

**NB\_300\_10\_8, Environmental Quality Incentives Program Support for Organic and Transition to Organic Production Systems - FY 2010**

**National Bulletin:** 300-10-8

**Date:** January 22,  
2010

**Subject:** LTP - Environmental Quality Incentives Program Support for  
Organic and Transition to  
Organic Production Systems - FY 2010

**Action Required By: February 19, 2010**

**Purpose.** To provide State Conservationists and Directors, Caribbean and Pacific Islands Areas, with guidance for the fiscal year (FY) 2010 Environmental Quality Incentives Program (EQIP) Organic Initiative.

**Expiration Date.** September 30, 2010

**Background.** This bulletin provides guidance for implementation of the Food, Conservation, and Energy Act of 2008 requirements associated with providing conservation assistance through the national EQIP Organic Initiative; it covers issues concerning both organic producers and those transitioning to organic production systems. To achieve the purposes of the initiative, the Chief has allocated \$50 million in financial assistance and associated technical assistance for FY 2010. EQIP Organic Initiative funds may only be used to address organic-related EQIP contracts. These funds are subject to EQIP program requirements and are to be obligated by May 1, 2010. If these funds cannot be used for organic-related conservation practices within a State by that date, the State Conservationist (STC) must return the funds to National Headquarters (NHQ) through an allowance change to be redistributed to other States at the discretion of the Chief.

Additional information about the National Organic Program (NOP) and organic certification requirements administered by the Agricultural Marketing Service (AMS) can be found at: [www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/).

**Explanation.** The Chief has established a national FY 2010 Organic Initiative application cutoff date of March 12, 2010, which STCs must advertise and publish on State NRCS Web sites. No STC may establish an application cutoff period earlier than March 12, 2010. Eligible producers include producers who are currently certified organic and producers transitioning to organic production systems. STCs must provide the opportunity for eligible producers to compete for EQIP Organic Initiative benefits separately from other EQIP funding pools and subaccounts established in ProTracts.

To ensure correct and timely implementation, the following actions and procedures are required.

**Actions Required by February 19, 2010.** To implement the FY 2010 Organic Initiative, STCs and Directors, Caribbean and Pacific Islands Areas, must take the following measures by **February 19, 2010**.

**EQIP Organic Initiative Application Cutoff Date** — STCs must establish an application cutoff date that is no earlier than March 12, 2010, and must then advertise and publish it on their State NRCS Web site.

**Letter to Deferred Organic Initiative Applicants from FY 2009** — STCs must ensure that all deferred Organic Initiative applicants from FY 2009 have been provided the standard letter generated from ProTracts offering the opportunity to have their application reconsidered for the FY 2010 Organic Initiative.

**Funding Pools** — STCs must establish two funding pools or subaccounts in ProTracts for administration of funds related to organic producers. One of the ProTracts organic subaccounts must be assigned the account type of "Organic-Transition;" the other must be assigned the account type of "Organic-Certified." STCs may establish additional subaccounts to support the Organic

Initiative, but all additional subaccounts must be assigned to one of the two approved organic account types. The requirement to use these two organic fund account types will ensure national consistency, ranking systems specifically related to the needs of these two different producer groups, and easier management of statute and program requirements outlined in this bulletin.

**Screening and Ranking Criteria** — STCs must use the approved national organic screening and Application, Evaluation, and Ranking Tool (AERT) ranking criteria shown in Attachment A (worksheet to be used for producers in transition to organic), and Attachment B (worksheet for certified organic producers), and C (AERT guidance for FY 2010). The ranking criteria must be entered into ProTracts in accordance with EQIP policy and AERT requirements for each separate subaccount. States may add additional State or local-level ranking questions if the questions are directly related to addressing identified resource concerns for organic production systems, but must first get them approved by the Deputy Chief for Financial Assistance and Community Development (FACD).

**Conservation Practices to Support Organic and Transitioning Operations** — STCs must select and advertise the conservation practices for potential EQIP Organic Initiative applicants. STCs must offer and make available any conservation practice that is likely to be needed by organic or transitioning producers in the State. For producers who are transitioning to organic, STCs are also encouraged to offer the "Conservation Plan Supporting Organic Transition" Conservation Activity Plan (CAP). STCs must also select and associate natural resource concerns with appropriate conservation practices from the Field Office Technical Guide directly related to organic production systems and requirements of the NOP. The information in Attachment D provides guidance concerning what NRCS practices and resource concerns correspond to NOP requirements; this list is not all inclusive. In selecting conservation practices, STCs should also obtain input from local working groups and State Technical Committees.

**Payment Schedules** — STCs must develop separate payment schedules to support the FY 2010 EQIP Organic Initiative. In developing the FY 2010 Organic Initiative payment schedules, STCs must take into consideration increased costs and income foregone as a result of implementing a practice on an organic or transitioning operation. The information in Attachment D provides guidance concerning potential payment schedule considerations for increased Organic Initiative-related costs; this list is not all inclusive. Some increased costs or income foregone may include higher costs related to services and materials and disproportionate losses in crop yields during the practice lifespan. Attachment E provides guidance for adding organic scenario payment rates in FY 2010 payment schedules.

**Payment Rates** — STCs must include a program payment rate of 75 percent in all EQIP Organic Initiative payment schedules. For historically underserved program participants, STCs must include a program payment rate of 90 percent.

**Payment Schedule Review** — After FY 2010 EQIP Organic Initiative payment schedules are developed, but before they are uploaded to ProTracts, STCs must submit them to NHQ for a quality review. To accomplish this, STCs must post their Organic Initiative payment schedules to the national payment schedule SharePoint Web site, under the FY 2010 directory. When STCs have uploaded their Organic Initiative practice payment schedules, they must send a notification e-mail to Kalven Trice ([kalven.trice@wdc.usda.gov](mailto:kalven.trice@wdc.usda.gov)) and James Rowe ([james.rowe@wdc.usda.gov](mailto:james.rowe@wdc.usda.gov)). The e-mail must identify practices and scenarios established to support this initiative. Within 10 working days, a response will be sent to the STC by e-mail, granting concurrence of the payment schedule scenarios or indicating if adjustments are needed.

**Application Procedures.** To ensure correct implementation, the following procedures are required:

**ProTracts Operations for EQIP Organic Initiative Applicants** — Organic Initiative applications entered into ProTracts under the "Organic" application type invoke required payment limitation controls. Only program applications associated with account types of "Organic-Certified" or "Organic-Transition" will be tagged with the application type of "Organic." Any EQIP application that is mistakenly tagged as organic, and obligated with funding from a nonorganic subaccount, must be cancelled immediately and no payments may be approved. Additionally, applications must be entered into ProTracts as "Planning" if applicants are pursuing a "Conservation Plan Supporting

Organic Transition" CAP. **Note:** Producers may simultaneously apply for EQIP benefits under the Organic Initiative and the other available EQIP program subaccounts. This dual application will enable producers to address resource needs not related to organic production. Regular EQIP payment rates will apply for the non-Organic Initiative contract.

**Transitioning-to-Organic Producers – Application** — Producers who are applying for EQIP Organic Initiative assistance to transition their operation to organic production will be required to submit a self-certification letter to the designated conservationist that includes both of the following items:

- (1) **Statement that the applicant** "agrees to develop and implement conservation practices for certified organic production that are consistent with an organic system plan."
- (2) **The name of a USDA-accredited certifying agent** contacted to begin the organic certification process.

Transitioning-to-organic applicants who fail to provide the self-certification letter or the name of the contacted USDA-accredited certifying agent are not eligible to obtain EQIP Organic Initiative assistance; the application will be deferred until certification is provided. Attachment F to this bulletin provides a template self-certification letter.

Producers who are transitioning to organic should be encouraged to take advantage of the opportunity to develop a "Conservation Plan Supporting Organic Transition" CAP, which helps assure that the producer has adequately identified practices and activities needed to meet statute and NOP provisions. This CAP was specifically created for producers who are transitioning to organic and is not available to producers who are already certified organic.

**Certified Organic Producers – Application** — In order to qualify for EQIP Organic Initiative assistance, applicants with certified organic operations must submit a copy of their current Organic System Plan (OSP). NRCS will use the OSP at the local field office level as the basis of the EQIP Plan of Operations and to verify compliance with provisions of the statute. The applicant must also provide the name and contact information of the USDA accredited certifying agent who certified the organic operation. Applicants who fail to provide NRCS with a copy of the OSP or the certifying agent contact information are not eligible to obtain EQIP Organic Initiative assistance; the application will be deferred until the required information has been provided. Confidential and private information provided by program applicants must be protected.

**Certified Organic Producers – Compliance** — The statute requires organic producers to develop and carry out an OSP in order to obtain EQIP Organic Initiative benefits. NRCS is responsible for verifying that certified organic EQIP participants are complying with this statutory requirement and will accomplish this verification as follows:

- (1) **Contract Review** — NRCS will annually complete a contract review in accordance with the requirements of the Conservation Programs Manual (CPM), Title 440, Part 512, Subpart F, Contract Administration. NRCS will review the EQIP Plan of Operations to ensure the participant is implementing practices on schedule and to verify that practices implemented are consistent with the statute and OSP.
- (2) **Organic Certification Status** — For active certified organic EQIP contracts, NRCS will annually (during contract reviews) verifies that the participant's operation has maintained the status of a certified operation. NRCS-designated conservationists will determine whether the participant and operation are certified by accessing the AMS Web site at: [www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/) (click on the link for "List of Accredited Certifying Agents." After selecting a State, links to "Lists of Certified Operations" can be found under the name of certifying agents).

**Certified Organic Producers – Violations** — The statute requires EQIP organic participants to implement practices that are included in or are consistent with an OSP. Program participants who NRCS determines to be in violation of the terms of the EQIP contract agreement may be

subject to contract termination and potentially responsible for repayment and assessment of liquidated damages, in accordance with program policy. Violations may include: not implementing agreed-to practices according to schedule in the EQIP Plan of Operations, not in compliance with an OSP, no longer meeting AMS certification, or a combination of these. The statute requirements for termination only apply to the single organic contract in violation, and termination procedures will not be applied to other program contracts unless they are also in violation. See existing program policy (440-CPM, Part 512, Subpart F, "Contract Administration") for guidance related to contract review and program participants who violate terms of the contract agreement.

**Contact.** If you have any questions, contact Abby Letzter, Conservation Programs Specialist, at (202) 720-6268 or [abigail.letzter@wdc.usda.gov](mailto:abigail.letzter@wdc.usda.gov), or Mark Parson, EQIP Specialist, at (202) 720-1840 or [mark.parson@wdc.usda.gov](mailto:mark.parson@wdc.usda.gov).

/s/ Virginia (Ginger) L. Murphy for

DAVE WHITE  
Chief

Attachment A - Screening Criteria Worksheet - Transition to Organic Production  
Attachment B - Screening Criteria Worksheet - "Certified" Organic Operation  
Attachment C - Application, Evaluation, and Ranking Tool Guidance - Fiscal Year 2010  
Attachment D - Guidance for Selection of Conservation Practices to Support Organic Operations  
Attachment E - Guidance for Adding Organic Scenario Payment Rates in FY 2010 Payment Schedules  
Attachment F - Producer Self-Certification Template: Organic During Transition