

For: State and County Offices

Reduction of EFRP Cost Share (C/S) Payment Due to Income Derived from Salvaged Debris

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The EFRP regulation at 7 CFR §701.226, maximum financial assistance, provides that an EFRP participant will not receive more than 75 percent of the lesser of the participant’s total **actual cost** or of the total allowable costs to perform the practice.

B Purpose

This notice provides:

- guidance on income derived from debris
- examples of reduced C/S payments.

2 Reduction Provision

A C/S Payment Reduction

Subsequent policy in 1-EFRP also states that C/S assistance will not exceed 75 percent of the participants actual cost to perform the practice **and** defines actual cost as net or out-of-pocket costs.

Income derived from any aspect of performing the approved EFRP practices will reduce the participant’s out-of-pocket expenses and thus, the amount of C/S assistance.

Disposal Date	Distribution
January 1, 2020	State Offices; State Offices relay to County Offices

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3 Examples of C/S Reductions

A Example - Exchange for Services

- Restoration Plan includes woody material debris removal and natural regeneration
- Approved for \$50,000 C/S
- Contracts restoration services
- Contractor agrees to perform all needed debris removal in exchange for the debris
- Since no other activities are planned – the out of pocket cost incurred is zero
- No EFRP C/S is earned.

B Example - Landowner Performs Restoration Work

- Forest Restoration Plan includes debris removal, site prep, and tree planting
- Approved for \$100,000 C/S
- Landowner performs all debris removal and site prep
- Maintains a log of time spent and equipment used to do those practices
- Some of debris is valuable and sold for saw logs, pulp wood and firewood for \$30,000
- Work logs, records, invoices and sales documentation include:
 - Landowner Labor - \$6000
 - Hired Labor - \$2000
 - Landowner Equipment - \$4000
 - Equipment Rental - \$3000
 - Contracted tree planting - \$35,000
 - Salvaged woody material sales - \$30,000
- C/S is calculated as: $\$20,000 (\$50,000 \text{ landowner cost} - \$30,000 \text{ debris income}) \times .75 = \$15,000$.

C Example - Landowner Contracts Restoration Work

- Restoration Plan includes debris removal, site prep, tree planting and wildlife habitat restoration
- Approved for \$100,000 C/S
- Contractor agrees to do all restoration work for \$150,000 and will act as an agent to sell salvage debris for a 30 percent commission
- Salvaged material was sold as logs, pulp wood, and firewood for \$60,000
 - landowner share - \$42,000
 - contractor share - \$18,000
- Contractor provides detailed bill for \$150,000 and receipts for sales \$60,000
- C/S is calculated as: $\$108,000 (\$150,000 \text{ invoice amount} - \$42,000 \text{ landowner share of salvage}) \times .75 = \$81,000$.

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3 Examples of C/S Reductions (Continued)

D Example - Landowner Contracts Services

- Restoration Plan includes debris removal, NIPF road repair, site prep, tree planting and wildlife habitat restoration
- Approved for \$100,000 C/S
- Contractor agrees to perform all needed restoration for \$150,000
- Contractor will salvage woody debris for his own use – no payment to the producer
- Detailed invoice is provided for \$150,000
- C/S is calculated as: \$150,000 (invoice amount) X.75 = \$112,500 which is reduced to the approved amount of \$100,000.

4 Action

A State Office Action

State Offices will ensure County Offices follow instructions in this notice.

B County Office Action

County Offices will follow the provisions of this notice.

C Contact Information

If there are questions about this notice:

- County Offices will contact the State Office
- State Offices will contact Shanita Landon by either of the following:
 - e-mail to shanita.landon@usda.gov
 - telephone at 202-690-1612.