- (4) NRCS must complete a second-level review of all payments using the “Payment Review Checklist” found in subpart O, exhibit 530.142C, of this manual, or an equivalent State checklist, prior to approving the payment. Refer to subpart A, section 530.2, “Responsibilities” of this manual.
- (5) The NRCS official with the appropriately delegated authority approves the payment in the applicable business tool, which affixes an NRCS signature to Form NRCS-CPA-1245. The field office must maintain a copy of this form per subpart E, section 530.42, “Contract Components,” of this manual for audit purposes. Participants do not sign this version of the form, but the participant’s signature page along with the electronic signature of the NRCS approving official become the complete document.
- (6) Under limited circumstances, NRCS may approve a payment for a conservation practice or activity which is destroyed as a result of a natural disaster or by vandalism before NRCS is able to evaluate and certify that the participant completed the conservation practice or activity in accordance with NRCS technical requirements. In these cases, the NRCS approving official must carefully evaluate the circumstances and any available supporting documentation prior to approving a payment, such as invoices for materials or services and any on-site indications of practice completion. States should consult with NRCS National Headquarters (NHQ) if they need additional guidance.

B. Receipts

- (1) NRCS makes conservation program payments based on payment rates as described in subpart B, section 530.13, “Program Payment Schedules,” of this manual.
 - (i) NRCS does not require the participant to provide receipts or bills when using payment rate or flat rate methods.
 - (ii) NRCS may request receipts to support the certified quantity of an installed conservation practice or activity or to assess the need for adjustments to the current cost data. NRCS will not file receipts collected for the latter purpose in the contract case file.
- (2) NRCS requires receipts for TSP 900-series TA items.

C. Use of Other Funds

- (1) A participant is not eligible for payments for conservation practices or activities when the participant receives payments or other benefits under any other conservation program administered by USDA for the same practice or activity on the same land. NRCS field personnel must monitor payment activity across all programs to ensure that there are no duplicate payments across NRCS programs.
- (2) Refer to the program-specific subparts of this manual for guidance related to potential reduction in NRCS funding as a result of the participant receiving funds from other USDA programs.
- (3) The participant certifies on Form NRCS-CPA-1245 that they have not received other USDA funds for the completion of the conservation practice or activity.

530.52 Payment Types

A. Conservation Practice or Activity Payments

NRCS approves conservation practice or activity payments once NRCS certifies that the completed contract items meet required technical criteria and that the participant installed them

according to the design, job sheet, guide sheet, etc. Refer to program-specific subparts for additional payment guidance.

B. Incremental Payments

NRCS may make incremental payments to help participants break a large conservation project into smaller units when each completed unit independently meets the NRCS standards and specifications. If these smaller units are not set up during the initial planning phase, NRCS must modify the contract to create two or more contract items according to subpart G, section 530.60, “Contract Modifications,” of this manual in order to make payments for the completed units. For example, NRCS may modify a contract that includes one contract item for 100 acres into two 50-acre contract items in order to make payments for each unit separately, provided the individual contract items can function independently.

C. Partial Payments

NRCS prohibits partial payments and cannot make payments to a participant for individual components or anything less than a complete conservation practice or activity.

D. Advance Payments

NRCS may issue advance payments, as authorized, prior to practice implementation to help offset costs related to purchasing materials or contracting. Advance payments are only authorized for Environmental Quality Incentives Program (EQIP) contracts with historically underserved participants. Refer to subpart R, “Environmental Quality Incentives Program (EQIP),” of this manual.

E. Annual Payments

- (1) Annual payments are payments NRCS makes once during a fiscal year. Refer to subparts Q, “Conservation Stewardship Program (CSP),” and R, “Environmental Quality Incentives Program (EQIP),” of this manual for additional payment guidance.
- (2) May be based upon participant’s self-certification on Form NRCS-CPA-1245, with verification of supporting data by the designated conservationist.

F. Technical Assistance Payments

Participants may be eligible to receive payments for using a TSP for the design, installation, or checkout of contracted conservation practices or activities. Refer to subpart E, section 530.40C, of this manual for additional information about using a TSP for technical assistance.

G. Payments to Deceased and Incapacitated Participants

- (1) NRCS can make payments to a deceased or incapacitated participant when they completed a conservation practice or activity, and the participant or someone with a valid power of attorney (POA) signed Form NRCS-CPA-1245 prior to the participant’s death or incapacitation. Refer to subpart O, exhibit 530.143F, “Diagram for Deceased or Incapacitated Participants,” of this manual for guidance related to requesting a deceased participant override to process the payment.
- (2) When NRCS determines that the participant was eligible and completed the conservation practice or activity in accordance with applicable standards, specifications and site-specific designs prior to their death or incapacitation, but the participant had not yet signed the NRCS-CPA-1245, NRCS must identify who is authorized to act on behalf of the deceased or incapacitated participant before processing the payment.

Note: All POAs expire upon the death of the person assigning the POA.

- (i) The estate or authorized representative may sign on behalf of the participant if such person is identified by operation of State law, in a court-approved document, or a will. The term “estate” also refers to heirs where the operation of law allows them to receive the payments. Refer to 7 CFR Section 707.3, “Death,” for acceptable order of precedence. The State office may consult with the Office of General Counsel (OGC) as necessary to determine who may act on behalf of the deceased participant.
 - (ii) There is no time limit for making a proper payment to accommodate the establishment of an estate or other authorized representative when a participant is deceased. The NRCS field office must always notify the second-level payment reviewer when a participant has died, so that the second-level reviewer can verify that a payment is proper. By following normal annual contract review requirements, the NRCS field office should document the death of the participant upon notification and no later than one year after death.
- (3) NRCS cannot make payments to a deceased participant when the participant did not complete a practice or activity prior to death or incapacitation. However, an estate representative or surviving spouse or heir may complete the conservation practice or activity within the same fiscal year that the participant died or became incapacitated. Per 7 CFR Section 1400.210, the estate representative may be authorized to act on behalf of the deceased participant for the remainder of the fiscal year and may qualify as an eligible transferee in the fiscal year following the participant’s death or else transfer the contract to an eligible transferee within 60 days of the new fiscal year. Refer to subpart O, exhibit 530.143L, “Table for Deceased or Incapacitated Participants,” of this manual for guidance for this situation. Follow policy in subpart G, “Modifications,” of this manual to determine transferability of the contract. Whether the estate or other transferee assumes responsibility under the contract, the transferee and NRCS must execute a contract modification using Form NRCS-CPA-152, “Conservation Program Contract Transfer Agreement.”
- (4) When the participant is either a legal entity or joint operation with an Employer Identification Number (EIN), and a member of the legal entity or joint operation dies before a payment is made, NRCS follows the determinations made by FSA under 7 CFR Part 1400 if the person was a valid member of the legal entity or joint operation for payment purposes for the fiscal year the payment was earned. The legal entity must update their records with FSA to receive subsequent payments for a practice or activity completed after a member’s death.
- (5) Documentation Requirements.—NRCS must use subpart O, exhibit 530.144C, Form NRCS-CPA-125, “Application for Payments to Deceased or Incapacitated Participants,” of this manual to document who is requesting the payment and is authorized to act on behalf of the deceased participant. The authorized representative must submit supporting documentation which may include a will, trust documents, court order, etc. NRCS uses these documents and OGC advice, if applicable, to validate who is authorized to receive the payment. NRCS must keep copies of any documentation in the case file. Refer to subpart O, exhibit 530.143F, “Diagram for Deceased or Incapacitated Participants,” and exhibit 530.143L, “Table for Deceased or Incapacitated Participants,” of this manual.

Note: NRCS requires Form NRCS-CPA-125 only when the deceased participant earned a payment and not for a transfer only situation where proper documentation exists.

- (6) When NRCS makes payments from a deceased participant’s contract to a successor, these payments will not count toward the successor’s payment limitation balance. Successors may request a special payment for inherited contract payments when the successor has other program contracts in order to avoid an erroneous payment limitation reduction due to the inherited contract.
- (7) If NRCS transfers a contract as a result of the death of a program participant, the successor cannot receive payments that exceed the amount the deceased participant would have been entitled to receive.

H. Special Payments

- (1) Special payments occur when NRCS cannot make payments following normal procedures. Special payments must comply with program statutory and regulatory payment limitation requirements. Refer to subpart O, exhibit 530.143B, “Indicators of Erroneous Payment,” of this manual for a list of erroneous payment indicators.
- (2) Types of Special Payments.—There are four types of special payments encountered in program contracts:
 - (i) Erroneous Underpayment.—Covers situations in which NRCS has already approved payment, but the participant did not receive all or a portion of the payment. It also includes miscalculations of units or extent planned or implemented or a software error caused an erroneous payment reduction. Erroneous underpayment does not include situations in which there is no contractual obligation for payment, or the payment requested is out of the scope of the contract.
 - (ii) Judicial or National Appeals Division (NAD) Directive.—A final judicial decision (in Federal court) or NAD determination directs the agency to issue a payment in an amount or for a purpose not authorized in a participant’s contract. NRCS must have the final NAD determination or judge’s order instructing NRCS to issue a payment prior to submitting a special payment request.

Note: The only supporting documentation required for this type of request is the final NAD determination. Refer to section 530.52H(3) below.

- (iii) Equitable Relief (ER).—This is applicable to program applications or contracts in which the State conservationist, NRCS Chief, or NAD Director has approved equitable relief in accordance with 7 CFR Part 635 and Title 440, Conservation Programs Manual, Part 509, “Equitable Relief From Ineligibility for Conservation.” The equitable relief determinations must be approved prior to submitting a special payment request.

Note: The only supporting documentation required for this type of request is the final ER determination. Refer to section 530.52H(3) below.

Note: If NRCS or NAD granted ER for reapplication of failed conservation treatment according to subpart G, section 530.64 of this manual, the participant must install the conservation treatment according to NRCS standards and specifications prior to requesting the ER special payment through the applicable business tool.

- (iv) Other Circumstances Approved by the Deputy Chief for Programs.—All other circumstances where a special payment is required, such as, incorrect obligation, or other legitimate errors and omissions from NRCS or the participants.
- (3) Submitting Special Payment Requests
 - (i) For all special payment requests, the State office must submit the request using the applicable business tool. Refer to NI-440-311, “Submitting and Processing State Requests using the Financial Assistance Programs Division (FAPD) SharePoint Site,” for instructions regarding special payment submission.
 - It is critical to—
 - Include a detailed explanation of why the State is requesting a special payment,
 - Obtain State conservationist concurrence, and
 - Include the amount requested and nature of the request.
 - In addition, the State must upload supporting documentation to the document management system including—
 - The contract signature page from Form NRCS-CPA-1202, “Conservation Program Contract,” or Form NRCS-CPA-152, “CPC Contract Transfer Agreement;” Form SF-1199A, “Direct Deposit Sign-up Form;”

- Final equitable relief or NAD determination, if applicable; signatory documents; OGC opinion, if applicable; and
 - Any other documents determined necessary by the State or requested by NHQ.
 - States must follow State-level policy for documenting State conservationist concurrence.
- (ii) NHQ staff will—
- Review and verify that the State cannot process the payment request through the applicable business tools. NHQ will return any requests that the State can process in the applicable business tool with instructions.
 - Verify the adequacy of documentation supporting the payment request, as outlined above in section 530.51, “Processing Payment Applications.”
 - Approve or deny erroneous underpayment, judicial or NAD directive, and equitable relief special payment requests. In such circumstances, the Deputy Chief for Programs delegates this authority to the Financial Assistance Programs Division (FAPD) branch chiefs to review the recommendation and decide whether to approve the special payment request.
 - Review and make a recommendation for special payment requests that are “other circumstances approved by the Deputy Chief for Programs” to the Deputy Chief for Programs. The Deputy Chief for Programs or designee will review the recommendation and decide whether to approve the special payment request.
 - If the branch chief or Deputy Chief for Programs approves the request, NHQ staff will enter a new “special payment” contract item in the contract and notify the State that the payment can be completed using conventional payment processes for the special payment item.
 - In some cases, NRCS must process a special payment outside of the contracting tool. For these cases, NHQ staff will provide States with instructions on how to request assistance with the payment.
- (iii) FAPD will upload a copy of the signed special payment approval document to the business tool once completed. States will then print the signed special payment document and follow the payment instructions listed on the document. States must maintain a copy of the signed document in the case file.
- (iv) States must maintain records for all special payments processed outside of the contracting tool to ensure they do not violate the applicable program maximum payment limitation.

I. Payment Assignments

(1) Assignment Process

Any participant (assignor) receiving contract benefits may assign payments to another individual or business (assignee) by filing Form CCC-36, “Assignment of Payment,” with NRCS. Form CCC-36 is used by FSA and NRCS and States can access this form on USDA eForms or through a link included in subpart O, exhibit 530.144B, “Assignment of Payment,” of this manual. The contract participant is responsible for providing the direct deposit information for an assignee. NRCS reports payments made to an assignee to the IRS as if NRCS made them to the assignor. The assignor will also receive the deduction from the available payment limitation.

Note: Only the assignee can revoke a signed assignment of payment.

Note: NRCS no longer uses Form NRCS-CPA-1236 for new assignments. However, NRCS will honor previous assignments made on Form NRCS-CPA-1236 prior to March 2020.

(2) Amount and Timing of Assignments

- (i) Participants authorize assignments as a fixed dollar amount which remains in effect until either that dollar threshold is disbursed to the assignee, or the assignment is revoked by written request signed by the assignee. Assignments may be established any time after contract fund obligation, including when a participant files a payment application.

Note: Refer to subpart O, exhibit 530.143H of this manual for additional instructions on completing Form CCC-36 for assignment to FSA.

Note: Assignments are dollar specific, not contract item specific. Recording assignments prior to certifying the specific contract item may result in payments for other contract items being processed to the assignee. If the participant desires an assignment to be made associated with the installation of a specific conservation practice or activity (for example, “irrigation system, sprinkler”) in a contract containing multiple conservation practices or activities, enter the payment assignment just prior to processing the payment application.

- (ii) NRCS should review any assignment to verify the expiration date and amount prior to all payments to ensure the correct amounts are paid to the assignee.

(3) Number of Assignments

There is no limit to the number of assignments a participant can make on a contract.

Assignments are only limited by the dollar amount in the contract. Assignments are paid in the order they are entered.

530.53 Disapproval of Payment Applications

Payment applications that are incomplete or incorrect will be rejected by the second-level payment reviewer. If this occurs—

- (1) The second-level payment reviewer will notify the designated conservationist or program support specialist of the deficiencies.
- (2) The designated conservationist will—
 - (i) Obtain and submit additional documentation requested by the second-level payment reviewer.
 - (ii) Undo certification in the business tool from the payment application if changes are needed.
 - (iii) Correct deficiencies in the payment application.
 - (iv) Notify the participant and obtain new signatures on the NRCS-CPA-1245.
 - (v) Reapprove the payment application.

530.54 Payments not Authorized

A. Payment is not authorized for conservation practices or activities for which there is no contractual obligation in the contract document, unless NHQ approves a special payment on a case-by-case basis.

B. Participants will be notified in writing, and payments will not be authorized for any of the following:

- (1) Implementation that does not meet NRCS standards and specifications for completed conservation practice or activity. Refer to subpart D, section 530.31, “Planning,” of this manual for guidance on planning conservation practices and activities.

Note: The participant must be informed in writing of the actions required to correct the deficiencies. Refer to subpart I, “Contract Violations,” of this manual. Form NRCS-CPA-

153, “Agreement Covering Non-Compliance with Provisions of Contract,” may be used for this purpose.

- (2) Conservation practices or activities started before the contract was obligated, unless a waiver was approved in accordance with subpart C, section 530.23B, “Early Start Waiver,” of this manual.
 - (3) Conservation practice or activity started before the contract was modified to add the new or substitute conservation practice or activity, including services of a TSP.
 - (4) Any payment application that would result in duplicate payments.
 - (5) A financial assistance payment that would result in total payments exceeding the program contract or applicable payment limitations.
 - (6) Conservation practices or activities that are completed after the expiration date.
 - (7) Reapplication of a failed conservation practice or activity that is still within its lifespan where the participant failed to comply with required operation and maintenance. For exceptions to this policy, refer to subpart G, section 530.64, “Reapplication of Failed Conservation Treatment,” of this manual.
- C. Exceptions apply to conservation practices or activities that failed due to no fault of the participant. Refer to section 530.51A(6) above, and subpart G, section 530.64 of this manual.