

## Part 530 – Working Lands Conservation Programs Manual

### Subpart M – Inflation Reduction Act (IRA) – Funded Contracts

#### 530.120 General

A. This subpart provides NRCS policy, guidance, and operating procedures for contracts obligated using IRA funds. The subpart is effective for new enrollments using IRA funds starting in fiscal year (FY) 2023.

B. This subpart identifies additional guidance applicable to the Environmental Quality Incentives Program (IRA-EQIP Classic and IRA-EQIP-CIC), Conservation Stewardship Program (IRA-CSP), and Regional Conservation Partnership Program Land Management and Rental (IRA-RCPP-LMR) producer contracts obligated with funds made available by the IRA.

- (1) Contracts obligated with IRA funds follow the program regulation and policies contained in this manual. Part 530, subparts A through O, and program-specific subparts Q, R, and S, of this manual apply to IRA contracts unless otherwise specified in this subpart.
- (2) When guidance in this subpart conflicts with other parts of this manual, the guidance in this subpart and in the IRA statute prevails.

C. Authority – The IRA was enacted under Subtitle B “Conservation” of Title II of the IRA [Public Law 117-169](#), on August 16, 2022.

D. For EQIP and CSP, NRCS may only use IRA funds for contracts that include one or more core conservation practices or activities identified by national headquarters (NHQ), and any associated facilitating practices or activities, that directly improve soil carbon, reduce nitrogen losses, or that reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions, associated with agricultural production.

**Note:** Facilitating practices must meet the purpose as defined in National Planning Procedures Handbook (NPPH). See [180 NPPH 600.2](#).

E. For IRA RCPP, NRCS will prioritize project proposals that target delivery of project assistance to directly improve soil carbon, reduce nitrogen losses, or reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions associated with agriculture production. After proposal selection and programmatic partnership agreement (PPA) negotiations, NRCS may use IRA funds to obligate LMR producer contracts consistent with a negotiated PPA.

F. Practices and activities identified by NRCS to address IRA priorities in sections D and E are hereafter referred to as IRA conservation practices and activities.

#### 530.121 Managing Funds

A. In addition to Farm Bill funds received by NRCS each fiscal year, the IRA authorizes additional funding targeted to address specific IRA priorities outlined in section 530.120 above.

B. Follow subpart B, “Managing Funds,” of this manual, this subpart, and other IRA-specific guidance for proper management of IRA funds.

C. IRA funds cannot be combined with any other USDA funds within a contract.

D. States must create a separate IRA spending plan for CSP and EQIP. For RCPP, States may create IRA spending plans for each LMR fund pool in an RCPP project. See guidance for establishing spending plans and ranking pools contained in other national directives.

E. The requirement in section 530.401B(1)(ii) of this manual to target at least 50 percent of EQIP funding toward livestock-related practices does not apply to IRA funds. All other program-specific funding targets apply and may be achieved with either IRA funds, non-IRA funds, or a combination of both.

F. The following additional funding preparation activities apply:

- (1) **EQIP**—States must establish IRA-specific spending plans and ranking pools for EQIP Classic and may choose to establish spending plans and ranking pools for EQIP-CIC.
- (2) **CSP**—States must establish IRA-specific spending plans and ranking pools for CSP Classic.

**Note:** In the future, NRCS may offer CSP renewals through IRA.

- (3) States may also use IRA funds to support both EQIP and CSP Alternative Funding Arrangements (AFA's), as applicable. See subpart L of this manual for additional guidance on AFAs.

### 530.122 Application Processing

Follow subpart D, “Application Processing,” and the program-specific subparts of this manual. In addition, NRCS staff may prioritize funding selections in IRA funding pools before selections in other ranking pools.

### 530.123 Contract Development and Requirements

Follow subpart E, “Contract Development and Requirements,” and the program-specific subparts of this manual. The following guidance also applies:

- (1) Schedule IRA conservation practices and activities as described in section 530.120 above. Planners must ensure that any facilitating practices or activities scheduled in an IRA contract are documented accordingly in the applicable business tool.
  - (i) Contracts funded through IRA must contain at least one core practice or activity; they may not contain only facilitating practices or activities.
  - (ii) Conservation practices or activities included in an IRA-RCPP-LMR contract must also address one or more of the project priorities documented in the associated PPA, as applicable.
- (2) The period of performance of an IRA contract may not extend beyond September 30, 2031. NRCS does not have authority to waive this limitation.

**Note:** The period of performance may be shorter than the period of performance allowed in the program-specific subparts.

- (3) IRA contracts must follow the program regulations in effect on the date of obligation and the contract provisions specified in the contract appendix and IRA addendum.
- (4) Contract Documents –
  - (i) In addition to the appendix to Form NRCS-CPA-1202, “Conservation Program Contract,” NRCS must use exhibit 530.129A, “IRA Addendum to Appendix to Form NRCS-CPA-1202,” below. The addendum supplements the general terms and conditions established in the appendix to Form NRCS-CPA-1202.
  - (ii) Participants with an IRA-funded contract must sign both the contract appendix and IRA addendum at the time of obligation.
  - (iii) The IRA addendum is a critical contract document. See section 530.42B of this manual for filing requirements.
  - (iv) NRCS should use exhibit 530.129B, “IRA Application Approval Letter,” below to notify applicants that NRCS has approved their application using IRA funds. The IRA approval letter provides guidance specific to IRA funding requirements.

### **530.124 Payments**

- A. Follow subpart F, “Payments,” of this manual.
- B. In addition to the items listed in section 530.54, “Payments not Authorized,” of this manual, NRCS does not have authority to approve payment for—
  - (1) Practices or activities funded through an IRA contract after September 30, 2031. NRCS does not have authority to waive this limitation on the use of IRA funds.
  - (2) Practices or activities not authorized for IRA funding, except—
    - (i) RCPP may allow payment for any conservation practices or activities included in an LMR producer contract consistent with the PPA for the project under which the contract was awarded.
- C. States should carefully evaluate the use of practice payment caps authorized in section 530.406B(3) to ensure all EQIP and RCPP (consistent with PPA) funds can be obligated, and the objectives of the program are met.
- D. If a State-equivalent payment checklist is used, States must incorporate the IRA section items from the National Payment Review Checklist in subpart O, exhibit 530.142C, of this manual.
- E. IRA payments count toward program-specific payment limitations described in the program-specific subparts of this manual, as applicable.

### **530.125 Modifications**

- A. Follow subpart G, “Modifications,” and the program-specific subparts of this manual to determine acceptable and unacceptable modifications.
- B. In addition, the following applies:
  - (1) Adding or substituting an IRA conservation practice or activity.
    - (i) All scheduled contract items must meet the requirements for IRA conservation practices or activities as identified in sections 530.120 and 530.123 above.
    - (ii) The planner scheduled all contract items for completion with sufficient time for NRCS to approve payment prior to the contract expiration date or September 30, 2031, whichever is sooner.
  - (2) Deleting a conservation practice or activity. See section 530.123(1) above.
  - (3) Land Transfers. Partial land transfer that no longer meet the requirement in section 530.123(1) cannot be approved. The basis for denial is because the change will result in a contract that no longer meets the purpose of the IRA.
  - (4) NRCS cannot extend the period of performance beyond September 30, 2031. See section 530.123 (2) above.
- C. NRCS may approve a contract increase modification to an IRA contract if sufficient IRA funds are available. Only IRA funds can be used to fund an IRA contract and any subsequent contract increases.

### **530.126 Contract Reviews and Quality Assurance**

- A. Follow subpart H, “Contract Reviews and Quality Assurance,” of this manual.
- B. State conservationists must ensure staff complete robust reviews prior to approving a contract funded through the IRA and prior to approving IRA payments or contract modifications. States are highly encouraged to update the State quality assurance plan and assign responsibilities to appropriate staff for monitoring IRA activities and for oversight of all applications to ensure proper contract obligation and administration.

C. Annual contract reviews must include review of IRA contract provisions, including compliance with the schedule of operations to address IRA priorities and the period of performance.

### **530.127 Violations**

If NRCS determines that a violation occurred, follow guidance in subpart I, “Contract Violations” of this manual.

### **530.129 IRA-Specific Exhibits**

Follow subpart O, “Exhibits,” and program-specific subparts of this manual, as applicable. In addition, the following IRA-specific exhibits must be used for all IRA contracts.

- A. IRA Addendum to Appendix to Form NRCS-CPA-1202, “Conservation Program Contract”
- B. IRA Application Approval Letter
- C. Inflation Reduction Act of 2022