

Part 530 – Working Lands Conservation Programs Manual

Subpart B – Managing Funds

530.10 General

A. This subpart provides policy related to managing funds and State spending limits. NRCS will ensure funds delivered through conservation program contracts are properly managed and disbursed for the intended purpose. NRCS uses various business tools to create spending plans and associated ranking pools. Refer to subpart O, exhibit 530.143K, “Business Tools Quick Reference,” of this manual for a list of applicable business tools.

B. The Farm Bill and/or annual agricultural appropriations law authorize, and the Office of Management and Budget (OMB) apportion, funds received by NRCS each fiscal year. The Farm Production and Conservation (FPAC) Business Center (FBC) posts funds in the Financial Management Modernization Initiative (FMMI) system as an allotment and uses them for execution at the program level. NRCS National Headquarters (NHQ) ensures consistency with funding authorities in the various business tools used by the agency.

- (1) FMMI is the official general ledger system NRCS uses for all obligations and disbursements.
- (2) The types of funds that may be authorized include:
 - (i) Annual.—Funds carrying a year-specific identifier can only be obligated in the fiscal year of their availability or, subsequent to that fiscal year, to cover cost-overruns of a contract of the same-year funding.
 - (ii) Multiple (Multi).—Funds must be obligated within the authorized period. OMB must reapportion any multiyear unobligated balances.
 - (iii) No-Year.—Funds remain available until expended for their original purpose. Each fiscal year, OMB must reapportion any unobligated fund balance.
- (3) NHQ provides States with an allocation letter as soon as practicable after October 1, the start of the new fiscal year, which specifies the authorized financial and technical assistance funds for each program.

530.11 Fund Spending Limits and Management

A. State Spending Limit Distribution and Management

- (1) NHQ determines State funding limits by program using a process that reflects national priorities and locally led conservation priorities and uses available natural resource data.
- (2) NRCS targets funding according to program-specific requirements.
- (3) The State conservationist, considering the advice of the State technical committee and Tribal conservation advisory council, as applicable, must develop a State spending plan to address program and national priorities, natural resource concerns, and priority geographic locations within the State or Tribal lands. Refer to the program-specific subparts for additional guidance.
- (4) Spending plans have a one-to-one relationship with ranking pools, so both the spending plan and the ranking pool must have the same name in the applicable business tools.

B. In distributing fiscal year funds in the business tools for obligation in conservation program contracts, State conservationists must—

- (1) Establish State-level procedure for managing the State spending plan based on State-designated ranking pools and any desired spending plan categories.

- (2) Develop, at a minimum, a spending plan for each program.
- (3) Distribute funds to all spending plans and spending plan categories.

Note: By establishing spending plan categories, States can subdivide funds within a larger spending plan without creating separate ranking pools for each category.

- (4) Establish protocols for distributing 900-Series technical assistance (TA) funds for participant-acquired technical service provider (TSP) contract items. The TA for this should be accounted for in the applicable business tool.

C. Funding Targets

- (1) States must establish spending plans in accordance with program-specific targets for beginning farmers and ranchers, socially disadvantaged farmers and ranchers, and other groups, as identified in subpart Q, “Conservation Stewardship Program (CSP)” and subpart R, “Environmental Quality Incentives Program (EQIP)” of this manual. However, States are not required to establish categories specific to land use or operation type within these spending plans.
- (2) Section 1244(n) of the Food Security Act of 1985, as amended by the 2018 Farm Bill, requires not less than 10 percent funds made available across all programs authorized by Title XII of the Food Security Act of 1985, except the Conservation Reserve Program, be used to encourage practices that relate to water quality or water quantity that protect source waters for drinking water (including protecting against public health threats) while also benefitting agricultural producers.
 - (i) NHQ tracks this data to ensure compliance.
 - (ii) State conservationists will—
 - Work collaboratively with community water systems and State technical committees to identify local priority areas for protection of source waters for drinking water; and
 - Subject to national guidance, offer to producers increased incentives and higher payment rates, not to exceed 90 percent, of practice costs associated with planning, design, materials, equipment, installation, labor, management, maintenance, or training for practices that further the protection of source waters for drinking water.

D. All organizational levels are responsible for managing funds and fund integrity.

- (1) Farm Production and Conservation (FPAC) Business Center (BC)
 - (i) Enters and adjusts State allocations in FMML.
 - (ii) Enters accruals as applicable for conservation practices or activities completed, but not yet approved for payment prior to the close of the reporting period.
- (2) Deputy Chief for Programs (DCP)
 - (i) Processes allowance change requests to adjust State current- or prior-year allocations.
 - (ii) Coordinates allowance changes, or distributions with the regional conservationists.
 - (iii) Monitors fund obligations to achieve program goals and critical program delivery timelines.
- (3) Regional Conservationists (RCs)
 - (i) Ensures funds are used for the allocated purpose.
 - (ii) Approves and denies allowance change requests.
 - (iii) Ensures fund obligations achieve program goals and critical program delivery timelines.

E. Fund Spending Limit Changes

- (1) State conservationists must monitor program obligations and expenditures. Business tools have the necessary controls to prevent obligation in excess of the State allocation. State conservationists will monitor and manage State- and contract-level funds in all program

- accounts to provide the funding necessary to accomplish the program’s objectives, and as provided in the annual spending level.
- (2) States must submit requests for additional current-year program funds and cost overrun funds using the nationally established process.
 - (3) State conservationists must return current-year funds that the State cannot obligate using the nationally established process for returns. When returning financial assistance funds, States must also return associated TA funds. States must return funds by the date specified so that NHQ may reallocate returned funds to other States in the same year.

530.12 Funding Preparation Activities

- A. NHQ must publicly post specific information on the NRCS website to announce funding opportunities. This information includes, but is not limited to, the following:
- (1) Program description
 - (2) National priorities
 - (3) General application information
- B. State conservationists must provide at least 30 days public notice for all application periods and ranking deadlines and post the following information on the State’s website by the time of the program application announcement. Although NRCS accepts program applications on a continuous basis, States may not establish an application period or deadline prior to publication of the information below. All applicants must be provided an equal opportunity to make informed decisions regarding program opportunities prior to the end of the application period. Refer to subpart D, section 530.36 of this manual when establishing a disaster-specific program opportunity.
- (1) General program and application information, including program-related deadlines and how to apply
 - (2) National and State natural resource priorities
 - (3) Producer and land eligibility requirements
 - (4) Provide the following as soon as available:
 - (i) Screening and ranking criteria
 - (ii) Eligible conservation practices and activities approved for the application ranking period
 - (iii) Payment rates approved for eligible conservation practices and activities or a link to the State payment schedule website
- C. Designated conservationists must perform the following sign-up preparation activities in their geographic area by posting or publishing program information. This may include local newspapers, producer organization newsletters, conservation district newsletters, or other local media accessible by the general public. This outreach effort must include, but is not limited to—
- (1) Program description.
 - (2) General application information, including continuous signup, application period, cut-off dates for ranking, other program related deadlines, and where to apply.
 - (3) Local office location and contact information.
 - (4) State NRCS website.

530.13 Program Payment Schedules

- A. NRCS uses payment schedules to document applicable costs and payment rates used to support authorized programs. Payment schedules must document estimated costs for implementation of conservation practices and activities in accordance with NRCS technical standards, specifications, job sheets, guide sheets, etc. Payment schedules must follow the principle of cost effectiveness as

defined in 440-CPM, Part 502, “Terms and Abbreviations Common to All Programs,” and adhere to program-specific requirements.

Note: While planners and engineering staff should work with the participant in selecting a treatment option that will address the identified resource concern in the most cost-effective manner, this does not limit the conservation practice or activity that the participant can select. Treatment options must meet NRCS standards and specifications, address the identified resource concern, and be approved by an individual with NRCS job approval authority.

Note: Some programs may use payment methods, other than payment rate (PR), for financial assistance payments, such as actual cost not to exceed a specified maximum (AM), average cost (AC), or flat rate (FR).

Note: Technical assistance provider (TSP) 900-series technical assistance payment contract items use the AM payment method.

B. Definitions, methods of payment, and detailed guidance for development of payment schedules are found in the following directives:

(1) 440-CPM-502.

(2) Title 300, Payment Schedule Handbook (PSH), Part 600, “Payment Schedules.”

C. Unless otherwise specified by program or national directive, State conservationists, with input from the State technical committee, partners, or other stakeholders, must establish appropriate program payment percentages for each cost category that considers the minimum or lowest percentage needed to encourage program participation. The payment percentage must be the same for all cost components except foregone income. Refer to the program-specific subparts of this manual for additional guidance.

D. NHQ will publish the program payment schedules for all States to the National Payment Schedules website. States must link their website to the appropriate payment schedules.

E. Once NRCS finalizes the payment schedules for a fiscal year, the payment schedules will apply to all contracts obligated within that fiscal year.