

April 2, 2004

WEST VIRGINIA BULLETIN NO. WV300-4-6

SUBJECT: LTP – WV 2004 EQIP Decisions

Purpose: To provide FY 2004 EQIP Decisions and an updated Timeline for EQIP

Expiration Date: This bulletin expires September 30, 2004

Attached is an updated FY 2004 Environmental Quality Incentives Program (EQIP) Timeline.

The West Virginia State Technical Committee has reviewed LWG recommendations for changes in the 2004 EQIP Program, and provided me with recommendations. I have also read each of the LWG recommendations, and have made decisions after consideration of both the LWG and State Technical Committee recommendations. A few LWG's listed resource concerns that either were not listed in the West Virginia eFOTG or did not address the National Priorities listed in the EQIP Final Rule. Some adjustments were made to be consistent with Section III of the eFOTG.

In my decisions for 2004 EQIP, I have adjusted ranking sheets and cost lists for statewide consistency purposes. Based on recommendations from the LWG's and the West Virginia State Technical Committee, I have made the following adjustments to the WV EQIP program for FY2004:

1) Practice Lists and Cost Share rates:

A.) Watering Facilities:

Seven of the 14 LWG's recommended that cost sharing on livestock watering facilities (Springs, Wells, Ponds, Cisterns, Pumps, Pipelines, and Troughs) should be increased. Five recommended increasing to 75% cost sharing. Eleven of the 14 LWG's have "Animals – Quantity and Quality of Drinking Water" as one of their top five resource concerns. I have increased cost share rates for practices related to watering facilities that are in line with: a) the top 5 priority resource concerns identified by LWG's; b) the effectiveness of conservation practices as listed in the Section V Conservation Practices Physical Effects on Resource Concerns in the West Virginia eFOTG; and c) the National Priorities listed in the EQIP Final Rule.

B) Fence Chargers:

Four LWG's made recommendations to raise the maximum cost shared cost of electric fence chargers. The current maximum cost was \$185, based on a price of Southern States solar charger. I have raised the maximum cost to \$400. At a 50% cost share rate, this means that a producer could receive up to \$200 cost sharing if a fence charger is needed as part of a Prescribed Grazing System.

C) Changes in individual LWG practice cost lists:

There were some changes approved in the individual LWG practice cost lists to add or delete practices and adjust local costs, where justification was provided. Jim Piper and Herb Andrick discussed these changes with the District Conservationists and staff. I am asking the DC's to share this information with the LWG either at the next Conservation District board meeting or FSA County Committee Meeting.

D) I have approved cost lists that have all structural practices at 50% or less cost share rate.

E) I have received concurrence from the Regional Conservationist on the cost lists with structural practices over 50% cost share rate.

F) All approved resource concerns, ranking sheets, and cost share lists are posted at www.wv.nrcs.usda.gov under the Programs tab.

2) Limited Resource Farmers (LRF's):

During FY2003, there were a total of nine EQIP applicants who certified as LRF's and received a total of \$360,876 of EQIP funding. Six of the 14 LWG's specifically recommended keeping the cost share rate at 90%; two LWG's did not recommend any change, implying they agree with the existing 90% rate; one recommended lowering to 75%; two LWG's recommended 15% more than other farmers; three recommended using a 50% rate; and one recommended that LRF's be cost shared at the same rate as everyone else. The State Technical Committee recommended that cost sharing be continued state wide at the 90 per cent rate. Based on the recommendations of the West Virginia State Technical Committee, I have decided to continue using 90% cost share rate for Limited Resource Farmers in West Virginia.

3) Beginning Farmers (BF's)

During FY2003, there were a total of 90 EQIP applicants who self certified as BF's and received a total of \$2,044,484 in EQIP funding. One LWG recommended keeping the c/s at 90%, with no other comment. Three LWG's recommended keeping the c/s at 90%, but that this should only be available to applicants with less than \$40,000 income. One LWG had no recommendation, implying agreement with the 90% c/s rate. One LWG recommended 75%. Three recommended 50% c/s, and five recommended the same rate as

everyone else, which was interpreted as eight of the 14 LWG's saying that BF's should receive the same rate as anyone else.

Based on the recommendations of the West Virginia State Technical Committee, I have decided to use the same cost share as other applicants in the Local Work Group area for Beginning Farmers in West Virginia.

4) EQIP Funding Allocation Formula

Three LWG's did not recommend any changes to the funding allocation formula, implying that they felt it was appropriate, and two LWG's specifically indicated they felt the formula was appropriate. Four LWG's recommended that the "unfunded applications" factor should be eliminated because demand already exceeds available funding. The LWG stated "They should not encourage more people to apply, because this will result in more people being disappointed". Other LWG comments included: that the weight given to cropland should be reduced or removed; eliminate the funding for the karst and TMDL areas; give more weight to the number of unfunded applications and the dollars needed; there should be a factor to give more funding to steeper slopes in pasture and cropland; the LWG allocation should be doubled, because the Ohio River is on the 319 list; and counties draining into the Ohio River should receive additional funding due to the Gulf of Mexico hypoxia issue.

We analyzed the impact of removing the unfunded applications from the formula. Removing this factor reduces the allocations for 8 LWG's, increases it for 5, and makes very little difference for one. Another consideration is that WV receives "regional equity" funding based on the number of unfunded farm bill applications. If the number of unfunded applications is greatly decreased, it will adversely affect the dollars to West Virginia farmers. It is also the only factor that the LWG can affect, by how much effort they put into promoting the solving of their resource concerns. After evaluation and discussion, the State Technical Committee recommended that the "unfunded applications" should continue to be a factor in the formula.

The West Virginia State Technical Committee recommendation was "that the formula is as fair and appropriate as possible." Based on the recommendations of the West Virginia State Technical Committee, I have decided that the EQIP funding formula will be kept the same as it was in FY 2003 including the dollar amounts for the karst and TMDL areas. The formula will use % of state's grazing land in the LWG, % of state's cropland in the LWG, and % of state's unfunded applications. This year, there will be \$200,000 for Karst areas and \$100,000 for TMDL areas set aside at the state level to address these resource concerns. The funding breakdown by LWG's area will use the formula on the number of applications in ProTracts as of March 30, 2004. We will hold a \$200,000 reserve at the state level to address errors, omissions, and appeals. This money will be released for funding additional contracts in August 2004.

In the FY 2004 State allocation process for mandatory programs, I received slightly less than \$5,000,000 for West Virginia as Regional Equity funding for EQIP, Farm and Ranch Lands Protection Program, and Grassland Reserve Program. After May 3, 2004, National Headquarters (NHQ) will assess the progress we have made in obligating these dollars to contracts for the programs. After the assessment is made, NHQ will withdraw the unobligated funds. This underscores the importance of the backlog and unfunded applications for the mandatory programs.

I encourage ASTC-FO's and DC's to share this with LWG's members in order to keep them informed of EQIP activities. If there are questions, please contact Jim Piper at (304) 284-7543 or Herb Andrick at (304) 284-7560.

/s/ James L. Piper, acting for

**LILLIAN V. WOODS
State Conservationist**

Attachment

Dist: O

**Jim Piper, ASTC-OM, NRCS, Morgantown, WV
Herb Andrick, Res. Cons., NRCS, Morgantown, WV
John Rader, SED, FSA, Morgantown, WV
Clare Cottrell, Chair, FSA State Committee
Truman Wolfe, Ex. Director, WVCA, Charleston, WV
Joe Gumm, Pres., WVACD, Elkins, WV**

FY2004 EQIP TIMELINE
Updated March, 2004

Nov. 1 – Feb. 6, 2004 LWG's meet and provide advice regarding any changes in LWG Priority Resource Concerns, Ranking Criteria, and Practice Lists. DC's to send information in electronic format to Jim Piper, with a cc to Herb Andrick and their ASTC(FO). DC's will clearly identify any recommended changes in the ranking criteria and cost list from FY2003. The State Conservationist must approve any changes.

Jan. 20-30, 2004 ProTracts training to be provided to FO's.

Jan. 30 – Mar. 30 DC's to assure that all existing EQIP (and other Farm Bill program) applications are entered into ProTracts. Also enter new applications as received. Conduct Public Outreach.

Feb. 6-19 The State Technical Committee's EQIP Sub Committee will meet and prepare recommendations for the State Technical Committee Meeting and State Technical Committee

Feb. 26 State Technical Committee meeting to provide recommendations to the State Conservationist.

Mar. 51 State Conservationist provides guidance to FO's regarding EQIP implementation and provides initial EQIP allocation for the Local Work Group.

Mar. 5 Each Local Work Group's Ranking Criteria, Practice List and cost share rates to be put on NRCS Web site. DC's can start ranking existing applications.

Mar. 5 NRCS and Local Work Group members announce availability of EQIP information and end of ranking period (two weeks after information is on the web). Conduct concentrated Public Outreach.

Mar. 8-12 Training to be provided to FO staff regarding State Conservationist's decisions.

Mar. 26 End of Ranking Period

Apr. 23 DC's complete ranking of applications.

Apr. 27 All EQIP applications and ranking data are entered into ProTracts. DC's will select applications for contract development, based on ranking points and funding availability, from the ProTracts database. The "Lead DC" in the LWG will coordinate and confirm applications selected for contract development with the other DC's, the ASTC(FO), and the ASTC(Operations). Do not skip over a higher ranked application to fund a lower ranked application.

Apr. 28 DC notifies the applicants selected for contract development via letter, using ProTracts.

Apr. 28 The State Office will provide a summary of selected applicants and dollars by county, to permit FSA to make initial allocations to the FSA county offices.

May 28 EQIP Plan of Operations and Contract support documents to be prepared for contract approval. DC's will promptly notify the ASTC (FO) and ASTC(Operations) in writing of any problems with applicant cancellations. Additional applicants will be selected for contract development according to the ranking list in ProTracts. Do not skip over a higher ranked application to fund a lower ranked application. All conservation plans and contract support documents will be developed in Toolkit. The contract support documents will be uploaded into ProTracts, according to the guidance and instructions for the use of ProTracts.

June 2 NRCS will notify FSA of the final dollar amount of the contracts in each county, so that FSA can make any needed adjustments in the county final allocations. The State Office will obtain this information through ProTracts.

June 2 DC's will notify EQIP applicants not selected for contract development that their applications will be deferred to the next ranking period, using letters in ProTracts.

June 9 FSA will adjust the county final allocations.

June 2 – 18 The NRCS CCC Representatives will sign contracts. The local DC and the NRCS CCC Representative signing the contracts will confirm with the local FSA office that the required dollar amount has been allocated before signing the contracts. If the necessary dollars have not been allocated to the FSA Office, the CCC Representative will contact Jim Piper, ASTC (Operations) at the NRCS State Office.

To be determined by FSA - FSA County Offices to have contracts entered into System 36.

June 30 Local Work Groups to provide advice for the FY2005 Farm Bill programs.

July 30 The State Technical Committee provides recommendations to the State Conservationist regarding all FY2005 Farm Bill programs.

Sept. 30 All FY2005 Farm Bill program information is on the web and available to the public. FO's perform public information activities and Outreach.

Oct 29 End of first EQIP ranking period for FY2005.