

October, 2012

Payment for Performance:

Conservation Stewardship Program

The Conservation Stewardship Program (CSP) presents a significant shift in how NRCS provides conservation program payments. Instead of using the traditional compensation model that pays a per-acre rental rate or a percentage of the estimated cost of installing a practice, CSP pays for conservation performance — the higher the performance, the higher the payment.

Annual Payments

Under CSP, participants receive annual land use payments for operational level environmental benefits they produce. Based on the Final Rule released in June 2010, CSP implemented a split payment structure to provide separate annual payments for conservation activities being added (additional activities) and those already in place (existing activities). In order to place emphasis on implementing new conservation, the Final Rule also required that a participant must install additional activities on a land use in order for that land use to earn annual payments.

A CSP participant's annual land use payments for both additional and existing activities are calculated as:

$$\text{Annual Land Use Payments} = \text{Land Use Acres} \times \text{Performance Points (additional or existing)} \times \text{Land Use Payment Rate}$$

Supplemental Payment

A supplemental payment is available to participants earning an annual payment who also agree to adopt a resource-conserving crop rotation on cropland. To determine the supplemental payment rate, NRCS technology specialists identified representative resource-conserving crop rotations and associated yields, and then collected cost information to compare net-returns under "conventional" and "resource-conserving" crop rotations. The supplemental payment rate is based on the differences in crop production costs between conventional and resource-conserving crop rotations.

2013 CSP Payment Rates Annual Payments

	<u>Additional Activity</u>	<u>Existing Activity</u>
<u>Landuse</u>	<u>Payment Rate</u>	<u>Payment Rate</u>
• Cropland	\$0.4990/point	\$0.0432/point
• Pastured Cropland	\$0.2376/point	\$0.0508/point
• Pasture	\$0.2376/point	\$0.0324/point
• Range	\$0.1588/point	\$0.0108/point

- Forest \$0.1858/point \$0.0173/point

Supplemental Payment

Resource-Conservation Crop Rotation - \$12.00/acre