Part 530 – Working Lands Conservation Programs Manual

Subpart Q – Conservation Stewardship Program (CSP)

530.300 General

A. Program Purpose

(1) The policy in this subpart applies to all Conservation Stewardship Program (CSP) contracts, including renewals, unless otherwise stated.

(2) Through CSP, NRCS provides financial assistance and technical assistance to participants for the conservation, protection, and improvement of soil, water, energy, and other related natural resources and for any similar conservation purpose as determined by NRCS.

(3) The program encourages producers to address priority resource concerns and improve and conserve the quality and condition of natural resources in a comprehensive manner by—

(i) Undertaking additional conservation activities.

(ii) Improving, maintaining, and managing existing conservation activities across the entire agricultural operation in a manner that increases or extends the conservation benefits in place at the time NRCS accepts a contract application.

(4) If conflicts between this subpart and other subparts of part 530 exist, the policy in this subpart will prevail.

B. Authority

(1) This subpart contains NRCS policy, guidance, and operating procedures for the CSP in accordance with the CSP regulation at 7 CFR Part 1470. Refer to exhibit 530.320D, "CSP Regulation—7 CFR Part 1470," below, and subpart O, exhibit 530.143I, "Food Security Act of 1985, as Amended," of this manual.

(2) This subpart is effective for new enrollments during fiscal year (FY) 2020 and forward until superseded, including new Regional Conservation Partnership Program (RCPP) CSP contracts entered into as part of a 2014 Farm Bill RCPP project. States will continue to administer contracts enrolled prior to FY 2020 in accordance with the regulations and contract appendix in effect on the date of obligation.

(3) Refer to 440-CPM, Part 529, "Regional Conservation Partnership Program," for additional guidance related to 2014 Farm Bill RCPP projects that include RCPP-CSP contracts.

C. Applicability

CSP is applicable in all 50 States, District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

530.301 CSP Funds Management

A. Funding Targets and Ranking Pools

(1) NRCS must target at least 5 percent of available funds to both beginning farmer and ranchers (BFR) and socially disadvantaged farmer and ranchers (SDFR) through the applicable ranking pools and spending plans. Refer to subpart A, section 530.4, "Historically Underserved Individuals and Groups," of this manual, and 440-CPM, Part 502, "Terms and Abbreviations Common to All Programs," for additional information and definitions of these historically underserved groups.

(2) States will receive a separate allocation for organic and transitioning-to-organic producers based on the—
  (i) Number of organic and transitioning-to-organic operations in the State, and
  (ii) Organic and transitioning-to-organic acres in the State.
(3) States may establish ranking pools based on watersheds, geographic areas, or other appropriate regions within the State and may consider high-priority regional and State-level resource concern areas.
(4) States must establish separate ranking pools and spending plans for the following:
  (i) BFR
  (ii) SDFR
  (iii) Organic and transitioning-to-organic producers

  Note: States may establish one pool that includes both organic and transitioning to organic producers.

  (iv) CSP renewals
  (v) Agricultural land, including cropland, pasture, or rangeland
  (vi) Nonindustrial private forest land (NIPF)
(5) States must identify eight priority resource concern categories for each ranking pool. States may select different priority resource concern categories for each ranking pool.

  Note: Prior to FY 2021, States had to identify five priority resource concern categories for each ranking pool.

(6) NRCS gives preference to veteran farmers and ranchers (VFR) if they are competing within the BFR or SDFR ranking pools by awarding these applicants with additional ranking points.
(7) NRCS gives preference to covered farmers and ranchers (BFR, SDFR, and VFR) participating in the Conservation Reserve Program-Transition Incentives Program (CRP-TIP). NRCS will award these applicants with additional ranking points during the period covered by Form CRP-1R, "Conservation Reserve Program Transition Incentives Program Contract."

B. State CSP Preparation Activities

(1) Develop a list of resource-conserving crops that meet the criteria for implementation of a resource-conserving crop rotation or improved resource-conserving crop rotation.
(2) Review the Advanced Grazing Management (AGM) conservation activity guide sheet and develop a list that includes only the enhancements offered in the State.
(3) Review the "Activity List for Participants" and the "Activity List for Planners" provided annually by National Headquarters (NHQ).
  (i) Adjust the activity lists to only include the conservation activities offered in the State. Refer to guidance in section 530.303B, below, for additional requirements.
  (ii) Develop required State supplemental information.
  (iii) States may supplement national guide sheets by adding to the criteria or documentation requirements, to the extent the additions do not conflict with national guidance.
(4) Identify the State priority resource concerns as described in section 530.301A(5) above.
(5) Comply with policy in subpart B, section 530.12B, of this manual regarding public notice requirements.

530.302 CSP Eligibility

A. All CSP applications must meet—

(1) Applicant eligibility.

(2) Land eligibility.
(3) Stewardship threshold eligibility requirement.

B. Other Eligibility.—Per subpart E, section 530.41B(4), of this manual, NRCS must verify applicant, land, and stewardship threshold eligibility in order to indicate that the participant meets "other eligibility" requirements in the applicable business tool.

C. Applicant Eligibility.—To be an eligible participant for CSP, an applicant must—

(1) Be the operator, owner, or other tenant of an agricultural operation in the Farm Service Agency (FSA) farm records management system.

Note: Producers must establish or update records with FSA before NRCS will consider them eligible.

(2) Share in the risk of producing a crop; share in the crop available for marketing from the farm (or would have shared had the crop been produced); and participate in the daily management, administration, and performance of the operation for the land included in the contract; and
(3) Have effective control of the land, as defined in the CSP regulation at 7 CFR Part 1470. Refer to section 530.22D(2) of this manual for additional control of land guidance.
(4) Not have failed to renew a prior CSP contract within 2 years following expiration of that prior existing contract, regardless of the reason for not entering into a renewal contract. This includes when the renewal application does not rank high enough for NRCS to select it for funding. Refer to section 530.304D below for additional guidance on renewal applications and to exhibit 530.320H, "CSP Renewals and the 2-Year Ineligibility Period," below for examples of how to handle typical scenarios.
(5) For renewal applications, be in compliance with the terms and conditions of their existing contract at the time of renewal application, as determined by NRCS.

Note: This does not mean that the current business tools must show results consistent with the business tools used to evaluate the existing contract (i.e., the same resource concerns met).

D. Land Eligibility

(1) Agricultural Operation
(i) An applicant's agricultural operation includes all eligible and ineligible land as described below, whether contiguous or noncontiguous, that meets both of the following criteria:
- Under the effective control of the applicant.
- Operated by the applicant with equipment, labor, management, and production or cultivation practices that are substantially separate from other operations.
  - If the applicant provides NRCS with a written explanation and documentation that supports separate operations based on the criteria outlined in exhibit 530.320G, "Determining Substantially Separate Operations," below, then NRCS must determine whether an applicant has more than one operation and document the determination in writing.
  - NRCS will keep all documentation that supports the determination in the participant's case file.

(ii) A contract application must include all eligible land associated with an applicant's agricultural or NIPF operation, except as identified in section 530.302D(4) below.
(2) Eligible Land.—The following land may be part of the agricultural or NIPF operation, and eligible for enrollment in the program:
(i) Private agricultural land (cropland, pastureland, and rangeland)
(ii) Agricultural Indian lands (cropland, pastureland, and rangeland)
(iii) NIPF

(iv) Associated agricultural land (AAL)

Note: AAL must be associated with an agricultural or NIPF operation and cannot be enrolled on its own.

(v) Farmstead

(vi) Public land associated with the land uses described above, if under the effective control of the applicant, and if a working component of the producer's agricultural or NIPF operation

Note: Refer to Title 180, National Planning Procedures Handbook (NPPH), Part 600, Subpart A, Section 600.2, "Definitions," for land use designation definitions.

Note: An applicant must include AAL and farmstead in the delineation of their operation, but when these lands may be included as part of either an agricultural land or NIPF application, the applicant can only include the land in one of the applications.

(3) NRCS determines land eligibility based on the land use, condition, and management at the time the producer requests assistance and verifies the determination prior to enrollment in the program.

(4) Ineligible Land and Other Land Excluded from Enrollment.—The following lands, even if covered by the definition of eligible land, may be part of the agricultural operation, but are ineligible for enrollment in the program:

(i) Land enrolled in the Conservation Reserve Program (CRP), 7 CFR Part 1410.

- **Exception:** If the CRP contract expires at the end of the fiscal year in which the producer will enroll in CSP, the producer may include this land in the CSP application and NRCS assess the land based on the planned future condition.
- NRCS must remove land that participants enroll in CRP after enrollment in CSP in accordance with section 530.305D(4) below.

(ii) Land enrolled in an easement through the Agricultural Conservation Easement Program – Wetland Reserve Easement (ACEP-WRE) or the Wetland Reserve Program (WRP).

Note: Land enrolled in an ACEP Agricultural Land Easement (ACEP-ALE), Farm and Ranch Lands Protection Program (FRPP) easement, or in an existing Grassland Reserve Program (GRP) easement or rental agreement may be eligible for CSP, if allowed by these other programs.

(iii) Land enrolled in an unexpired CSP contract, including previously ineligible lands (AAL and farmstead) under the effective control of the applicant at the time of enrollment and considered part of the agricultural operation under contract.

Note: A participant may only enroll AAL and farmstead under a new contract if they meet the criteria for newly acquired, not newly eligible, land.

(iv) Land used for crop production on or after December 20, 2018, that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date, unless that land does not meet such requirements because the land—

- Was enrolled in CRP.
- Has been maintained using long-term rotations as determined by the designated conservationist.
- Is incidental land needed for efficient operation of the farm or ranch as determined by the designated conservationist, such as an area of a farm or ranch that was used for structures that have been removed.

Note: When available, NRCS may use FSA records or other documentation such as historical aerial photography, producer records, etc., to verify compliance with this crop history requirement.

(v) Other lands that fail to meet the eligible land described in section 530.302D(2) above.

These include acres in other land uses as defined by 180-NPPH-600-A-600.2.

(vi) Newly acquired or newly eligible land on which the applicant cannot demonstrate or document their management system.

The newly acquired or newly eligible land will become eligible and a producer can make a separate application once the applicant has established a documented management system on the land.

Note: Land not renewed under a prior contract can be considered newly eligible only when included in a subsequent renewal application. Refer to section 530.302C(4) above for eligibility restrictions for new CSP contracts.

(vii) Leased land for which the applicant does not have effective control for the CSP contract term.

Note: NRCS must document the reason an applicant excludes any land from the application in the case file to ensure the land does not become part of the contract.

E. Stewardship Threshold Eligibility Requirement

(1) NRCS uses applicable business tools to assess the resource concerns across an applicant's entire operation based on existing and planned management to determine the stewardship threshold. Refer to exhibit 530.320D, "CSP Regulation—7 CFR Part 1470," below for specific criteria used to establish stewardship thresholds.

(2) For CSP classic applications, an applicant's documented conservation activities must meet or exceed the stewardship threshold as follows:

(i) At least two resource concern categories at the time of contract offer on all land uses included in the operation.

(ii) At least one additional resource concern category by the end of the conservation stewardship contract on at least one land use.

Note: Refer to section 530.306 below for policy on earning annual payments.

(3) For CSP renewal applications, a renewal applicant must, by the end of the renewal contract period—

(i) Agree to meet or exceed the stewardship threshold of at least two additional priority resource concern categories on the agricultural operation; or

(ii) Implement new or improve existing conservation activities to achieve higher levels of conservation performance for a minimum of two priority resource concern categories met or exceeded in the initial contract.

Note: Refer to sections 530.302C and D above for additional renewal eligibility requirements.

Note: Since renewal applications are a continuation of the existing contract, all land uses included in the operation must meet at least two resource concern categories at time of application.

(4) An applicant may meet or exceed different resource concern categories for each land use.

(5) If the applicant fails to meet the required number of resource concern categories at the time of application for any land use, NRCS must determine the entire application ineligible.

530.303 CSP Planning

A. Conservation Stewardship Plan

(1) The conservation stewardship plan includes a record of the participant's decisions and identifies the new conservation activities the applicant agrees to implement to achieve additional conservation performance through the CSP contract. In addition, the conservation stewardship plan must include the existing activity payment items as described in section 530.303A(4) below. Refer to section 530.305A below for additional guidance on developing the schedule of operations.

(2) NRCS develops and maintains the conservation stewardship plan using applicable business tools and in accordance with this manual and other national guidance for planning CSP conservation activities.

(3) When developing the conservation stewardship plan, NRCS may only associate the program code with conservation activities that will receive financial assistance through the contract.

(4) Planners must schedule two new existing activity payment items, E300EAP1 and E300EAP2, in the conservation stewardship plan. Planners should schedule the EAP items in September beginning the first year of enrollment. Refer to section 530.306 below for additional information on existing activity payments and how to calculate E300EAP1 and E300EAP2.

(5) NRCS must also develop a conservation stewardship plan map following the guidance in subpart E, "Contract Development and Requirements," of this manual.

B. Conservation Activities

(1) General

(i) The term "conservation activities" includes conservation systems, conservation practices, enhancements, bundles, management measures, or planning used to address resource concerns.

(ii) NHQ will provide the list of conservation activities and guide sheets to the States and the public.

(iii) States may only remove conservation activities from the nationally established list if—

- The State conservation practice database does not include the conservation practice or base conservation practice associated with an enhancement, or
- When the specific activity is not applicable to the State.

(2) Enhancements are conservation activities used to treat resource concerns and improve conservation performance. Enhancements address additional considerations or criteria that exceed the minimum requirements of the associated base conservation practice. NRCS identifies the enhancement criteria and implementation requirements in the enhancement guide sheet.

(3) Bundles are land-use specific and consist of at least three enhancements, for which implementation as a group improves conservation performance and addresses multiple resource concerns in a comprehensive and cost-effective manner. Each bundle is its own conservation activity with a unique bundle code.

(4) Resource-conserving crop rotation (RCCR) or improved resource-conserving crop rotation (IRCCR)

(i) An RCCR is a rotation that includes at least one resource-conserving crop, as determined by the State conservationist, that reduces erosion, improves soil fertility and tilth, interrupts pest cycles, builds soil organic matter, reduces depletion of soil moisture or otherwise reduces the need for irrigation in applicable areas, and may provide protection and habitat for pollinators. NRCS does not consider a fallow crop field a "crop rotation."

(ii) An IRCCR must enrich an existing RCCR by including an additional growing year for the perennial resource-conserving crop, substituting a perennial resource-conserving crop

for a row crop, or changing a perennial legume to a perennial grass or grass/legume resource-conserving crop.

(iii) Refer to 440-CPM, Part 502, "Terms and Abbreviations Common to All Programs," for the definition of resource-conserving crops.

(iv) State conservationists must identify resource-conserving crops for their States and make the list available to the public before a ranking period starts.

(5) Advanced Grazing Management (AGM)

(i) AGM is the use of a combination of grazing conservation activities, as determined by NRCS, which may include management-intensive rotational grazing, that provide for improved soil health and carbon sequestration, drought resilience, wildlife habitat (including pollinator habitat), wildfire mitigation, control of invasive plants, and water quality improvement.

Note: An AGM system functions like, but is not, a bundle.

(ii) Refer to the AGM conservation activity guide sheet for AGM requirements.

(6) Comprehensive Conservation Plan

(i) A comprehensive conservation plan is a conservation plan that meets or exceeds the stewardship threshold for each priority resource concern identified by NRCS across all land uses included in the operation.

(ii) Comprehensive conservation plans, like conservation activity plans (CAPs), require the participant to use a certified technical service provider (TSP) to develop the plan.

530.304 CSP Application Processing

A. Agricultural land must compete separately from NIPF. Refer to section 530.301A, "Funding Targets and Ranking Pools," above for additional guidance.

B. Along with submitting Form NRCS-CPA-1200, "Conservation Program Application," an applicant must—

(1) Provide a map that identifies and delineates the boundaries of all eligible land uses and acres included in the operation.

(2) Identify any ineligible land that is part of the operation as described above in section 530.302D(4).

Note: The applicant may provide a map or other documentation that identifies the ineligible land.

C. Producers may apply for another contract when they acquire new land or previously ineligible land becomes eligible; however, any application for "new land" must include all new land in the participant's operation, under their effective control, that is not covered by any existing contract.

D. Contract Renewal

(1) During the first half of the fifth year of the existing contract term, NRCS may allow a participant to apply and compete to renew their contract for an additional 5-year period. NRCS must establish the contract renewal application deadline early enough to allow adequate time for evaluation and funding prior to expiration of the existing contract.

(2) State conservationists must use exhibit 530.320E, "Contract Renewal Notification Letter," below to notify participants of a contract renewal opportunity.

(3) Participants applying for contract renewal must submit Form NRCS-CPA-1200, and Form NRCS-CPA-1248, "Contract Renewal Offer Worksheet," found as exhibit 530.320C below prior to the renewal application deadline.

Note: If the participant makes operational changes to the existing contract, after the participant submits the contract renewal application, NRCS may determine the renewal application "ineligible."

Note: If the original participant requests to transfer the contract after they submit a renewal application, the original participant may transfer the renewal application to the new participant if NRCS approves the transfer modification prior to expiration of the existing contract.

(4) At least one participant on the renewal application must be the same as the existing CSP contract holder.
(5) Expired CSP contracts are not eligible for renewal.
(6) A participant may cancel their CSP renewal application at any time prior to obligation. Refer to section 530.302C(4) above for future eligibility considerations.
(7) Refer to section 530.305E below for additional information related to renewal contracts.
(8) States must notify all unfunded renewal applicants of their status using exhibit 530.320F, "CSP Unfunded Renewal Notification Letter," below.

E. Application Evaluation Process

(1) Refer to subpart D, "Application Processing," of this manual for guidance.
(2) States must establish ranking criteria based on—
  (i) The natural resource conservation and environmental benefits that result from the conservation treatment on all State-identified priority resource concerns at the time of application;
  (ii) The degree to which the proposed conservation activities increase natural resource conservation and environmental benefit; and
  (iii) Other consistent criteria necessary to address effectively national, State, and local priority resource concerns.

F. Field Verification

(1) NRCS must complete a field verification prior to contract obligation for all CSP contracts to substantiate the accuracy of the information provided by applicants during the application process and to verify applicability of planned conservation activities.
(2) NRCS may use existing documentation in the case file to substantiate knowledge of the operation and current management system if recently verified during field visits completed for payments, spot checks, annual contract reviews, or random quality assurance reviews.

Note: NRCS must complete an onsite field verification for applications that include newly acquired or newly enrolled land or where the applicant has made changes to the management system unless NRCS specifically evaluated the new land or management system during a recent field visit.

Note: If NRCS identifies discrepancies between FSA and NRCS records during field verification, NRCS will work with FSA and the applicant to attempt to resolve such discrepancies and document the basis for the final determination.

(3) NRCS will review applicant records when conducting field verification and document whether the information is accurate in the conservation assistance notes or through another State-approved method. The designated conservationist does not need to collect, store, or recalculate the data contained in the applicant's records.
(4) If NRCS finds that applicant records or observations made during field verification do not support information provided by the applicant during the evaluation period, NRCS may determine that the application is ineligible.

530.305 CSP Contracting and Contract Management

A. Schedule of Operations

(1) For scheduling the existing activity payment contract items refer to section 530.303A above and section 530.306 below.

(2) Planners must schedule and implement additional conservation activities as follows:

(i) In accordance with the conservation activity lifespan and contracting guidance provided on NHQ's annual "Activity List for Planners," and as appropriate, planners must schedule conservation activities to recur for the remaining years of the contract after the first year scheduled.

(ii) A participant must schedule and implement at least one additional conservation activity in the contract. Refer to section 530.306 below for policy on earning annual payments.

(iii) When an applicant only meets two resource concern categories at the time of application, the applicant must schedule and implement a conservation activity in order to meet or exceed at least one additional resource concern category by the end of the contract as described in section 530.302E above.

(iv) If the applicant has already met the requirement to address one additional resource concern category by the end of the contract, the applicant may choose to schedule and implement additional conservation activities to increase the level of conservation regardless of whether the additional activity meets or exceeds a resource concern category.

(v) Applicants who have not yet implemented the base conservation practice may schedule the conservation practice in addition to the enhancement in the CSP contract. If an applicant schedules the conservation practice with an enhancement, they must implement the conservation practice first or in conjunction with the enhancement.

(vi) Scheduling Bundles

- The planner schedules the bundle for the year in which the participant will first implement all enhancements included in the bundle.
- The planner will only schedule the bundle activity. The planner will not schedule the enhancements included within the bundle individually. Refer to section 530.303B(3) above.
- The applicant may select and schedule a bundle if the applicant will be newly implementing the majority (more than 50 percent) of the enhancements included within the bundle.
- The applicant may not plan multiple bundles on the same land if the bundles have any enhancements in common, or if individual enhancements of multiple bundles are incompatible on the same land use.
- The applicant, working with the NRCS planner, determines the extent of the bundle to schedule on the land use. The applicant will not need to schedule and implement the bundle on the entire land use or land management system.

(vii) To adopt an RCCR or IRCCR—

- NRCS considers an RCCR or IRCCR adopted when the participant plants the resource-conserving crop on at least one third of the rotation acres.
- NRCS schedules all acres of the RCCR or IRCCR beginning in the fiscal year the participant adopts the RCCR or IRCCR and in each subsequent year.
- The participant must plant the resource-conserving crop on all scheduled acres by the fifth fiscal year of the contract.

(viii) To adopt an AGM system—

- The applicant must schedule and implement one of the required grazing management enhancements and additional supplemental enhancement as described on the AGM activity guide sheet.
- The participant must schedule and continue to implement AGM enhancements each year of the contract after adoption, as appropriate.

B. Contract Components

(1) Policy in subpart E, section 530.42, "Contract Components," of this manual applies to all CSP contracts.

Note: For CSP, the conservation plan and plan map described in subpart E, section 530.42B of this manual are the conservation stewardship plan and conservation plan map as described above in section 530.303A, "Conservation Stewardship Plan."

(2) Additionally, NRCS must retain copies of assessment documentation in the participant case file to support the stewardship threshold eligibility and existing activity payment components both at the time of enrollment and any updates made through a modification.

(3) For renewal applications and contracts, NRCS considers Form NRCS-CPA-1248, "Contract Renewal Offer Worksheet," found as exhibit 530.320C below, a critical contract document.

C. Contract Requirements

(1) CSP contracts are for 5 years.

Note: Transition authority provided through the 2018 Farm Bill, authorized NRCS to extend FY 2014 and 2015 contracts for one additional year to allow these participants an opportunity to compete for a renewal contract under the new authority.

(2) The participant must maintain and manage all—

(i) Existing conservation activities across the entire agricultural operation to at least meet the level of conservation performance identified at the time of enrollment for the term of the conservation stewardship contract.

(ii) Additional conservation activities installed and adopted over the term of the conservation stewardship contract.

D. Contract Modifications

(1) The State conservationist may only approve a modification request that decreases the performance level if the reason for the decrease is beyond the participant's control. However, the participant must continue to meet the minimum stewardship threshold requirements for program participation and continue to meet as many resource concerns as remain feasible.

(2) NRCS and the participant may agree to modify the contract to extend the expiration date, not to exceed 5 years from the date of enrollment, in order to implement policy requirements or to perform other administrative actions.

(3) When NRCS approves a contract transfer from an individual or legal entity to a joint operation, contract limits will not increase due to such a change; however, when a contract transfers from a joint operation to an individual or legal entity, the contract limit will decrease, as applicable. Refer to section 530.306(6)(ii) below.

(4) If a CSP participant wishes to enroll in CRP, an ACEP-WRE, or other Federal or State program as allowed in the CSP regulation—

(i) The participant must request to remove acres from the CSP contract. NRCS must approve the request before the participant can enter into a contract for the new program.

(ii) The State conservationist must determine if the other Federal or State program provides greater natural resource protection than CSP prior to approving the modification to remove the acres from the CSP contract.

(iii) NRCS will modify the CSP contract to adjust the acres and performance level as applicable.

(iv) Participants are not subject to liquidated damages or refund of payments received for enrolling land in a program that provides increased natural resource protection.

(5) Voluntary Land Use Conversion and Changes to Land Management Systems

(i) To remain in compliance with a CSP contract, participants must request and NRCS approve a land use conversion or change to land management system prior to the participant implementing the change.

(ii) NRCS must evaluate the proposed change and may need to complete a new assessment to determine if the land continues to meet or exceed the number of resource concerns met at the time of enrollment and by the end of the contract.

(iii) When NRCS approves a land use conversion, the subject acres will retain the contracted land use designation for the life of the contract.

(6) When the participant continues to retain control of the land, but wishes to remove acres from production, the State conservationist may approve removal of no more than five cumulative acres from the CSP contract during the contract term. The State conservationist may seek cost recovery of payments received on the acres removed and assess liquidated damages in accordance with subpart I, section 530.85, "Recovery of Costs and Liquidated Damages," of this manual.

Note: This does not apply to acres removed in accordance with section 530.305D(4) above.

Note: This does not apply when the participant involuntarily loses control of land enrolled in the contract. Refer to subpart G, section 530.60D, "Modification Reasons," of this manual.

(7) Partial Land Transfer (PLT) Modifications

For general guidance, refer to subpart G, section 530.60D of this manual. In addition, the following applies when processing PLTs for CSP contracts:

(i) The new contract for the transferred land must maintain the same number of resource concerns met at time of enrollment as the original contract. The resource concern portion of the existing activity payment (EAP) for both contracts is based on the original contract. NRCS will adjust the land use EAP to reflect the acres and land uses remaining in the original contract and moved to the new PLT contract.

(ii) When developing the new contract, there are two situations that may occur based on the schedule of implementation for the transferred land:

- Contract contains only the EAP because no new conservation activities are scheduled on the transferred acres at the time of the transfer. The planner develops a new conservation stewardship plan that includes only the EAP contract items, E300EAP1 and E300EAP2, using the resource concerns met at time of application from the original contract and the land uses and acres included in the PLT contract. NRCS provides applicable documentation from the original contract to the transferee to be used as supporting documentation for the new contract (this includes, but is not limited to, copies of the original stewardship plan where previously adopted activities included on transferred land must be maintained for the life of the contract due to the activities' lifespan).

  Note: NRCS must ensure that the same payment rate and cost list used in the original contract is used for the new contract.

  Note: The transferee may not schedule new conservation activities and will not receive an additional activity payment.

- Contract contains EAP and additional activity payment (AAP) because conservation activities are scheduled on the transferred acreage. The planner develops a new stewardship plan and schedules both the EAP contract items (E300EAP1 and E300EAP2) and the additional conservation activities from the original contract that the new producer will implement on the transferred land.

  Note: NRCS must ensure that the same payment rate and cost list used in the original contract is used for the new contract.

  Note: The transferee's contract may not include additional conservation activities that were not part of the original contract.

- NRCS planners do not complete a new assessment for land associated with a partial contract assumption. The new contract inherits the assessments from the original contract and the transferee agrees to maintain the same level of conservation performance agreed to by the transferor on the transferred land.
- After NRCS approves a PLT, the agency evaluates any future contract violations based on the land and conservation activities included in each contract.

(8) NRCS must not delay processing a modification request to transfer land or remove land from a contract in order to make a payment to the initial participant.

Exception: When a participant enrolls land in CRP effective October 1, NRCS will delay completing the modification to remove the acres enrolled in CRP in order to make the correct payment for CSP conservation activities completed in the prior fiscal year.

(9) NRCS must not approve a cancellation or termination of an existing CSP contract for a producer to enroll land in the CSP Grassland Conservation Initiative (GCI).

E. Renewal Contracts.—Contract renewals are subject to the availability of funds, and the participant must meet all renewal requirements as follows:

(1) NRCS requires renewal contract participants to maintain the level of stewardship achieved by the end of the existing contract term otherwise the contract renewal purpose is not met, and the contract is ineligible for renewal.

(2) Participants must include land that is part of their operation including—
   (i) All land that was part of the existing contract that remains under their effective control; and
   (ii) Any newly acquired or newly eligible land that was not part of the existing contract but is under the participant's effective control.

(3) The participant must agree to implement and continue to integrate new or improved conservation activities across the entire agricultural operation, demonstrating continued improvement during the additional 5-year period, as determined by NRCS. This requirement means that the participant must implement or maintain conservation activities on each land use, but not necessarily on every acre.

(4) Participants may not schedule conservation activities adopted in the existing contract as new activities in the renewal contract unless they will implement the activities on land that has not yet received the conservation treatment.

(5) NRCS must schedule new conservation activities planned in a renewal contract to start after the existing contract expires. Participants must not start any financially assisted conservation activities in a renewal contract until the existing contract expires. NRCS must not approve early start waivers as described in subpart C, section 530.23B of this manual for renewal applications or contracts.

(6) NRCS must obligate the renewal contract before the existing contract expires. The renewal contract period of performance begins the day after the existing contract's expiration date; NRCS requires a seamless transition from the existing contract to the renewal contract.

530.306 CSP Payment and Payment Limitations

CSP has four specific payment types: annual, supplemental, comprehensive conservation plan, and minimum payments.

(1) Annual Payments

(i) General

- CSP provides an annual payment comprised of contract items for existing conservation activities and additional conservation activities completed in the previous fiscal year.
- Annual payments may vary from year to year depending on the management system agreed to at the time of enrollment and the extent of additional activities completed each year. The annual payment may not include an additional activity component in years where the participant does not implement additional conservation activities.
  - Additional activity payments will be based on the actual extent of the conservation activity the participant completes each year.
  - Existing activity payments will be the same each year, unless NRCS approves a contract change.

  Note: A producer enrolled in CSP and earning an EAP does not preclude the producer from receiving payments for conservation practices implemented under other USDA programs.

- The participant must meet the following requirement to earn payments:

  Schedule and implement at least one additional conservation activity on a land use included in the contract. If the participant chooses not to schedule an additional activity on a land use, the participant will forego payment for that land use. Refer to section 530.305A above for additional guidance on scheduling conservation activities.

  Note: To meet this requirement, the participant does not need to implement a conservation activity on the land use each year, but they do need to implement a conservation activity on the land use during the term of the contract.

  Note: NRCS considers land uses not receiving annual payments enrolled in CSP and the participant must continue to maintain existing activities in accordance with the management system in place at the time of enrollment as documented in the assessment reports.

(ii) Determining Annual Payments

- The NRCS Chief establishes the payments rates for the existing conservation activity payment and for the additional conservation activities.
- The EAP is made up of two contract items as described in section 530.303A above. The EAP is comprised of a fixed payment rate per resource concern met at the time of application plus a per acre payment by land use.
- A CSP participant's payments for existing and additional conservation activities are calculated as follows:
  - **EAP** formula = (AxB) + ((CxD) + (ExF) +…))

    Where—

A = the number of resource concerns met at the time of application
B = standard resource concern payment rate (one standard rate per resource concern)
C = acres of land use #1
D = land use #1 payment rate
E = acres of land use #2
F = land use #2 payment rate

Note: (AxB) is scheduled as contract item E300EAP2 and ((CxD) + (ExF) +…)) is scheduled as contract item E300EAP1 with separate components for each land use included in the operation.

Note: "A" is a sum of the resource concern categories met across all land uses included in the operation.

- The additional activity payment formula = (YxZ)
  Where—
  Y = unit (acres, feet, etc.) quantity implemented
  Z = activity payment rate

- Refer to table 530.306-1 for a summary of CSP payment percentages based on conservation activity or payment type.

Table 530.306-1: CSP Payment Percentages

Conservation Activity/ Payment Type	Payment Percentage
Enhancement	100%
Cover crop enhancement	125%
Bundle	115%
Conservation practice	10%
Supplemental payment (RCCR, IRCCR, AGM)	150%

(iii) Supplemental Payments

- Subject to the availability of funds, NRCS may provide supplemental payments to a participant receiving annual payments who agrees to implement an RCCR, IRCCR, or AGM during the term of the CSP contract.
- The supplemental payment is based on the additional labor required to implement an RCCR, IRCCR, or AGM system.
- Refer to section 530.305A, "Schedule of Operations," above for additional information on scheduling supplemental payment activities.

(2) Comprehensive Conservation Plan Payment - Reserved

(3) Minimum Contract Payment

(i) As approved by the Chief, NRCS will pay the participant the difference between the contracted amount and $1,500 in any fiscal year that a contract's annual payment amount total is less than $1,500, except as explained below.

(ii) The minimum payment does not apply when a participant with an existing CSP contract applies for a new contract to add newly acquired or newly eligible land that is part of the same operation.

(iii) Minimum payments are separate contract items and the applicable business tool will automatically generate these items when the total contract amount in a given year falls below the minimum payment amount.

(iv) Planners are responsible for ensuring that minimum payments are correctly applied and to identify contracts for newly acquired or newly eligible land as such in the applicable business tool.

Note: When a participant has a contract for both agricultural land and NIPF, the participant may receive a minimum payment for each contract, except as described in section 530.306(3)(ii) above.

(4) Timing of Payments

(i) NRCS will make annual contract payments as soon as practicable after October 1 of each fiscal year for conservation activities completed in the previous fiscal year.

Note: Participants who enrolled in CSP contracts in FY 2019 or earlier may choose to receive payment in the first quarter of the fiscal year or delay their payment until the next calendar year.

(ii) If the participant fails to maintain the number of resource concerns agreed to at the time of application and by the end of the contract refer to subpart I, "Contract Violations," of this manual for guidance on handling noncompliance situations. Once NRCS evaluates the circumstances related to the noncompliance, the State conservationist will determine whether the existing activity payment and additional activity payments can be made as scheduled.

Exception: NRCS may make the EAP as scheduled when, due to a significant disaster or related condition (such as drought, wildfire, pestilence, hurricane, or flooding), NRCS determines that the participant cannot fully complete the program requirements. If NRCS makes such determination, NRCS will not issue Form NRCS-CPA-153, "Agreement Covering Non-Compliance with Provisions of Conservation Program Contract (CPC)," and will consider the program requirements met as long as the participant can provide documentation of their stewardship prior to the disaster. NRCS may also pay for any additional conservation practices or activities implemented by the participant prior to the disaster when NRCS either certified completion prior to the disaster or when NRCS determines participant documentation confirms completion. For additional guidance, refer to subpart G, section 530.64, "Reapplication of Failed Conservation Treatment," of this manual.

(iii) NRCS may approve payments after contract expiration only if the participant completed the conservation activities and NRCS certified the contract item in the applicable business tool as meeting requirements prior to contract expiration.

(5) Prohibited Payments

(i) A CSP program payment to a participant must not include compensation for the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

(ii) State conservationists must take the following actions to prevent duplicate payments:

- Compare all USDA conservation program payment schedules in their State with the CSP activity list and, based on how the conservation activities are used in their States' programs, compile a list of conservation activities that are, or may be, duplicative between CSP and other USDA conservation programs.
- Ensure that planners review the enhancement compatibility lists to ensure duplicative enhancements are not planned on the same footprint in the same years.
- Issue State guidance to distribute the list of conservation activities considered duplicative to field personnel to assist in application servicing and contract administration.

(6) Payment Limitations

(i) Person or Legal Entity Payment Limitations

- A person or legal entity may not receive, directly or indirectly, payments that, in the aggregate, exceed $200,000 for all CSP contracts originally obligated during FYs 2019 through 2023.

  Note: Contracts obligated during FY 2019 continue to have an annual payment limitation of $40,000 per year and are included in the $200,000 payment limitation described above.

- Indian Tribes or Alaska Native corporations with contracts or other special funding arrangements are excluded from the person or legal entity payment limitations. Refer to subpart C, section 530.21B of this manual for additional information regarding payment limitations for Indian Tribes or Alaska Native corporations.
- NRCS may not be able to pay participants with multiple CSP contracts if the participant exceeds payment limitations. If this happens, the participant must still comply with the terms and conditions of all their contracts.
- NRCS monitors and tracks both direct and indirect payment limitations through a payment limitation service run through the applicable business tool. The payment limitation service runs a check on direct and indirect payment limitations when NRCS—
  - Runs payment instructions,
  - Approves a payment, and
  - Approves a modification.
- Payments under the 2014 Farm Bill do not count toward the payment limitations for contracts obligated under the 2018 Farm Bill.

  Note: Planners are responsible for reviewing Form NRCS-CPA-1245, "Practice Approval and Payment Application," prior to obtaining participant signature to ensure payments shown reflect the correct amount including any applicable reductions at the time the Form NRCS-CPA-1245 is generated.

(ii) Contract Limitations

- Each conservation stewardship contract with a person or legal entity will be limited to $200,000 over the term of the initial contract period.
- Conservation stewardship contracts with joint operations (FSA business type 2 or 3) may have a contract limit of up to $400,000 over the term of the initial contract period.

  Note: Contracts NRCS obligated during FY 2019 only allowed a higher contract limit for joint operations using an Employer Identification Number (EIN).

- Indian Tribes or Alaska Native corporations are not subject to contract limits. Refer to subpart C, section 530.21B of this manual for additional information regarding contract limits for Indian Tribes or Alaska Native corporations.
- When NRCS approves a contract transfer from a person or legal entity to a joint operation, the contract limitation will not increase due to the change in business type. However, if NRCS approves a contract transfer from a joint operation to a person or legal entity, the contract limit will decrease for the remainder of the contract period. Refer to section 530.305D, "Contract Modifications," above.

(7) States must use payment caps as explained in subpart F, section 530.50G of this manual, to keep a contract within the established contract limits. When making these adjustments, States must—

(i) First, adjust the EAP contract items, but do not reduce any EAP items to zero dollars.

(ii) Second, if the contract requires additional adjustments to meet contract limits, apply practice caps to the additional activities.
(iii) Apply payment caps across contract items to allow the participant to receive equal annual payments, to the maximum extent practical.
(iv) Ensure that after applying payment caps, the annual payment does not fall below the minimum payment amount as described in 530.306(3) above.

Note: States must not cap contract items to front load the annual payments.

530.310 CSP Grassland Conservation Initiative (CSP-GCI)

A. General

(1) This section contains policy specific to the administration of CSP-GCI applications and contracts. Unless otherwise stated, this section contains all relevant policy for CSP-GCI.
(2) NRCS and the FSA share the administration of CSP-GCI.
(3) NRCS will not rank CSP-GCI applications.
(4) Land already enrolled in an unexpired CSP contract is ineligible for enrollment in CSP-GCI. Refer to sections 530.310C(1) below, and 530.305D(9) above, of this subpart for additional information.

B. CSP-GCI Application for Assistance

(1) FSA will send letters to producers with potentially eligible land informing them of the opportunity to apply for CSP-GCI and providing an application deadline. NRCS will not announce a signup.
(2) NRCS may offer producers who receive a letter, or who are associated with land included in a letter, an opportunity to enroll eligible base acres in the CSP-GCI. If NRCS determines that an application is ineligible, follow guidance in subpart C, section 530.23G of this manual to notify the applicant and provide appeal rights.
(3) NRCS will provide producers a one-time enrollment opportunity; however, producers may choose to enroll in any fiscal year between 2019 and 2023. This means that producers who choose to enroll a portion or all FSA-identified eligible base acres will be ineligible to enroll uncontracted acres in a subsequent enrollment period.

Exception: A producer may apply for an additional contract on newly acquired or newly eligible land in a subsequent enrollment period.

- **Example 1.** Eligible base acres exist in an active CSP contract. When the active CSP contract expires, the producer can enroll the acres in a new CSP-GCI contract.
- **Example 2.** FSA identifies additional eligible base acres after the application period ends. The producer can enroll newly identified acres in a new CSP-GCI contract during a subsequent enrollment period.

C. Eligibility

(1) Eligible Land
(i) FSA determines which farms or tracts contain base acres that may be eligible for CSP-GCI. This may include eligible land described in section 530.302D(2) above.

Note: Land potentially eligible for the CSP-GCI consists of cropland for which FSA has documented that the producer has maintained the base acres as grass, idle, or fallow for at least the period January 1, 2009, through December 31, 2017.

Note: The NRCS planner will work with the producer to delineate the acres included in the CSP-GCI application on the eligible farms or tracts.

(ii) Only base acres FSA determines eligible for CSP-GCI may be enrolled in a CSP-GCI contract; no additional acres may be included in the CSP-GCI contract.

Note: States should consult with FSA when eligible base acres are identified on land that is in nonagricultural use (e.g., buildings, parking lots, roads, permanently flooded, etc.).

(iii) Ineligible land, as described in section 530.302D(4) above, may not be enrolled in CSP-GCI, even if base acres are identified on these lands.

Exception: The crop history provision (section 530.302D(4)(iv), above) does not apply to eligible base acres enrolled in the CSP-GCI.

(iv) Land previously enrolled in a CSP-GCI contract is ineligible for reenrollment. Refer to section 530.310F(6)(iii) below.

(2) Applicant Eligibility

CSP-GCI applicants must meet the applicant eligibility requirements outlined in sections 530.302C(1) through (3) above.

Note: For CSP-GCI, NRCS considers land enrolled under a grassland conservation contract during a crop year to be planted or considered planted to a covered commodity (as defined in section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011)) during that crop year.

D. Planning

(1) Participants must address resource concerns and maintain the minimum level of resource protection provided by grassland or permanent vegetative cover on CSP-GCI eligible land regardless of whether the producer plants a crop on enrolled land.

Note: Permanent vegetative cover for the purposes of CSP-GCI may also include other vegetative and woody species.

(2) Applicants must identify one priority resource concern that they agree to meet or exceed prior to CSP-GCI contract expiration. Planners must record the priority resource concern identified by the applicant in the conservation stewardship plan and in the applicable business tool.

Note: Once contracted, a participant may not change the priority resource concern selected at the time of application.

(3) NRCS may use visual inspection to verify that the participant has met the priority resource concern and document the determination in the conservation assistance notes in the participant case file.

(4) NRCS will develop the conservation stewardship plan for the eligible acres and plan conservation activity code E300GCI, "Grassland Conservation Initiative Activity (GCI activity)" as "CSP-GCI". If the enrolled land is cropped, include any additional conservation activities required to meet grassland resource concerns within the conservation stewardship plan.

Note: Any additional conservation activities must be planned as "CTA" and the participant must adopt and maintain them to receive a CSP-GCI payment.

E. Application

(1) Producers interested in enrolling in CSP-GCI must comply with all application requirements in subpart C, section 530.22, "Application Requirements," of this manual.

(2) Producers will apply as described in subpart C, section 530.23A, "Submitting Applications," of this manual.

(3) NRCS will confirm with FSA that the land the applicant has identified for enrollment meets CSP-GCI land eligibility.
(4) NRCS must document the land use/cover of the eligible acres prior to contract obligation based on a field visit or working knowledge of the farm.
(5) If NRCS determines that an applicant or the land requested for enrollment in CSP-GCI, is ineligible, follow guidance in subpart C, section 530.23G of this manual for servicing ineligible applications.

F. Contracting

(1) Policy in subpart E, section 530.42, "Contract Components," of this manual applies to CSP-GCI contracts.
(2) For CSP-GCI contracts, Form NRCS-CPA-1155, "Conservation Plan or Schedule of Operations," will include only the GCI activity (code E300GCI) scheduled for all 5 years of the contract.
(3) CSP-GCI contracts are for 5 years with no opportunity for renewal.
(4) NRCS will conduct annual contract reviews in accordance with subpart H, section 530.71D "Annual Contract Reviews," of this manual, and ensure that the participant continues to maintain the enrolled land in permanent vegetative cover or is managing enrolled land planted to crops in accordance with their conservation stewardship plan.
(5) Refer to policy in subpart G, section 530.60D of this manual for guidance related to contract transfers.
(6) CSP-GCI contract cancellations
(i) Participants may request to cancel their CSP-GCI contract either in whole, or in part, at any time and for any reason.
(ii) State conservationists must not seek collection of payments previously made through the contract or assess liquidated damages.
(iii) If a participant cancels a CSP-GCI contract, the canceled base acreage is ineligible for enrollment in a future CSP-GCI contract.

G. Payment and Payment Limitations

(1) The CSP-GCI contract payment rate is $18 per acre, not to exceed the enrolled eligible base acres and NRCS will only pay for conservation activity E300GCI.
(2) Payments for additional conservation activities required to meet the minimum level of resource protection provided by permanent vegetative cover cannot be contracted through another program. These conservation activities are included within the $18 per acre CSP-GCI payment rate.
(3) NRCS will process CSP-GCI payments following policy in subpart F, "Payments," of this manual, and section 530.306(4), "Timing of Payments," above.
(4) Participants enrolled in CSP-GCI are not subject to CSP payment limitations for payments earned through a CSP-GCI contract and no contract limit applies to CSP-GCI contracts.

530.320 CSP Exhibits

A. CSP Preobligation Checklist

B. CSP-GCI Preobligation Checklist

C. Form NRCS-CPA-1248, "Contract Renewal Offer Worksheet"

D. CSP Regulation—7 CFR Part 1470

E. CSP Contract Renewal Notification Letter

F. CSP Unfunded Renewal Notification Letter

G. Determining Substantially Separate Operations

H. CSP Renewals and the 2-Year Ineligibility Period