

entitlement program, NRCS proposes to preserve program flexibility by not including all the specifics in the rule, but to seek additional public input over the different sign-up periods. The sign-up would be similar to CRP, and would allow NRCS the flexibility to address problems such as the local resource conditions deriving from a severe drought, habitat for threatened and endangered species (such as salmon in the Pacific Northwest), assisting fruit producers in changing their pesticide practices in the face of possible regulatory measures, and slowing surface runoff of nutrients in areas contributing to hypoxia and other water quality problems. As opposed to CRP, the criteria for application and selection would be transparent by defining through a public notice and posting on the web the watershed eligibility criteria and enrollment categories for funding.

NRCS will make the CSP applicant sign-up process as transparent as possible. Within priority watersheds, CSP targets the producers who meet high standards of conservation and environmental management on their operations. To apply for CSP, both the producer and their operation must first meet the basic eligibility criteria, including having the majority of the agricultural operation within a selected priority watershed. With the expected demand on the program, NRCS will ask potential participants to undergo a self-assessment process to determine if their operations can meet the standards of CSP and qualify for program participation. The self-assessment process would be completed using a self screening questionnaire for each land use to be enrolled. The screening questionnaire will ask the producer a series of resource management questions for each part of their operation. The questions will request information about the major activities necessary to meet the minimum requirements for water and soil quality, such as crop rotations, erosion control, tillage practices, nutrient and pest management, grazing practices, irrigation scheduling, use of buffer practices, and conservation practice record keeping. If the producer has successfully completed the screening process, they may submit an application.

Additionally, producers must prepare a benchmark inventory of their existing conservation treatment on the agricultural operation to document the operations resource condition on their operation. Once the producer has successfully met the eligibility requirements, completed the benchmark inventory, and completed other sign-up

requirements, they may submit an application. Based on the resource inventory of benchmark conditions and a follow-up interview, NRCS will determine in which program tier (if any) the applicant could participate and the enrollment category placement.

The following CSP sign-up steps illustrate the determinations that NRCS would make for a sign-up:

(1) NRCS determines sequence of watersheds for participation based on available funding.

(2) NRCS determines the resource requirements, the criteria for enrollment categories, and any other additional criteria for the sign-up announcement in order to both optimize environmental performance and to ensure that statutory budget caps are not exceeded.

(3) NRCS announces the CSP sign-up and publishes the established CSP sign-up requirements.

(4) The applicant and their land and agricultural operation must meet the basic eligibility criteria described in subsections 1469.5 (a) and (b).

(5) The producer completes a self screening questionnaire for each land use to be enrolled.

(6) If the producer meets the basic eligibility requirements, successfully passes the screening questionnaire, completes a benchmark condition inventory, and satisfies the sign-up criteria including information about enhancement activities, the producer then develops an application to the program.

(7) The producer submits the completed CSP application to NRCS as described in the sign-up notice.

(8) NRCS determines whether the applicant and level of resource treatment meet the requirements established for the sign-up.

(9) If the applicant meets the requirements, NRCS places the applicant in a tier of participation and an enrollment category. NRCS informs the applicant of those determinations.

(10) Based on the available funding, NRCS selects applications within the enrollment categories as outlined in the sign-up announcement.

(11) If the applicant wishes to proceed as a CSP participant, NRCS conducts a follow-up interview, confirms the application information, and works with the applicant to complete a Conservation Security Plan.

(12) NRCS verifies the information and writes CSP contracts with the selected applicants. At this point, the applicant becomes a participant, or equivalently, a contract holder.

(13) The activities in the contract are undertaken as scheduled, and NRCS

pays the appropriate sums to the contract holder.

#### *CSP and Limited Resource Producers*

NRCS is committed to making CSP accessible to limited resource farmers and ranchers, and seeks comment on how best to accomplish that goal. NRCS believes that this goal can and should be fully consistent with a commitment to produce the greatest net benefits with the program. One approach NRCS is considering would be to ensure that sign-up criteria allow for a priority enrollment sub-category that targets limited resource operations with particular conservation concerns. As indicated above, NRCS proposes to limit practice payments to below other USDA programs. However, the agency could consider allowing practice payments to be higher for limited resource producers, but below the statutory cap of 75 percent. NRCS welcomes other examples and suggestions for identifying conservation opportunities related to limited resource operations.

NRCS also welcomes comment regarding how other programs could best help limited resource and other less capitalized producers to become eligible for CSP, given the stewardship standards to participate in CSP.

#### *CSP in Relation to Other NRCS Programs*

Based on a 2002 Farm Bill concept of achieving the optimal environmental benefits while maintaining the economic viability of the agricultural operation, CSP is viewed as the potential integrator of all conservation programs within the Department. As described in the Secretary's "Food and Agricultural Policy" document, the portfolio approach is one that employs coordinated land retirement, stewardship incentives, conservation compliance, and regulatory assistance to achieve enhancements to both the agricultural sector and the environment. NRCS has worked to integrate CSP into a "portfolio" approach for conservation programs delivery within USDA. Through programs such as Conservation Technical Assistance (CTA), Conservation Reserve Program (CRP), Wetlands Reserve Program (WRP), Grassland Reserve Program (GRP), Environmental Quality Incentives Program (EQIP), and the Wildlife Habitat Incentives Program (WHIP), USDA is able to offer a suite of effective and voluntary programs to assist producers in their efforts to improve the environmental performance of agriculture.

NRCS is seeking comment on the opportunity to use CSP in a