

dollar expended” to “optimize environmental benefits”;

(3) Eliminating the competitive bidding by applicants;

(4) Allowing payments to be made in the first year of the contract;

(5) Removing language authorizing targeting of funds to Conservation Priority Areas;

(6) Removing the provision prohibiting a producer from receiving cost-shares for an animal waste facility on an animal operation with more than 1,000 animal units;

(7) Allowing cost-share rates of up to 90 percent for limited resource farmers or ranchers and beginning farmers or ranchers;

(8) Reducing the minimum length of a contract from five years to one year after installation of the last practice;

(9) Increasing funding from \$200 million per year to \$400 million in FY 2002 and increasing to \$1.3 billion per year in FY 2007; and,

(10) Imposing an average adjusted gross income (AGI) limitation.

In an effort to make the program more effective and efficient, the Department has initiated several streamlining changes, including:

(1) Eliminating the program’s dual administration by changing Farm Service Agency (FSA) participation from concurrence to consultation;

(2) Reducing the planning requirements needed to develop the contract; and

(3) Allowing producers to have more than one contract per tract at any given time.

The fundamental philosophy of the program, assisting agricultural producers install conservation practices to provide environmental benefits, has not changed. The statutory and Departmental changes respond to limitations and restrictions identified by agency staff and participants.

Agricultural producers who are interested in participating in the program will apply as they have in the past and should experience a quicker turn around on their application. Producers also have some expanded financial opportunities with higher contract limits and the ability to receive payments earlier in the contract period.

Optimizing Environmental Benefits

While the fundamental philosophy of the program has not changed, the revision to purpose of the program combined with removal of provisions related to Conservation Priority areas and the elimination of competitive bidding by applicants has required NRCS to propose an approach that will meet the new purpose of EQIP—the

optimization of environmental benefits. NRCS is proposing to optimize environmental benefits through an approach that integrates consideration of National Priorities in four key program components: (1) The allocation of financial resources to States; (2) the allocation of financial resources within states; (3) the selection of conservation practices and the establishment of cost-share and incentive payment levels; and (4) the application ranking process.

With the advice of Federal agencies, NRCS will establish National Priorities that reflect our most pressing natural resource needs and emphasize off-site benefits to the environment. NRCS has identified the following National priorities:

- Reductions of nonpoint source pollutants, such as nutrients, sediment, or pesticides and excess salinity; in impaired watersheds consistent with Total Maximum Daily Loads (TMDL’s) where available, as well as the reduction of groundwater contamination, and the conservation of ground and surface water resources;

- Reduction of emissions, such as particulate matter, NO_x, volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards;

- Reduction in soil erosion and sedimentation from unacceptably high rates on highly erodible land; and

- Promotion of at-risk species habitat recovery.

In establishing a National priority of at-risk species habitat recovery, NRCS recognizes unique local situations have the potential to add to Federally listed and candidate species. NRCS supports activities that will reduce the need for additional regulation but will monitor implementation of this aspect of the program to assure that primary focus is listed and candidate species.

NRCS has also identified National measures that can help EQIP achieve its National priorities and statutory requirements more efficiently. These proposed measures include identifying and implementing conservation practices that:

- Increase overall environmental benefits, for example by addressing multiple resource concerns, ensuring more durable environmental benefits and limiting adverse ancillary impacts;

- Encourage innovation;

- Support the statutory mandate to apply nationally 60 percent of available financial assistance to livestock-related conservation practices;

- Employ appropriate tools to more comprehensively serve EQIP purposes, such as Comprehensive Nutrient

Management Plans and Integrated Pest Management Plans.

In the NRCS allocation of financial resources to states, NRCS is proposing that the National priorities and measures be used as guidance in determining the amount of funds received by states. NRCS is also proposing to retain a portion of EQIP funding to reward states that demonstrate a higher level of performance and address National priorities. Within states, NRCS is proposing that State Conservationists consider National priorities and measures as they allocate funds and determine priority resource concerns within their state. Similarly, NRCS is proposing that the State Conservationist, or the Designated Conservations, develop an application ranking that reflects both priority resource concerns within states and the National priorities and measures. Further detail about the specific changes in each of these key components is included in the Summary of Provisions.

While this proposal explicitly recognizes National priorities and measures, NRCS will continue to rely on “locally led conservation” as an important cornerstone of EQIP. Using a locally led process ensures consideration of the wide variability between and within states regarding resource issues, solutions, and limitations. Resource issues and concerns change as a result of shifts in population, climatic, or consumer habits; and Federal, state and local laws. Likewise, technical solutions evolve with the advent of new technology and the availability of new data on the effectiveness of practices. As a result, EQIP implementation may vary across jurisdictional boundaries. For example, some states may use state-level based program delivery while others will use county or parish based or regional (multi-county) based delivery.

Efficient and effective implementation of EQIP will be accomplished by building upon the existing NRCS delivery system that uses a line and staff organizational structure to provide both technical¹ and policy guidance from the

¹ Technical guidance is provided to all NRCS personnel using manuals, handbooks, bulletins, and memos. The primary technical tools are the soil surveys, the National Planning Procedures Handbook, the General Manual, and the Handbook of Conservation Practices. Based on this guidance from the National level, the State and District Conservationists, in coordination with universities, other federal agencies, conservation districts, and others, assemble the Field Office Technical Guide (FOTG) which is specific to each local NRCS office. The FOTG contains the primary scientific references tailored for NRCS at the local level. The FOTG contains identified natural resource concerns