

July 21, 2004

WEST VIRGINIA BULLETIN NO: WV300-4-14

SUBJECT: Migration of Administrator Responsibilities for EQIP from FSA to NRCS

Purpose: To transmit Memos signed by NRCS and FSA at the national level regarding EQIP Migration, and associated timelines, to area and field offices.

Expiration Date: December 31, 2004

FSA and NRCS have agreed at the national level that EQIP administrative services will be migrated from FSA to NRCS by October 1, 2004.

The following materials are provided for your information:

- 1) A Memo signed by NRCS Chief Bruce Knight and FSA Administrator James Little, including a list of Questions and Answers.**
- 2) A Memo signed by Thomas Christensen, Director, Financial Assistance Programs Division, NRCS; and Robert Stephenson, Director, Conservation and Environmental Programs Division, FSA, including a list of Key Dates and Activities for both NRCS and FSA.**
- 3) NRCS/FSA EQIP Monthly Migration Strategy Milestones.**

A training session will be scheduled in August regarding the EQIP Migration and the roles and responsibilities for NRCS and FSA in FY2005. A revised EQIP Manual is expected to be issued in October to reflect the changes.

It is critical that NRCS field staffs complete the status reviews on EQIP 1997-2003 contracts that are behind schedule, and terminate or revise those contracts, as per WV Bulletin 300-4-13. This is necessary to facilitate an electronic transfer of contracts from the FSA System 36 to ProTracts.

All DC's need to read and understand the list of Key Dates and Activities, and assure that the necessary actions are taken in a timely manner. Especially note the following Key Dates:

Aug. 1 – NRCS to have completed status reviews on 1997-2003 contracts, and modified or terminated contracts as appropriate.

Aug. 13 – Last day for NRCS to provide EQIP Plans of Operation to FSA to record in System 36.

Aug. 20 - Last day to submit Errors, Omissions, and Appeals funding requests to NHQ and to FSA State Offices.

Sept. 1 - Last day for NRCS to provide signed EQIP contracts to county FSA offices. All signatures must be included.

Please read the attached materials thoroughly and discuss with other staff members in your office.

If you have questions or need additional information, please contact Jim Piper, ASTC(Operations) at 304-284-7543.

/s/

**LILLIAN V. WOODS
State Conservationist**

ATTACHMENTS

DIST: F

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John Rader, State Executive Director, FSA, Morgantown

Jim Piper, ASTC-O, Morgantown

Herb Andrick, RC, Morgantown

Charlotte Wertz, SAO, Morgantown

Ron Bricker, Budget Officer, Morgantown

Bill Doerr, Supervisory Contract Specialist, Morgantown

United States Department of Agriculture



Natural Resources Conservation Service
P.O. Box 2890
Washington, D.C. 20013

The logo for the Farm Service Agency, featuring a stylized graphic of three horizontal lines of varying lengths above the text.

Farm Service Agency
1400 Independence Ave
Stop 0501
Washington, D.C. 20250

JUL 19 2004

SUBJECT: PGM - Environmental Quality Incentives
Program (EQIP) Planned Migration and Future
Roles of the Natural Resources Conservation
Service (NRCS) and the Farm Service Agency (FSA)

TO: State Conservationists
Directors, Caribbean and Pacific Basin Areas
State Executive Directors (SEDs)
State Farm Service Agency (FSA) Offices

File Code: 440

In order to streamline delivery of EQIP and make the most efficient use of the resources of both our agencies, we have reached an agreement in principle that EQIP administrative services will migrate from FSA to NRCS, effective October 1, 2004.

Migration will encompass all contract years for fiscal year (FY) 1997 through FY 2004, including Ground and Surface Water Conservation and Klamath Basin Water Conservation contracts. Beginning October 1, 2004, all contract data will be recorded and maintained and payments processed by NRCS using ProTracts and related software programs.

Details of the migration are being planned by NRCS and FSA at the national level.

Additional guidance will be issued providing details and instructions for the migration and future responsibilities of both agencies in delivering EQIP.

A handwritten signature in black ink, appearing to read "Bruce I. Knight".

BRUCE I. KNIGHT
Chief
Natural Resources Conservation Service

A handwritten signature in black ink, appearing to read "James E. Little".

JAMES E. LITTLE
Administrator
Farm Service Agency

Attachment

cc:

John Johnson, Deputy Administrator for Farm Programs, FSA, Washington, D.C.
Douglas W. Frago, Deputy Administrator for Field Operations, FSA, Washington, D.C.
Kevin Brown, Acting Regional Conservationist, South Central, NRCS, Fort Worth, Texas
Russell Collett, Acting Regional Conservationist, Midwest, NRCS, Madison, Wisconsin

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Robin Heard, Acting Regional Conservationist, West, NRCS, Davis, California
Leonard Jordan, Acting Regional Conservationist, East, NRCS, Beltsville, Maryland
Merlin Bartz, Regional Assistant Chief, Central, NRCS, Washington, D.C.
Sara Braasch, Regional Assistant Chief, West, NRCS, Washington, D.C.
Deputy Chiefs, NRCS, Washington, D.C.

MIGRATION OF EQIP ADMINISTRATIVE RESPONSIBILITIES

QUESTIONS AND ANSWERS

Question: What does migration of Environmental Quality Incentives Program (EQIP) administrative services involve?

Talking Points:

- In general, effective October 1, 2004, administrative activities supporting delivery of EQIP formerly provided by FSA will be performed by NRCS. Activities include allocating and managing EQIP program funds, determining producer eligibility specific to the program, recording and maintaining the electronic contract database, and processing and issuing payments and conducting related financial activities.
- Streamlines EQIP processes
- Supports President's Management Agenda for E-Government
- Will provide more robust contract database for oversight and management
- Details are being worked out between the Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA) at the national level.

Background:

- Since program inception in 1997, FSA has provided administrative support services for EQIP.
- NRCS national program managers utilized file uploads from the FSA contract database for oversight and reporting purposes. System 36 files, however, provided limited capabilities. State program managers had no access to System 36 data.
- FSA efforts to migrate EQIP contract databases and payment software from System 36 to the Common Computing Environment (CCE) were scheduled for FY 2004, but development of antecedent processes was delayed.
- During FY 2003, NRCS initiated efforts to develop its own web-based contracting software, ProTracts. In January 2004, ProTracts was deployed nationwide for EQIP plan development, contract management, and funds planning management. NRCS plans to incorporate funds management and payment processing capabilities for EQIP by FY 2005.
- In early summer 2004, NRCS made a policy change regarding EQIP payment limitation that cannot be supported in the existing System 36 software, and reprogramming the legacy system would require significant resources and lead time.

Question: How will the migration change the responsibilities of NRCS and FSA in implementing EQIP?

Talking Points:

- In general, in addition to providing technical assistance and making contract determinations, NRCS will perform the administrative responsibilities previously performed by FSA. Some services must continue to be provided by FSA because of administrative or statutory delegations, such as processing certifications of Adjusted Gross Income and EQIP appeals.
- NRCS will assume responsibility, including custody of hard and electronic files, for all EQIP contracts and payments since program inception.
- Eliminates duplication of efforts by FSA and NRCS, resulting in more efficient use of staff to carry out agency mission

Background:

- To implement the new Environmental Quality Incentives Program (EQIP), the Secretary in 1997 approved a collaborative mechanism. NRCS was designated the lead and technical agency, with FSA providing administrative and contract services.
- FSA developed custom software in System 36 to maintain EQIP contract and practice information and to handle all related financial assistance funding processes.
- County FSA committees determined producer eligibility and, with the concurrence of NRCS, approved EQIP contracts on behalf of CCC and made compliance determinations based on NRCS review and input. FSA concurrence was required for all NRCS policy, procedural, and funding decisions
- In 2002, the program was streamlined to transfer EQIP contract approval and termination authority to NRCS and to remove the concurrence requirement.
- Before the 2002 Farm Bill, EQIP program funds were apportioned to CCC, and FSA requested administrative funds through the appropriated salaries and expenses account. Following passage of the 2002 Farm Bill, the Office of Management and Budget began apportioning EQIP program funds to NRCS, and NRCS began reimbursing FSA for administrative services.

Question: What will be the impact on staffing levels for FSA and NRCS?

Talking Points:

- Migration will have no impact on FSA staffing levels.
- Historically, funds made available to FSA for salaries and expenses (S&E) cover only 85 percent of agency estimated workload. EQIP migration will result in S&E covering a higher percentage of workload costs.
- NRCS administrative expenses, including FSA reimbursement, for EQIP implementation are paid from EQIP funds. EQIP migration should make additional EQIP funds available to participants.

Question: What impact will migration have on farmers and ranchers?

Talking Points:

- The impact should be positive for both EQIP applicants and participants.
- Will speed contract processing and approval.
- A single agency will now respond to all questions about program requirements.
- County FSA offices will be able to issue earned payments through September 30, 2004. NRCS is preparing to be able to issue earned payments October 1, 2004.

Background:

- An upload of all FSA automated EQIP files will be provided to NRCS at the National level to reformat so that contract and payment information for all active contracts from FY 1997 through FY 2004 will be available in ProTracts at the local NRCS office.
- Farmers and ranchers will continue to contact NRCS for questions regarding EQIP participation and to develop applications and turn in documentation of completed practices.

Question: What activities must be performed in order to prepare for the migration and what additional resources are available?

Talking Points:

- As communicated by NRCS Deputy Chief for Programs in a memo dated June 9 and a joint NRCS/FSA memo dated July 12, NRCS field offices must complete a review of all active EQIP contracts on which practices have not been completed according to the plan of operations. By August 1, NRCS must take action to either terminate contracts or reschedule practices and provide documentation to FSA.
- County FSA offices will record results from the review, including contract terminations, deobligation of funds, receivables, closing out contracts, rescheduled practices, and revised contract expirations dates by September 15.
- Recording activity from the contract review will result in additional workload for some county FSA offices. States should perform these activities with current staffing. If a State experiences critical staffing needs as a result of these activities, they should contact the FSA Deputy Administrator.

Background:

- A recent USDA Office of Inspector General (OIG) audit survey of EQIP found that, in many cases, contract schedules of operations were not being followed or all contract provisions were not being met. As a result, obligated funds had not been earned in the year scheduled, and the practice had not been rescheduled nor the contract terminated for noncompliance.
- Contracts and accounting records must be brought up to date before migration.
- NRCS has agreed to reimburse FSA for additional county office workload to record activity from the contract review.

United States Department of Agriculture



Natural Resources Conservation Service
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Washington, D.C. 20013

The logo for the Farm Service Agency, featuring a stylized wave or field icon above the text.

Farm Service Agency
1400 Independence Ave
Stop 0501
Washington, D.C. 20250

SUBJECT: LTP- Environmental Quality Incentives Program Date: JUL 19 2004
(EQIP)
Key Migration Dates for Farm Service Agency (FSA)
and Natural Resources Conservation Service (NRCS)

TO: State Conservationists File Code: 300
State Executive Directors

FROM: Thomas W. Christensen 
Director
Financial Assistance Programs Division
Natural Resources Conservation Service

Robert Stephenson 
Director
Conservation and Environmental Programs Division
Farm Service Agency

The Administrator, FSA and Chief, NRCS have signed a Memorandum of Agreement and issued a joint memorandum announcing a commitment to migrate administrative responsibilities for the Environmental Quality Incentives Program (EQIP) from FSA to NRCS by the end of Fiscal (FY) 2004 Year. Preparing for the migration involves significant workload and tight timeframes for both agencies. We are confident that management and staff of both agencies will work closely together at the local, State, and National level to accomplish the migration in a manner that is seamless to the participants and applicants whom we serve.

FSA and NRCS will continue to implement EQIP according to responsibilities outlined in the April 20, 2004, joint memorandum and revised EQIP manual for the remainder of FY 2004. Beginning October 1, 2004, administrative responsibilities for EQIP including recording application and contract data, verifying individual and entity designations, determining EQIP producer eligibility, controlling payment limitation, maintaining allocations, and processing payments will shift to NRCS. EQIP entry capabilities in System 36 will be locked out. FSA will continue to have responsibility for EQIP appeals and for handling Adjusted Gross Income and AD-1026 certification for EQIP applicants.

Key dates and activities affecting State, county, and field operations include:

DATE	AGENCY	ACTION
August 1	NRCS	Complete all status reviews for 1997 - 2003 contracts. Notify participants and FSA of contract terminations or rescheduled practices and extended expiration dates, as appropriate.
August 6	NRCS	Last day to notify National Headquarters (NHQ) of allocation changes
August 12	FSA	Last day CEPD processes CCC-357's for allocation changes
August 13	NRCS	Last day to provide EQIP plan of operations (CPO) to county FSA offices to record in System 36
August 20	NRCS	Last day to submit EOA funding requests to NHQ (national reserves) and to State FSA offices (State reserve or current year funds)
August 25	FSA	Last day CEPD processes CCC-357's for EOA's and State administrative transfers
August 27	FSA	Last day to record CPO and provide System 36-generated CCC-1200 to NRCS for signatures
September 1	NRCS	Last day for NRCS to provide signed EQIP contracts to county FSA offices. Must contain all signatures.
September 1	FSA	All 2004 allocations, EOA funds, and State administrative transfer amounts must be on county ledgers
September 15	FSA	Last day to record contracts, EOA modifications, terminations and related financial transactions, revised practice schedules and expiration dates
September 30	FSA	Last day to issue payments, including EOA payments
September 30	FSA	Last day to take EQIP applications. At COB, run final Applications Received report and CCC-1200 status report and provide both to NRCS.
October 1	FSA	Perform System 36 rollover. Last day to complete transfer of official EQIP files to NRCS.
December 31	FSA	NRCS may consult FSA at county, State, or national level as needed to clarify documentation and/or automated records received from FSA

State Conservationist

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For questions regarding migration, State NRCS offices should contact Ed Brzostek on 202-720-1834. State FSA offices should contact the following as appropriate:

- Policy questions - Cheryl Butler on 202-720-6304
- Automation questions - Sharon Rafter on 202-690-1612
- Ledger and reconciliation questions - Lynne Winemiller on 202-720-4053

NRCS/FSA EQIP MONTHLY MIGRATION STRATEGY MILESTONES		
May 2004	June 2004	July 2004
<ul style="list-style-type: none"> • Create NRCS/FSA Migration Team-COMPLETED • Obtain Treasury Symbols for prior year funds- COMPLETED • Meeting with FSA on access to FSA databases- COMPLETED 	<ul style="list-style-type: none"> • JOINT MEETING OF ADMINISTRATORS- Define agency migration strategy- COMPLETED • Test FFIS/PROTRACTS Connection- COMPLETED • Determine status of all contracts, supply updated status to FSA by Aug. 1 - JUNE 9, 2004 MEMO 	<ul style="list-style-type: none"> • Test ProTracts/FFIS Interface with WHIP contracts- COMPLETED • Inform NRCS/FSA agency personnel of migration-COMPLETED • Define new roles and responsibilities of FSA/NRCS- IN PROGRESS • Develop Prior Year ProTracts - IN PROGRESS • Initial upload of Conservation Database from FSA
August 2004	September 2004	October 2004
<ul style="list-style-type: none"> • Aug. 1st- NRCS supplies modifications and terminated contracts to FSA • Information to producers on change in FSA/NRCS roles with EQIP • Training of FSA and NRCS field personnel on roles and responsibilities in 2005 • Build and initiate testing of NRCS's Payment Limitation Database and Producer Eligibility process • Build and initiate testing of connection to FSA AGI Database • Aug 20 - Last Date FSA to receive EOA Modifications from NRCS 	<ul style="list-style-type: none"> • 1st- All FY2004 contracts approved by NRCS and returned to FSA • 15th- All FY2004 contracts terminations and modifications recorded by FSA • 15th- Get Estimate of funds from FSA for FFIS- Based on FSA August data • 15th- Get estimate of receivables from FSA CFO • 30th- FSA STOPS MAKING ALL PAYMENTS 	<ul style="list-style-type: none"> • 1st- NRCS BEGINS MAKING ALL PAYMENTS • 1st- Cutover AS400- System 36 to NRCS ProTracts • 1st- FSA complete transfer of all physical records to NRCS • 1st Initial transfer of Funds to NRCS • 29th- Final transfer of funds with FSA

EQIP Migration Strategy Goals: Obtain prior year EQIP funds; migrate all EQIP contracts from FSA System 36 to NRCS ProTracts; develop all processes to address program procedures; and institute the capability to make payments to producers through the PROTRACTS/FFIS interface by October 1, 2004.