

For: County Offices

EQIP Migration

Approved by: State Executive Director



1 Overview

A Background

FSA has performed administrative and contract services for the EQIP program. In 2002, the program was streamlined to transfer EQIP contract approval and termination authority to NRCS and remove concurrence requirements. FSA proceeded to make eligibility determinations and payments for EQIP and provided the EQIP database. Recently, efforts have been made to clean-up the contract and practice files before migration.

B Purpose

This notice announces the migration of EQIP administrative activities to NRCS effective October 1, 2004.

2 County Office Action

A Joint Memorandum on Migration

Exhibit 1 contains a joint memorandum on the migration of administrative services from FSA to NRCS. The memorandum contains a few questions and answers related to the migration decision. The migration is effective October 1, 2004.

B FSA EQIP Responsibilities Beginning October 1, 2004

FSA will continue to complete AGI determinations and hear appeals relative to EQIP. Forthcoming information will further define FSA's roles.

C Clean-up of EQIP Contracts and Practices

FSA shall complete the activities required in OK Notice CONOP-79 and 80 by the required completion date for the successful migration of these files.

Disposal Date:

11-01-04

07-19-04

Distribution:

County Offices

United States Department of Agriculture



Natural Resources Conservation Service
P.O. Box 2890
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Farm Service Agency
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SUBJECT: PGM - Environmental Quality Incentives
Program (EQIP) Planned Migration and Future
Roles of the Natural Resources Conservation
Service (NRCS) and the Farm Service Agency (FSA)

JUL 19 2004

TO: State Conservationists
Directors, Caribbean and Pacific Basin Areas
State Executive Directors (SEDs)
State Farm Service Agency (FSA) Offices

File Code: 440

In order to streamline delivery of EQIP and make the most efficient use of the resources of both our agencies, we have reached an agreement in principle that EQIP administrative services will migrate from FSA to NRCS, effective October 1, 2004.

Migration will encompass all contract years for fiscal year (FY) 1997 through FY 2004, including Ground and Surface Water Conservation and Klamath Basin Water Conservation contracts. Beginning October 1, 2004, all contract data will be recorded and maintained and payments processed by NRCS using ProTracts and related software programs.

Details of the migration are being planned by NRCS and FSA at the national level.

Additional guidance will be issued providing details and instructions for the migration and future responsibilities of both agencies in delivering EQIP.

BRUCE I. KNIGHT
Chief
Natural Resources Conservation Service

JAMES E. LITTLE
Administrator
Farm Service Agency

Attachment

cc:

John Johnson, Deputy Administrator for Farm Programs, FSA, Washington, D.C.
Douglas W. Frago, Deputy Administrator for Field Operations, FSA, Washington, D.C.
Kevin Brown, Acting Regional Conservationist, South Central, NRCS, Fort Worth, Texas
Russell Collett, Acting Regional Conservationist, Midwest, NRCS, Madison, Wisconsin

MIGRATION OF EQIP ADMINISTRATIVE RESPONSIBILITIES

QUESTIONS AND ANSWERS

Question: What does migration of Environmental Quality Incentives Program (EQIP) administrative services involve?

Talking Points:

- In general, effective October 1, 2004, administrative activities supporting delivery of EQIP formerly provided by FSA will be performed by NRCS. Activities include allocating and managing EQIP program funds, determining producer eligibility specific to the program, recording and maintaining the electronic contract database, and processing and issuing payments and conducting related financial activities.
- Streamlines EQIP processes
- Supports President's Management Agenda for E-Government
- Will provide more robust contract database for oversight and management
- Details are being worked out between the Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA) at the national level.

Background:

- Since program inception in 1997, FSA has provided administrative support services for EQIP.
- NRCS national program managers utilized file uploads from the FSA contract database for oversight and reporting purposes. System 36 files, however, provided limited capabilities. State program managers had no access to System 36 data.
- FSA efforts to migrate EQIP contract databases and payment software from System 36 to the Common Computing Environment (CCE) were scheduled for FY 2004, but development of antecedent processes was delayed.
- During FY 2003, NRCS initiated efforts to develop its own web-based contracting software, ProTracts. In January 2004, ProTracts was deployed nationwide for EQIP plan development, contract management, and funds planning management. NRCS plans to incorporate funds management and payment processing capabilities for EQIP by FY 2005.
- In early summer 2004, NRCS made a policy change regarding EQIP payment limitation that cannot be supported in the existing System 36 software, and reprogramming the legacy system would require significant resources and lead time.

Question: How will the migration change the responsibilities of NRCS and FSA in implementing EQIP?

Talking Points:

- In general, in addition to providing technical assistance and making contract determinations, NRCS will perform the administrative responsibilities previously performed by FSA. Some services must continue to be provided by FSA because of administrative or statutory delegations, such as processing certifications of Adjusted Gross Income and EQIP appeals.
- NRCS will assume responsibility, including custody of hard and electronic files, for all EQIP contracts and payments since program inception.
- Eliminates duplication of efforts by FSA and NRCS, resulting in more efficient use of staff to carry out agency mission

Background:

- To implement the new Environmental Quality Incentives Program (EQIP), the Secretary in 1997 approved a collaborative mechanism. NRCS was designated the lead and technical agency, with FSA providing administrative and contract services.
- FSA developed custom software in System 36 to maintain EQIP contract and practice information and to handle all related financial assistance funding processes.
- County FSA committees determined producer eligibility and, with the concurrence of NRCS, approved EQIP contracts on behalf of CCC and made compliance determinations based on NRCS review and input. FSA concurrence was required for all NRCS policy, procedural, and funding decisions
- In 2002, the program was streamlined to transfer EQIP contract approval and termination authority to NRCS and to remove the concurrence requirement.
- Before the 2002 Farm Bill, EQIP program funds were apportioned to CCC, and FSA requested administrative funds through the appropriated salaries and expenses account. Following passage of the 2002 Farm Bill, the Office of Management and Budget began apportioning EQIP program funds to NRCS, and NRCS began reimbursing FSA for administrative services.

Question: What will be the impact on staffing levels for FSA and NRCS?

Talking Points:

- Migration will have no impact on FSA staffing levels.
- Historically, funds made available to FSA for salaries and expenses (S&E) cover only 85 percent of agency estimated workload. EQIP migration will result in S&E covering a higher percentage of workload costs.
- NRCS administrative expenses, including FSA reimbursement, for EQIP implementation are paid from EQIP funds. EQIP migration should make additional EQIP funds available to participants.

Question: What impact will migration have on farmers and ranchers?

Talking Points:

- The impact should be positive for both EQIP applicants and participants.
- Will speed contract processing and approval.
- A single agency will now respond to all questions about program requirements.
- County FSA offices will be able to issue earned payments through September 30, 2004. NRCS is preparing to be able to issue earned payments October 1, 2004.

Background:

- An upload of all FSA automated EQIP files will be provided to NRCS at the National level to reformat so that contract and payment information for all active contracts from FY 1997 through FY 2004 will be available in ProTracts at the local NRCS office.
- Farmers and ranchers will continue to contact NRCS for questions regarding EQIP participation and to develop applications and turn in documentation of completed practices.

Question: What activities must be performed in order to prepare for the migration and what additional resources are available?

Talking Points:

- As communicated by NRCS Deputy Chief for Programs in a memo dated June 9 and a joint NRCS/FSA memo dated July 12, NRCS field offices must complete a review of all active EQIP contracts on which practices have not been completed according to the plan of operations. By August 1, NRCS must take action to either terminate contracts or reschedule practices and provide documentation to FSA.
- County FSA offices will record results from the review, including contract terminations, deobligation of funds, receivables, closing out contracts, rescheduled practices, and revised contract expirations dates by September 15.
- Recording activity from the contract review will result in additional workload for some county FSA offices. States should perform these activities with current staffing. If a State experiences critical staffing needs as a result of these activities, they should contact the FSA Deputy Administrator.

Background:

- A recent USDA Office of Inspector General (OIG) audit survey of EQIP found that, in many cases, contract schedules of operations were not being followed or all contract provisions were not being met. As a result, obligated funds had not been earned in the year scheduled, and the practice had not been rescheduled nor the contract terminated for noncompliance.
- Contracts and accounting records must be brought up to date before migration.
- NRCS has agreed to reimburse FSA for additional county office workload to record activity from the contract review.