

FACT SHEET: GUIDE TO COVER CROP INITIATIVES

Cover crops are an important tool for building soil health and protecting the nation's watersheds. However, transitioning to a rotation that includes cover crops involves some risk for producers. To alleviate this risk, federal, state, and private programs are available to assist farmers and landowners.



What is a cover crop?

A cover crop is a grass, legume, or forb planted to control erosion, improve soil health, or serve another purpose related to conservation.¹ The most common cover crop species include cereal rye, oats, clover, and vetch, as well as brassicas such as radishes and turnips. Cover crops must not be harvested for any other use besides forage and grazing.²



Cost-share programs are one tool producers can use to alleviate financial concerns associated with implementing a new farming practice. For cover crops, this can include the cost of seed, planting, and termination. While the amount of the cost-share varies by program and location, cover crop cost-share typically covers at least a portion of the management costs associated with seeding a cover crop.

COST-SHARE OPPORTUNITIES: LOCAL INITIATIVES

Farmers may be eligible for state or local incentives, including cost-share, to reward cover crop implementation. Some programs are statewide, while others are available in select watersheds or counties.

For example, the Illinois Cover Crop Initiative provides \$10 per acre for farmers planting cover crops anywhere in the state.³ In nearby Wisconsin, the Manitowoc County Soil and Water Conservation Department offers \$25 per acre for cover crops with a coinciding nutrient management plan.⁴

To find out what programs and cost-share rates are available, producers should contact their local Natural Resources Conservation Service (NRCS) office, conservation district, or state department of agriculture.

Sources

- 1 "Plant Cover Crops and Insure Your Cash Crops." U.S. Department of Agriculture, Risk Management Agency, February 2020, rma.usda.gov/-/media/RMA/Cover-Crops/202002-NRCSRMA-CoverCrop-Brochure-Letter.ashx?la=en. Accessed August 2022.
- 2 "FSA Handbook: Acreage and Compliance Determinations." U.S. Department of Agriculture, Farm Service Agency, fsa.usda.gov/Internet/FSA_File/2-cp_r16_a12.pdf. Accessed August 2022.
- 3 "Illinois Cover Crop Initiative." American Farmland Trust, 2022, farmland.org/project/icci. Accessed August 2022.
- 4 "Cost-Share." Manitowoc County, Wisconsin, 2022, manitowoccountywi.gov/departments/soil-and-water-conservation/cost-share. Accessed August 2022.



COST-SHARE OPPORTUNITIES: FEDERAL INITIATIVES

Natural Resources Conservation Service

The U.S. Department of Agriculture (USDA) NRCS has two financial assistance programs for cover crop implementation: the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP).

Both programs provide a framework for producers to address natural resources concerns while maintaining agricultural production. EQIP, which allows producers to address a resource concern with a single project or practice, provides three-year contracts for planting cover crops. CSP contracts last five years and must include additional conservation practices as part of a whole-farm plan.



Cover crop payment rates for CSP and EQIP vary from state to state. In addition, because CSP compensates producers for existing conservation practices, the rates associated with the program are lower than those for EQIP.

For example, in 2021, the EQIP payment for a basic cover crop species was \$20.80 per acre in North Dakota, while the CSP payment was \$6.93. In Pennsylvania, these rates were \$54.73 per acre and \$7.30 per acre, respectively.⁵ Rates may also fluctuate based on a producer's status as a beginning or underserved farmer.

Applications for both EQIP and CSP are accepted on a continuous basis at local NRCS offices. In addition to standard EQIP and CSP contracts, special initiatives for planting cover crops may be available in specific states. Find a list of USDA service center locations at offices.sc.egov.usda.gov/locator/app.

COST-SHARE OPPORTUNITIES: INDUSTRY INITIATIVES

Practical Farmers of Iowa

Practical Farmers of Iowa offers financial and technical assistance in select states for those seeding fall cover crops. The program offers \$10 per acre on an unlimited number of acres. These funds can be used in addition to any publicly funded government cost-share program.⁶

Producers in Iowa, as well as select counties in Nebraska, South Dakota, Minnesota, and Missouri, are eligible to apply. To learn more, visit practicalfarmers.org/cover-crop-cost-share.

Sources, continued

⁵ "2021 State Payment Schedules." U.S. Department of Agriculture, Natural Resources Conservation Service, nrcs.usda.gov/2021-state-payment-schedules. Accessed August 2022.

⁶ "Cover Crop Cost-Share." Practical Farmers of Iowa, practicalfarmers.org/cover-crop-cost-share. Accessed August 2022.



COVER CROPS AND CROP INSURANCE

Crop insurance premium discounts

Citing the benefits, some insurance providers offer a crop insurance premium discount as an additional incentive for producers planting cover crops.

Pandemic Cover Crop Program

In 2021 and 2022, the USDA Risk Management Agency (RMA) offered farmers a \$5-per-acre discount on their crop insurance premiums via the Pandemic Cover Crop Program. After reporting their cover crop acres to the Farm Service Agency (FSA) by a set acreage reporting date, producers saw the discount automatically reflected on their crop insurance premiums. The program, which can be used in combination with state-offered crop insurance discounts, has not yet been announced for 2023.⁷

Local initiatives

Select states and counties also offer premium discounts in addition to federal incentives. The Iowa Department of Agriculture and Land Stewardship offers a \$5-per-acre discount to producers not enrolled in a state or federal cost-share program.⁸ In Indiana, farmers in select counties are eligible for a \$5-per-acre discount through the Indiana State Department of Agriculture's Cover Crop Premium Discount Program.⁹

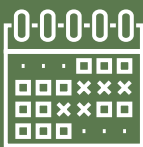
COVER CROPS AND CROP INSURANCE: WHAT YOU NEED TO KNOW

Termination

To maintain coverage, producers are required to follow Good Farming Practice determinations as set by RMA, specifically terminating cover crops in accordance with NRCS Cover Crop Guidelines.¹⁰

Together with RMA and FSA, NRCS developed the termination guidelines to provide simple and consistent requirements. By following these guidelines, producers can be confident their cover crop will be considered a Good Farming Practice and the subsequent cash crop will be insured.

Producers looking to terminate cover crops outside of these guidelines must consult an agricultural expert as defined in the Good Farming Practice Determination Standards Handbook. A cover crop can be terminated by any means. See Figure 1 on page 4.



Reporting

Similar to cash crops, cover crop acres must be reported on form FSA-578, which documents all of a producer's crops and their intended uses. For fall-planted cover crops, the reporting deadline is March 15 of the following spring.

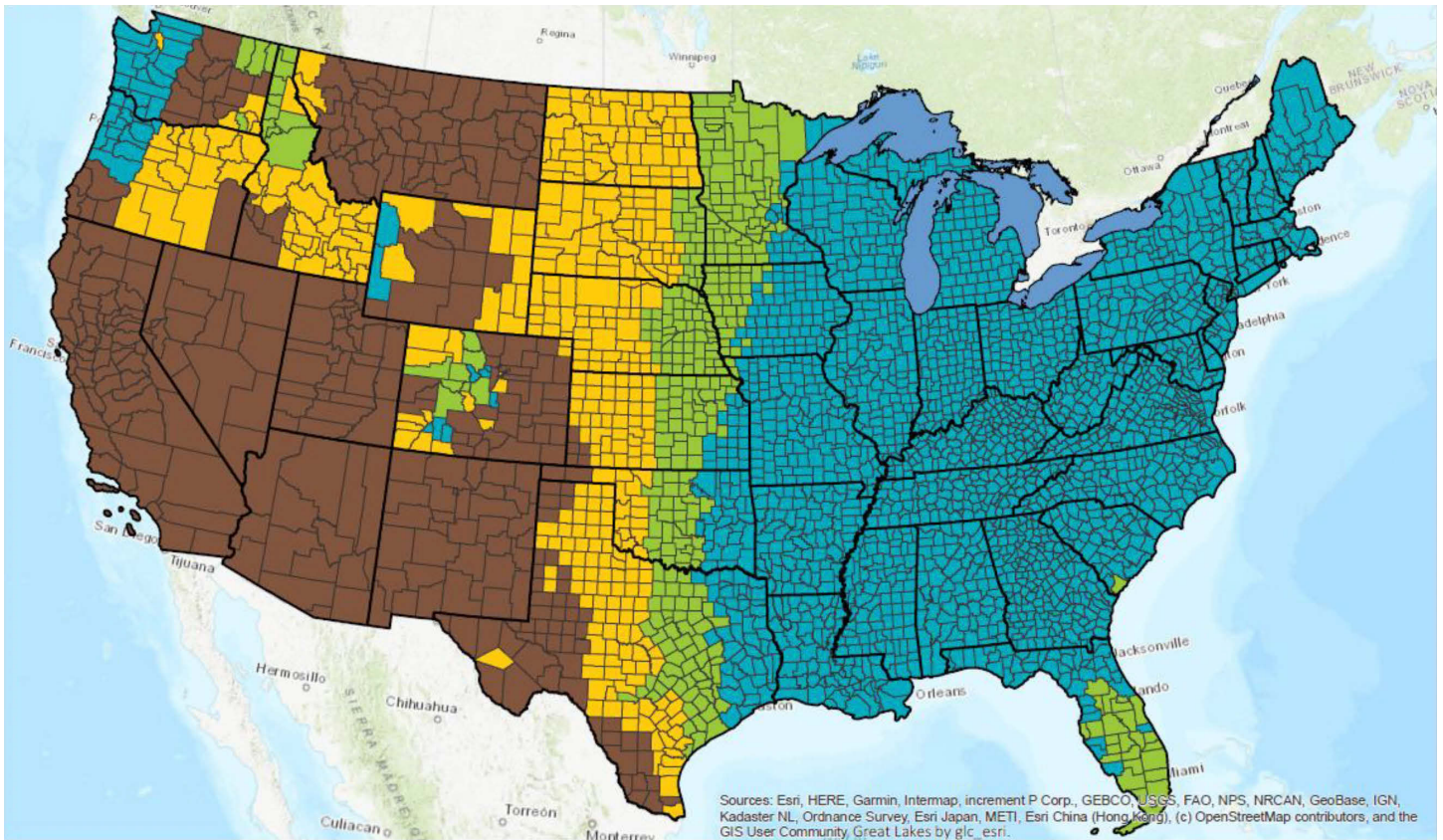
Cover crops planted after the March 15 deadline need to be reported by May 31. All cover crops reported to FSA must match those reported for crop insurance policies.

Sources, continued

- 7 "Pandemic Cover Crop Program." U.S. Department of Agriculture, farmers.gov/coronavirus/pandemic-assistance/pccp. Accessed August 2022.
- 8 "Crop insurance discount available for planting cover crops in Iowa." Iowa Farm Bureau, Oct. 7, 2019, iowafarmbureau.com/Article/Crop-insurance-discount-available-for-planting-cover-crops-in-iowa. Accessed August 2022.
- 9 "Cover Crop Premium Discount Program." Indiana State Department of Agriculture, 2022, in.gov/isda/divisions/soil-conservation/cover-crop-premium-discount-program. Accessed August 2022.
- 10 "Good Farming Practice Determination Standards Handbook." U.S. Department of Agriculture, Federal Crop Insurance Corporation, Risk Management Agency, July 2020, rma.usda.gov/-/media/RMA/Handbooks/Program-Administration--14000/Good-Farming-Practice/2021-14060-Good-Farming-Practice-Determination-Standards. Accessed August 2022.



FIGURE 1. COVER CROP TERMINATION ZONES (NON-IRRIGATED)



- Zone 1: Terminated cover crop 35 days or earlier before planting, except for RMA Summerfallow Practice

Zone 2: Terminated cover crop 15 days or earlier before planting, except for RMA Summerfallow Practice
- Zone 3: Terminated cover crop at or before planting, except for RMA Summerfallow Practice

Zone 4: Terminated cover crop before crop emergence

NRCS Cover Crop Termination Guidelines, Version 4, June 2019

