



March 3, 2004

OKLAHOMA BULLETIN NO. OK300-4-5

SUBJECT: LTP – Environmental Quality Incentives Programs (EQIP) Allocations and Related Information

Purpose: To provide field offices with 2004 EQIP allocations and related information for implementation of EQIP.

Expiration Date: September 30, 2004

Action Required by June 1, 2004

The attached spreadsheet provides the EQIP allocations for each county/conservation district. These allocations will be forwarded through the Farm Service Agency's automated system and released for obligation in the Program Contracts System (ProTracts), once it is received in the state. The National Office has not transmitted allocations to the states at this time. This advance allocation is being provided for District Conservationists to begin making decisions and developing contractual documents for obligation after the funding is provided to the county offices. NRCS District Conservationists are responsible for managing the allocations and maintaining fund integrity at the county level. ProTracts will be the primary tool for tracking fund allocations and obligations. ProTracts will replace NRCS spreadsheets and ledgers for ranking applications and managing funds, respectively.

The allocations closely follow the model process that was employed during the last program year. Approximately \$19.4 million is provided in financial assistance funding for fiscal year 2004, more than double last year's initial financial assistance allocation. The distribution of these funds is as follows:

Program Reserve (\$500,000) – The reserve will be held at the state office and allocated to counties, as needed, to fund errors, omissions, and appeals on prior year contracts and other unforeseen issues that may arise in the actual implementation of EQIP at the local level. This money cannot be carried over to future years. Any available balance will be distributed for obligation at the local level prior to the end of the fiscal year.

Lagoon closure set-aside (\$150,000) – This funding was set-aside to assist in the closure of waste treatment lagoons and waste storage ponds where confined animal production operations were discontinued voluntarily, involuntarily, or by termination of an industry contract. Offices impacted by industry actions were notified by letter in 2003 and are taking producers' applications for lagoon closures. This funding is available for statewide use. All field offices with applications for confined animal feeding operations that are permanently terminating operations are to forward requests to Darren Hickman, Environmental Engineer. These applications are evaluated, ranked by a team, and selected for funding at the state level. A supplemental allocation will be sent directly to counties with applications approved for contracts. In fiscal year 2003, all applications were funded for contracting.

DIST: AO

(MORE)

Equity Base Allocation (\$11,440,000) – This distribution represents ≈59% of the state's total allocation. It is equally distributed between Oklahoma's 88 conservation districts at \$130,000 per conservation district. Each conservation district has established locally led priorities for natural resource concerns. District Conservationists are responsible for use of these funds consistent with local priorities and program policy.

Locally-led State Priorities (\$2,403,000) – This distribution represents ≈12% of the state's total allocation and is provided to assist in accelerated treatment of local resource issues that are determined significant within the state of Oklahoma. The resource issues are selected, prioritized, and recommended by the State Technical Committee from the list of locally led resource concerns identified at the conservation district level. For fiscal year 2004, the priority resource issues are:

- The Management of Invasive Brush on Rangelands – Eastern Redcedar
- Surface Water Quality Concerns from Nutrient and Organic Contaminants
- Classic Gully Erosion from Concentrated Flow on Grazingland
- Sheet and Rill Erosion on Cropland
- Streambank Erosion
- Irrigation Water Management Quantity

This distribution is blended with the equity base allocation to enhance the opportunity to fund and impact these issues of highest concern within the state. District conservationists are responsible to deliver these funds consistent with the local priority resource issue for which the additional funds were provided. See the attached table for funding allocations to counties/conservation districts based on resource concerns. (*Note: This component of the allocation formula was further adjusted for a few counties using input from the State Leadership Team that reflected staff resources and workload priorities.*)

Animal Waste Management for Feeding Operations (\$350,000) - The 2002 Farm Bill removed restrictions on the use of EQIP funds for the large confined animal feeding operations. These operations are now allowed to apply for EQIP financial assistance for animal waste storage, treatment, and utilization of animal waste. Also, dairy, beef, and swine operators across the state have raised concerns that their conservation needs have not been elevated through the locally led process since they do not predominate anywhere. The State Technical Committee requested a statewide process to address the water quality impacts of these operations to the rivers and streams of the State. A statewide application and funding process will be added to the fiscal year 2004 EQIP to address this concern. The eligibility, ranking criteria, and timeline will be communicated in a subsequent bulletin. These funds will be available only to existing confined feeding operations and expanding operations will be given a lower priority over operation remaining at a constant size. All applicants will be required to develop, implement, and maintain a comprehensive nutrient management plan (CNMP) during the EQIP contract period. Animal feeding operations of greater than 1,000 animal units will be required to use private sector engineering services for designs and construction of waste storage facilities. Refer to National Engineering Manual, Part OK505.10 for policy regarding engineering technical assistance on feeding operations.

Irrigation Water Conservation (\$350,000) – The 2002 Farm Bill included a specific section in the EQIP providing for specific funding for groundwater and surface water conservation measures. In 2002, the allocation was nationally targeted to the High Plains region of the United States which includes eight Oklahoma counties. The targeting of the funding was continued in 2003 due to the limited allocation, the significance of the Ogallala aquifer, concentration of irrigation practices, and the backlog of applications,. Oklahoma's allocation in the ground and surface water conservation funding of EQIP remains insufficient to address the resource needs in the High Plains counties. The State Technical Committee recommended offering ground and surface water conservation funding statewide to provide other irrigators an opportunity for cost-share assistance to increase system efficiency and provide for water

savings. Therefore, a limited statewide application and funding process (exclusive of the High Plains Area) will be added to the fiscal year 2004 EQIP to address this concern. The eligibility, ranking criteria, and timeline will be communicated in a subsequent bulletin. These funds will be available only for existing irrigation systems, cannot bring new land under irrigation, and must produce a net water savings to the entire agriculture operation. The water conservation and irrigation eligibility requirements will follow the ground and surface water conservation section of EQIP. The ground and surface water conservation funding will remain targeted to the High Plains region. Applicants from the High Plains area will not compete for these funds.

Local Emphasis Areas (\$2,276,000) – Local Emphasis Areas (LEAs) are locally described, approved, and funded based on a locally identified need to address sensitive environmental issues within a specific geographic area. Funding for LEAs may be provided through local prioritization of equity base or locally-led funds that are consistent with the priority resource issues for which the funds were provided. For fiscal year 2004, ≈12% of the state allocation was distributed to these locally identified areas to address significant resource conservation concerns. See the attached table for funding to LEAs.

American Indian and Underserved Community Outreach (\$1,941,070) – Ten percent of the allocation is distributed for natural resource issues and concerns of American Indian Tribes (10) and communities that have not historically participated in USDA conservation programs (5). These areas were identified through NRCS assistance with the Tribes or through the locally-led process across the state.

Ground and Surface Water Conservation (\$760,500) – These funds are delivered through the EQIP authorities, but are appropriated by Congress separate from the EQIP appropriation. These funds are required to be used for conservation measures on irrigated land that return a net water savings for the operating unit. Previously, these funds were earmarked by Congress in 2002 to be used in the High Plains Aquifer. This earmark was not specifically included in the 2004 appropriation, which would allow these funds to be used statewide. Due to the relatively small allocation, the depletion of the Ogallala Aquifer, and the large application backlog from last year, it has been determined to continue the priority of these funds for the High Plains this year. Beaver, Cimarron and Texas counties will receive a direct allocation for local funding of applications. Ellis, Harper and Woodward counties will enter their evaluated applications in ProTracts by April 30, 2004. Applications will be selected for funding, and a distribution will be made to these counties based on selection of the highest ranked applications.

Allocation Management

Fiscal Year 2004 funding has not been allocated to the FSA State Office, county offices, or in ProTracts as of this writing. Once the allocations are received, they will be distributed to FSA county offices by the FSA state office. In addition, the allocations will be provided to district conservationists through Protracts under the broad fund account names of Base Allocation, Local Emphasis Area(s), Statewide AFO/CAFO, Statewide GSWC, High Plains GSWC, and Tribal/Outreach. Refer to bulletin OK300-4-4 for instruction on creating sub accounts and linking applications to accounts for ranking and contract development. NRCS District Conservationists cannot sign any EQIP contractual form (CCC-1200) for FY2004 until FSA county offices are notified of the allocations through the automated contracting system and field offices are notified of the release of funds in ProTracts. Field offices will follow the instructions provided in bulletin OK300-4-4 for processing applications through approval, printing of a “filled in” CCC-1200, and eventual obligation of funds.

When funds are received, NRCS District Conservationists are responsible for ensuring that adequate funds exist in the county office where the contract will be administratively carried by FSA and are available in ProTracts. Verify with the FSA County Office that adequate FY2004 EQIP funds are available for the total amount of the contract. The funding allocation provided to a specific county in the attached spreadsheet is tied directly to the NRCS office administering the contract. Fund transfers from your allocation to another county to cover contracts administered by

a different FSA County Office are to be coordinated with the appropriate district conservationist and by written request to the Assistant State Conservationist for Programs.

District Conservationists will schedule all activities to obligate funds and provide obligating documents to the Farm Service Agency County Office no later than June 1, 2004. In addition, district conservationists should develop the next five (5) unfunded quality applications into contracts as tentatively approved, pending additional funding. These contracts will take priority in receipt of any future EQIP funding. On or before June 1, 2004, each district conservationist will review any unused allocation balance and report in writing to the Assistant State Conservationist for Programs the following:

Fiscal Year 2004

| | |
|--|-----------------------------------|
| Total EQIP allocation | a. _____ |
| Total dollars obligated in contracts | b. _____ |
| Unused Balance available | c. _____ (a – b = c) |
| Total EQIP funds needed to fund the next ranked (1) application | d. _____ (total of next contract) |
| Additional funds needed to obligate next (1) contract | e. _____ (d – c = e) |
| Total funds needed for next five (5) “on the shelf” contracts | f. _____ |

Fund balances will be evaluated at the state level after June 15th and redistributed to ensure all funds are obligated in contracts prior to the end of the fiscal year. Initial allocations not obligated by June 1st are subject to withdrawal and reallocation.

Eligible Practices and Cost-Share Rates

The Regional Conservationist granted approval on March 3, 2004, for use of the eligible practice list and cost-share rates posted as of November 14, 2003. Field Offices will continue to use this list in the development of 2004 contracts.

Press Release

A sample press release has been developed for field personnel to use in announcing the release of EQIP funds and the status of EQIP at the local level. District Conservationists should tailor this article to specifically address EQIP delivery and workload at the local level. The sample press release can be found at the following website:

<http://intranet.ok.nrcs.usda.gov/PGM/EQIP2004/EQIP04NewsRelease.doc>

/s/ Kevin D. Norton, Acting For

M. DARREL DOMINICK
State Conservationist

Attachments