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## Part 507 – Conservation Stewardship Program

### Subpart A – General Information

#### 507.0 Purpose and Use of the Manual

##### A. Overview

- (1) This part contains NRCS policy, guidance, and operating procedures for the Conservation Stewardship Program (CSP) in accordance with 16 U.S.C. Section 3838d–g and 7 CFR Part 1470.
- (2) This part is effective for new enrollments during fiscal year 2017 and forward until superseded. Contracts entered into prior to 2017 will continue to be administered in accordance with the regulations and policies outlined in Title 440, Conservation Programs Manual (CPM), Part 508, and in effect on the date of obligation. **Note: Conservation Measurement Tool (CMT) supported contracts follow policy in 440-CPM, Part 508.**

##### B. Knowledge by Employees

NRCS personnel assigned program responsibility must have working knowledge of this manual; 440-CPM, Part 512; and 7 CFR Part 1470.

##### C. Use of the Manual

This part is used in conjunction with the conservation program contracting procedures in 440-CPM, Part 512, to provide policy implementation, guidance, and operating procedures for NRCS and as a reference and training tool for the following:

- (i) NRCS employees
- (ii) Conservation districts
- (iii) State Technical Committee and local work group members
- (iv) Technical service providers
- (v) Personnel from cooperating agencies and organizations
- (vi) Others with authority or responsibility for support of the program

##### D. State Supplements to This Part

State supplements to this part must be submitted to the Deputy Chief for Programs for review and approval. State supplements must not conflict with or be less restrictive than national policy or the statutory and regulatory program provisions. All approved State supplements must be submitted to the Deputy Chief for Management for posting in the electronic directives system. Refer to Title 120, National Directives Management Manual, Part 503, Section 503.24.

#### 507.1 General Information

##### A. Background and Purpose

- (1) The Food, Conservation, and Energy Act of 2008 ([Public Law 110-246](#)) established the Conservation Stewardship Program by adding subchapter B to chapter 2 of subtitle D of title XII of the Food Security Act of 1985 and authorized the program in fiscal years 2009 through 2013. The Agriculture Act of 2014 (the 2014 Act) ([Public Law 113-79](#)) amended CSP and reauthorized the program for fiscal years 2014-2018.

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- (2) Through the CSP, NRCS provides financial assistance and technical assistance to participants for the conservation, protection, and improvement of soil, water, and other related natural resources and for any similar conservation purpose as determined by NRCS.
- (3) The program encourages producers to address resource concerns to 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 a contract application is accepted by NRCS.
- (4) During the period beginning on the date of enactment of the 2014 Act, February 7, 2014, and ending on September 30, 2022, NRCS will to the maximum extent practicable—
  - (i) Enroll 10,000,000 acres in the CSP each fiscal year, subject to adjustment through the budgetary process.
  - (ii) Manage the CSP to achieve a national average rate of \$18 per acre, which includes the costs of all financial and technical assistance and any other expenses associated with program enrollment and participation.

### B. Administration

- (1) The policy in this part will be administered under the general supervision and direction of the Chief of NRCS, who is a vice president of the Commodity Credit Corporation (CCC).
- (2) The Chief may modify or waive a nonstatutory, discretionary provision of this part if the Chief determines either of the following:
  - (i) The application of that provision to a particular limited situation to be inappropriate and inconsistent with the purposes of the program.
  - (ii) The waiver of such discretionary provision is necessary to further the purposes of CSP under the Regional Conservation Partnership Program (RCPP) authorized by subtitle I of title XII of the Food Security Act of 1985. To assist in RCPP implementation, the Chief may also waive the applicability of the adjusted gross income (AGI) limitation in section 1001D(b)(2) of the Food Security Act of 1985 for participating producers if the Chief determines that the waiver is necessary to fulfill RCPP objectives.
- (3) The Chief may not modify or waive any provision of 7 CFR Part 1470 or this manual that is required by applicable law.
- (4) To achieve the conservation goals of the program, the Chief will—
  - (i) Make the program available nationwide to eligible producers on a continuous signup basis, with one or more ranking periods each fiscal year. One ranking period must occur in the first quarter of each fiscal year to the extent practicable.
  - (ii) Establish a science-based stewardship threshold for each resource concern to conserve and improve the quality and condition of a natural resource.

### C. Program Availability

The program is applicable in any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, and the Commonwealth of the Northern Mariana Islands.

### D. Agency Leadership

NRCS has overall leadership for the program and is responsible for establishing policies, priorities, and guidelines for the program.

## 507.2 Source of Authority

### A. Legislative Authorities

Legislative authorities for the policy and procedure contained in this part, codified in [16 U.S.C. Section 3838d-g](#), are subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (Public Law 99-198, Title XII), as amended by the Agriculture Reform, Food, Conservation, and Energy Act of 2008 ([Public Law 110-246](#)) and reauthorized and revised by the 2014 Act (Public Law 113-79).

### B. Code of Federal Regulations

NRCS promulgated regulations for the administration of CSP. These regulations are found at 7 CFR Part 1470.

### C. Authority to Waive Administrative Procedures

- (1) The Deputy Chief for Programs may waive any administrative procedural provision in this manual unless prohibited by statute or regulation. This authority includes annual payment limitation waivers to process a fiscal year's payment made off schedule, when the circumstances are determined to be beyond the participant's control. The waiver must be justified and not defeat the purposes of this program or any other conservation program administered by USDA. This waiver authority is in addition to the equitable relief and appeals provisions of the program.
- (2) Requests for waivers may be submitted in writing through the Deputy Chief for Programs to the CSP Team coordinator who will review the request and make the initial evaluation for the Deputy Chief for Programs' final determination. Requests for waivers must include all of the following:
  - (i) A description of the problem with the existing procedure, including specific reference to actual situations and timeline of events to facilitate the review.
  - (ii) A description of the recommended procedure.
  - (iii) A recommendation by the State Conservationist for the applicable State.

### D. Delegation of Authority

The State Conservationist may delegate responsibilities on items for which they have responsibility, unless specifically prohibited by this part or other agency policy. These delegations of authority will be managed in accordance with 440-CPM, Part 512, Subpart A.

## 507.3 Crosswalk of Terminology

The following table includes a crosswalk of terminology that is used for the purpose of this manual that may differ slightly from 7 CFR Part 1470 or past policy references.

Figure 507-A1

7 CFR 1470	Past Guidance References	Part 507
Priority Resource Concerns	Priority Resource Concerns	Resource Concerns

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Applicable Priority Resource Concerns	Applicable Priority Resource Concerns	Targeted Resource Concern
	Micro Resource Concern	Resource Concern Cause
Other Priority Resource Concern	Other Priority Resource Concern	Nontargeted Resource Concern
Quality Criteria	Quality Criteria	Planning Criteria

## Part 507 – Conservation Stewardship Program

### Subpart B – Responsibilities

#### 507.10 NRCS Responsibilities

##### A. National Level

- (1) The Chief and Associate Chief for Conservation provide national leadership for—
  - (i) Making program policy and regulatory decisions.
  - (ii) Making program acreage, fund allocation, and reallocation decisions.
  - (iii) Maintaining working relationships within USDA and externally to foster effective and efficient use of the program.
  - (iv) Modifying or waiving a nonstatutory discretionary provision in particular, limited situations where that part is inappropriate or inconsistent with the purposes of the program.
  - (v) Waiving nonstatutory discretionary provisions and operational procedures where the Chief determines the waiver will further the purpose of the program when funded under the Regional Conservation Partnership Program (RCPP).
  - (vi) Waiving adjusted gross income (AGI) eligibility requirements when necessary to support projects funded under RCPP.
- (2) Regional Conservationists provide national leadership for—
  - (i) Managing and reviewing requests to the Chief for AGI waivers for projects associated with RCPP.
  - (ii) Monitoring quality assurance of program implementation at the State level.
  - (iii) Reviewing and overseeing the State Conservationist's implementation of the program according to policy requirements.
  - (iv) Enforcing program provisions and contracting policy, including support and development of payment schedules, timely program announcements, use of agency business tools such as ProTracts, and other responsibilities delegated by the Chief.
- (3) The Deputy Chief for Programs provides national leadership for—
  - (i) Program development and implementation, including rulemaking and developing policy guidance.
  - (ii) Making program fund allocation and reallocation recommendations.
  - (iii) Waiving program administrative procedures as warranted.
  - (iv) Coordinating with appropriate agencies and organizations at the national level.
  - (v) Overseeing program implementation.
  - (vi) Coordinating support from other divisions or specialists to help manage and implement the program.
  - (vii) Providing support for development of payment schedules including quality assurance activities and in accordance with 440-CPM, Part 512, Subpart D.
  - (viii) Other responsibilities delegated by the Chief.
- (4) The Chief Financial Officer provides national leadership for—
  - (i) Issuing program funds to State Conservationists when approved by the Chief or Associate Chief.
  - (ii) Maintaining program fund accountability, including accounts for cost overruns.
  - (iii) Other responsibilities delegated by the Chief.
- (5) The Associated Chief for Operation provides national leadership for—

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- (i) Providing expertise and support for procurement contracts or cooperative agreements that may be needed to further program purposes.
  - (ii) Providing information technology support for approved software for the program.
  - (iii) Other responsibilities delegated by the Chief.
- (6) The Deputy Chiefs for Science and Technology and Soil Survey and Resource Assessment provide national leadership for—
- (i) Developing technology in support of the program.
  - (ii) Analysis and evaluation support for the program including during rulemaking.
  - (iii) Developing appropriate criteria to support implementation of the Conservation Activity Evaluation Tool (CAET) and conservation activities.
  - (iv) Providing technical training.
  - (v) Other responsibilities delegated by the Chief.
- (7) The Director, Financial Assistance Programs Division, provides national leadership for—
- (i) Operational leadership and management for the program.
  - (ii) Maintaining liaison and working relationship with national Farm Service Agency (FSA) program leaders, other NRCS division directors, NRCS technical support centers and partnering agencies.
  - (iii) Program training.
  - (iv) Overall program evaluation and assessment, including program accountability.
  - (v) Recommending and developing policies and regulation content, and supporting procedures.
  - (vi) Developing user requirements for program related software, including coordination and involvement with business and information technology specialists on testing, issuing training, and maintaining software to support program activities.
  - (vii) Program information sharing.
  - (viii) Updating eligibility criteria in response to statutory changes.
  - (ix) Developing and updating 440-CPM, Part 507, to reflect approved program policies and procedures.
  - (x) Developing and implementing a natural-resource-based methodology to support fund allocation recommendations.
  - (xi) Working closely with FSA to ensure access to client farm records through the Service Center Information Management System (SCIMS) or Business Partner Database, subsidiary files, farm records, and other pertinent records, according to the memorandum of agreement between NRCS and FSA.
  - (xii) Providing leadership and support for development of payment schedules in accordance with 440-CPM, Part 512, Subpart D.
  - (xiii) Other responsibilities as assigned by the Deputy Chief for Programs.

### B. State Level

The State Conservationist will provide State program leadership for—

- (i) Maintaining program and fund integrity and accountability.
- (ii) Establishing ranking pools within the State and identifying targeted resource concerns for each ranking pool.
- (iii) Allocating acres to each ranking pool.
- (iv) Ensuring that all program activities are in compliance with program statute, regulation, and policy.
- (v) Establishing State program management policies and procedures.

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- (vi) Performing contracting and contract administration responsibilities.
- (vii) Administering the use of CSP for landscape conservation initiatives (LCIs) and the Regional Conservation Partnership Program (RCP).
  - (viii) Conducting statewide public outreach and information activities.
  - (ix) Assigning appropriate roles and responsibilities to designated conservationists.
  - (x) Providing training.
  - (xi) Conducting quality assurance.
  - (xii) Coordinating across State lines with other State Conservationists.
  - (xiii) Participating in the appeal process, as appropriate.
- (xiv) Chairing and seeking program advice from the State Technical Committee and Tribal conservation advisory council in accordance with provisions of 440-CPM, Part 501.
- (xv) Developing additional guidelines for conservation needs assessment as per 440-CPM, Part 500.
- (xvi) Delegating authority to certify and approve payments consistent with agency policies by State supplement to Title 130, General Manual (GM), Part 400.
- (xvii) Developing internal deadlines for eligibility, ranking, selection of applications for funding, field verification, obligating contracts, payments, and contract reviews within each fiscal year and within nationally established deadlines.
- (xviii) Granting waivers for starting activities prior to contract approval, operator of record, cost recovery, liquidated damages, and commencing a financially assisted practice in the first 12 months of a contract.
- (ixx) Managing and reviewing requests for waivers to the Chief or Deputy Chief for Programs.
- (xx) Providing support for development of and quality assurance for payment schedules.
- (xxi) Customizing the national CAET templates to address local resource concerns and providing training to ensure consistent use of the tool to deliver the program.
- (xxii) Developing state supplement to enhancement job sheets as needed.
- (xiii) Other responsibilities as indicated by policy and assigned by the Chief.

### C. Field Level

Designated conservationists will provide local program leadership for activities in their area of authority as delegated by the State Conservationist, including—

- (i) Maintaining program and fund integrity and accountability.
- (ii) Performing all program activities in compliance with statute, regulation, and policy.
- (iii) Performing contracting and contract administration responsibilities as identified in 440-CPM, Part 512 and this part.
- (iv) Conducting local-level public outreach and information activities.
- (v) Accepting and processing applications.
- (vi) Conducting field verification to determine accuracy of the application information prior to contract obligation.
- (vii) Approving applications.
- (viii) Participating in appeal processes, as appropriate.
- (ix) Providing training.
- (x) Conducting quality assurance, including quality assurance of the CAET and of the Application Evaluation and Ranking Tool (AERT)
- (xi) Analyzing performance indicators and reports.

- (xi) Other responsibilities as indicated by policy and assigned by the State Conservationist.

### **507.11 Responsibilities of Other Agencies and Indian Tribes**

Other Federal, State, and local agencies, Indian Tribes, including conservation districts and associations, may have the following responsibilities:

- (i) Serve as a member of the State Technical Committee, local working group, or both.
- (ii) Provide input and recommendations to NRCS for developing program guidelines.
- (iii) Assist NRCS with information and outreach activities.
- (iv) Provide technical assistance where appropriate.

Note: Protect the confidentiality of program participant information as required in accordance with 7 U.S.C. Section 8791 (section 1619 of the Food, Conservation, and Energy Act of 2008). Section 1619 prohibits employees and affiliates from disclosing certain categories of information provided by producers to participate in USDA programs.

**Part 507 – Conservation Stewardship Program**

**Subpart C – Regional Conservation Partnership Program**

**507.20 Reserved**

## Part 507 – Conservation Stewardship Program

### Subpart D – Information and Outreach

#### 507.30 General

##### A. Purpose

Information and outreach activities ensure that NRCS customers and potential program participants are aware of, understand, and have access to conservation programs and services. These activities will deliver facts, details, and news about the program to broad audiences.

##### B. Explanations of Information and Outreach

Procedures for program information and outreach must adhere to public information policy guidance in Title 260, General Manual (GM), Part 400, and 230-GM, Part 406. The following are general explanations of information and outreach:

- (i) Information includes those activities to develop, produce, and deliver general news, knowledge, and facts about the program. Information is delivered to a wide audience. NRCS will use all available media to provide ranking period information, performance evaluation and ranking criteria, eligible conservation activities, payment rates, and program descriptions.
- (ii) Outreach includes activities that develop, produce, and deliver general news, knowledge, and facts about the program to a specific audience. Outreach efforts are typically aimed at producers who have been historically underserved, have not historically participated in conservation programs, or who require special emphasis or accommodations. Outreach activities ensure that the targeted producers, including forestry land owners, are aware and informed of program opportunities and have access to program participation.

##### C. Special Emphasis

- (1) Special emphasis will be made in all information activities to provide conservation assistance, program outreach, and access to the following groups:
  - (i) Limited-resource farmers and ranchers
  - (ii) Socially disadvantaged farmers or ranchers
  - (iii) Veteran farmers or ranchers
  - (iv) Beginning farmers or ranchers
  - (v) Tribal members, Alaska Natives, and Pacific Islanders
  - (vi) Producers with disabilities
  - (vii) Any other producers with historically low participation rates in conservation programs
- (2) Special outreach efforts could include, but are not limited to the following:
  - (i) Establishing special outreach activities at the national, State, and local levels.
  - (ii) Providing special accommodations to the extent possible, such as using—
    - Language spoken by the intended audience, or including sign language interpreters.
    - Appropriate media sources to reach the intended audience.
  - (iii) The official USDA nondiscriminatory statement must be included on all information and announcements provided to the public.

D. Operation Type and Production System

NRCS will ensure that outreach is provided so as not to limit participation because of size or type of operation, or based on production system, including specialty crop and organic production.

**507.31 Information and Outreach**

A. General

NRCS will establish program outreach activities at the national, State, and field levels to ensure that potential participants who control eligible land are aware of and informed that they may be eligible to apply for program assistance. NRCS will conduct special outreach to eligible producers with historically low participation rates, including but not limited to historically underserved producers, Indian Tribes, Alaska Natives, and Pacific Islanders.

B. National-Level Outreach

The director of the Financial Assistance Program Division (FAPD) will work in partnership with the NRCS Office of Outreach and Advocacy to locate and provide outreach efforts to targeted groups. The director of FAPD and the NRCS Office of Outreach and Advocacy will also coordinate with the NRCS communications division to—

- (i) Develop outreach materials that communicate program information and announcements to the public, including issuance of press releases announcing the national ranking and funding periods.
- (ii) Collaborate with a variety of community based organizations, colleges, universities and other historically minority serving institutions to promote program awareness. Press releases issued at the local or State level must include a contact person.
- (iii) Provide general information on NRCS Web pages in Spanish.
- (iv) Develop and submit information for publication in national newsletters and magazines serving historically underserved populations.

C. State-Level Outreach

State Conservationists must make special outreach efforts to distribute information regarding CSP to all potential participants through various means, including—

- (i) Undertaking significant outreach efforts through media outlets appropriate to the targeted audience.
- (ii) Distributing personal mailings to historically underserved producers, such as socially disadvantaged farmers and ranchers, beginning farmers and ranchers, limited-resource farmers and ranchers, veteran farmers and ranchers, and other producers with traditionally low participation.
- (iii) Communicating information using appropriate languages.
- (iv) Ensuring that forest landowners are included in all outreach efforts.
- (v) Developing and maintaining program information on the State Web site.
- (vi) Ensuring that the diversity of land operators in a local area are provided the opportunity to participate in the program.

D. Indian Tribes

NRCS will provide assistance and services to Indian Tribes and take actions to expand outreach activities. Procedures will adhere to national outreach policy guidance in the Title 230, General Manual (GM), Part 405.

### **507.32 Public Notice of Program Information**

A. National headquarters must post specific information for public use on the agency's Web site. This information includes but is not limited to the following:

- (1) Program description.
- (2) Ranking periods and cutoff dates.
- (3) Signup documents including but not limited to the—
  - (i) Activity list.
  - (ii) Enhancement activity job sheets.
  - (iii) Payment rates.

B. State Conservationists must post program information to the State's Web site at the time of signup announcement. Potential applicants must be provided equal access to available conservation activities, approved payment rates, and performance evaluation and ranking criteria that will be used to evaluate their applications. At a minimum, the following information must be made available at the time of announcement of any CSP ranking period:

- (1) Program description and eligibility requirements
- (2) Signup application period and requirements for the current fiscal year
- (3) Ranking pools and targeted resource concerns
- (4) The customized Conservation Activity Evaluation Tool (CAET) for each ranking pool
- (5) Ranking questions for each ranking pool (national, State, and local)
- (6) National enhancement job sheets, State supplements, and implementation requirement sheets
- (7) Resource conserving crops for the resource conserving crop rotation
- (8) List of duplicative enhancements
- (9) Payment rates approved prior to the CSP ranking period announcement

C. Designated conservationists must provide program information in their geographic area by posting or publishing program information in public areas, local newspaper, producer organization newsletters, conservation district newsletters, or other local media easily accessible by the general public. This outreach effort must include but is not limited to the following:

- (1) Program description
- (2) Signup period and requirements for the current fiscal year
- (3) Local office location and contact information
- (4) Link to the State NRCS Web site or location to find additional information cited in section 507.32B

## **Part 507 – Conservation Stewardship Program**

### **Subpart E – Appeals**

#### **507.40 Appeals**

All program appeals will be handled in accordance with Title 440, Conservation Programs Manual (CPM), Part 510, and, if appropriate, FSA Handbook 1-APP. The applicable regulations for appeals are as follows (see also 440-CPM, Part 512, Subpart A, Section 512.4):

- (1) 7 CFR Part 614, “NRCS Appeals Procedures”
- (2) 7 CFR Part 780, “FSA Appeals Procedures”
- (3) 7 CFR Part 11, “National Appeals Division (NAD) Rules of Procedure”

## Part 507 – Conservation Stewardship Program

### Subpart F – Program Eligibility

#### 507.50 Conservation Stewardship Program Eligibility

All CSP applications must meet the following eligibility requirements in the order referenced below:

- (1) Applicant eligibility (see section 507.51 and Title 440, Conservation Programs Manual (CPM), Part 512, Subpart C, Section 512.22)
- (2) Land eligibility (see section 507.52)
- (3) Stewardship threshold eligibility requirement (see section 507.53)

#### 507.51 Applicant Eligibility

A. To be an eligible participant for the program, an applicant must—

- (1) Be the operator, as assigned by Farm Service Agency (FSA) in the FSA farms records management system, for all land offered for enrollment in the program.
  - (i) Potential applicants who are not in the FSA farm records management system must establish records with FSA prior to submitting an application.
  - (ii) Applicants whose records are not current with FSA must update their records with FSA prior to the close of the evaluation period. States should evaluate applicant eligibility as soon as they receive the application in accordance with 440-CPM, Part 512, Subpart C, Section 512.24, and Subpart J, Section 512.91. States will also identify in the program announcement that applicants must submit all necessary documentation supporting their eligibility as applicant by the close of the evaluation period.
  - (iii) The State Conservationist may grant waivers to the “operator of record” requirement for other producers (i.e. tenants, landlords, sharecroppers, and owners in the FSA records management system) who demonstrates to the satisfaction of NRCS that they—
    - Will operate and have effective control of the land for the term of the contract.
    - Will share in the risk of producing a crop and are entitled to share in the crop available for marketing from the farm (or would have shared had the crop been produced).
    - Are part of the daily management, administration, and performance of the operation and share in the risk for the term of the proposed contract.

Note: The State Conservationist may not delegate the authority to approve operator of record waiver below the Assistant State Conservationist for Programs or the State program manager levels.

- (iv) Applicants must submit waiver requests in writing prior to the State’s established evaluation period deadline. Prior to completing the ranking associated with that evaluation period, the State Conservationist will issue a determination granting or denying waiver requests. State Conservationists must respond to all waiver requests in writing. NRCS must keep copies of all documentation related to an applicant’s waiver request and State Conservationist response in the official case file.

Note: The State Conservationist does not have authority to grant an operator of record waiver after contract obligation.

- (v) Other producers may be listed in the contract as participants along with the participant who is the operator of record. The term “other producers” means nonoperators who have been listed on the contract application as applicants and otherwise meet the requirements of this section. The State Conservationist must ensure “other producers” included in the contract application meet the waiver criteria to the “operator of record” requirements as provided above before approving an application for funding or a contract modification to adjust payment shares which include these other producers. Additionally, payment share distribution must be consistent with the commensurate shares of the operation. If other producers do not meet all program eligibility requirements, NRCS must not add them to a contract to receive a payment share.

Note: Payment share distribution for CSP must be consistent with the operation shares as recorded in the FSA record management system. NRCS may use FSA records, such as Form FSA CCC-902, “Farm Operating Plan,” to verify the daily management, administration, and performance of the operation and share of the risk. NRCS may review other documentation, including information collected by FSA for FSA programs, to assist with validating the information provided for CSP. NRCS must exercise caution when discrepancies are found between CSP documentation and other information, including FSA records, as such discrepancies may indicate an attempt to work around CSP payment limitations.

- (2) Document effective control of the land on Form NRCS-CPA-1200, “Conservation Program Application,” for the term of the proposed contract unless a waiver is granted by the State Conservationist in the case of land administered by the Bureau of Indian Affairs (BIA), Indian lands, or other instances in which the State Conservationist determines that there is sufficient assurance of control. This waiver authority may not be delegated further by the State Conservationist.

Note: Producers that sublease portions of their operation to other producers during the term of the proposed contract do not have effective control of the land for CSP and are typically not allowed. The only exception is in the rare situation where the lease agreement demonstrates to the satisfaction of NRCS that the producer will remain in full control of the land and will be able to meet all contract provisions.

- (3) Be in compliance with the provisions for protecting the interest of tenants and sharecroppers.
  - (i) NRCS must not approve contracts with landlords who do not give tenants and sharecroppers an opportunity to participate in the program or who reduce the number of tenants and sharecroppers in anticipation of participating in the program.
  - (ii) If there is a dispute between landlord and tenant or sharecropper, NRCS will not approve the CSP contract until the landlord and tenant or sharecropper resolve the dispute.
  - (iii) Refer to 440-CPM, Part 512, Subpart C, Section 512.22D(iv).
- (4) Be in compliance with the highly erodible land and wetland conservation provisions found at 7 CFR Part 12.
- (5) Be in compliance with payment eligibility provisions, including the adjusted gross income (AGI) provisions, found at 7 CFR Part 1400. AGI waiver requests are only authorized for CSP projects administered through the Regional Conservation Partnership Program (RCP). Only the Chief may determine if RCP AGI waivers will be granted.
- (6) Provide NRCS other information as requested to determine eligibility for the program, including but not limited to the following:
  - (i) Documentation related to eligibility criteria.
  - (ii) Documentation to verify the applicant's status as beginning, limited-resource, or veteran farmer or rancher, if applicable.
  - (iii) Payment eligibility as established in 7 CFR Part 1400.

- (iv) Ranking factors, including the applicant’s existing conservation activity and production system records.
- (v) Agricultural or NIPF delineation map (as outlined in section 507.72).
- (7) Provide a list of all members of the legal entity or joint operation, as applicable, and embedded entities along with members’ tax identification numbers and percentage interest in the entity or joint operations. American Indians, Alaska Natives, and Pacific Islanders may use another identification number for each individual eligible for payment.
- (8) Be within appropriate payment limitation requirements, as specified in section 507.96. Exception: Federally recognized Indian Tribes are exempt from payment and contract limitation requirements.
- (9) Entity applicants using an Employee Identification Number (EIN) must obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and register the number in the System for Award Management (SAM) database prior to the State’s established evaluation period deadline. Refer to 440-CPM, Part 512, Subpart C, Section 512.20C, for additional guidance and documentation requirements.

## 507.52 Land Eligibility

### A. Agricultural Operation

- (1) A contract application must include all eligible land associated with an applicant’s agricultural or nonindustrial private forestland (NIPF) operation, except as identified in sections 507.52 B and C.
- (2) An applicant’s agricultural operation includes all eligible and ineligible land, whether contiguous or noncontiguous, that meets both of the following criteria:
  - (i) Under the effective control of the applicant (see 440-CPM, Part 512, Subpart C, Section 512.22, for guidance on effective control).

Note: Adding a land owner to a contract with zero payment shares is not a substitute to documenting effective control of the land.
  - (ii) Operated by the applicant with equipment, labor, management, and production or cultivation practices that are substantially separate from other operations.
- (3) An applicant may have more than one operation if they are substantially separate. The applicant must provide NRCS with a written explanation and documentation of separate operations. NRCS must document a determination of separate operation in writing and keep all documents and determinations in the participant’s official case file. Consideration of a separate operation comes into effect when the applicant is the operator of record for more than one operation. Determination of substantially separate can be established two ways:
  - (i) Majority Test.—Operations are substantially separate if at least three of the following four factors are different between the operations:
    - Labor.—Physical activities necessary in an operation.
    - Equipment.—Machinery and implements needed to conduct activities of the operation.
    - Management.—General supervision and direction of activities for the operation.
    - Production or Cultivation Practices.—Techniques used to produce agricultural or forest related products.

Example 1.—A producer operates farmland in two States: no-till cropland in one State, and conventional tillage cropland in another State. The producer manages the land in both States, but uses separate equipment, labor, and cultivation practices. The operations are substantially separate since three of the four factors are different between the operations.

Example 2.—A producer operates cropland and grazing land. Although the producer uses different equipment and production practices on the cropland and grazing land, the labor and the management are the same. The producer has one agricultural operation, which must be submitted as one application since only two of the four factors are different.

- (ii) If an operation does not meet the majority test, the State Conservationist may grant an exception when active and shared management among an operator and an owner creates a distinct operation based on shared management plus one additional factor.

Example.—A producer operates grazing land for several owners and manages activities for all farms except for one farm where owner A is active and shares in management decisions (e.g., stocking rates and move dates). Due to different management and production practices, owner A's farm was determined to be a separate operation from the operator's other farm through a State Conservationist exception.

Note: Separate FSA farm numbers alone are not adequate justification for a designation of substantially separate operations for the purposes of CSP.

#### B. Eligible Land

- (1) The following land is part of the agricultural or NIPF operation, and eligible to be offered for enrollment in the program:
  - (i) Private agricultural land (cropland, pastureland and rangeland)
  - (ii) Agricultural Indian lands (cropland, pastureland and rangeland)
  - (iii) Nonindustrial private forest land (NIPF)
  - (iv) Associated agricultural land (AAL)
  - (v) Farmstead

Note: Refer to Title 180, National Planning Procedures Handbook, [Part 600, Section 600.2](#), for land use designation definitions. Associated agricultural land and Farmstead that is part of an operation must be included in the delineation but may only be included in either an agricultural land or NIPF application.

- (2) NIPF is rural land that has existing tree cover or is suitable for growing trees and is owned by an individual, group, association, corporation, Indian Tribe, or other private legal entity that has definitive decision making authority over the land. The following criteria will be used for the designation of NIPF:
  - (i) NIPF is at least 10-percent stocked by single-stemmed woody species of any size that will be at least 4 meters (13 feet) tall at maturity. Also included is land bearing evidence of natural regeneration or planted trees (cut-over forest or abandoned farmland) and not currently developed for nonforest use. For mature forests, 10-percent stocked, when viewed from a vertical direction, equates to an aerial canopy cover of leaves and branches of 25 percent or greater.
  - (ii) The land must have existing tree cover or be suitable for growing trees. The Conservation Activity Evaluation Tool (CAET) will document current management.
  - (iii) Forest Openings and Nonforest Land Areas (e.g., Wetlands, Rock Outcrops).—Openings within the forest are eligible for inclusions in the NIPF acreage provided any one opening will not exceed a size limit determined by the State Conservationist. Areas that exceed this specified limit must be excluded from the forest offered acreage unless the applicant provides documentation of forest management activities that have been conducted on these acres within the last 10 years.

- (3) If desired, an applicant must submit a separate application for NIPF that will include all the applicant's NIPF acres. NRCS will evaluate and rank NIPF applications in the applicable NIPF ranking pool.

C. Ineligible Land and Other Land Excluded from Enrollment

- (1) The following lands (even if covered by the definition of eligible land) are part of the agricultural operation but ineligible to be offered for enrollment in the program:
  - (i) Land enrolled in the Conservation Reserve Program (CRP), 7 CFR Part 1400, unless the CRP contract expires at the end of the fiscal year in which the land is to be enrolled in CSP. The applicant must have an approved conservation plan on the transitioning land prior to NRCS approving the CSP contract. The approved conservation plan must contain a sustainable grazing or crop production system that meets the NRCS Field Office Technical Guide requirements for sustainable grazing or crop production methods for the transition acres.
    - If CRP land is included in a contract offer but the CRP contract expires prior to CSP obligation, the land will not be eligible under the CRP transitioning provision. The expired CRP land must be evaluated under the newly acquired and newly eligible land requirements.

Note: CRP transitioning acres are not required to be included in the CSP contract offer.
    - The State Conservationist must ensure that, when applicable, the CRP transitioning radio button in ProTracts is set to "Yes."
  - (ii) Land enrolled in a wetland reserve easement through the Agricultural Conservation Easement Program (ACEP) or in the Wetland Reserve Program (WRP).

Note: Land enrolled in ACEP Agricultural Land Easement (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 program consideration.
  - (iii) Land enrolled in the Conservation Security Program (CSP 2002), 7 CFR Part 1469, or an active CSP 2008 or 2014 Contract.
  - (iv) Public land including land owned by a Federal, State, or local unit of government. Land owned by a public university is also ineligible.
  - (v) Land used for crop production after February 7, 2014 (the date of enactment of the 2014 Act) 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—
    - Had previously been enrolled in the Conservation Reserve Program.
    - 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 had been used for structures that have been removed.

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

- (2) The following lands are part of the agricultural operation but are not eligible for enrollment either because they do not meet the definition of eligible land or because it cannot be determined whether or not they meet the definition of eligible land:
- (i) **Other lands** that fail to meet the eligible land described in section 507.52B. These include acres in other land uses as defined by Title 180, National Planning Procedures Handbook, Part 600, Subpart A, Section 600.2.
  - (ii) **Newly acquired or newly eligible land** on which the applicant's management system cannot be demonstrated or documented by the applicant. The newly acquired or newly eligible land will become eligible and can be offered as a separate application once a management system has been established on the land and can be documented by the applicant. See section 507.72D for guidance related to applications for newly acquired or newly eligible land.
    - Exception: Land enrolled in the Transition Incentive Program (TIP) of the Conservation Reserve Program (CRP). Land subject to a CRP contract from a retired farmer or rancher to a beginning farmer or rancher, a veteran farmer or rancher, or socially disadvantaged farmer enrolled in the TIP must be allowed the opportunity to enroll in CSP no later than the date the applicant takes possession of the land through ownership or lease and they can document control of the land. In order to document CSP TIP eligibility all of the following must be provided to NRCS:
      - A copy of an approved CRP-1R on which the applicant is the signatory.
      - Documentation of an approved conservation plan for their planned system that includes sustainable crop rotations and systems, grazing management or forest management as appropriate.
      - Evidence that the participant made improvements to CRP land as allowed in FSA's CRP Handbook (2-CRP), based on the approved conservation plan during the final year of the CRP contract.
    - If all of these requirements are met, the applicant may apply for CSP and answer the CAET questions based on the planned system. For these cases, the onsite field verification may consist of a review of the conservation plan and current field conditions. If the TIP applicant does not meet one or more of these requirements, they must first establish a system and then they may reapply in the same manner as other newly acquired or newly eligible land.
- (3) Land for which the operator of record cannot obtain effective control from the landowner for the length of the CSP contract or where NRCS has not approved a waiver in accordance with section 507.51A(2) is not considered part of the agricultural or NIPF operation. Therefore, this land is not required to be included in the contract, but NRCS must document this in the case file as "ineligible" to indicate why it is not in the contract and to ensure it does not become part of the contract. See section 507.51A(2) for information on land that is sublet.

#### D. Land Eligibility Determination

- (1) NRCS will determine land eligibility based on the land use, condition, and status no later than the State determined ranking deadline. NRCS verifies land eligibility again prior to fund obligation. Refer to sections 507.52C(1)(i) and 507.52C(2)(ii) for exceptions to this rule.
- (2) NRCS must remove, through modification, land that participants enroll in the CRP after the contract is obligated in accordance with section 507.101C(2)(ii).

### 507.53 Stewardship Threshold Eligibility Requirement

#### A. General Requirement

- (1) The stewardship threshold means the level of management required to conserve and improve the quality and condition of a natural resource. Each stewardship threshold is evaluated using the CAET, which assesses the applicant's conservation management decisions for each resource concern on each land use in their operation.
- (2) To meet the program's land treatment requirements, an applicant's conservation activities must meet or exceed the stewardship threshold on all land uses for **both** of the following:
  - (i) At least two resource concerns at the time of contract offer on each land use and on each management system within a land use.
  - (ii) At least one additional resource concern by the end of the conservation stewardship contract on each land use.

Note: These can be targeted or nontargeted resource concerns. For renewal contract criteria see section 507.102D(iv).

#### B. Stewardship Threshold Eligibility Requirement Determination

NRCS will use the CAET to determine whether or not the applicant is addressing resource concerns in order to meet the stewardship threshold eligibility requirement. NRCS will determine compliance with the resource concern stewardship threshold eligibility requirement by land use. The resource concerns meeting the stewardship threshold eligibility requirement may be different between land uses depending on the land use type being evaluated. For example, for a given application, the cropland resource concerns met at the time of application are water quality and quantity, while the rangeland resource concerns met at the time of application are soil quality and energy.

### 507.54 Documenting Conservation Stewardship Eligibility

A. The applicant is responsible for providing documentation to establish applicant, land, and stewardship threshold eligibility for the program. The eligibility determinations and applicable documentation must be filed with the appropriate local USDA service center, as outlined in 440-CPM, Part 512, Subpart C. In addition to the required records outlined in part 512, NRCS must maintain the following documentation in the participant file:

- (1) Documentation to support applicant eligibility determinations, including but not limited to—
  - (i) Operator of record in the FSA record management system or approved waiver from the STC
  - (ii) Eligibility documentation for other participants included in the contract receiving a share
  - (iii) Signature authority
  - (iv) Entity membership and interest
  - (v) DUNS and SAM.gov registration, if applicable
  - (vi) Control of land waiver, if applicable
  - (vii) Other required documentation
- (2) Documentation to support land eligibility determinations, including but not limited to—
  - (i) Agricultural or NIPF delineation
  - (ii) Substantially separate operations
  - (iii) Exception to the majority test
  - (iv) Land that is part of the operation but excluded from the contract application
  - (v) CRP transitioning or TIP acres offered for CSP
  - (vi) Other required documentation
- (3) Documentation to support the stewardship threshold eligibility requirement, including but not limited to—
  - (i) CAET summary reports for each land use and management system
  - (ii) CAET summary report for the entire operation

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- (iii) Other required documentation
- B. The Document Management System (DMS) is the required location to store all official CPC case file documents. Refer to 440-CPM, Part 512, Subpart A, Section 512.0, for additional guidance.

## Part 507 – Conservation Stewardship Program

### Subpart G – Allocation and Management

#### 507.60 Allocation Process

##### A. Introduction

- (1) CSP is subject to the general allocation process outlined in Title 440, Conservation Programs Manual (CPM), Part 512, Subpart I, applicable to all financial assistance programs unless otherwise specified in this subpart. If a conflict exists between this subpart and part 512, this subpart prevails for CSP allocations.
- (2) The NRCS National Headquarters (NHQ) will annually allocate the amount of financial assistance (FA) and technical assistance (TA) funds to each NRCS State office. After funds are allocated, State offices will further allocate funds to the identified ranking pools in the State's subaccounts within ProTracts.

##### B. Funding Source

Section 1241 of the Food Security Act of 1985 authorizes funding for CSP.

##### C. National Allocation and Management

- (1) The Chief will initially allocate acres and associated funds to State Conservationists, based on—
  - (i) Each State's proportion of eligible land to the total acreage of eligible land in all States.
  - (ii) The extent and magnitude of the conservation needs associated with agricultural production in each State.
  - (iii) The degree to which implementation of the program in the State is, or will be, effective in helping producers address those needs.
  - (vi) Other considerations, as determined by the Chief, to achieve equitable geographic distribution of program funds or to implement landscape conservation initiatives.
- (2) Of the acres made available for each of fiscal years 2014 through 2018 to carry out the program, at a minimum, NRCS must ensure that nationally—
  - (i) Five percent of the allocated acres are used to assist beginning farmers or ranchers.
  - (ii) Five percent of the allocated acres are used to assist socially disadvantaged farmers or ranchers.
- (3) The Chief may adjust the allocations to States in any fiscal year if it is determined that a State cannot use their allocation. Additionally, the Chief may reallocate acres to States for use in the same fiscal year if other States fail to enroll their allocated acres by a date determined by the Chief. Prior to redistribution of allocations for each ranking period, NHQ will notify States of the acre redistribution through an established process. As part of the adjustments or reallocation process, NRCS will consider several factors, including demand from applicants, national and regional conservation priorities, and prior-year CSP performance by the States.
- (4) Acres are redistributed throughout the obligation period as follows:
  - (i) NHQ redistributes acres once States return acres they are unable to use to obligate eligible applications. NHQ allocates additional acres to States with eligible applications in order to fully obligate annually authorized acre enrollment cap.
  - (ii) Acres are redistributed periodically in the same manner as the initial allocation.

Note: Controls to prevent States from exceeding the acre allocation are in place in ProTracts. The controls are implemented by sign-up, not by ranking period.

- (5) Of the CSP acres and associated funds made available each fiscal year, the Chief will reserve 7 percent of the acres and associated funds for the Regional Conservation Partnership Program (RCPP). Any acres and associated funds reserved for the RCPP in a fiscal year that are not committed, as determined by the Chief, by April 1 may be redistributed to carry out other CSP purposes during the remainder of that fiscal year.
- (6) The following describes the nature of the renewal allocations:
  - (i) The Chief allocates renewal acres and associated funds nationally based on the eligible renewal applications in a signup.
  - (ii) The renewal FA allocation is made in the fiscal year the renewal contract is obligated.
  - (iii) Renewal acres do not count towards the annual acreage enrollment cap in section 507.1A(4)(i).
  - (iv) The renewal acre allocation is not included in the general signup allocations.
  - (v) NHQ will deduct renewal acres associated with “newly enrolled land” added to a renewal contract from the general allocation each year prior to allocating acres to the States for the general signup. Refer to section 507.102D(ii) for description of “newly enrolled land” added to a renewal contract.

Note: NHQ may adjust State general signup allocations based on the amount of “newly enrolled land” added to renewal contracts in a particular state if the renewal signup has not closed when the general signup allocation is made. States do not need to hold acres to account for “newly enrolled land” added to a renewal contract. NHQ completes this process each fiscal year.
- (7) The Chief allocates acres for the landscape conservation initiatives (LCIs). Acres assigned for the LCI focus areas must be used in the focus areas or returned to NHQ for redistribution.

#### D. State Allocations and Management

- (1) The State Conservationist will—
  - (i) Establish, with advice from local work groups, ranking pools that ensure that applicants will be ranked relative to other applicants who share similar resource challenges. See section 507.73 for guidance on establishing ranking pools and identifying targeted resource concerns.
  - (ii) Allocate acres from the State’s allocation to each ranking pool based on the same factors from section 507.60C(1) (i) through (iii) that the Chief considers in making allocations to States.
- (2) Within each State or established ranking pool, the State Conservationist will—
  - (i) Set up separate pools under which socially disadvantaged farmers or ranchers and beginning farmers or ranchers can choose to compete. Refer to section 507.73(1)(i) for additional information related to establishing ranking pools.
  - (ii) To the extent practicable, allocate appropriate acres to assist in meeting the national goal of using, at a minimum, 5 percent of acres to assist beginning farmers or ranchers and 5 percent of acres to assist socially disadvantaged farmers or ranchers.
  - (iii) The State Conservationist will give preference to veteran farmers or ranchers who compete within a beginning farmer or rancher or socially disadvantaged farmer or rancher ranking pool as described in section 507.60C(2). Refer to section 507.77 for application determinations guidance.
- (3) In any fiscal year, if the State does not enroll acres initially allocated to a ranking pool by a date determined by the State Conservationist, the State may reallocate those acres to other ranking pools within their State for use in that fiscal year. This does not apply to acres the Chief allocates to a State for contract renewals or LCI.

### 507.61 Funding Requirements

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### A. Obligations Limited to Authorized Funds

See 440-CPM, Part 512, Subpart I, Sections 512.83 and 512.84.

### B. Over obligation is Prohibited

See 440-CPM, Part 512, Subpart I, Sections 512.83 and 512.84.

### C. Immediate Pay

See 440-CPM, Part 512, Subpart G, Section 512.60 B.

## **Part 507 – Conservation Stewardship Program**

### **Subpart H – Application Evaluation and Acceptance Process**

#### **507.70 Preapplication Servicing**

- A. Unless otherwise authorized, State-developed screening tools are not allowed for CSP.
- B. National Headquarters will provide States with screening questionnaires for the Landscape Conservation Initiative (LCI).
  - (1) Applicants must complete and submit to NRCS the LCI-specific screening questionnaires so that NRCS can determine eligibility for dedicated LCI ranking pools.
  - (2) NRCS will maintain these completed screening questionnaires in the applicant case file.

#### **507.71 Applications**

- A. General
  - (1) The CSP application process follows guidance in Title 440, Conservation Programs Manual (CPM), Part 512, Subpart C. This section contains additional requirements that may differ from guidance contained in part 512, subpart C. If there is a conflict between part 512 and part 507, the guidance in part 507 prevails for the purpose of CSP.
  - (2) Applications must be accepted, evaluated, and administered using a fair, transparent, and consistent process.
  - (3) The case file must contain all documentation used to evaluate the application and determine program eligibility.
- B. Continuous Signup
  - (1) NRCS will accept CSP applications on a continuous basis. Applicants must submit Form NRCS-CPA-1200, “Conservation Program Application,” for the entire agricultural or nonindustrial private forestland (NIPF) operation.

Along with the NRCS-CPA-1200 producers must submit an agricultural or NIPF operation delineation. See section 507.72B(3).
  - (2) National Headquarters will announce one or more ranking periods each fiscal year to allow for evaluation, ranking, and selection of applications for funding. To the extent practicable, one ranking period will occur in the first quarter of the fiscal year.
  - (3) Applications must be entered into ProTracts under the appropriate signup number immediately upon receipt from the applicant as per 440-CPM, Part 512. Users are responsible to complete the necessary actions to move applications to the correct signup or ranking pool if the user accidentally entered the applications in the wrong signup or ranking pool.
  - (4) The State Conservationist may establish internal deadlines for evaluating, ranking, and selecting applications for funding in ProTracts after National Headquarters announces the ranking period and application cutoff date. States must plan accordingly to manage their workload and meet national deadlines. Note: State Conservationists and partners may establish application cutoff dates for RCPP projects.
- C. Contract Renewal

Participants requesting contract renewal must submit Form NRCS-CPA-1200, “Conservation Program Application,” along with other required documents outlined in section 507.102 prior to the renewal application cutoff date. Renewal application cutoff dates will be scheduled early enough in the year to allow adequate time for evaluation and funding prior to expiration of the initial contract.

Note: Contracts transferred after the renewal application cutoff date are not eligible for renewal.

## 507.72 Application Guidance

### A. Accepting Applications

See 440-CPM, Part 512, Subpart C, for guidance on accepting a program application.

### B. Application Information

- (1) Form NRCS-CPA 1200, “Conservation Program Application,” must contain all required information and appropriate signatures in order to be considered a complete application.

Applicants requesting consideration as a veteran, socially disadvantaged, or beginning farmer or rancher must self-certify by marking all applicable status boxes on Form NRCS-CPA-1200, “Conservation Program Application.”

- (2) Agricultural land applications will compete separately from NIPF applications. See section 507.52B(3). An applicant with both NIPF and agricultural land will have the following options:
  - (i) One application for NIPF.
  - (ii) One application for agricultural land.
  - (iii) Two applications, one for each land type. When two applications are submitted, each must independently meet stewardship threshold eligibility requirements.

Note: Farmstead and associated agricultural land (AAL) that is part of an operation may only be offered in one application. Example: A producer has an agricultural land application and a NIPF application. The producer must decide under which application to evaluate the farmstead and AAL. If the application that contains the AAL is not selected for funding, the applicant may request that NRCS include the AAL in the application that is selected for funding. NRCS will decide if this change may be made prior to obligation of the selected application.

- (3) Along with submitting the Form NRCS-CPA-1200, “Conservation Program Application,” an applicant must provide a map, aerial photograph, or overlay that—
  - (i) Identifies the applicant’s entire agricultural operation or NIPF.
  - (ii) Delineates the boundaries of eligible land and associated acreage amounts. The applicant must designate the land uses present (i.e., crop, pasture, range, NIPF, AAL, and farmstead) in their operation. NRCS should provide definitions of land uses, if needed, to aid applicants in designating land uses. See Title 180, National Planning Procedures Handbook, Part 600, Subpart A, “General,” for assistance with land use information.

Note: States may develop supplemental guidance on determining when AAL may be included as part of agricultural or NIPF field land unit boundaries.

- (iii) Identifies land where the applicant is listed as the operator in FSA records, but is not included in the CSP application. Examples are: ineligible land, land that is not under the effective control of the applicant for the contract period, or land that is associated with a substantially separate operation. The purpose is to identify clearly land that will not be

evaluated or included in the application. This documentation must be maintained in the case file.

- (4) In cases where NRCS has deferred an application from a previous ranking period, a complete review of the applicant’s information and agricultural or NIPF operation delineation is required prior to evaluating the application.

C. Operations Crossing Ranking Pool Boundaries

- (1) An applicant with an operation that crosses ranking pool boundaries will be ranked in the ranking pool where the majority of the land occurs.
- (2) An applicant who operates land across State lines may submit their application in either State. This may or may not be the State or ranking pool area where the largest acreage portion of the operation occurs. However, NRCS will evaluate the application using the Conservation Activity Evaluation Tool (CAET) templates for the ranking pool in which the largest acreage portion of the operation occurs. The servicing State will coordinate with adjacent States to complete the evaluation. There are two options for completion of the CAET:
  - (i) The servicing office may gain access to the adjacent State’s templates and complete the evaluation.
  - (ii) The State with the largest acreage portion will evaluate the application and produce the needed reports for the servicing office.
- (3) Applications included in LCI ranking pools must have the majority of their operation within the designated LCI area.

D. Applications for New Land

- (1) See figure 507-H1 for guidance regarding adding new land after an operation is enrolled in CSP under an existing contract.

Figure 507-H1

<b>IF A PARTICIPANT:</b>	<b>THEN:</b>
Adds land to their operation by gaining control through ownership, lease, or agreement	An application may be made on “new land” (i.e., newly acquired or newly eligible) to compete for an additional contract in a subsequent ranking period.
Has ineligible land in their operation that becomes eligible (e.g., expired or transitioning CRP land in the last year of the CRP contract)	

- (2) Any application for “new land” must include all new land, under effective control, in the participant’s operation that is not covered by any existing contract.
- (3) Applications and contracts enrolled on new land are not eligible to receive the minimum contract payment unless there are no active contracts that are receiving a minimum payment for the same operation. See guidance in section 507.93B.

E. Starting Conservation Activities Included in the CPC

Refer to 440-CPM, Part 512, Subpart C, Section 512.23C, for guidance. Early start implementation waivers are not applicable to renewal applications per section 507.102G.

### 507.73 Actions to Facilitate Evaluation and Ranking

Actions to facilitate evaluation and ranking include but are not limited to the following:

- (1) The State Conservationist, with advice from the State Technical Committee and local working groups, will take the following actions to facilitate the evaluation and ranking of applications:
  - (i) Establish ranking pools within the State. Ranking pools may be based on landscape conservation initiative areas, watersheds, geographic areas, or other appropriate regions within a State. Separate ranking pools must be established for agricultural land and NIPF.
    - States must ensure that there are separate ranking pools for beginning farmers or ranchers (BFR) and socially disadvantaged farmers or ranchers (SDFR), with at least one ranking pool for each group in both agricultural land and NIPF.
    - A State must have a minimum of six ranking pools unless the State has LCI ranking pools, in which case 3 additional ranking pools per LCI area would be added to the minimum number of ranking pools.
  - (ii) Identify five targeted resource concerns for each ranking pool.
  - (iii) Identify the resource conserving crops that are required for improvement or adoption of the resource conserving crop rotations.
  - (iv) Develop lists of critical erosion periods, wildlife species of concern, high-residue plants, etc. that are required for stewardship threshold eligibility requirement determinations.
- (2) In addition to actions identified at section 507.32, the State Conservationist must take the following actions at the time of the signup announcement to facilitate the evaluation and ranking of applications:
  - (i) Publicize ranking pools and targeted resource concern information on the State Web site.
  - (ii) Publicize the resource conserving crop information on the State Web site.
  - (iii) Update the State Web site with other signup-related information, such as the payment rates, activity list, enhancement job sheets, and State supplements.
  - (iv) Issue State guidance related to the evaluation and ranking tools. Refer to guidance in section 507.74.

### 507.74 Application Evaluation Process

#### A. General

- (1) States will use the CAET to evaluate the stewardship threshold eligibility requirements of each application. States are prohibited from using any alternate tools or processes to evaluate applications. The evaluation process determines if minimum program requirements are met. See section 507.75 for the application ranking process.
- (2) The applicant must meet the stewardship threshold eligibility requirements, which include both of the following:
  - (i) At the time of application, meet or exceed the stewardship threshold eligibility requirement for at least two resource concerns on each land use and on each management system within a land use.
  - (ii) At a minimum, meet or exceed the stewardship threshold eligibility requirement for at least one additional resource concern on each land use by the end of the conservation stewardship contract. This may be met by installing and adopting additional conservation activities and by improving, maintaining, and managing existing conservation activities across the entire agricultural operation in a manner that increases

or exceeds the conservation benefits in place at the time the contract application is accepted.

Note: Section 507.74A(2)(i) is required at both the land use level and on all land use management systems. Section 507.74A(2)(ii) is required only at the land use level.

Note: Contract renewal applications have a different set of conservation stewardship threshold eligibility requirements. See section 507.102.

### (3) CAET Overview

In addition to determining if the stewardship threshold eligibility requirement is met, NRCS also uses the CAET to inventory resource conditions, determine existing land stewardship, and identify additional conservation activities the applicant wishes to adopt through the CSP contract. The following information includes key concepts of the CAET:

- NHQ staff will establish national CAET templates, which will be further customized by each State. NHQ will identify the nationally required evaluation test statements prior to releasing the national land use templates to the States.
- States must customize the CAET templates to identify applicable evaluation test statements for each resource concerns cause for each evaluation set.
- Field offices will use the State-released CAET templates for each evaluation set and land use to evaluate each eligible land use within an operation.
- Field offices will evaluate all resource concerns and resource concern causes applicable to the land use. Applicable resource concern causes may vary between resource concerns, land uses, and evaluation sets.
- Resource concerns are considered met when all applicable resource concern causes within the resource concern are met.
- States may elect to use planning criteria instead of the evaluation tests when a current conservation plan exists on an applicant's operation and appropriate planning tools have been completed (or can be completed independently of conservation plan development) to allow the user to effectively evaluate the resource concern cause using the planning criteria.
  - In the CAET, the field user selects whether to evaluate a specific resource concern cause using planning criteria or evaluation tests. Based on the responses to either the planning criteria or the evaluation tests, the CAET will determine when a resource concern cause is met.
  - The evaluation tests or planning criteria define the minimum criteria needed to be met for the resource concern cause. The planning criteria is not needed to validate the evaluation test.
  - The National Planning Procedures Handbook (Section 600.23, "Step 3 – Inventory Resources") and the planning criteria established by the States (eFOTG, Section III) provide guidance on how resource concern causes are identified. The conservation planner should exercise professional judgement when determining which method or combination of methods listed will be most appropriate for the field conditions encountered.
  - States must consider the following factors when establishing State guidance:
    - State workload
    - Fund availability to conduct planning activities early in the process
    - Impacts to field offices
    - Applicants crossing State boundaries
- States must conduct sufficient quality assurance to ensure all producers are treated equitably and sufficient documentation exists in the case file to support the

evaluations made. When planning criteria is used to evaluate the cause of a resource concern, the appropriate documentation for that cause should be verified by the reviewer.

**B. Customization of CAET by State Office Personnel**

- (1) NHQ staff will identify the nationally applicable evaluation test statements prior to releasing the national land use CAET templates to the States. Nationally applicable evaluation tests will appear as “N-Yes” (National-Yes) in the templates. States will not be able to edit or remove any “N-Yes” evaluation tests.
- (2) States must customize the CAET templates to identify the applicable evaluation test statements for each resource concern and resource concern cause for each designated evaluation set within their State by developing unique CAET land use templates for each evaluation set.
  - (i) The State Conservationist may not delegate the responsibility of customization below the State office level.
  - (ii) To ensure both programmatic and technical considerations are included in the State customization of the CAET, staff from the financial assistance programs, ecological sciences, and engineering disciplines must collaborate to set up the tools.
  - (iii) States must conduct sufficient quality assurance to avoid having to issue revisions during a signup period.
- (3) Prior to a signup, the following actions will be taken to customize the State CAET templates for each applicable land use within an evaluation set:
  - (i) Identify the five targeted resource concerns for each evaluation set. The five targeted resource concerns for an evaluation set in CAET must match the ranking pool targeted resource concerns entered in ProTracts.
  - (ii) Determine applicability of each evaluation test for every listed resource concern cause within a resource concern by selecting “S-Yes” (State-Yes), “C-Yes” (Conditionally-Yes) or “NA.”
    - Identify which evaluation tests are always applicable within the State. These will be identified as “S-Yes.” These are in addition to those set as required by NHQ (“N-Yes”).
    - Identify which evaluation tests are conditionally yes or optional (“C-Yes”). During the evaluation process, field users have the option to change a “C-Yes” evaluation test to “NA” depending on the applicant’s operation and local considerations.
    - Identify which evaluation tests are not applicable to the land use or evaluation set by selecting “NA.” Note: If a State selects “NA” for all resource concern causes under a resource concern, the resource concern will not be applicable.
    - Refer to the CAET user guide located on USDA Connect for additional guidance.
  - (iii) See figure 507-H2 for the number of potential resource concerns applicable to each land use.

Figure 507-H2: Number of Potential Resource Concerns Applicable to Each Land Use

<b>Land Use</b>	<b>Number of Potential Resource Concerns</b>
Crop	10
Pasture	10
Range	8
Forest	10

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Associated Agricultural Land	10
Farmstead	9

- (4) The CAET will automatically populate soil erosion and water quality degradation as required resource concerns for the Farmstead exemption. States must also select air quality if the evaluation set falls within an air quality attainment area. States have the flexibility to select additional resource concerns that must be met in order for an applicant to qualify for the exemption. Refer to section 507.80C for additional guidance related to the farmstead exemption.

Note: Required resource concerns only apply to the exemption and have no impact on meeting basic stewardship threshold eligibility to participate in CSP.

- (5) The CAET will not populate nor allow States to populate specific resource concerns in order for a producer to qualify for the AAL exemption. The AAL exemption does not require specific resource concerns to be met to qualify for the exemption. Therefore, if the applicant is meeting two resource concerns at the time of application, then CAET will determine that the AAL exemption requirement is met. See section 507.80C for additional guidance related to the AAL exemption.

C. Stewardship Threshold Eligibility Evaluations.—NRCS field offices will evaluate applications meeting applicant and land eligibility using the CAET to determine if the stewardship threshold eligibility requirement is met.

- (1) NRCS must determine the number of CAET evaluations to complete for each application using available CAET templates. The following guidance represents the minimum requirement for any application.
  - (i) Per Operation.—Each application must have at least one CAET evaluation (i.e., one completed CAET template) per eligible land use. This includes farmstead and associated agricultural land if it is part of the operation.
  - (ii) Per Eligible Land Use.—If a land use contains more than one management system (i.e., rotations), NRCS must complete a separate CAET evaluation for each unique management system using available CAET templates.
- (2) Complete the evaluation of the operation using the applicable CAET templates. Follow guidance in section 507.74A(3) and in the CAET user guide located on USDA Connect.
- (3) Verify section 507.74A(2)(i) is met on all eligible land uses and land use management systems. If any evaluation does not meet the minimum stewardship threshold eligibility requirement, then the application is ineligible. Notify the applicant per section 512.24B(5).
- (4) If all evaluations for an application meet the minimum stewardship threshold eligibility requirements, then new conservation activities agreed to during the evaluation must be planned on each eligible land use. See section 507.80C for farmstead and associated agricultural land exemptions.
- (5) New conservation activities can be planned as follows:
  - (i) If an applicant meets exactly two resource concerns at the time of application, then to meet or exceed an additional resource concern by the end of the contract:  
  
Applicants must select enhancements, practices, or both to address all resource concern causes within a resource concern not met at the time of application.
  - (ii) For applicants to meet or exceed an additional resource concern by the end of the contract when three or more resource concerns were met at the time of application:

- Applicants must select enhancements, practices, or both on any resource concern cause within a resource concern met at the time of application, **or**
  - Applicants must select enhancements, practices, or both on all resource concern causes within a resource concern not met at time of application.
- (iii) NRCS must schedule in the stewardship plan and contract any practice identified in the CAET evaluation. Practices receiving financial assistance through other programs may not be used to meet an additional resource concern by the end of the contract.
- (6) After each evaluation is completed, the evaluation must be saved and uploaded to DMS. After the user completes each evaluation, the user must print and upload the CAET reports to DMS as part of the applicant’s official case file. The CAET reports to be printed and uploaded are the—
- (i) Operation Summary Report.
  - (ii) Applicable Resource Concern Causes Met.
  - (iii) Applicable Resource Concern Causes Not Met.
  - (iv) List of Enhancements and Practices Planned for the Management System.
- (7) Transfer the CAET summary information into the “CAET Summary Report” in ProTracts.
- D. Quality Assurance – Area and State Offices.—Quality assurance will be conducted prior to preapproving an application. The following are the minimum requirements that must be reviewed:
- (1) Ensure the guidance required in 507.74C is met on each evaluation completed for an application.
  - (2) Ensure that the field user completed all required CAET evaluations for the application.
  - (3) Ensure all evaluations and supporting documentation are uploaded to DMS.

### **507.75 Application Ranking Process**

- A. Processing Applications.—Guidance for ranking eligible applications is found in 440-CPM, Part 512, Subpart C, Sections 512.24 and 512.25. The following is additional guidance to meet CSP program requirements:
- (1) Only eligible applications that meet the stewardship threshold eligibility requirements as determined by the CAET will be ranked.
  - (2) Eligible applications will be considered in the ranking pool designated by the applicant at the time of application. An application may only compete in one ranking pool at a time.
  - (3) The State Conservationist or designated conservationist may not assign a higher priority to any application because the applicant is willing to accept a lower payment than the applicant would otherwise be eligible to receive.
- B. Field offices will rank all eligible applications using the Application, Evaluation, and Ranking Tool (AERT) accessed through ProTracts (see 440-CPM, Part 512, Subpart C, Section 512.25).
- C. NRCS ranks CSP applications based on the following statutory ranking factors:
- (1) Level of conservation treatment on all targeted resource concerns at the time of application.
  - (2) Degree to which the proposed conservation activities effectively increase conservation performance.
  - (3) Number of targeted resource concerns proposed to be treated to meet or exceed the stewardship threshold by the end of the contract.
  - (4) Extent to which nontargeted resource concerns will be addressed to meet or exceed the stewardship threshold by the end of the contract period.
  - (5) Extent to which resource concerns will be addressed when transitioning from the conservation reserve program to agricultural production.

- D. In the event two or more applications receive the same ranking score, the application that represents the lowest program cost will be given higher priority. If a tie still exists, see section 512.25E(2) for more details on tie breakers and assigning codes in ProTracts.
- E. National, State, and local ranking questions must follow the guidance below:
  - (1) Questions are to be resource concern based and size neutral.
  - (2) Must be developed and made publicly available at the time of signup announcement.
  - (3) The total points available in the AERT is 1000. Points assigned for each set of questions must equal:
    - (i) National = 500 points (50 percent of the total ranking points)
    - (ii) State = 300 points (30 percent of the total ranking points)
    - (iii) Local = 150 points (15 percent of the total ranking points)
    - (iv) Efficiency score = 50 points (5 percent of the total ranking points)
  - (4) Ranking questions must not be based on NRCS-required actions. For example, it is not appropriate to include a ranking question that gives points to an applicant who has a conservation plan already in place.
  - (5) NHQ will provide ranking questions for the LCI as applicable.

Note: Additional LCI guidance will be provided by national instruction or national bulletin from the national LCI coordinators.

### **507.76 Planning Conservation Activities in the CAET**

- A. This section provides general guidance for planning conservation activities in the CAET. This guidance is supplemented with the CAET user guide located on USDA Connect. Refer to subpart I for additional guidance related to conservation activities.
- B. General Scheduling Requirements in the CAET
  - (1) Applicants will not receive credit in the CAET for meeting or exceeding a resource concern by the end of the contract unless both of the following apply:
    - (i) All unmet causes are addressed by adoption of a conservation activity.
    - (ii) The user confirms that planned activities will meet or exceed each resource concern cause that was not met at time of application.
  - (2) Applicants may choose to adopt a conservation activity in order to exceed a resource concern by the end of the contract that was met but not exceeded at the time of application.
  - (3) If the applicant has already met the requirement to address one additional resource concern by the end of the contract, the applicant may choose to adopt any conservation activity to increase conservation without meeting or exceeding a resource concern by the end of the contract.
  - (4) Applicants are not required to plan the base practice in CSP in addition to the enhancement.
- C. Enhancements
  - (1) Applicants may adopt an enhancement in order to exceed a resource concern by the end of the contract that was met or exceeded at the time of application.
  - (2) Applicants may adopt an enhancement in order to exceed a resource concern not met at time of application, if additional activities will be adopted to address all resource concern causes not met for that resource concern.
  - (3) Applicants may adopt an enhancement for any resource concern without addressing all resource concern causes not met within that resource concern, in order to increase the level of conservation, only if the applicant has already met the additionality requirement by adopting an additional activity to meet or exceed another resource concern.

- (4) All enhancements included in the CAET must be included in the stewardship plan unless all of the following requirements are met:
  - (i) The enhancements are required to address unmet resource concern causes needed to meet or exceed a resource concern by the end of the contract in CAET.
  - (ii) The enhancements are listed on the incompatible enhancement list because they would represent a duplicative payment.
  - (iii) One of the duplicative enhancements is included in the stewardship plan and the toolkit narrative is adjusted to add a reference to the duplicative enhancement names that were included in the CAET.

Example: An applicant is not currently meeting the resource concern cause for “Soil Erosion-Sheet and Rill Erosion” and the resource concern cause for “Soil Erosion-Wind Erosion.” The user selects both E329101Z to address sheet and rill erosion cause and E329102Z to address the wind erosion cause. These enhancements are duplicative activities and adoption of either will provide the level of conservation needed to address both causes. While both must be selected in CAET to be credited for meeting the resource concern of “Soil Erosion,” only one will be planned in the stewardship plan. The narrative for the planned enhancement will be adjusted to include a reference to the duplicative enhancement that was not planned in Toolkit.

#### D. Enhancement Bundles

- (1) Once a bundle is selected for implementation, all component enhancements that make up the bundle must be independently selected in the CAET evaluations for the land use.
- (2) The CAET will identify potential bundles based on planned enhancements. The user is required to indicate when a bundle is being planned.
- (3) The planned bundle and its component enhancements will be shown on the report of planned enhancements and practices.
- (4) Planning a bundle in Toolkit is discussed in section 507.81E.

#### E. Conservation Practices

- (1) The CAET will identify resource concern stewardship threshold eligibility requirements by land use that are not being met with existing conservation activities. However, practices can be scheduled regardless of whether or not the applicant meets the resource concern at the time of application.
- (2) Practices may be planned to meet a resource concern not met at time of application if both of the following apply:
  - (i) The planned practices will address all causes within the resource concern that are not met at time of application.
  - (ii) The user indicates that the resource concern cause will be met or exceeded with the selected conservation practice and, if applicable, conservation activities.
- (4) Practices may be planned on a resource concern cause that is already met, only if the practice will increase the level of conservation on the land use.
- (5) If the applicant wishes to receive payment for the practice through CSP it must be included in the CAET.
- (6) If the base practice will be implemented in another program or at the applicant’s own expense, it must not be selected in the CAET.
- (7) Practices that will not receive financial assistance through CSP should not be entered into the CAET.

F. Onsite Field Verification of CAET Planned Activities.—The additional conservation activities a producer agrees to install will be tentatively identified by the applicant during the application process (prior to onsite field verification).

- (1) During onsite field verification, NRCS will make a final determination on the required conservation activities a participant must install to meet the agreed-upon resource concern stewardship threshold eligibility requirements.
- (2) During onsite field verification for preapproved applicants, if a determination is made that additional conservation activities are needed, then those activities must be scheduled and applied.
- (3) The reports generated from the CAET (i.e., Operation Summary Report, Applicable Resource Concern Causes Met, Applicable Resource Concern Causes Not Met, and List of Enhancements and Practices Planned for the Management System), should be used to facilitate onsite field verification and document any identified additional conservation activities needed during the field verification.

### **507.77 Application Determinations**

#### **A. General**

- (1) Users will assign “High priority” in ProTracts to applications for veteran farmers or ranchers in the beginning farmer or rancher ranking pools. In the socially disadvantaged farmer or rancher ranking pools, users will apply high priority in ProTracts for applications for veterans who also self-certify as beginning farmer or ranchers. All eligible high priority applications will be ranked and considered for funding before other applications in these ranking pools are ranked and subsequently considered for funding. See section 512.25D(1)(i).
- (2) The State Conservationist or designated conservationist will make preapproval determinations within each ranking pool based on order of ranking scores. Eligible applications within a ranking pool must not be skipped to allow funding of a lower-ranked application.
- (3) NRCS will use the CSP preapproval template letter in section 507.133 to notify applicants of funding selection. Users must not use the preapproval letter contained in part 512 for CSP as it does not include specific program provisions such as payment and contract limitations, renewal provisions, etc.
- (4) Users may not defer eligible applications until instructed to do so by NHQ when the funds or acres have been exhausted (typically at the end of the obligation period) per 440-CPM, Part 512, Subpart C.

B. Refer to 440-CPM, Part 512, Subpart C, Sections 512.24B and 512.27, for guidance related to notification requirements for ineligibility determinations and unfunded applications deferred to the next ranking period.

### **507.78 Field Verification**

#### **A. General**

NRCS will conduct onsite field verification for each preapproved application to substantiate the accuracy of the eligibility determinations, management system information, CAET resource concern cause evaluation test or planning criteria responses, and conservation activities the applicant provided to NRCS during the application process. NRCS must complete field verification prior to contract approval and obligation.

#### **B. Applicant Records**

- (1) The applicant must make available to NRCS, upon request, appropriate records documenting eligibility, production system information documented in the CAET, and applied

conservation activities. In addition, NRCS should review any other documentation needed to validate applicant eligibility, including but not limited to, operator status, actively engaged producer information, payment share distribution, and compliance with the Transparency Act (i.e., DUNS/SAMs compliance).

- (2) NRCS will review records when conducting field verification with preapproved applicants. Examples include but are not limited to, the following:
  - (i) Nutrient Management
  - (ii) Pest Management
  - (iii) Pasture Management
  - (iv) Grazing Management
  - (v) Forest Management
  - (vi) Irrigation Water Management
  - (vii) Waste Utilization
- (3) Conservation assistance notes or another State-approved method should be used to document the validity of the records reviewed and any deficiencies. The designated conservationist does not need to collect, store, or recalculate the data contained in the applicant’s records. The designated conservationist will document whether or not the information appears accurate and records were verified.

C. Field Verification Process

- (1) NRCS verifies the land use designation based on evidence of how the land is managed and how such land is represented in the FSA record management system, if applicable. In the absence of accurate FSA records, other reliable documentation such as survey maps, tax parcel data, official land use maps, etc., may be used as supporting documentation for NIPF or agricultural operational boundaries and land use acres.
- (2) The designated conservationist will examine the onsite field conditions and written records to determine whether or not they substantiate the information provided by the applicant during the evaluation and ranking process.
- (3) Upon completion of the field verification, NRCS will identify the appropriate condition and action from figure 507-H3.

Figure 507-H3

<b>IF THE INFORMATION PROVIDED BY THE APPLICANT WAS...</b>	<b>THEN</b>
Accurate	Proceed with conservation stewardship planning, contract development, and obligation.
Inaccurate because written records or documentation are unavailable (excluding expiring or transitioning CRP land. See section 507.52C)	The application is ineligible. The applicant fails to meet the applicant eligibility requirement of supplying information to determine eligibility (see section 507.51A(6) of this part and 7 CFR Section 1470.6(a)(5)).
Inaccurate because written records, documentation, or field conditions were determined by NRCS to be intentionally misrepresented	The application is ineligible. The applicant intentionally misrepresented facts affecting the determination (see section 507.110 and 7 CFR Section 1470.36).

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Inaccurate because the delineation, written records, documentation, or field conditions were determined by NRCS to be unintentionally misrepresented	Update the delineation, CAET and rerank the application if needed based on information and conservation activities that can be substantiated. See section 507.80(2) to determine when the CAET must be updated. Notify the applicant of this change.
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- (4) Onsite field verification findings are documented using conservation assistance notes or other State-approved method. If the field verification results in the application being ineligible for funding consideration, the “Field Verification Adverse Determination Letter” in section 507.132 is used to notify the applicant. It is not necessary to issue the “Ineligibility Determination for Conservation Program Contract Letter” contained in 440-CPM, Part 512, Subpart J, Section 512.93, in addition to the CSP Field Verification Adverse Determination Letter.

## Part 507 – Conservation Stewardship Program

### Subpart I – Conservation Stewardship Plan

#### 507.80 General Information

##### A. Conservation Stewardship Plan

- (1) The conservation stewardship plan contains a record of the participant’s decisions and includes the schedule of new conservation activities to be installed to achieve additional conservation performance under the conservation stewardship contract. The conservation stewardship plan documents the basis for payment for the new conservation activities that are set forth in Form NRCS-CPA-1155, “Conservation Plan Schedule of Operations.” The Conservation Activity Evaluation Tool (CAET) contains an inventory of the resource concerns, the existing conservation activities to be improved, maintained, and managed during the CSP contract and new activities the producer agrees to implement. The CAET reports are considered part of the conservation stewardship plan even though they are not stored in Customer Service Toolkit (CST).
- (2) The CAET, and the onsite field verification will be the basis for the development of the conservation stewardship plan. If changes to the originally selected additional activities in CAET are identified during field verification, there may be minor variations between the conservation activities documented in the CAET and those that the applicant identified to NRCS during the field verification that would be adopted to meet stewardship threshold requirements by the end of the contract. The conservation activities NRCS and the applicant identify in the conservation stewardship plan in Toolkit will be the activities contracted. NRCS will only allow these minor variations between the CAET and the conservation stewardship plan if the new conservation activities planned in Toolkit are within the same suite of conservation activities that were originally available in CAET for the resource concern and cause combination. This flexibility is allowed because the stewardship threshold determination will not change if the substituted activity is addressing the same resource concern cause.
- (3) NRCS will develop and maintain the conservation stewardship plan using the CST and in accordance with national guidance for planning activities for CSP. Planners must create the plan as a “CStwP” plan type in CST. Refer to the Toolkit 9 Task Guides located on Toolkit USDA Connect.
- (4) The stewardship plan will describe the program purposes to be achieved through one or more conservation activities, the location of the planned activities, and the amount and planned dates for implementation of the activities. NRCS will also develop a map delineating the agricultural or NIPF operation included in the CSP contract, with associated acres, land uses and management systems, and location of planned activities. The CSP plan will be located within the participant’s existing customer folder.
- (5) Planners will only include conservation activities that will be financially supported in the CSP contract in accordance with 440-CPM, Part 512, Subpart B.
- (6) Using the CSP cost list, the NRCS-CPA-1155 will be generated in the contract wizard and uploaded to ProTracts. The CPA-1155 generated from ProTracts will be the document used for contract obligation. Note: The payment rates used while developing the conservation stewardship plan in CST must match the payment rates in the uploaded cost list from PSA; otherwise, the plan will not upload to ProTracts. In addition, the same cost list used in CST to develop the schedule of operations should be the cost list uploaded to ProTracts.

##### B. Conservation Stewardship Plan Signature Requirements

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Form NRCS-CPA-1202-CPC (Appendix) incorporates the conservation stewardship plan as a part of the contract. Refer to 440-CPM, Part 512, Section 512.46, and Title 180, General Manual (GM), Part 409, Section 409.5F, for guidance on signing and approving contract documents.

C. Schedule of Operation Requirements.—The schedule of operations is developed in accordance with 440-CPM, Part 512, Subpart B, Section 512.10. In addition, the following scheduling requirements must be followed:

- (1) A participant must schedule, install, and adopt at least one additional conservation activity on each land use type that is part of the operation unless NRCS grants an administrative exemption for a farmstead or associated agricultural land (AAL) land use associated with the contract. The farmstead and AAL exemption waives the requirement for a participant to adopt new conservation activities on these land uses; the exemption does not exclude the farmstead or AAL from the contract. NRCS considers these land uses, by reference in the appendix, enrolled in the program. However, if no new activities are scheduled, these land uses are not eligible for an annual payment.
- (2) The participant must meet the following requirements in order for NRCS to grant a farmstead or AAL exemption:
  - (i) The participant must include these land uses in the agricultural delineation as per section 507.52B. NRCS must evaluate these land uses in the CAET.
  - (ii) NRCS may grant the farmstead exemption as long as the participant meets the soil erosion, water quality degradation, and air quality (if in an attainment area), or any other resource concerns identified and deemed necessary by the State at the time of application.
  - (iii) NRCS may grant the AAL exemption as long as any two resource concerns are met at the time of application. The AAL exemption is similar to the farmstead exemption. However, unlike the farmstead exemption, the AAL exemption does not require that specific resource concerns be met in order to qualify for the exemption.
  - (iv) NRCS will not approve the exemptions until after the field verification and NRCS has made a determination that the applicant has met the exemption requirements at the time of application.
  - (v) If NRCS approves the exemption, the farmstead, AAL, or both will not be included in the conservation stewardship plan or in the contract document, Form NRCS-CPA-1155. However, the participant is required to maintain the performance level in place at the time of enrollment for these land-uses as documented in the CAET and agreed to as indicated by signing the NRCS-CPA-1202 Appendix.

Applicants meeting the requirements for the exemption may choose to schedule new activities on this land use and receive payments. In this case, the land uses will be included in the conservation stewardship plan and in the contract document, Form NRCS-CPA-1155.
  - (vi) If the participant fails to maintain the existing stewardship level on the farmstead, AAL, or both, NRCS will consider the contract in potential violation, and termination may be warranted. NRCS will not modify the contract to add farmstead or AAL land uses to the contract to address resource concerns discovered after contract obligation. The participant may use other conservation programs to address resource concerns identified after enrolling these land uses in CSP.
  - (vii) NRCS will not extend the farmstead or AAL exemption to any other land use type.
- (3) A participant must schedule, install, and adopt at least one additional conservation activity on any land use within the first 12 months of the contract.
- (4) The scheduling of conservation activities are subject to the following:
  - (i) NRCS will schedule conservation activities based on the extent the applicant agrees to adopt each year.

- (ii) Applicants may schedule conservation activities with a lifespan of 1 year, as documented in the national CPS database, to recur every year of the contract on the same acres, to the maximum extent practical. These are primarily management activities, but also includes bundles that contain at least one enhancement with a lifespan of 1 year.

Applicants are not required to implement conservation activities every year of the contract. However, NRCS should encourage the applicants to schedule activities that have a 1-year lifespan every year of the contract to obtain greater environmental benefits. This scheduling option does not apply to adoption of resource conserving crop rotation activity – see section 507.82.

- (iii) Applicants will schedule conservation activities with a lifespan greater than 1 year, as documented in the national CPS database, only one time in the contract on the same acre or at the same location (footprint). These are primarily structural or vegetative type activities that involve the establishment, construction, or installation of a site-specific measure.
- (5) Participants must schedule, install, and adopt all enhancements, including bundles, by the end of the third fiscal year of the contract and may continue to implement the enhancements adopted by the third year in all subsequent years through the end of the contract as per section 507.80C(4)(ii).

Quality assurance by States will be needed, as this requirement is not enforced by the tools.

- (6) Participants may schedule, install, and adopt practices in any fiscal year of the contract.
  - (i) If a practice is paired with an enhancement, the practice must either be implemented first or in conjunction with the enhancement. The planner must carefully review the practice and enhancement requirements to determine if both can be scheduled in the same year and if the participant has the ability to implement both in the same year.
  - (ii) Practices may be scheduled in CSP if the producer has not implemented the practice in accordance with NRCS standard and specifications. Note: Practices will not be scheduled in CSP to address participant noncompliance situations where a practice was not established or implemented to NRCS standards using any other USDA program.
- (7) Participants must maintain installed or adopted conservation activities that do not recur for the conservation activity lifespan.

#### D. Supporting Documentation

Refer to 440-CPM, Part 512, Subpart B, Section 512.10, and Subpart E.

### **507.81 Conservation Activities**

#### A. General

- (1) The term “conservation activities” includes conservation systems, practices, enhancements, enhancement bundles, and management measures. Conservation activities are used to address one or more resource concern or improve environmental quality through the treatment of natural resources, and includes structural measures, vegetative measures, management measures, and planning needed to address a resource concern.
- (2) Before each ranking period, National Headquarters will provide the list of available conservation activities and enhancement job sheets to the States and the public by posting them on the CSP home page and USDA Connect, CSP SharePoint, or other location identified by National Headquarters.

- (3) States should only remove conservation activities from the nationally established list if the practice or underlying practice associated with an enhancement is not included in the State CPS database or is not applicable to the State.
- (4) Guidance related to planning conservation activities in the CAET is contained in section 507.76.

#### B. Practices

- (1) Conservation practices must meet the criteria in the conservation practice standards and specifications available in the Field Office Technical Guide (FOTG).
- (2) Conservation practices available and planned through CSP must meet the intent of the program.
- (3) Practices can be scheduled whether or not the applicant meets the resource concern at the time of application. See section 507.76E.
- (4) NRCS will not pay for practices that were part of the applicant's benchmark stewardship system and will be included as part of the existing activity payment.

#### C. Enhancements

- (1) Enhancements are a conservation activity used to treat natural resource concerns and improve producer conservation performance. Enhancement adoption results in environmental benefits that are equal to or greater than the performance level for the planning criteria identified for a given resource concern. Planning criteria are defined for each resource concern in section III of the FOTG. For example, cover crops to reduce water erosion addresses the purpose "Soil Erosion – Sheet and Rill Erosion."
- (2) Enhancement codes use an alpha numeric system to link the base practice and the purpose being addressed. See section 507.135.
- (3) Enhancements may be planned to meet the stewardship threshold requirement outlined in section 507.74.
- (4) A national team of NRCS technical specialists reviews and develops enhancements. Enhancements are directly associated with particular conservation practices and are based on proven technologies. Adoption of an enhancement will exceed the sustainable level needed to adequately address a resource concern. Each enhancement is described in an enhancement job sheet that includes the following:
  - (i) Enhancement name
  - (ii) Base practice
  - (iii) Applicable land use
  - (iv) Resource concern addressed
  - (v) Practice lifespan
  - (vi) Enhancement description
  - (vii) Criteria
  - (viii) Documentation requirements
- (5) Requests for new enhancements will follow established CSP protocol:
  - (i) Proposed enhancements must be developed using the enhancement job sheet format that can be found on the CSP Connect (or other NHQ reference site) and include the items listed in 507.81C(4).
  - (ii) Proposals must also include a document assigning CSP CPPE scores to each relevant resource concern cause. The range for the CSP CPPE score is -5 to 5. Exceptions to this range may be granted after review by the NHQ CSP Team.
  - (iii) Requests must be submitted to the CSP Team by December 31 of a particular year to provide adequate time for review and consideration. A technical review team will evaluate each proposal to ensure, at a minimum, the enhancement is unique to CSP and is addressing the resource concern above the sustainable level as identified in the

conservation practice standard. If approved, the proposed new enhancements will be added to the national activity list in subsequent ranking periods, as appropriate.

- (6) States have the option to develop supplemental guidance sheets for each enhancement provided they do not conflict with national activity sheets as follows:
  - (i) Acceptable Supplements
    - Criteria.—States may identify additional criteria that are applicable to implementing the enhancement within the State.
    - Documentation Requirements.—States may add adoption requirements.
  - (ii) Prohibited Supplements
    - Enhancement name or code changes
    - Enhancement description changes
    - Base practice changes
    - Resource concern addressed changes
    - Applicable land use changes
    - Practice lifespan changes
- (7) States must develop supplemental guidance sheets for each enhancement identified nationally that requires State specific information. Refer to the activity list for planners on Connect.
- (8) States will post the national enhancements job sheets State supplements to the—
  - (i) FOTG
  - (ii) State Web site (States may add a link to the National CSP home page for the enhancement job sheets)
- (9) Environmental and cultural resource compliance for the CSP is carried out in the same manner as compliance for any other conservation program or activity.

#### D. Conservation Activity Substitutions

- (1) Enhancements or practices may be replaced with similar enhancements or practices on the same land without potential contract violation as long as—
  - (i) The substituted conservation activity is within the same suite of conservation activities that were originally available to the planner in CAET for the resource concern and cause combination, then the planner does not have to reevaluate in the CAET. If the substituted conservation activity is not listed within the suite of conservation activities, then the planner must reevaluate using the CAET to determine if the environmental performance level is equal to or better than the originally scheduled activity. Refer to section 507.101E.
  - (ii) The number of resource concerns addressed for the affected land use are equal to or greater than the number of resource concerns met at the time of obligation (compare the original CAET summary report with the updated CAET summary report).
- (2) Conservation activity substitutions may be made for any year (current or future year; substituting enhancements in prior years or those already installed outside of contract is not allowed) of the contract if;
  - (i) Requested by the participant
  - (ii) Evaluated as per section 507.81D(1), and
  - (iii) Approved by NRCS.
- (3) The participant is not allowed to substitute component enhancements in a bundle unless the component enhancement from a bundle choice list is applicable.

E. Enhancement Bundles.—Producers are encouraged to install and adopt bundles of specific enhancements whose installation as a group improve conservation performance and address resource concerns in a more comprehensive and cost-effective manner.

- (1) Bundles use a coding system similar to enhancements, where a land use or landscape conservation initiative acronym is used to designate the purpose. See section 507.135.
- (2) Bundles may be planned to meet the additional activity requirements as described in section 507.74C. See section 507.76D for additional guidance on scheduling a bundle in CAET.
- (3) General requirements for enhancement bundles are as follows:
  - (i) Enhancement bundles are comprised of at least three component enhancements.
  - (ii) Bundles are land-use specific and positively address at least three resource concerns.
  - (iv) An enhancement bundle is compensated as an additional activity payment when all component enhancements are installed or adopted.
  - (v) The stewardship plan in CST will reflect the bundle as one activity and not as individual enhancements as scheduled in the CAET.
- (4) Requirements for scheduling and implementing enhancement bundles are as follows:
  - (i) The applicant determines the acres of the relevant land use where they will implement the bundle.
  - (ii) The applicant must adopt the bundle to the maximum extent practicable for all component enhancements on all scheduled acres once the bundle is adopted. Failure to complete any component enhancement to the maximum extent practicable on the acres planned will be considered a potential contract violation. See section 507.100B(iv).

If an applicant has already adopted one or more component enhancements within a bundle, the applicant may schedule the bundle as long as the applicant is newly adopting the majority (more than 50 percent) of the component enhancements within the bundle. Example: If a bundle requires five enhancements the participant could be implementing two component enhancements at the time of application as long as they will adopt the other three. However, a participant is required to continue to implement all component enhancements in a bundle regardless of whether or not they have adopted some of the enhancement components in the bundle at the time of application.

- (iii) The bundle is scheduled in the year in which all component enhancements in the bundle are applied but no later than the third fiscal year of the contract.
- (iv) Enhancement bundles satisfy the requirement that a participant must schedule, install, and adopt at least one conservation activity in the first 12 months of the contract. However, for a bundle to meet this requirement, all component enhancements in the bundle must be applied in the first 12 months of the contract.
- (v) The participant may not implement multiple bundles on the same land if the bundles have any component enhancements in common, or individual components of multiple bundles are not compatible on the same land use.

## **507.82 Resource-Conserving Crop Rotation**

A. The State Conservationist will determine eligible resource-conserving crop rotations based on the level of natural resource conservation and production benefits. Two supplemental payment options exist for resource-conserving crop rotation for participants earning an annual payment. Those options are improving an existing rotation or adopting a new rotation.

B. A resource-conserving crop rotation 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 in applicable areas, reduces depletion of soil moisture or otherwise reduces the need for irrigation, and may provide protection and habitat for pollinators. A fallow crop field is not considered a “crop rotation.”

C. State Conservationists will identify resource-conserving crops for their States and make the list available to the public before a ranking period starts. A resource-conserving crop is a crop that is one of the following:

- (1) A perennial grass
- (2) A legume grown for use as forage, seed for planting, or green manure
- (3) A legume-grass mixture
- (4) A small grain grown in combination with a grass, legume, forbs, grass-forbs, or grass-forbs mixtures whether interseeded or planted in rotation

D. To improve a resource conserving crop rotation, the participant must incorporate at least one of the following into their existing resource conserving crop rotation:

- (1) An additional growing year for perennial crops
- (2) A perennial (grass or grass/legume) crop substituted for a row crop
- (3) If current perennial crop is a legume, change to perennial grass or grass/legume mixture

E. To adopt a resource-conserving crop rotation—

- (1) The participant must adopt the resource conserving crop by the third fiscal year of the contract. A resource conserving crop rotation is considered adopted when the resource conserving crop rotation is planted on at least one third of the rotation acres.
- (2) NRCS will schedule the entire acreage of the planned resource conserving crop rotation beginning in the initial fiscal year the participant will adopt the resource conserving crop rotation and will be planted on all scheduled rotation acres by the fifth fiscal year of the contract.

F. There is no minimum extent required to be scheduled.

### **507.83 Conservation System Operation and Maintenance**

A. Operation includes the administration, management, and performance of nonmaintenance actions needed to keep the completed activity functioning as intended. Maintenance includes work to prevent deterioration of the activity, repairing damage, replacement, or restoration of one or more components of the activity to its original condition.

B. The participant will maintain and manage all—

- (1) 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.
- (2) Additional conservation activities installed and adopted over the term of the conservation stewardship contract.

### **507.84 Technical Assistance**

A. NRCS may provide technical assistance to an eligible applicant or participant either directly or through a procurement contract, contribution agreement, cooperative agreement or other appropriate instrument with other agencies or with a non-Federal entity. NRCS may utilize the services of State foresters and existing technical assistance programs, such as the Forest Stewardship Program of the U.S. Forest Service, in coordinating assistance to NIPF producers.

B. NRCS retains approval authority over certification of work done by non-NRCS personnel for the purpose of engineering design, job sheet development, and approving CSP payments.

## 507.85 Quality Assurance and Oversight for Planning and Implementation

### A. Procedure

- (1) State quality assurance plans must include CSP. Quality assurance will be performed as a part of ongoing quality assurance responsibilities.
- (2) States will use the checklist in section 507.136. State Conservationists may supplement this checklist as necessary.
- (3) Refer to section 507.103B and to 440-CPM, Part 512, Subpart F, Section 512.56, for additional guidance related to contract quality assurance.

### B. Technical References

References for quality assurance of conservation planning and application include the following:

- (i) Title 180, [National Planning Procedures Handbook \(NPPH\)](#), Part 600
- (ii) [Field Office Technical Guide \(FOTG\)](#)
- (iii) Title 450, [General Manual, Part 407](#)

## Part 507 – Conservation Stewardship Program

### Subpart J – Payments

#### 507.90 Payment Types

Subject to the availability of funds, NRCS will provide participants—

- (1) Annual payments for—
  - (i) Installing and adopting 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 of enrollment.
- (2) Supplemental payments on cropland for either of the following:
  - (i) Adopting a resource conserving crop rotation
  - (ii) Improving a resource conserving crop rotation

Note: NRCS will determine whether a resource-conserving crop rotation is eligible for supplemental payments based on whether the resource-conserving crop rotation is designed to provide natural resource and production benefits. Refer to section 507.82 for additional requirements.

- (3) Minimum contract payments for participants—
  - (i) At a rate determined by the Chief.
  - (ii) In any fiscal year that a contract's payment amount total is less than the amount described in section 507.93.

#### 507.91 Annual Payments

##### A. General

- (1) Through the CSP contract, NRCS provides an annual payment comprised of contract items for existing activities and additional activities completed in the previous fiscal year.
- (2) 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 will not include an additional activity component in years where the participant does not implement new conservation activities.
  - (i) Additional activity payments will be based on the activities actually completed in a given year.
  - (ii) Existing activity payments will be the same each year and can be made in years when there are no new activities scheduled.
- (3) The participant must meet the following requirements to earn payments:
  - (i) A participant must schedule, install, and adopt at least one additional conservation activity on each land use included in the contract.
  - (ii) A participant must schedule, install, and adopt at least one additional conservation activity on any land use within the first 12 months of the contract.
- (4) The CSP requires a participant to maintain existing levels of conservation and achieve additional conservation activity performance levels for land enrolled in the program for the entire contract period.
  - (i) Participants will maintain existing conservation activities to at least the conservation performance level identified at the time of enrollment for the contract period. This

requirement also applies to Farmstead and Associated Agricultural Land (AAL) exemptions as approved by NRCS in accordance with section 507.80C(1)(i).

- (ii) Participants will meet or exceed additional resource concerns by implementing and adopting conservation activities as scheduled in the participant's conservation stewardship plan and contract.

#### B. Determining Annual Payments

- (1) The NRCS Chief establishes the payments rates for the existing conservation activity payments as well as the payment rates for additional conservation activities.
- (2) NRCS develops payment rates for additional conservation activities using the Payment Schedule Application (PSA) tool. States are not allowed to alter final cost lists created within the PSA tool for electronic transmittal into contracting software (ProTracts) and Customer Service Toolkit. Refer to 440-CPM, Part 512, Subpart D, for guidance related to development of payment rates using payment schedules.
  - (i) The following additional requirements apply to payment rates used to calculate CSP payments for enhancements and enhancement bundles:
    - The CSP payment rate will only have one scenario for each conservation enhancement or enhancement bundle.
    - NRCS determines the payment rates for enhancements by calculating the difference in cost between meeting the basic practice requirements and the cost of applying the additional criteria or condition that comprises the enhancement. The same logic is applied to calculate the payment rates for component enhancements included in the bundle to form a typical bundle scenario which reflects the payment rates of all component enhancements.
    - For enhancement, the scenario payment is 100 percent of the estimated enhancement component cost for the typical scenario; for bundles, the scenario payment is 115 percent of the estimated enhancement bundle component cost for the typical scenario.
  - (ii) The following criteria provide guidance when selecting CSP appropriate practice scenarios:
    - For management practice (1-year life span), select the scenario closest to the base practice requirement.
    - For structural or vegetative practice (>1-year life span), use discretion when selecting one or more scenarios. In all cases, the practice scenario selected must not be duplicative with the enhancement scenarios.
    - For practices, the scenario payment rate is 10 percent of the estimated practice component cost for the typical scenario.

Note: There is no increased payment percentages for HU participants.

- (3) National headquarters will determine the existing activity payment rate for all land uses. Existing activity payments (EAPs) will be the same each year. The EAP will be comprised of a fixed payment rate per resource concern met at the time of application plus a per acre payment by land use.

Pastured cropland is a program designation that includes land used for the production of permanent vegetative cover in a grass-based livestock production system. The purpose of this designation is to provide a more accurate payment rate due to higher foregone income costs. The existing-activity payment rate for pastured cropland will be higher than the pastureland rate due to the higher foregone income associated with maintaining permanent vegetative cover on land suitable for cropland. Its additional activity payment rate will be the same as the pastureland rate. All technical assessments and determinations are completed as

pastureland. The pastured cropland designation does not apply to rangeland. Pastured cropland will be identified on a field basis using the following criteria:

- The land use must be pastureland.
- More than 50 percent of the field must be composed of soil map units classified as “prime farmland” as defined in Title 430, [National Soil Survey Handbook, Part 622, Section 622.04](#); [7 CFR Part 657](#); or NRCS Web Soil Survey.

Note: A pastured cropland tool is available to assist States in making the pastured cropland determination in a consistent manner. The tool generates a report that supports the acres to be contracted under this program’s land use designation. The tool can be accessed from the [Integrated Data for Enterprise Analysis \(IDEA\) tool link](#) on Connect.

Note: CLU boundaries and Soils may not be up to date. The pastured cropland may also be determined using the Prime Farmland Indicator report within the Soils Inventory Report in Toolkit. Refer to Toolkit Guide 43 to prepare SSURGO Soils Data for use in Toolkit.

- (4) A CSP participant’s payments for existing and additional activities are calculated as follows.
- (i) The **EAP** will be calculated for each land use using the following formula:

$$(AxB) + (CxD)$$

Where—

A = the number of resource concerns met at the time of application

B = a standard rate that is the same for all resource concerns

C = the acres in the land use

D = a standard rate that is determined for each land use

Note: For land uses with multiple land management systems, the land management system with the fewest resource concerns met at time of application will be used to calculate the EAP for all acres in the land use.

- (ii) The **additional activity payment** will be calculated based on the extent implemented each year. Each activity will be calculated as follows:

$$(AxB)$$

Where—

A= amount of unit (acres, feet, etc.)

B= payment rate

## 507.92 Supplemental Payment

A. Subject to the availability of funds, NRCS will provide supplemental payments to a participant receiving annual payments who agrees to adopt or improve a resource conserving crop rotation on cropland. Refer to section 507.82 for guidance on resource conserving crops and rotations.

B. The supplemental payment is based on the additional labor required to adopt or improve a resource conserving crop rotations.

C. A CSP participant’s supplemental payments are calculated in ProTracts as per section 507.91B(4)(ii).

## 507.93 Minimum Contract Payment

A. NRCS will make a \$1,500 minimum payment to a participant in any fiscal year that the contract’s payment amount total is less than \$1,500.

B. To avoid scheme and device, the minimum payment will not be applied to a new contract for newly acquired land added to an operation which is under an **active** conservation stewardship contract. It is the ProTracts user's responsibility to ensure the new application has the correct designation in ProTracts before promoting it to a contract to ensure the appropriate rules apply. See section 507.72D(3).

Note: The newly acquired land question in ProTracts is used to designate if a minimum payment applies to an application or contract. If the newly acquired land question is set to "Yes" the minimum payment will not be applied. The minimum payment will be generated during ProTracts "check rules" and each year is independently validated. The user will be prompted that the contract is eligible for a minimum payment. Select okay to generate the minimum payment or select cancel if the minimum payment is not applicable per policy. Minimum payments are separate contract items based on contract item total for the fiscal year. **Caution is needed to determine applicability of the minimum payment at the time of enrollment and prior to approving a payment.** Users cannot select minimum payment items to remove or add to an application. If the payment amount rises above the minimum payment threshold during a modification, ProTracts will remove the minimum payment for applicable years upon submitting the modification for approval. If the amount falls below the threshold, ProTracts will add the minimum payment for applicable years during a modification once submitted for approval. Minimum payments can be monitored from the "Contract Maintenance" screen in ProTracts.

## 507.94 Timing of Payments

A. NRCS will make annual contract payments as soon as practicable after October 1 of each fiscal year for activities carried out in the previous fiscal year. For newly enrolled contracts, payments will be made as soon as practicable after October 1 following the fiscal year of enrollment. Participants may choose to delay their payment until after the first of the calendar year but all payments for activities completed in the previous fiscal year will be processed by March 15.

Payments will not be made until the activities are certified and approved for payment. Any additional activity not completed in the fiscal year it was scheduled may be completed at a later time under an approved Form NRCS-CPA-153, "Agreement Covering Non Compliance with Provisions of the Contract." However, the payment for those activities that have been delayed will be included as part of the annual payment in the following fiscal year. Partial payments are prohibited. Refer to section 507.94C for additional guidance if the contract is in noncompliance.

B. Fiscal year contract payments will be issued based on the contracted obligations as indicated on the Form NRCS-CPA-1245 in accordance with 440-CPM, Part 512, Subpart G, Section 512.61. Documentation requirements must be reviewed to support the certification on the NRCS-CPA-1245. Additional information related to completion of the activities can be recorded on the job sheets, field notes, or other approved forms.

To the extent possible, certification must be completed in the fiscal year the activities are completed. Refer to Title 450, General Manual (GM), Part 407, and 440-CPM, Part 512, Subpart G, Section 512.60. Practices or activities are to be checked for compliance as soon as practicable after satisfactory completion.

C. NRCS will consider a performance level below what is required in the contract a potential contract violation. NRCS will address potential contract violations with a formal contract review. See 440-CPM, Part 512, Subpart F, Section 512.55. For CSP, States will complete the NRCS-CPA-13 "Contract Review," and a Form NRCS-CPA-153, "Agreement Covering Non-compliance with Provisions of Contract," to document the potential violation and all actions needed to bring the contract back into compliance consistent with 440-CPM, Part 512, Subpart F, Section 512.55. Upon

execution of Form NRCS-CPA-153 between NRCS and the participant, the existing activity payment may be made as scheduled.

Exception due to natural event: In the instance of a significant natural event, such as drought, wildfire, pestilence, hurricane, or flooding that would prevent the applicant from achieving the program requirements; those requirements will be considered met as long as the participant or applicant can provide documentation of their stewardship prior to such event. The existing activity payment may be approved under this provision.

Note: NRCS must maintain signed and approved copies of the NRCS-CPA-153 in the participant's case file. If the participant cannot complete the agreement within the timeframe specified on form NRCS-CPA-153 or the contract cannot be extended, the contract must be terminated in accordance with procedures in 440-CPM, Part 512, Subpart F, Section 512.57.

D. NRCS will approve payments after contract expiration only if the participant completed the activities and NRCS certified the activities as meeting requirements prior to contract expiration. Refer to section 507.94B for additional guidance related to certifications. A special payment will be needed if this requirement is not met, or if NRCS removes the certification after the contract expires. NRCS may submit a request for special payment consideration in accordance with 440-CPM, Part 512, Subpart G, Section 512.69.

- (1) Once NRCS certifies contract items, all the payment processes must move forward, even if the contract is expired:
  - (i) Payment calculation
  - (ii) Payment instructions
  - (iii) Participant signs the NRCS-CPA-1245 and user enters the date
  - (iv) Payment review
  - (v) Payment approval
- (2) If the user attempts to remove the certification after the contract expires, the user will receive a warning message in ProTracts:

“This contract has passed the period of performance and is expired. If the certification is removed, this payment cannot be processed in ProTracts and a Special Payment per 440-CPM, Part 512.69 may be needed. Select ‘Yes’ to continue to undo certification or ‘No’ to cancel this action.”
- (3) NRCS conducts maintenance and monitoring using the manage contract reports available in ProTracts.

## 507.95 Prohibited Payments

### A. Prohibited Activities

A CSP program payment to a participant must not include compensation for—

- (i) The design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.
- (ii) Conservation activities for which there is no cost incurred or income forgone by the participant.
- (iii) New conservation activities applied with financial assistance through other USDA conservation programs.

### B. Preventing Duplicate Payments

- (1) A program applicant or participant may not schedule the installation of new conservation activities for payment under CSP that are also earning payment through any other USDA

conservation program. Program applicants or participants will self-certify their compliance with this requirement when signing their contract appendix (NRCS-CPA-1202-CPC (Appendix)).

- (2) State Conservationists must take the following actions to prevent duplicate payments:
  - (i) Compare all USDA conservation program payment schedules in their State with the CSP activity list and based on how those practices and enhancements are used in their States' programs, determine which practices and enhancements are duplicative for their State.
  - (ii) States must compile a list of practices and enhancements that are considered duplicative between CSP and other USDA conservation programs.
  - (iii) States must issue a State bulletin to distribute the list of practices and enhancements considered duplicative to field personnel to assist in application servicing and contract administration.

## 507.96 Payment Limitations

### A. Person or Legal Entity Payment Limitations

- (1) Regardless of the number of contracts entered into under the program, a person or legal entity may not receive, directly or indirectly, payments that, in the aggregate, exceed—
  - (i) \$40,000 during any fiscal year for all conservation stewardship contracts entered into.
  - (ii) \$200,000 under all conservation stewardship contracts entered into during fiscal years 2014 through 2018.

Note: Payment limitations will be monitored and tracked through a payment limitation service. Payments under the 2008 Farm Bill will not be counted towards the annual payment limitations (APL) and the maximum (MPL) payment limitations for contracts obligated under the 2014 Farm Bill.

- (2) The above person or legal entity payment limitations exclude contracts or other special funding arrangements with Indian Tribes or Alaska Native corporations as described in 440-CPM, Part 512, Subpart C, Section 512.22, and 440-CPM, Part 512, Subpart J, Section 512.112.
- (3) Person or legal entity payment limitations are verified at the time of contract payment instructions and contract modifications. Payment amounts may change at payment instructions to enforce the direct and indirect payment limitations.
- (4) The Deputy Chief for Programs may waive the annual payment limitation if it is determined that, due to circumstances beyond the participant's control, payment for implementation for a fiscal year's activities cannot be made as scheduled under the CSP contract. The State Conservationist must keep records of all payments made to the participant to ensure the maximum payment limitation in section 507.96A(1)(ii) is not exceeded.
- (5) NRCS may not be able to pay participants with multiple CSP contracts if the participant exceeds payment limitations. If this happens, the participant still must comply with all terms and conditions of all their contracts.
- (6) The Fund Manager report, "Annual Payment Limits," shows detailed information on all the contracts where the direct or indirect payment recipients have interest. Any data highlighted in yellow indicates a payee has exceeded their \$40,000 annual payment limitation.

### B. Contract Limitations

- (1) Each conservation stewardship contract with a person or legal entity will be limited to—
  - (i) \$40,000 per fiscal year.
  - (ii) \$200,000 over the term of the initial contract period.

- (2) The following limitations apply to conservation stewardship contracts with a joint operation business type (business type 2 or 3 with an Employer Identification Number (EIN)) if the direct and indirect attribution limitation allows these higher limits:
  - (i) \$80,000 per fiscal year
  - (ii) \$400,000 over the term of the initial contract period

Note: An applicant applying as a joint operation must provide the EIN for the joint operation at the time of enrollment to qualify for the higher contract limit.

- (3) The above contract limitations exclude funding arrangements with Indian Tribes or Alaska Native corporations as described in section 507.96A(2). Refer to 440-CPM, Part 512, Subpart C, Section 512.22, and 440-CPM, Part 512, Subpart J, Section 512.112.
- (4) Contract limitations applied at the time of enrollment will be maintained for the entire contract period. Contract modification actions will not increase the financial obligation, including transfer modifications when the new participant meets the business type identified in section 507.96B(2). However, downward adjustments will be made if an eligible new participant in a transfer modification is not eligible for the contract limit in section 507.96B(2). ProTracts enforces this requirement for all contracts obligated under the 2014 Farm Bill.

### **507.97 Payment Procedures**

Refer to 440-CPM, Part 512, Subpart G, for guidance on participant payments.

**Part 507 – Conservation Stewardship Program**

**Subpart K – Contracts and Contract Administration**

**Reserved**

## **Part 507 – Conservation Stewardship Program**

### **Subpart L – Program Evaluation and Assessment**

#### **507.120 Evaluation and Assessment Process**

A. National Assessment

National program assessments will be done by aggregating assessments, data, and information from other levels in order to provide a national summary of overall program performance.

B. Periodic Evaluation

Each NRCS administrative level will perform evaluations of program performance on an annual basis, and as needed to address critical issues as they emerge.

C. Civil Rights Assessment

At all levels, program managers will compile information concerning the outreach to and participation of producers by race, sex, and national origin. This information will be used to assess whether satisfactory efforts have been made to ensure that limited resource producers, socially disadvantaged producers, and others who may not have historically participated in conservation programs are being equitably served in CSP.

#### **507.121 Program Evaluation and Assessment Report**

At each evaluation and assessment level, the designated evaluator will report on the findings for the evaluation period to the next administrative level and make these findings available to the Deputy Chief for Programs upon request. The Deputy Chief for Programs will analyze and aggregate report findings as one of the tools in evaluating program effectiveness.

## **Part 507 – Conservation Stewardship Program**

### **Subpart M – Exhibits**

#### **507.130 Common Contracting Forms and Template Letters**

[Refer to 440-CPM, Part 512, Subpart J](#)

#### **507.131 Reserved**

#### **507.132 Field Verification Adverse Decision Letter**

[Click here for Field Verification Adverse Decision Letter](#)

#### **507.133 Preapproval Template Letter**

[Click here for Preapproval Template Letter](#)

#### **507.134 Special Payment Supplemental Guidance**

[Click here for Special Payment Supplemental Guidance](#)

#### **507.135 Key to CSP Conservation Enhancement and Enhancement Bundles Codes**

[Click here for Key to CSP Conservation Enhancement and Enhancement Bundles Codes](#)

#### **507.136 Reserved (Contract Review Checklist)**

#### **507.137 Conservation Stewardship Program Eligibility Matrices**

[Refer to 440-CPM, Part 512, Subpart J, Section 512.112](#)

#### **507.138 Reserved**

#### **507.139 Contract Renewal Notification Letter**

[Click here for Contract Renewal Notification Letter](#)

#### **507.140 Contract Renewal Offer Sheet**

[Click here for Contract Renewal Offer Sheet](#)

#### **507.141 CSP Regulation – 7 CFR Part 1470**

[Click here for 7 CFR Part 1470](#)

#### **507.142 CSP Statute**

[Click here for CSP Statute](#)