

Action Required By: November 19, 2010

Purpose. To provide State Conservationists (STCs) with guidance to create payment schedules that will support the implementation of Conservation Activity Plans through EQIP during fiscal year (FY) 2011.

Expiration Date. December 30, 2010

Background. The Food, Conservation, and Energy Act of 2008 (FCEA) provides authority to NRCS for practice payments through EQIP, which include support for development of Conservation Activity Plans (CAPs). This bulletin provides supplemental guidelines for FY 2011 CAPs funded through EQIP.

Explanation. The EQIP statute allows EQIP payments to a maximum rate of 75 percent of the estimated incurred costs for practice implementation, which is for the development of a plan (up to 90 percent for historically underserved (HU) producers). Using procedures in [Title 200, National Economics Handbook \(NEH\), Part 613](#), and the [Title 440, Conservation Programs Manual \(440-CPM\), Part 512, Subpart D, "Program Payment Schedules,"](#) STCs will need to record data for estimated incurred costs to determine the appropriate payment and percentage rates to support each of the CAP practice payment schedules. Use of the cost category "Foregone Income" is not allowed for use with payment schedules associated with CAPs.

During FY 2011, the agency will allow the use of the 16 CAPs to support priorities of the Department and NRCS. All 16 CAPs are available for use in all States through EQIP during FY 2011; however, several CAPs will be required to be offered in specific States, as indicated in the following table and approved in the Conservation Practice Standards (CPS) database.

CPS Practice Payment Code	Conservation Activity Plan (Practice Payment Name) **	Required to be Offered
102	Comprehensive Nutrient Management Plan (CNMP) – Written	All States
104	Nutrient Management Plan – Written	All States
106	Forest Management Plan – Written	Optional
110	Grazing Management Plan – Written	Optional
114	Integrated Pest Management (IPM) Plan – Written	Optional
118	Irrigation Water Management Plan – Written	All States
122	Agricultural Energy Management Plan-Headquarters – Written (new)	Optional
124	Agricultural Energy Management Plan-Landscape – Written (new)	Optional
126	Comprehensive Air Quality Management Plan – Written	Air Quality States
130	Drainage Water Management Plan – Written	Optional
134	Conservation Plan Supporting Transition from Irrigation to Dry-land Farming Plan – Written	AWEP States
138	Conservation Plan Supporting Organic Transition – Written	All States
142	Fish and Wildlife Habitat Management Plan – Written	Optional
146	Pollinator Habitat Enhancement Plan - Written	Optional
150	Oil Spill, Prevention, Control, and Countermeasure (SPCC) - Written (new)	Pilot States
154	Integrated Pest Management Herbicide Resistance Weed Conservation Plan – Written (new)	Optional

** The units for all CAP practices is a "number" or "No."

For each of the offered CAPs, EQIP payments will only be made to producers for development of plans by certified technical service providers (TSP). The NRCS TechReg Web site contains TSP category requirements for the 16 types of approved CAPs. Additional guidance and training will be provided to all States to explain the TSP certification requirements, policy, and plan criteria for CAPs early in FY2011.

For CAPs offered in each State, STCs will need to create a payment schedule workbook and appropriate scenarios to support the program payments. The split of the Agricultural Energy Management Plan (AgEMP) CAP does not impact prior-year approved contracts that may include practice payment code 122, but STCs will need to provide training for use of and differences associated with the two new AgEMP CAPs.

There are important requirements that must be met in order to support this effort during FY 2011 and meet statutory requirements, as follows:

- No EQIP financial assistance payments are authorized for development of CAPs other than through EQIP program contracts.
- Only certified TSPs may be used to provide services for development of CAPs.
- Under no circumstance should NRCS allow duplication of payments for the same planning services in program contracts (i.e., contracts with both 100-series practice payments (FA) and 910 technical assistance (TA) practice payments for the same planning services on the same land).
- With the exception of CNMP CAPs, the use of TA funds for TSP planning services for CAPs is not permitted. TA funds for TSP services may be used for development of CNMP plans and other authorized services (planning, practice design, implementation, and checkout services using 900-series payment codes). These requirements do not preclude States from use of "A&E" type agreements using TA for other services (outside ProTracts), but not for development of EQIP CAPs other than a CNMP.
- Payment schedules for CAPs must include an increased payment rate for historically underserved participants that are at least 25 percent above the otherwise applicable rate, provided that this increase does not exceed 90 percent of the estimated costs incurred for the CAP. The attachment to this national bulletin provides an example payment schedule worksheet (scenario) and associated payment rates for use in ProTracts.

Note: Several of the required CAPs are to support Department or agency priority initiatives or strategies during FY 2011.

- The new nutrient management CAP (104) is required to support the agency strategy for the revised Nutrient Management (590) practice requirements.
- The new SPCC CAP is required to meet the Department's pilot initiative to help meet new Environmental Protection Agency regulatory requirements to prevent potential spills on farms and ranches with above-ground oil and fuel storage facilities. This effort will also be supported by one new interim and one existing conservation practice standard to help implement specific elements identified in this CAP plan.
- The split of the AgEMP CAP is to support the initiative announced by the Secretary earlier this year and additional agency efforts that will be available to assist producers with improvements to conserve energy using new authorities through EQIP. One new conservation practice will be offered during FY 2011 to support implementation of AgEMP-identified activities along with other existing conservation practices.
- The new IPM Herbicide Resistance Weed Conservation CAP is to help develop cultural activities to assist producers in certain States where treatments to manage weeds have become resistant to specific herbicides.
- The Comprehensive Air Quality Management CAP is being emphasized to help identify practices which will assist producers address regulated air quality resource concerns as well as to support the new national effort to address green house gases and the new energy resource concern.

Additional guidance and training will be provided to States to explain requirements associated with the various CAP standards, TSP requirements and other information to support EQIP funded CAPs during FY 2011.

Additional guidance regarding ProTracts is provided as follows:

CAP (CAP).—Refer to [440-CPM, Part 512, Subpart D, "Program Payment Schedules,"](#) and [200-NEH, Part 613,](#) for policy guidance.

Conservation Practice Standards (CPS) Database.—Actions must be completed before any of the CAP practice payments can be included in payment schedules uploaded to ProTracts. The national data steward has made practice payment codes available in the CPS database and State data stewards must also make the practice code active in the State CPS database for each of the conservation plan activities approved for use. The practice life span for all CAPs is 1 year.

EQIP Financial Assistance Support.—Development of EQIP CAPs may only be supported through financial assistance payments through EQIP contracts. Each CAP will be supported by a single, stand-alone program contract with plan development scheduled during the first 12 months after obligation. The expectation is that these agreements will be completed within the first year. Modification of program contracts for CAPs to reschedule and allow completion of the conservation plan beyond the first year is strongly discouraged.

ProTracts.—The ProTracts application type of "planning" must be associated with any EQIP CAP applications. Ranking of EQIP applications associated with CAPs is optional. However, if ranking of CAP applications is utilized, the criteria used should be as concise as possible in order to prioritize the need for the approved activity and uploaded to ProTracts ranking tool by **Friday, November 19, 2010**. Note that because these practice payment codes are not included in the Conservation Practice Physical Effects database, the ranking calculations associated with the "cost efficiency" score will always be zero. The criteria used to support ranking must relate to the environmental benefit and results that are expected from development and eventual implementation of the CAP.

One CAP Per Acre Restriction.—Although eligible producers may submit applications for development of multiple CAPs under this authority, only one CAP contract is allowed to be developed on eligible land at any given time. Contracting of multiple CAP contracts on the same land unit is prohibited.

Completion of CAP Payment Schedules for FY 2011.—STCs will need to complete development of payment schedules to support FY 2011 use of CAPs by close of business, **Friday, November 19, 2010**. Final actions to be completed include upload to the national payment schedule Web site, ProTracts, and the Field Office Technical Guide (FOTG) as well as public announcement on each State programs Web site to ensure transparency regarding program and technical support. Additional guidance regarding posting to the FOTG will be provided by the Science and Technology Deputy Area.

Contact. If you have any questions, contact the Branch Chief, Environmental Improvement Branch, Financial Assistance Programs Division, at (202) 720-1845.

/s/

CRAIG R. DERICKSON
Deputy Chief
Financial Assistance and Community Development

[Attachment](#)

Guidance for adding conservation plan payment rates in FY 2011 payment schedules

Using current procedures in the Title 200, Economics Handbook, Part 613, and Title 440, Conservation Programs Manual, Part 512, Subpart D, State Conservationists shall record data for estimated incurred costs to determine the appropriate payment and percentage rates to support each of the plan practice payment schedules. Use of the cost category “Foregone Income” for support or development of plans is prohibited.

Following is a sample stand-alone payment schedule worksheet for one typical scenario and steps to follow to add the appropriate columns, rows, or both (additional scenarios can be added to the activity plan workbook).

Step 1: Create new payment schedule workbook and appropriate supporting scenarios. Document sources and record data associated with estimated incurred costs for development of a typical plan scenario.

Any State	114	Integrated Pest Management (No.)	Integrated Pest Management Plan – Cropland
Cost Data – “Grey Box”			
Typical Implementation Scenario			
Costs associated with development of a conservation plan to support “Integrated Pest Management” (IPM) system which will meet requirements of the Field Office Technical Guide (FOTG) pest management (595) practice. Typical plan for this scenario is associated with a 500 acre irrigated orchard to meet requirements of the FOTG and local regulatory requirements. Costs based upon labor associated with services provided by a technical service provider.			
Geographic Area:	Statewide		
Unit for Cost Estimate:	No		
Practice Life (Years):	1		
Discount Rate (%/Year):	5%		Cost/Unit
Materials – N/A			\$0.00
Equipment/Installation – N/A			\$0.00
Labor	Units		\$352.50
Scoping, Organization, Travel (Hrs)	4.1		
Inventory, Reconnaissance (Hrs)	3.5		
Documentation, Plan Approval Process (Hrs)	6.5		
Total Unit	14.1 Hrs		
Wage Rate (\$/Hour):	\$25.00		
Total Labor Cost (\$/Ac):	\$352.50		
Mobilization – N/A			\$0.00
Operation & Maintenance (Annual) – N/A			\$0.00
Acquisition of Technical Knowledge – N/A			\$0.00
Foregone Income (Annual) – N/A			\$0.00
Risk (Annual) – N/A			\$0.00
Administration & Permit Costs – N/A			\$0.00
Data Source: Typical planning cost information obtained from State Organic Certifiers organization for year 2009 (see Web site: www.SOC-FAKE.org). Recorded by Connie Conservationist, SRC, Any State, 10-27-09.			
Total Cost Estimate:			\$352.50

Alternative Cost Category and Data Source: As an alternative to using the “Labor” cost category for a scenario worksheet, costs associated with development of plan that meet the definition and purpose of the “Acquisition of Technical Knowledge” cost category could be supported with data developed from a technical service provider payment rates for services associated with plan development.

Step 2: Complete “Green Box” calculations assigning appropriate payment percentages and payment rates:

Payment Schedule Development Methodology					
	Cost/Unit	EQIP*		EQIP-HU**	
		Program Payment	Program Payment	EQIP Payment	EQIP-HU Payment
<u>Cost Category</u>	<u>Cost/Unit</u>	<u>Percentage*</u>	<u>Percentage</u>	<u>Rate</u>	<u>Rate</u>
Materials	\$0.00	60%	85%	\$0.00	\$0.00
Equipment /Installation	\$0.00	60%	85%	\$0.00	\$0.00
Labor	\$352.50	60%	85%	\$211.50	\$299.63
Mobilization	\$0.00	60%	85%	\$0.00	\$0.00
Operation & Maintenance (Annual)	\$0.00	0%	0%	\$0.00	\$0.00
Acquisition of Technical Knowledge	\$0.00	0%	0%	\$0.00	\$0.00
Foregone Income (Annual)	\$0.00	0%	0%	\$0.00	\$0.00
Risk	\$0.00	0%	0%	\$0.00	\$0.00
Administration & Permit Costs	\$0.00	0%	0%	\$0.00	\$0.00
Total:	\$352.50			\$211.50	\$299.63

Note:

- Maximum EQIP program payment percentage is 75 percent (Applicable Rate).
- Maximum EQIP-HU payment percentage must be at least 25 percent above applicable rate, but may not exceed 90 percent.
- No costs associated with materials, equipment, or mobilization should be associated with development of a CAP.

Step 3: Repeat copy-and-paste process for other practices, scenarios, and payment schedules.

Step 4: Make adjustments to the payment schedule “Results ‘Blue Box’” to add payment rows and link to increased payment rate for each category and program.

Example - Results “Blue Box” payment schedule:

Practice	Cost Share				Payment
Code	Program	Practice/Activity Name	Practice/Activity Type	Unit Type	Rate
114	EQIP	Integrated Pest Management Plan (No.)	Integrated Pest Management Plan – Cropland	No	\$211.50
114	EQIP	Integrated Pest Management Plan (No.)	Integrated Pest Management Plan – Cropland-HU	No	\$299.63

Step 5: Upload plan scenario payment schedule workbooks to the national SharePoint Web site.

Step 6: Complete development of the payment schedule lists developed from the “Results ‘Blue Box’” for final upload to ProTracts and for support of Customer Service Toolkit (CST).

Step 7: To meet transparency requirements and along with all other FY 2011 payment schedules, Conservation Activity Plan payment schedules must be uploaded to the State FOTG, Section I, Subsection C, “Cost Data.”

Repeat the process as needed. Contact your appropriate economist for assistance with functions and calculations associated with payment schedule Excel workbook. The Results (“Blue Box”) section of the payment schedule usually should have only one payment item per practice per program. The addition of increased payments for historically underserved producers is allowed as an exception to the “one payment row per practice per program” rule.