

# ***Coordinating NRCS and EPA Agricultural Conservation Funding Programs in the Chesapeake Bay Watershed***

## ***Executive Summary and Report***

**Prepared by the Natural Resources Conservation Service and U.S.  
Environmental Protection Agency Agricultural Conservation Funding Team**

**January 8, 2021**



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## **Executive Summary and Report**

**Prepared by the Natural Resources Conservation Service (NRCS)-U.S. Environmental  
Protection Agency (EPA) Agricultural Conservation Funding Team**

### **EXECUTIVE SUMMARY**

In August 2020, NRCS and EPA launched three teams to continue and enhance communication and coordination of NRCS and EPA funding in the Chesapeake Bay watershed for agricultural conservation practice implementation and water quality monitoring: Agricultural Conservation Funding Team, Water Quality Monitoring Team, and Local Workshop Team.

This report summarizes the Agricultural Conservation Funding Team's charge, activities, and recommendations for enhancing agricultural conservation efforts in the Chesapeake Bay watershed and ensuring no unnecessary duplication of efforts.

To inform its work, the Team conducted a review of all relevant EPA and NRCS agricultural conservation funding programs in the Chesapeake Bay watershed and produced a narrative summary of each funding program, a spreadsheet comparing key components of each funding program, an inventory of the last three years of agricultural conservation projects funded by EPA and NRCS, and an analysis of grant program safeguards for ensuring no duplicate payments.

The Team formed two sub-groups to develop recommendations related to grants administration and source water protection. The recommendations are listed below and described in more detail in the full report.

### **Recommendations:**

#### **FUNDING COORDINATION MEETINGS:**

**NRCS-EPA Coordination Meetings:** EPA, NRCS, and the National Fish and Wildlife Foundation (NFWF) will hold quarterly coordination meetings in the Chesapeake Bay watershed to take stock of previous year's projects, set priorities for coming year, share the timing of grant Requests for Proposals, and review pre-decisional NFWF awards.

At these quarterly meetings, NRCS and EPA will examine where we have gaps and overlaps among agencies, and where we can synergize for optimal outcomes.

## **PARTNER CONTRIBUTION FOR REGIONAL CONSERVATION PARTNERSHIP PROGRAM:**

**Joint NRCS-EPA Memo on use of EPA Grants for RCPP Partner Contribution:** EPA Regional leadership and NRCS Regional Conservationists will sign a joint letter outlining conditions under which EPA Chesapeake Bay grants can be used as partner contribution for Regional Conservation Partnership Program proposals.

Status: Letter approved by EPA Region 3 Office of Regional Counsel and EPA Headquarters Office of General Counsel. Letter is under review by NRCS Office of General Counsel. (Attachment 3).

## **COORDINATION ON REGIONAL CONSERVATION PARTNERSHIP PROGRAM:**

**EPA INSR Funding and NRCS RCPP Coordination:** At the quarterly federal funding coordination meetings, EPA and the National Fish and Wildlife Foundation (administrator of the grant program) highlight mature Innovative Nutrient and Sediment Reduction projects and partnerships that are ready to take the next step in applying for RCPP funding to expand conservation work.

**EPA MEB Funding and RCPP Coordination in PA:** Through coordination meetings and regular convenings of NFWF's new Most Effective Basin (MEB) Program Steering Committee, NFWF will work with EPA and NRCS to establish appropriate and equitable mechanisms to reserve, dedicate, or otherwise set-aside portions of available annual MEB Program funding to explicitly serve as leverage to emerging or priority partnership projects and proposals for NRCS programs, including under the Regional Conservation Partnership Program.

## **AG PRACTICE STANDARDS:**

**Consistency with NRCS Ag Practice Standards for EPA INSR/SWG:** The majority of agricultural conservation practices funded through EPA's Innovative Nutrient and Sediment Reduction (INSR) and Small Watershed Grants (SWG) programs meet NRCS practice standards. To ensure consistency with NRCS practice standards, EPA will work with NFWF (administrator of these grant programs) to clarify in the annual Request for Proposals that there is an expectation to use NRCS practice standards or provide justification for why NRCS standards cannot be used.

## **EPA-STATE CLEAN WATER SRF AND EQUIP:**

**CWSRF Loan/EQIP Reimbursement:** EPA and NRCS will promote successful approaches to the agricultural community on coordinating Clean Water State Revolving

Fund (CWSRF) loans with NRCS Environmental Quality Incentives Program (EQIP) funding through local workshops, webinars, and outreach materials.

- NRCS and EPA will develop and distribute educational brochures to field personnel to explain the use of State Revolving Funds.
- NRCS and EPA will host panel discussions (at Local Workshops and other venues) with the highest performing counties that can showcase how they have successfully combined EQIP and CWSRF funding on site-specific projects.

**CWSRF Help Address NRCS EQIP Backlog:** EPA and NRCS will identify opportunities to work with the State CWSRF leads to provide CWSRF funding to a portion of the NRCS backlog of eligible EQIP contracts for high priority conservation practices in high priority watersheds.

## **SOURCE WATER PROTECTION COORDINATION MEETINGS:**

**Federal Source Water Protection Coordination Meetings:** EPA and NRCS will meet quarterly to coordinate activities in source water protection areas to protect drinking water and reduce nutrient loadings to local streams and the Chesapeake Bay. The Agencies will:

- Determine where overlap exists, where we can synergize, and opportunities for focusing work in under-served areas.
- Highlight successes, challenges, new approaches, and information that pertain to advancing conservation work to protect source water and reduce nutrient loadings to local streams and the Chesapeake Bay.
- EPA will assign Source Water Protection “points of contact” for each NRCS State Office and State Technical Committee. EPA will use its internal Agriculture Workgroup to coordinate source water protection activities to speak with “one voice.”

## **SOURCE WATER PROTECTION DATA SHARING:**

**Data Sharing:** EPA and NRCS will share and exchange information that will inform source water protection priority area selections, priority conservation practices, and project ranking criteria.

- Examples of data and maps that will be evaluated include, but are not limited to, NRCS’s Source Water Protection priority areas, the National Water Quality Initiative priority areas, Source Water Collaborative areas, and EPA’s Most Effective Basins.
- Using data provided by EPA, both agencies will examine potential agricultural areas where source water can be improved.
- EPA and NRCS will explore opportunities to assist economically challenged communities where agriculture is the primary source of nitrogen to source water.

## **SOURCE WATER PROTECTION PLANNING:**

**Planning:** Explore opportunities for EPA to assist with pre-planning work for the NRCS National Water Quality Initiative (NWQI) to assist Conservation Technical Assistance work.

- EPA will share source water collaborative areas with NRCS. Both agencies will explore opportunities to have these source water collaboratives conduct areawide plans to assess degree of degradation, landowner interest, and the potential effect that agricultural conservation practices may have on improving the water supply.
- NRCS and EPA will explore opportunities where EPA has already conducted areawide plans to see if they meet the criteria needed to establish an NWQI source water area.

## **SOURCE WATER PROTECTION EDUCATION AND OUTREACH:**

**Education and Outreach:** EPA and NRCS will develop consistent educational materials for agricultural partners on funding opportunities and eligibilities for implementing agricultural conservation practices in source water protection areas.

- NRCS and EPA will develop and distribute educational brochures to field personnel to explain the use of EPA Clean Water State Revolving Funds (CWSRF).
- NRCS and EPA will host panel discussions with the highest performing counties that can showcase how they have successfully combined EQIP and CWSRF funding on site-specific projects in source water protection areas.
- NRCS will provide brochures for EPA, source water collaboratives, and other agricultural partners on how they can participate on Local Working Groups to provide input on source water protection areas and activities.

## **DUPLICATE PAYMENTS:**

**Duplicate Payments:** Ensure measures are in place and, where necessary, institute additional best practices to safeguard against duplicate payments going to the same entity for the same work.

## **DIVERSITY, EQUITY, INCLUSION, AND JUSTICE:**

**Diversity in Ag Conservation Grants:** EPA and NRCS will assess opportunities to support historically under-served farmers and ranchers through outreach, ranking, match adjustment options, and the selection process associated with agricultural conservation practice grants in the Chesapeake Bay watershed.

## **ANNUAL EVALUATION:**

**Annual Evaluations:** These opportunities for collaboration are contingent upon the current goals, directions, resources, and abilities of NRCS and EPA. These goals will be re-evaluated and refined as necessary annually.

## **SECTION 1: INTRODUCTION**

**Background on Federal Coordination Teams:** In August 2020, NRCS and EPA launched three teams to continue and enhance communication and coordination of NRCS and EPA funding and activities in the Chesapeake Bay watershed for agricultural conservation practice implementation and water quality monitoring: Agricultural Conservation Funding Team, Water Quality Monitoring Team, and Local Workshops Team.

**Agricultural Conservation Funding Team and Sub-groups:** The Agricultural Conservation Funding Team's objective is to examine where NRCS and EPA can enhance agricultural conservation funding efforts within the Chesapeake Bay Watershed and ensure there is no unnecessary duplication of efforts. The Team created two sub-groups develop recommendations for grants administration and source water protection.

**Participants:** Agricultural Conservation Funding Team: NRCS: Susan Marquart, ASTC-Partnerships (PA); Mark Defley, Conservation Initiatives Team (NHQ); David Mortenson, Area Conservationist (NY); Denise Coleman, State Conservationist (PA); EPA Region 3: Kelly Shenk, Agriculture Advisor; Jim Edward, Deputy Director, Chesapeake Bay Program Office; Renee Bryant, Source Water Protection, Water Division; Joe Schulingkamp, Clean Water State Revolving Fund, Water Division; Diana (Saintignon) Vedula, 319 Nonpoint Source Program, Water Division; Suzanne Trevena, Chesapeake Bay Regulatory Coordinator, Water Division. Team Co-Leads: Denise Coleman, NRCS, and Kelly Shenk, EPA.

Grants Administration Sub-Group: NRCS: Denise Coleman and Susan Marquardt, PA NRCS; EPA: Kelly Shenk, Jim Edward, Diana Saintignon, Joe Schulingkamp, Suzanne Trevena.

Source Water Protection Sub-Group: NRCS: Denise Coleman, Mark Defley, Stacey Bradshaw. EPA: Renee Bryant, Jim Bennett, Suzanne Trevena, Kelly Shenk, Bo Williams;

**Purpose of Report:** This report summarizes the Agricultural Conservation Funding Team's charge, activities, and recommendations for coordinating and enhancing agricultural conservation funding efforts in the Chesapeake Bay watershed and ensuring no unnecessary duplication of efforts.

**Issues:** There are many federal funding programs that support agricultural conservation practice implementation in the Chesapeake Bay watershed. EPA and NRCS have a productive history of coordinating these funding programs in the Chesapeake Bay watershed. Through voluntary conservation, producers will continue to play an important role in helping to restore local streams and the Chesapeake Bay. The Chesapeake Bay states recently released their "Phase III"

Watershed Implementation Plans that outline how they will achieve the remaining nutrient and sediment reductions necessary to restore the Chesapeake Bay. All of those plans rely heavily on implementing priority agricultural conservation practices in high nutrient and sediment-loading watersheds.

New to EPA is an additional \$6 million that Congress specifically directed towards agricultural nitrogen reduction activities in priority areas of the Chesapeake Bay watershed. New to the 2018 USDA Farm Bill is a focus on directing 10% of conservation funds in source water protection areas. Additionally, in FY 2019, NRCS expanded the scope of the National Water Quality Initiative to include source water protection.

As a result of the important conservation work in the Chesapeake Bay watershed and additional federal resources to support conservation measures, EPA and NRCS developed recommendations for enhancing federal coordination to get the most out of federal resources to support the agricultural community in their conservation efforts.

### **Team Activities:**

The Team conducted a review of all relevant EPA and NRCS agricultural conservation funding programs in the Chesapeake Bay watershed and produced a narrative summary of each funding program, a spreadsheet comparing key components of each funding program, an inventory of the last three years of agricultural conservation projects, and an analysis of grant program safeguards for ensuring no duplicate payments. The Team created two sub-groups to evaluate this information and develop recommendations for grants administration and source water protection.

The Grants Administration Sub-group evaluated opportunities for improving grant administration to address agricultural partners' difficulties in accessing funding due to differences in grant timing, priorities, and match requirements. To help in identifying opportunities for better coordination, the Sub-group developed a spreadsheet that summarizes key components of each grant program such as the timing of solicitations, match requirements, geographic priorities, and practice priorities and standards. This comparative analysis helped the sub-group evaluate comm

The Source Water Protection Sub-group evaluated opportunities to enhance federal coordination to advance agricultural conservation practices that protect source water and drinking water and reduce nutrient loadings to local streams and the Chesapeake Bay. The 2018 Farm Bill requires that 10 percent (up to \$400 million a year nationwide) of funds authorized for conservation programs be used to protect sources of drinking water, increases incentives for agricultural producers to implement practices that benefit source water protection, and authorizes NRCS and their State Technical Committees to work with community water systems to identify state/local source water protection priorities. In FY2019, NRCS expanded the scope of the National Water Quality Initiative to include source water protection, including both surface and groundwater public water systems. In light of USDA's focused emphasis in source water protection areas, EPA and NRCS took stock of how EPA and NRCS have successfully coordinated activities in source water protection areas to date and identified opportunities for to continue and enhance federal coordination.

## SECTION 2: SYNOPSIS OF ANALYSIS

**Funding Programs Reviewed:** The Team and Sub-groups reviewed the following EPA and NRCS agricultural conservation funding programs:

- **EPA Innovative Nutrient and Sediment Reduction Program** (administered by NFWF) - \$9 million annually (Note: Congress approved an additional \$3 million in FY20). Supports efforts within the Chesapeake Bay watershed that vastly accelerate sub-watershed and/or regional scale implementation of nutrient and sediment reductions with innovative, sustainable, and cost-effective approaches. Projects range from \$500,000 to \$1 million. General Timing: Annual RFP goes out in winter (January) awards are announced in early fall (September). Pre-proposals typically due in February, full proposals typically due in May.

Links: <https://www.nfwf.org/programs/chesapeake-bay-stewardship-fund>  
<https://www.nfwf.org/programs/chesapeake-bay-stewardship-fund/innovative-nutrient-and-sediment-reduction-grants-2020>

- **EPA Small Watershed Grant Program** (administered by NFWF) - \$9 million annually (Note: Congress approved an additional \$3 million in FY20). Competitive grant to local governments, nonprofit organizations, and individuals in the Chesapeake Bay region working at a local level to protect and improve watersheds while building citizen-based resource stewardship. Demonstrates effective techniques and partnership-building to achieve Chesapeake Bay Program objectives at the small-watershed scale. Encourages the sharing of innovative ideas among the many organizations wishing to be involved in watershed protection activities. Projects range from \$20,000 - \$200,000. Established under Section 117(g)(2) of the Clean Water Act. General Timing: Annual RFP goes out in winter (January) awards are announced in early fall (September).

Links: <https://www.nfwf.org/programs/chesapeake-bay-stewardship-fund>  
<https://www.nfwf.org/programs/chesapeake-bay-stewardship-fund/small-watershed-grants>

- **EPA Chesapeake Bay Implementation Grant** - \$12.5 million annually. Annual non-competitive grant to Chesapeake Bay States (and DC). Supports implementing the management mechanisms established under the Chesapeake Bay Agreement, with particular emphasis on state programs for control and abatement of nonpoint source nutrient and sediment pollution. Authorized under Section 117(e)(1)(A) of the Clean Water Act. General Timing: State workplans are updated in the summer timeframe.

Link:  
<https://www.epa.gov/sites/production/files/2016-01/documents/2016cbpograntguidance.pdf>

- **EPA Chesapeake Bay Regulatory and Accountability Program** - \$11.2 million annually. Annual non-competitive grant to Chesapeake Bay States (and DC). Supports implementing and expanding regulatory, accountability, assessment, compliance, and enforcement capabilities to reduce nitrogen, phosphorus, and sediment loads delivered to



the Bay to meet the Water Quality Goal of the 2014 Chesapeake Bay Watershed Agreement and the Bay TMDL. General Timing: State workplans are updated in the summer timeframe.

Link: <https://www.epa.gov/sites/production/files/2016-01/documents/2016cbpograntguidance.pdf>

- **EPA “Most Effective Basin” Funding for FY2020** – \$6 million of additional funding was approved for FY2020 for agricultural nitrogen reductions in the “most effective basins.” The most effective basins were determined considering two factors: cost effectiveness (\$/lb of nitrogen reduced) and load effectiveness (N-reducing practices that reduce dissolved oxygen in the Bay). The \$6 million will be added to the states Chesapeake Bay non-competitive grants (CBIG or CBRAP) or may be awarded through a third party through a Request for Applications for agricultural conservation practices specified in the “grant guidance.” Allocations for each state are as follows: PA - \$3.695M; VA - \$1.11M; MD - \$695,940; DE - \$364,540; NY - \$79,536; WV - \$54,681.

Link: [https://www.epa.gov/sites/production/files/2020-05/documents/final\\_fy2020\\_cbpo\\_grant\\_guidance\\_meb\\_addendum.pdf](https://www.epa.gov/sites/production/files/2020-05/documents/final_fy2020_cbpo_grant_guidance_meb_addendum.pdf)

- **EPA Clean Water State Revolving Loan Fund (SRF).** Estimated \$100 million provided to activities in the Chesapeake Bay watershed in FY19. The Region receives, on average, \$170 million annually in Clean Water SRF funds. The funds are awarded as grants to Region 3 State partner agencies which implement low interest loan programs. The Clean Water SRF funds a wide variety of water quality protection efforts ranging from traditional wastewater treatment plant construction, upgrades, and repairs, to decentralized wastewater treatment, energy and water conservation, stormwater, planning/assessment, and agricultural conservation practices. The funding flexibility inherent in Clean Water SRF programs allows states to address their unique water quality priorities.

Links: General information: <https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf>; Agriculture eligibilities and success stories: <https://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-agricultural-best-management-practices>

- **EPA 319 Nonpoint Source Grant Fund.** Estimated \$8.4 million provided for activities in the Chesapeake Bay watershed in FY19. Section 319(h) (§319) of the Clean Water Act establishes a national program to control nonpoint sources of water pollution. Through §319, the EPA Region 3 provides States with guidance and grant funding to implement nonpoint source management programs. Region 3 awards an average of \$13 million per year to State partner agencies which make grant awards for a wide variety of activities including technical assistance, financial assistance, education, training, technology transfer, watershed projects and monitoring to assess the success of specific nonpoint source implementation projects.

- **NRCS Conservation Innovation Grants Program.** Conservation Innovation Grants (CIG) is a competitive program that supports the development of new tools, approaches, practices, and technologies to further natural resource conservation on private lands. Through creative problem solving and innovation, CIG partners work to address our nation's water quality, air quality, soil health and wildlife habitat challenges, all while improving agricultural operations. National and State CIG – all non-Federal entities and individuals are eligible to apply. All CIG projects must involve EQIP-eligible producers. For the national competition, a CIG funding notice is announced each year. Funds for single- or multi-year projects, not to exceed three years, are awarded through a nationwide competitive grants process. Projects may be watershed-based, regional, multi-state or nationwide in scope. The natural resource concerns eligible for funding through CIG are identified in the funding announcement and may change annually to focus on new and emerging, high-priority natural resource concerns.

Link:

[https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143\\_008205](https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143_008205)

- **NRCS Conservation Innovation Grants Program State Announcement State Competition.** The CIG state component emphasizes projects that benefit a limited geographical area. Participating states announce their funding availability for CIG competitions through their state NRCS offices.

Link:

[https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143\\_008205](https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143_008205)

- **NRCS Conservation Innovation Grants Program On-Farm Trials.** Newly authorized in the 2018 Farm Bill, On-Farm Trials support more widespread adoption of innovative approaches, practices and systems on working lands. On-Farm Trials projects feature collaboration between NRCS and partners to implement on-the-ground conservation activities and then evaluate their impact. Incentive payments are provided to producers to offset the risk of implementing innovative approaches.

The Soil Health Demo Trial (SHD) component of On-Farm Trials focuses exclusively on implementation of conservation practices and systems that improve soil health. Eligible entities receiving SHD awards agree to follow consistent soil health assessment protocols to evaluate the impacts of practice and system implementation. All non-Federal entities and individuals are eligible to apply. All CIG projects must involve EQIP-eligible producers.

Link:

[https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143\\_008205](https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/financial/cig/?cid=nr143_008205)

- **NRCS Regional Conservation Partnership Program, Classic.** The Regional Conservation Partnership Program (RCPP) promotes coordination of NRCS conservation activities with partners that offer value-added contributions to expand our collective ability to address on-farm, watershed, and regional natural resource concerns. Through RCPP, NRCS seeks to co-invest with partners to implement projects that demonstrate innovative solutions to conservation challenges and provide measurable improvements and outcomes tied to the resource concerns they seek to address.

The 2018 Farm Bill made a number of substantial changes to RCPP: RCPP is now a standalone program with its own funding--\$300 million annually. Moving forward, landowners and ag producers will enter into RCPP contracts and RCPP easements. Two funding pools exist: Critical Conservation Area (CCA) or State/Multistate funding pool. There is an emphasis on project outcomes—all RCPP projects must now develop and report on their environmental outcomes. Successful RCPP projects embody the following core principles:

- **Impact**—RCPP applications must propose effective and compelling solutions that address one or more natural resource priorities to help solve natural resource challenges. Partners are responsible for evaluating a project's impact and results.
- **Partner Contributions**—Partners are responsible for identifying any combination of cash and in-kind value-added contributions to leverage NRCS's RCPP investments. It is NRCS's goal that partner contributions at least equal the NRCS investment in an RCPP project. Substantive partner contributions are given priority consideration as part of the RCPP application evaluation criteria.
- **Innovation**—NRCS seeks projects that integrate multiple conservation approaches, implement innovative conservation approaches or technologies, build new partnerships, and effectively take advantage of program flexibilities to deliver conservation solutions.
- **Partnerships and Management**—Partners must have experience, expertise, and capacity to manage the partnership and project, provide outreach to producers, and quantify the environmental outcomes of an RCPP project. RCPP ranking criteria give preference to applicants that meaningfully engage historically underserved farmers and ranchers.

Link: <https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/rcpp/>

- **NRCS Regional Conservation Partnership Program, Alternative Funding Arrangements.** Enhanced Alternative Funding Arrangement provision—NRCS may award up to 15 AFA projects, which are more grant-like and rely more on partner capacity to implement conservation activities.

Link: <https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/rcpp/>

**Comparative Analysis of Funding Programs:** To conduct a comparative analysis of the funding programs, the Team created a spreadsheet to compare key attributes of each funding program including the funding level, the timing of awards, match requirements, practice

priorities and standards, and geographic priorities (Attachment 1). The Team also compiled an inventory of projects funded by each funding program over the past three years (Attachment 2). Using this information, the Team was able to look across funding programs to identify similarities, differences, overlap, and coordination opportunities.

**Duplicate Payment Evaluation:** The Team evaluated mechanisms in place to prevent duplicate payments going to the same entity for the same work. Given the multitude of federal grant programs that support agricultural conservation practice funding, applicants often submit their application for consideration by multiple funding opportunities. Both EPA and NRCS evaluated what mechanisms they have in place to safeguard against duplicate payments.

EPA compiled a full list of measures the Agency and the National Fish and Wildlife Foundation (administrator of two of EPA's grant programs) have in place to ensure no fraudulent duplicate payments to applicants for EPA-funded agricultural conservation work. These safeguards include:

- EPA inter-government review of all Chesapeake Bay grants.
- Enforcement of EPA federal rules against fraud.
- NFWF extensive annual audits.
- NFWF applicant control questionnaire – NFWF evaluates recipients for federal compliance and, thus, is significantly mitigating any potential for fraudulent, duplicate payments.
- Match section of NFWF full proposal template - NFWF captures information from applicants on other “irons in the fire” they’re lining up as match. NFWF can push grantees to more consistently report on potential NRCS leverage in this section moving forward.
- NFWF finds workable solutions within the scope of the project if a successful applicant is awarded funding from another source.

NRCS conducted a similar review of its funding programs and determined that while there were no duplicative payments, it was important to institute best management practices internally. The attached excel spreadsheet outlines the awards that have been made by NRCS in the Chesapeake Bay Watershed (Attachment 2). NRCS has proposed the following best management practices to improve its internal management of grant programs. These suggested best management practices are as follows:

- Require entities to submit a list of all current funding support and all anticipated future support in which they have applied (Sample form provided);
- Require entities to submit a letter to their grantees testifying there is no overlap between their respective awards;
- Identify NRCS State POCs for each grant;
- Require the entity to itemize federal fund contributions.
- Require the entity to articulate contributions in the final payment request submitted to NRCS.

For NRCS, the team also suggests that the Agency:

- Designate one Point of Contact for all NFWF agreements
- Utilize a National Agreement Database created in NRCS of the Future to ensure there is no duplication of effort within and NRCS. This nationwide database tracks national and state agreements.
- Ensure technical assistance deliverables are captured under the following pillars of technical assistance:
  - Conservation Plan
  - Inventory and Evaluation
  - Survey, Design, & Layout
  - Conservation Practice Implementation
  - Practice Checkout, Quality Assurance
  - Outreach

Note: Under each pillar, identify deliverable by landowners/producers assisted, acres of conservation practices Implemented

- Have staff conduct key word searches in relevant databases to minimize duplication.

### SECTION 3: FINDINGS AND RECOMMENDATIONS

- **Finding 1:** EPA and NRCS have many agricultural conservation funding programs with similarities and differences in funding levels, eligibilities, scope, priorities, and timing. Taking stock of what is working well, what is not working well, and priorities for the future is important to ensure wise use of federal funds. Also, having an opportunity to evaluate pre-decisional projects would open up opportunities for joint funding and ensure no unnecessary duplication of efforts.

#### **Recommendation:**

- **NRCS-EPA Coordination Meetings:** EPA, NRCS, and the National Fish and Wildlife Foundation (NFWF) will hold quarterly coordination meetings in the Chesapeake Bay watershed to take stock of previous year's projects, set priorities for coming year, share the timing of grant Requests for Proposals, and review pre-decisional NFWF awards.

At these quarterly meetings, NRCS and EPA will examine where we have gaps and overlaps among agencies, and where we can synergize for optimal outcomes.

- **Finding 2:** Agricultural partners applying for NRCS Regional Conservation Partnership Program (RCPP) funding often are challenged with meeting partner contribution guidelines and seek clarification on whether EPA grants can count as partner contribution.

**Recommendation:**

- **Joint NRCS-EPA Memo on use of EPA Grants for RCPP Partner**

**Contribution:** EPA Regional leadership and NRCS Regional Conservationists will sign a joint letter outlining conditions under which EPA Chesapeake Bay grants can be used as partner contribution for Regional Conservation Partnership Program proposals.

Status: Letter approved by EPA Region 3 Office of Regional Counsel and EPA Headquarters Office of General Counsel. Letter is under review by NRCS Office of General Counsel. (Attachment 3).

- **Finding 3:** NRCS's Regional Conservation Partnership Program (RCPP) is a tremendous opportunity for Chesapeake Bay partners to accelerate implementation of agricultural conservation practices in the Chesapeake Bay watershed. EPA's Innovative Nutrient and Sediment Reduction (INSR) grant program supports development and maturation of regional partnerships that work with farmers to implement priority agricultural conservation practices in high nutrient and sediment-loading watersheds. Often, EPA's INSR program serves as a pathway or "on-ramp" to future NRCS RCPP projects. Coordination between EPA, NFWF (administrator of EPA's INSR), and NRCS is essential in ensuring that applicants for RCPP have strong proposals to support the agricultural community in their conservation efforts to restore local streams and the Chesapeake Bay.

**Recommendations:**

- **EPA INSR Funding and NRCS RCPP Coordination:** At the quarterly federal funding coordination meetings, EPA and the National Fish and Wildlife Foundation (administrator of the grant program) highlight mature Innovative Nutrient and Sediment Reduction projects and partnerships that are ready to take the next step in applying for RCPP funding to expand conservation work.
  - **EPA MEB Funding and RCPP Coordination in PA:** Through coordination meetings and regular convenings of NFWF's new Most Effective Basin (MEB) Program Steering Committee, NFWF will work with EPA and NRCS to establish appropriate and equitable mechanisms to reserve, dedicate, or otherwise set-aside portions of available annual MEB Program funding to explicitly serve as leverage to emerging or priority partnership projects and proposals for NRCS programs, including under the Regional Conservation Partnership Program.
- **Finding 4:** Not all of EPA's agricultural conservation funding programs require that agricultural conservation practices meet NRCS practice standards. The majority of EPA's Chesapeake Bay grants (both those administered by NFWF and the non-

competitive grants that EPA provides the Bay states annually) fund practices that meet NRCS standards. EPA's national Clean Water State Revolving Fund and the 319 nonpoint source programs do not require that agricultural conservation practices meet NRCS standards. However, the Bay states that manage those two funding programs may institute additional requirements.

**Recommendation:**

- **Consistency with NRCS Ag Practice Standards for EPA INSR/SWG:** The majority of agricultural conservation practices funded through EPA's Innovative Nutrient and Sediment Reduction (INSR) and Small Watershed Grants (SWG) programs meet NRCS practice standards. To ensure consistency with NRCS practice standards, EPA will work with NFWF (administrator of these grant programs) to clarify in the annual Request for Proposals that there is an expectation to use NRCS practice standards or provide justification for why NRCS standards cannot be used.
- **Finding 5:** There are successful approaches in the Mid-Atlantic region that demonstrate how EPA's Clean Water State Revolving Fund (CWSRF) can be coordinated with USDA Farm Bill funding. For example, Conservation Districts have successfully coordinated the use of CWSRF and NRCS Environmental Quality Incentive Program (EQIP) to fund high priority conservation practices like manure storages where SRF loans were used upfront for construction and reimbursed later with EQIP funding. Also, there may be cases where SRF funding could be used to address a portion of the NRCS EQIP backlog.

**Recommendations:**

- **CWSRF Loan/EQIP Reimbursement:** EPA and NRCS will promote successful approaches to the agricultural community on coordinating Clean Water State Revolving Fund (CWSRF) loans with NRCS Environmental Quality Incentives Program (EQIP) funding through local workshops, webinars, and outreach materials.
  - NRCS and EPA will develop and distribute educational brochures to field personnel to explain the use of State Revolving Funds.
  - NRCS and EPA will host panel discussions (at Local Workshops and other venues) with the highest performing counties that can showcase how they have successfully combined EQIP and CWSRF funding on site-specific projects.
- **CWSRF Help Address NRCS EQIP Backlog:** EPA and NRCS will identify opportunities to work with the State CWSRF leads to provide CWSRF funding to a portion of the NRCS backlog of eligible EQIP contracts for high priority conservation practices in high priority watersheds.

- **Finding 6:** EPA and NRCS have common goals for protecting source water and drinking water. There are successful approaches both within the Mid-Atlantic and nationally where EPA and NRCS have effectively coordinated work in source water protection areas.

#### **Recommendations:**

- **Federal Source Water Protection Coordination Meetings:** EPA and NRCS will meet quarterly to coordinate activities in source water protection areas to protect drinking water and reduce nutrient loadings to local streams and the Chesapeake Bay. The Agencies will:
  - Determine where overlap exists, where we can synergize, and opportunities for focusing work in under-served areas.
  - Highlight successes, challenges, new approaches, and information that pertain to advancing conservation work to protect source water and reduce nutrient loadings to local streams and the Chesapeake Bay.
  - EPA will assign Source Water Protection “points of contact” for each NRCS State Office and State Technical Committee. EPA will use its internal Agriculture Workgroup to coordinate source water protection activities to speak with “one voice.”
- **Data Sharing:** EPA and NRCS will share and exchange information that will inform source water protection priority area selections, priority conservation practices, and project ranking criteria.
  - Examples of data and maps that will be evaluated include, but are not limited to, NRCS’s Source Water Protection priority areas, the National Water Quality Initiative priority areas, Source Water Collaborative areas, and EPA’s Most Effective Basins.
  - Using data provided by EPA, both agencies will examine potential agricultural areas where source water can be improved.
  - EPA and NRCS will explore opportunities to assist economically challenged communities where agriculture is the primary source of nitrogen to source water.
- **Planning:** Explore opportunities for EPA to assist with pre-planning work for the NRCS National Water Quality Initiative (NWQI) to assist Conservation Technical Assistance work.
  - EPA will share source water collaborative areas with NRCS. Both agencies will explore opportunities to have these source water collaboratives conduct areawide plans to assess degree of degradation, landowner interest, and the potential effect that agricultural conservation practices may have on improving the water supply.



- NRCS and EPA will explore opportunities where EPA has already conducted areawide plans to see if they meet the criteria needed to establish an NWQI source water area.
- **Education and Outreach:** EPA and NRCS will develop consistent educational materials for agricultural partners on funding opportunities and eligibilities for implementing agricultural conservation practices in source water protection areas.
  - NRCS and EPA will develop and distribute educational brochures to field personnel to explain the use of EPA Clean Water State Revolving Funds (CWSRF).
  - NRCS and EPA will host panel discussions with the highest performing counties that can showcase how they have successfully combined EQIP and CWSRF funding on site-specific projects in source water protection areas.
  - NRCS will provide brochures for EPA, source water collaboratives, and other agricultural partners on how they can participate on Local Working Groups to provide input on source water protection areas and activities.
- **Finding 7:** EPA and the National Fish and Wildlife Foundation have sufficient measures in place to ensure no duplicate payments to applicants for the same work. Therefore, no additional recommendations are merited for EPA's agricultural funding programs in the Chesapeake Bay Watershed.
- **Finding 8:** NRCS found no cases of duplicative payments but would like to institute best management practices internally to improve its internal management of grant programs.

#### **Recommendations:**

- **Duplicate Payments:** Ensure measures are in place and, where necessary, institute additional best practices to safeguard against duplicate payments going to the same entity for the same work. NRCS proposes the following best management practices to improve its internal management of grant programs. These suggested best management practices are as follows:
  - Require entities to submit a list of all current funding support and all anticipated future support in which they have applied (Sample form provided);
  - Require entities to submit a letter to their grantees testifying there is no overlap between their respective awards;
  - Identify NRCS State POCs for each grant;
  - Require the entity to itemize federal fund contributions.
  - Require the entity to articulate contributions in the final payment request submitted to NRCS.

For NRCS, the team also suggests that the Agency:

- Designate one Point of Contact for all NFWF agreements
- Utilize a National Agreement Database created in NRCS of the Future to ensure there is no duplication of effort within and NRCS. This nationwide database tracks national and state agreements.
- Ensure technical assistance deliverables are captured under the following pillars of technical assistance:
  - Conservation Plan
  - Inventory and Evaluation
  - Survey, Design, & Layout
  - Conservation Practice Implementation
  - Practice Checkout, Quality Assurance
  - Outreach

Note: Under each pillar, identify deliverable by landowners/producers assisted, acres of conservation practices Implemented

- Have staff conduct key word searches in relevant databases to minimize duplication.

- **Finding 9:** Both EPA and NRCS have activities underway for promoting diversity, equity, inclusion, and justice. Both agencies are exploring how to build in diversity activities into federal grant programs.

**Recommendation:**

- **Diversity in Ag Conservation Grants:** EPA and NRCS will assess opportunities to support historically under-served farmers and ranchers through outreach, ranking, match adjustment options, and the selection process associated with agricultural conservation practice grants in the Chesapeake Bay watershed.
- **Finding 10:** Federal coordination of funding programs is a long-term effort and can continually be refined and enhanced over time. Revisiting collaboration opportunities and ensuring they are aligned with the agencies' expertise, resources, and priorities is important.

**Recommendation:**

- **Annual Evaluations:** These opportunities for collaboration are contingent upon the current goals, directions, resources, and abilities of NRCS and EPA. These goals will be re-evaluated and refined as necessary annually.

**REFERENCES:**

Attachment 1: Comparative Analysis of EPA and NRCS agricultural conservation practice funding program elements.

Attachment 2: Inventory of EPA and NRCS-funded agricultural conservation projects from 2018-2020.

Attachment 3: Draft EPA/NRCS RCPP Match Memorandum – to be included once finalized and signed.