

FUNDING COVER CROPS IN PENNSYLVANIA: A COMPARISON OF COST-SHARE PROGRAMS

To encourage cover crop planting, state and federal conservation programs offer financial assistance to help with cover crop implementation. This article provides a comparison of these programs and serves as a foundation of information for opportunities to coordinate the promotion of each program, leverage resources, and create scenarios that would benefit farmers planting cover crops.



Cover crops improve soil health. Cover crops are crops grown between two economic crops with the primary aim to protect and improve the soil. Cover crops reduce runoff, build soil organic matter, retain nutrients, fix atmospheric nitrogen, reduce and alleviate compaction, provide weed control, and improve soil health.

Cover crops can be used for livestock feed which may provide an economic benefit to farmers. This is an important consideration for Pennsylvania farmers. Cover crops can be grazed or harvested as forage, reducing the purchase of imported feed. This results in more nutrients cycled on the farm and reduced nutrient build-up in the soil. Although above-ground growth is removed when the cover crop is harvested, the root system stays in the soil. Root systems have been shown to be more important than surface residue to increase soil organic matter. Overall, using cover crops for feed is considered to be a win-win situation for farmers and the environment.

Since 2002, no-till adoption in Pennsylvania has increased, from just over 20 percent of planted acres to no more than 60 percent today. However, only half of the no-till acres had more than 50 percent crop residue cover after planting — the minimum to maintain or increase soil health. (SOURCE: NRCS-PA)

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	NRCS PROGRAMS Environmental Quality Incentives Program (EQIP) Conservation Stewardship Program (CSP) Regional Conservation Partnership Program (RCPP)	PA DEPARTMENT OF AGRICULTURE Conservation Excellence Grant (CEG) Program Resource Enhancement and Protection Program (REAP)
Does this program pay for cover crops?	Yes (all 3 programs)	CEG: Yes
Type of cover crop incentive: <i>(reimbursement payment, tax credit, rental payment, other)</i>	All three programs provide incentive payments for practices or enhancements – i.e., flat rates per practice on reimbursement basis CSP: existing activity payment for acres and resource concerns met at time of application.	CEG: reimbursement payment REAP: tax credits
Does program allow for single species or multi-species cover crop?	Yes, all three programs allow both single and multi-species cover crops	CEG allows both single and multi-species cover crops. REAP allows for multi-species cover crops
Is there a maximum amount or cap on the amount of support for cover crops?	Yes Cover crops presently have a practice cap of \$10,000 annually for the operating unit; not-to-exceed 3 years.	<u>CEG</u> Single Species Cover Crop - \$30/acre Multi-Species Cover Crop ¹ - \$40/acre Maximum of 200 acres/year are eligible for cost share. <u>REAP</u> 50% tax credit; 90% if in a TMDL watershed
Is any kind of match required to implement cover crops?	No match is required to implement cover crops. Need to be established as per cover crop standard and implementation requirements.	No, CEG pays a flat rate for cover crops.
Does program cover costs for planning and design of cover crops?	Yes, NRCS does provide technical assistance for planning and design of cover crops.	Yes, Conservation Planning is one of many priority practices that CEG cost shares.
Does program cover equipment purchase or rentals?	NRCS programs do NOT cover equipment purchases or rentals for establishing cover crops.	CEG does not cover equipment purchases. CEG could potentially cover the cost of equipment rental due to the fact that CEG pays a flat rate. REAP provides 50% tax credits for cover crop rollers/crimpers; 90% if in a TMDL watershed
Length of contract with landowner	EQIP and RCPP contracts can technically be 1 – 10 years but are typically 1 – 5	CEG: Cover Crop contracts can be one or two years. Two-year contracts: 1 st

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	<p>years. CSP contracts are typically 5 years.</p>	<p>year for single species cover crop, 2nd year for multi-species cover crop. REAP: Annual; may include 3 years of proposed plantings</p>
<p>Application Process</p>	<p>NRCS has a continuous signup process for EQIP, CSP and RCPP; however, each program has a different timeline for processing applications. For example, EQIP is typically the middle of October to consider those applications for 1st round that fiscal year. CSP and RCPP can vary throughout the year.</p>	<p><u>CEG</u> The concept behind CEG is to provide grant funding (state or federal) and combine it with other funding sources. Those sources include other grants, state/federal funding, tax credits (REAP), low interest loans (AgriLink), corporate loans or farmer financing. Applications are now being excepted by the participating counties and will continue until all funding is exhausted in those counties. Applications that are deemed complete will continue forward through ranking and approved by the authorizing agent of each individual county. CEG applications will be approved within 60 days of submittal of a complete application.</p> <p><u>REAP</u> First-come first-served basis. Tax credits are awarded upon completion of the project. REAP applications will be processed within 60 days of receiving complete applications. Focus is on existing ag operations or expansions up to 25%. Individuals or businesses can act as a sponsor of a REAP project – sponsor provides funding to a farm for BMPs and the tax credits are awarded to the sponsor.</p>

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Other criteria	<p>No nutrients of any source may be applied between the planting date and the following spring of March 1st. An exception is allowed for fall application if livestock is present on the farm, there is inadequate manure storage, no other cropland or option is available and application is in accordance with a Nutrient Management Plan.</p> <p>All seed purchased for cover crop must be tested and free of prohibited noxious weed seed in accordance with the Pennsylvania Seed Law and regulations.</p> <p>At the present time, grazing or “green chopping” for livestock forage (for on farm use) is allowed after a fall crop is well established (+/- 80% cover);</p> <p>Cover crop shall be killed-down and/or suppressed; harvesting as grain is NOT allowed.</p>	<p><u>CEG</u>: Projects over \$25,000 worth of state funding are subject to prevailing wage. Fields must have <u>NO</u> prior cover crop history for single species cover crop applications. Fields with prior single species cover crop history may apply for a multi-species cover crop contract.</p> <p>All seed purchased for cover crop must be tested and properly labeled in accordance with the PA Seed Law and regulations. If the grower elects to use home-grown seed, it must be tested for purity, germination, and absence of noxious weeds by a recognized seed laboratory prior to seeding.</p> <p>Cover Crops must be terminated (examples: burnt down, crimped, winter killed). Cover Crops that winter kill must provide at least 25% cover in order to be eligible for payment.</p> <p>Cover Crops may not be used as forage or harvested for grain.</p> <p><u>REAP</u> Equipment’s primary use must be the establishment and management of cover crops. May include 3 years of proposed plantings. Invoices must be submitted at end of each year’s establishment.²</p>

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<p>Does this program have priority areas in PA?</p>	<p>EQIP and CSP are available throughout PA.</p> <p>RCPP is only available in specific areas/counties throughout the state where projects have been approved.</p>	<p>CEG is only available in 7 counties (Bedford, Centre, Cumberland, Franklin, Lancaster, Lebanon and York).</p>

¹ Multi-species is defined to consist of at least one small grain/grass and one broadleaf species plant.

² A multi-species cover crop is defined as a cover crop mix that includes a broadleaf species and grass/small grain species. In addition, a multi-species cover crop mix may not include more than approximately 1.5 bu/ac of grass/small grain species. Burndown, nutrient applications, and lime are not eligible.

In addition to the programs listed in the table, recipient organizations of the PA DEP Growing Greener, Section 319 Nonpoint Source Management, PA DCED Watershed Restoration and Protection Program, and National Fish & Wildlife Foundation grant programs often receive funds for the implementation of agricultural BMPs. These projects may offer up to 100% reimbursement for cover crops in targeted watersheds. For a listing of current grant recipients, contact the Center for Water Quality Excellence.