# Limited Resource Farmer & Beginning Farmer Program

Fact Sheet

September 2007

## What is a Limited Resource or Beginning Farmer/Rancher?

The intent of the Limited Resource Farmer/Rancher (LRFR) and Beginning Farmer/Rancher (BFR) Program is to ensure that Natural Resources Conservation Service (NRCS) programs are administered in a way that enables beginning or limited resource farmers and ranchers to maintain and develop economic viability in farm operations. To ensure NRCS technical and financial assistance programs and activities reach beginning and limited resource farmers and ranchers, the Environmental Quality Incentives Program (EQIP) final rule, published May 30, 2003, allows the State Conservationist to establish cost-share payments up to 90 percent for a limited resource farmer or rancher or beginning farmer or rancher. In North Dakota, the State Conservationist has established the cost-share payment at 20 percent higher than the established cost-share rate, not to exceed 90 percent, for individuals that qualify as either a limited resource farmer or rancher or beginning farmer or rancher.

## What does this mean to you?

To qualify for the additional 20 percent cost-share rate, an individual is required to certify on the NRCS-CPA-1200 CONSERVATION PROGRAM APPLICATION, that he/she meets at least one of the definitions shown below.

**Beginning Farmer/Rancher:**

1. Has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 consecutive years (1997-2006). This requirement applies to all members of an entity,
   **and**
2. Will materially and substantially participate in the operation of the farm or ranch.
   a) In the case of a contract with an individual, individually or with the immediate family member, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm or ranch, consistent with the practices in the county or the State where the farm is located.
   b) In the case of a contract with an entity, all members must materially and substantially participate in the operation of the farm or ranch. Material and substantial participation requires that each of the members provide some amount of the management, or labor and management necessary for day-to-day activities, such that if each of the members did not provide these inputs, operation of the farm or ranch would seriously be impaired.

**Limited Resource Farmer/Rancher:**

1. A person with direct or indirect gross farm sales not more that $116,800 in each of the previous two years (2005, 2006)
   **and**
2. Has a total household income at or below the national poverty level for a family of four **or** less than 50 percent of the county median household income in each of the previous two years (2005, 2006).

## Do I qualify?

To assist you in making an informed decision, the worksheets contained with this Fact Sheet can be used prior to completing the application for an EQIP contract. A determination of your qualifications either as a LRFR or BFR is necessary to determine the financial assistance necessary for the conservation practices you elect to install through the contract.

## Limited Resource Determination Information

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| **Gross Farm Sales Determination:**<br><br>In each of the last two years (2005, 2006), was your direct or indirect **Gross Farm Sales** less than or equal to **$116,800** per year?<br><br>Gross Farm Sales is defined as: Gross Income entered on IRS Form 1040, Schedule F, in the Farm Income Section. | ○ Yes | ○ No |
| **Adjusted Gross Income Determination:**<br><br>In each of the last two years (2005, 2006), was your **Total Household Income** less than the Adams "County Value" of **$20,000**?<br><br>Total Household Income is defined as Adjusted Gross Income for all members in your household or the amount you entered on IRS Form 1040, Adjusted Gross Income Section.<br><br>County Value is calculated as the higher of the National Poverty level or 50% of the County Median Household Income. | ○ Yes | ○ No |

**Note:** The "County Value" may be different for each county. As such, the determination should be made based on the county of residence.

If "yes" is the appropriate response to both criteria, the definition for limited resource farmer/rancher has been met. If "no" is the appropriate response to either criteria, the definition for limited resource farmer/rancher has not been met.

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To determine eligibility as a beginning farmer/rancher for the additional 20 percent cost-share payment for EQIP, applicants can complete the self evaluation below.

## Self Evaluation - Beginning Farmer/Rancher Determination

| Individual or Entity (list all members of the entity) | Operated a Farm or Ranch less than 10 consecutive years | | Will materially and substantially participate in operation of Farm or Ranch | |
|---|---|---|---|---|
| | Yes | No | Yes | No |
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Checking "no" in any block for the individual or any members of an entity indicates that the definition for beginning farmer/rancher designation has not been met. A check of "yes" in all blocks for the individual or all members of an entity indicates that the definition for beginning farmer/rancher designation has been met.

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Declaration of LRFR and/or BFR is based on self-certification in block 2, NRCS-CPA-1200 CONSERVATION PROGRAM APPLICATION. Annually, a percentage of all NRCS-CPA-1200 forms will be randomly selected and verification. Review item 7 of the Appendix to NRCS-CPA-1200 EQIP prior to making your declaration.

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