

Fiscal Year 2007 Program Allocation Formulas & Methodologies

Conservation Technical Assistance Program (CTA – CO-01)
Grazing Lands Conservation Initiative (GLCI – CO-01)
Soil Survey Program (CO-02)
National Resources Inventory (NRI)
Snow Survey and Water Supply Forecasting (SS-WSF – CO-45)
Plant Materials Center (PMC – CO-46)
Resource Conservation & Development Program (RC&D – RCD-11)
Conservation Reserve Program (CRP-67)
Environmental Quality Incentives Program (EQIP-76)
Ground and Surface Water Conservation Program (GSWC-78)
Klamath Basin Program (KB-79)
Wildlife Habitat Incentives Program (WHIP-75)
Agricultural Management Assistance (AMA-87)
Conservation Security Program (CSP-85)
Watershed Surveys and Planning (WSP – PL-06)
Watershed and Flood Prevention Operations (WF-03/08)
Emergency Watershed Protection (EWP – WF-16)
Watershed Rehabilitation (Rehab – WR-07)
Wetlands Reserve Program (WRP-77)
Farm and Ranch Lands Reserve Program (FRPP-69)
Grasslands Reserve Program (GRP-86)



**Natural Resources Conservation Service
United States Department of Agriculture**

Executive Summary

Beginning in fiscal year (FY) 2006, a major effort was undertaken by the Natural Resources Conservation Service (NRCS) to develop allocation formulas and methodologies for most all conservation programs. The purpose of this effort was to create a defensible, repeatable, and transparent process that would reflect national priorities in a state-specific manner. All program allocation formulas are designed to have a natural resource, fact-based foundation that is consistent with program statutory purpose.

All allocation formulas are designed using current and proven data sources. Where appropriate, common factors are used across programs to create efficiency and consistency. In many cases, teams of State Conservations and National Headquarters Leadership were created to develop and evaluate these formulas. Continuous efforts are still being made to improve and update these formulas based on new information, experience, and feedback. One such effort is an external review of all NRCS program allocation formulas and methodologies by World Perspective, Inc., an independent analytical firm chosen through a competitive process. The findings from this review will be carefully considered for formula improvements in fiscal year 2008.

Within this report, 20 program allocation formulas and methodologies are identified. For this report the term “allocation” refers to the funding to all 52 U.S. states and territories after the deduction of “above state cost.” Above state costs include operating funds for National Headquarters, Technology and other Centers, Chief’s Contingency Reserve, Partnership Agreements, and other operational costs. Some programs utilize both Financial Assistance (FA) and Technical Assistance (TA). The amount of TA funding that is allocated to the states is estimated by the NRCS Cost of Programs Model, applied to state-specific data. The NRCS Cost of Programs Model is not covered in this report.

Though many programs use similar factors, each program is unique and therefore each formula is different. Because of the nature of certain programs, a formula using the traditional weights and factors is not applicable. In these instances, a method of prioritizing funding is utilized. These priority methods are also discussed in this report.

Also covered are specific changes and updates to formulas from FY 2006 to FY 2007, along with the rationale for these changes. To create a smoother transition, programs that have significant changes because of the introduction of an allocation formula utilize a mitigation factor. This limits the percentage change to a maximum plus or minus a specific percent from the previous year’s funding level. This is noted when used. Technical assistance funding is not mitigated because a large portion is dependent on the current year FA to be committed and the remainder on the implementation workload in existing contracts.

Also in FY 2006, an effort was made to incorporate performance factors into all of the major program formulas. Additional programs added performance components in FY 2007. The Program Management Performance Incentive evaluates programs based on definable, measurable, and consistent factors. These factors are updated annually and used to evaluate programmatic operations nationwide.

Contents

EXECUTIVE SUMMARY	1
CONTENTS	2
TECHNICAL ASSISTANCE PROGRAMS.....	4
CONSERVATION TECHNICAL ASSISTANCE PROGRAM (CTA – CO-01)	4
<i>Formula Assumptions</i>	4
<i>CTA Allocation Formula Components, Factors, and Weights.....</i>	5
<i>Program Management Performance Incentives.....</i>	6
<i>Formula Revisions for FY 2007</i>	6
GRAZING LANDS CONSERVATION INITIATIVE (GLCI – CO-01)	7
<i>GLCI Allocation Formula Components, Factors, and Weights</i>	7
<i>Program Management Performance Incentive</i>	7
<i>Formula Revision for FY 2007.....</i>	7
SOIL SURVEY PROGRAM (CO-02).....	8
<i>Field Portion Formula</i>	8
<i>State Office Base Level Staffing Formula</i>	9
<i>Program Management Performance Incentive</i>	9
NATIONAL RESOURCES INVENTORY (NRI).....	10
SNOW SURVEY AND WATER SUPPLY FORECASTING (SS-WSF – CO-45)	11
<i>Technical Assistance Methodology</i>	11
PLANT MATERIALS CENTER (PMC – CO-46).....	13
<i>Technical Assistance Methodology</i>	13
<i>Formula Revisions for FY 2007</i>	13
RESOURCE CONSERVATION & DEVELOPMENT PROGRAM (RC&D – RCD-11).....	14
<i>Formula Assumptions</i>	14
<i>RC&D Allocation Formula Components, Factors, and Weights</i>	15
<i>Program Management Performance Incentives.....</i>	15
<i>Formula Revisions for FY 2007</i>	16
CONSERVATION RESERVE PROGRAM (CRP-67)	17
FINANCIAL ASSISTANCE PROGRAMS	18
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP-76)	18
<i>EQIP Financial Assistance Allocation Formula Factors and Weights.....</i>	19
<i>Technical Assistance Formula</i>	19
<i>Program Management Performance Incentives.....</i>	20
<i>Formula Revisions for FY 2007</i>	20
GROUND AND SURFACE WATER CONSERVATION PROGRAM (GSWC-78).....	21
<i>Formula Assumptions</i>	21
<i>GSWC Financial Assistance Allocation Formula Factors and Weights.....</i>	21
<i>Technical Assistance Formula</i>	22
KLAMATH BASIN PROGRAM (KB-79).....	23
<i>Financial Assistance Allocation Formula Factors and Weights.....</i>	23
<i>Technical Assistance Formula</i>	23
WILDLIFE HABITAT INCENTIVES PROGRAM (WHIP-75).....	24
<i>Formula Assumptions</i>	24
<i>WHIP Financial Assistance Allocation Formula Factors and Weights.....</i>	24
<i>Technical Assistance Formula</i>	24
<i>Program Management Performance Incentive</i>	25
<i>Formula Revisions for FY 2007</i>	26
AGRICULTURAL MANAGEMENT ASSISTANCE (AMA-87).....	27
<i>AMA Financial Assistance Allocation Formula Factors and Weights.....</i>	27
<i>Technical Assistance Formula</i>	27
<i>Formula Revisions for FY 2007</i>	28
CONSERVATION SECURITY PROGRAM (CSP-85)	29
<i>Technical Assistance Methodology</i>	29
WATERSHED SURVEYS AND PLANNING (WSP – PL-06).....	30

<i>Financial Assistance and Technical Assistance Allocation Funding Priorities</i>	30
<i>Formula Revisions for FY 2007</i>	30
WATERSHED AND FLOOD PREVENTION OPERATIONS (WF-03/08)	31
<i>Financial Assistance and Technical Assistance Allocation Funding Priorities</i>	31
<i>Formula Revisions for FY 2007</i>	31
WATERSHED REHABILITATION (REHAB – WR-07)	32
<i>Financial Assistance and Technical Assistance Allocation Funding Priorities</i>	32
<i>Formula Revisions for FY 2007</i>	32
EMERGENCY WATERSHED PROTECTION (EWP)	33
<i>Financial Assistance Allocation Funding Priorities</i>	33
<i>Technical Assistance Formula</i>	33
<i>Formula Revisions for FY 2007</i>	33
EASEMENT PROGRAMS	34
WETLANDS RESERVE PROGRAM (WRP-77)	34
<i>WRP Financial Assistance Allocation Formula Components, Factors, and Weights*</i>	34
<i>Financial Assistance Formula Revisions for FY 2007</i>	34
<i>Technical Assistance Formula</i>	35
<i>Technical Assistance Formula Revisions for FY 2007</i>	35
<i>Program Management Performance Incentives</i>	36
FARM AND RANCH LANDS PROTECTION PROGRAM (FRPP-69)	37
<i>FRPP Financial Assistance Allocation Formula Components, Factors, and Weights</i>	37
<i>Technical Assistance Formula</i>	37
<i>Formula Revisions for FY 2007</i>	37
<i>Program Management Performance Incentive</i>	38
GRASSLANDS RESERVE PROGRAM (GRP-86)	39
FY 2007 ALLOCATIONS PROCESS: PROGRAMS DEPUTY AREA	40
CONSIDERATIONS FOR AMERICAN INDIANS, ALASKA NATIVES, BEGINNING FARMERS AND RANCHERS, AND LIMITED RESOURCE FARMERS AND RANCHERS	41
<i>American Indians and Alaska Natives</i>	41
<i>Beginning Farmers and Ranchers</i>	41
<i>Limited Resource Farmers and Ranchers</i>	41

Technical Assistance Programs

Conservation Technical Assistance Program (CTA – CO-01)

The FY 2007 allocations to the States for the Conservation Technical Assistance (CTA) Program will use the formula that was developed in FY 2005 by a team of State Conservationists and first implemented in FY 2006. Only 13.5% of the total CTA allocation to states was run through the formula in FY 2006. One hundred percent of the CTA allocation to states will be run through the formula in FY 2007, with the exception of Congressional earmarks and special initiatives, such as National Resources Inventory (NRI) state-level staffing and imagery.

In FY 2007, base allocations are expected to be limited to a maximum plus or minus two and a half percent change from the previous year as a result of the formula. In addition to the funds allocated by the formula, congressional earmarks funded for projects will be included in the initial allocation to states, as will funds for any special initiatives approved by the Chief.

Formula Assumptions

Allocations for FY 2007 are based on the House Mark (lowest of the House/Senate) and Congressional Earmarks are based upon the higher of the House or Senate. A revised Grazing Lands Conservation Initiative (GLCI) formula, which utilizes CTA funds, will be implemented in FY 2007 to distribute these Congressional Earmarked funds to states.

CTA Allocation Formula Components, Factors, and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Resource Base Factors</u>		
<i>Resource and demographic criteria used to establish basic infrastructure needed in a given state</i>		
	49%	
Farm and Ranches (no.)		12.00%
Cropland Nonirrigated (ac.)		12.00%
Grazing Land Nonirrigated (ac.)		5.00%
Forest Land Non-grazed (ac.)		2.50%
Animal Agriculture		
(a) Livestock/poultry/Aquaculture (no. animal units or adjustment)		2.50%
(b) Farms with confined animals (No.)		5.00%
Specialty crops (ac.)		1.50%
Irrigated land (ac.)		4.00%
Wetlands and deep-water habitats (ac.)		3.50%
Tribal Trust Land (ac.)		0.50%
Population Density (no. of people/square mile)		0.50%
Total		49.00%
<u>Resource Concern Factors</u>		
<i>Factors that relate to natural resource concerns or emerging issues across the landscape that track the NRCS approach to Soil, Water, Air, Plant, Animal, and Human (SWAPA & H)</i>		
	38%	
Soil Condition Index (ac.) - Soil Condition Index less than or equal to zero		5.55%
Soil Erosion >T on Cropland, Pastureland, and CRP (ac.)		5.55%
Streams (riparian areas) (miles)		2.96%
Impaired Streams (stream miles)		2.59%
Air Quality Non-attainment Areas (no.)		0.74%
Rangeland and Pastureland Needing Treatment (ac.)		1.85%
T&E, Proposed, and Candidate species (plant and animal) (no.)		1.11%
Small Acreage Farms (no.)		2.59%
Agricultural Land Conversions (ac.)		2.59%
Limited Resource Producers (no.)		2.22%
Hydric Soils (ac.)		1.85%
Conservation Compliance Status Reviews (no.)		5.55%
Cultural Resources (a-d)		
(a) Undertakings Reviewed (no.)		0.37%
(b) Undertakings Reviewed (ac.)		0.37%
(c) Field Investigations Conducted (no.)		0.56%
(d) Field Investigations Conducted (ac.)		0.55%
Watershed Dams (O&M)		1.00%
Total		38.00%
<u>State Specific Factors</u>		
<i>Criteria unique to each state that affects the cost of business and implementation of national objectives</i>		
	10%	
Cost of Doing Business Index 2005		5.50%
Travel and Fuel Cost		2.50%
Complexity Factors (a-c)		0.00%
a) Federally recognized Tribes/foreign countries and territories (no.)		0.50%
b) Federal Grazing Land Permits on USFS and BLM (no.)		0.50%
c) Soil Complexity Factor (no.)		1.00%
Total		10.00%
<u>Performance Factors</u>		
<i>Criteria that rewards results and promotes efficiency and innovation</i>		
	3%	
Percent of the 10 Annual Performance Measures Met (%)		0.75%
Declining Unit Cost of the Planned and Applied Performance Measures (% Change)		1.50%
Quality of Conservation Applied (%) (%CSP Tier III Applications)		0.75%
Totals	100%	3.00%

Program Management Performance Incentives

The CTA program formula that was implemented in FY 2006 utilized a performance factor that made up 3% of the total formula. This percentage will remain the same for FY 2007; however, only 13.5% of the total CTA allocation was run through the formula in FY 2006, versus 100% in FY 2007 (minus special initiatives and congressional earmarks). Therefore the performance factor will have a greater effect in FY 2007. The performance factor is meant to reward results and promote efficiency and innovation based on:

- Percent of the 10 annual performance measures met – 25%
- Declining unit cost of the planned and applied performance measures (% change) – 50%
- Quality of conservation applied (%CSP Tier III applications) – 25%

Formula Revisions for FY 2007

Data was updated as available, including: Wetlands, Forestland (non-grazed), T&E Species, and Number of Tribes and Acres of Tribal Trust Land. Progress data (cultural resource factors, program performance factors, and compliance reviews) were updated after the close of the fiscal year.

The cultural resources factors will be expanded in FY 2007 from FY 2006 to include “acres” of undertakings reviewed and “acres” of field investigations conducted. This is expected to create a balance between the number of projected with the size (acres) of projects. The weights used in FY 2006 are split between the existing and new factors for FY 2007.

A factor was added for Operations and Maintenance (O&M) based on number of NRCS Project Dams. One-third of the funds for the weight will be distributed equally between all States and two-thirds will be pro-rated by the State’s percentage of all NRCS project dams. A 1.0% weight was assigned to this factor by reducing the Farm and Ranch factor and the Cropland Non-Irrigated factor by 0.5% respectively.

In FY 2006, three factors were used to account for the cost of doing business: Travel Cost/FTE (2.5%), Salary Cost/FTE (3.0%), and Rent Cost/FTE (2.5%). For FY 2007, a “Cost of Doing Business” Factor will replace the factors for Salary and Rent. This factor was developed by the Milken Institute using wage cost, tax burden, electricity cost, and industrial rent cost. The Cost of Doing Business Factor will be 5.5% and the weight for Travel and Fuel Costs will remain the same at 2.5%.

Not enough data is available to use the CTA Program allocation formula for Alaska. Instead, Alaska’s CTA Program allocation is the historic level from prior to implementation of this formula, increased in FY 2007 above the FY 2006 level by a 2.1% inflation factor.

Grazing Lands Conservation Initiative (GLCI – CO-01)

The following allocation formula is being used for the Grazing Lands Conservation Initiative (GLCI) Program in FY 2007.

GLCI Allocation Formula Components, Factors, and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Resource Base Factors</u>		
<i>Resource and demographic criteria used to establish basic infrastructure needed in a given state</i>		
Total Grazing Land		4.00%
Total Grazing Land Needing Treatment		6.00%
Federal Gazing Permits		2.00%
Grazing Livestock		20.00%
Operations With Grazing Livestock		62.00%
	Total	94.00%
<u>Performance Factors</u>		
Acres Planned in FY 2006		2.00%
Acres Applied in FY 2006		2.00%
Acres of Prescribed Grazing in FY 2006		2.00%
	Totals	100.00% 6.00%

Program Management Performance Incentive

The GLCI program formula includes a performance factor that makes up 6% of the total formula. The performance allocation factor is meant to reward results and promote efficiency and innovation based on:

- Acres planned in FY 2006 – 33.3%
- Acres applied in FY 2006 – 33.3%
- Acres of prescribed grazing in FY 2006 – 33.3%

Formula Revision for FY 2007

The allocation formula being used for the Grazing Lands Conservation Initiative (GLCI) in FY 2007 is similar to the formulas used in previous years in terms of factors and weights. One change, however, is the number of Federal Grazing Permits rather than acres of Federal Grazing Land is being used in FY 2007. This change was made to shift emphasis from public lands benefited to assistance provided to private landowners who hold the permits to graze public lands. Also, \$60,000 for an operations base is being provided to each State before the formula is applied.

Soil Survey Program (CO-02)

The FY 2007 allocations to states are based on the soil survey funding formula which estimates the workload by Major Land Resource Area (MLRA) Soil Survey Project Areas and adjusts allocations accordingly. Before funding is computed through the formula there are off the top items that are deducted which include:

- Congressional Earmarks
- Native American Mapping Initiative
- State Reimbursable and reimbursable bonus.
- MLRA Regional Office Funding
- Digital Map Finishing Funding
- Special Projects

Field Portion Formula

The field portion of the formula splits resources between initial mapping, (32%) and update mapping (68%) based on workload needs with an emphasis on completing the initial mapping. The field portion of the funding formula uses a complexity fact to estimate relative differences in workload required to update soil surveys. The factors used in FY 2007 are:

Factor	Factor Definition and Data Source
Age of Survey	Years since correlated, which gives general since of correctness (NASIS)
Scale	Represent detail of the existing survey (NASIS)*
Polygon Density	An indication of detail of mapping (SDW)**
Map Units	Used to measure complexity of the soils (NASIS)
Unique Components	Measure of complexity and database workload (NASIS)
Land use Change	Used as an indication of changing use of the soil survey (NRI)

* National Soil Information System

** Soil Data Warehouse

The individual factors range from 1 to about 1.5. A straight average of the six factors was made to get a single complexity factor ranging from 1 to 1.5. It was used to establish estimated updating rates of 80,000 to 120,000 acres per Full Time Equivalent (FTE). The New Soil Survey will focus more on keeping all areas current than on extensive updates of specific areas, but the updating rates gives a relative number that is divided in to the total acres to get a workload estimate.

Initial mapping rates were set at 35,000 to 55,000 acres per FTE base on general split by MLRA Soil Survey Area between order 2 order 3 mapping, and 100,000 for rangeland west of the front range of the Rocky Mountains. These rates were established by the Budget Formula Team.

State Office Base Level Staffing Formula

The factors are used to determine and estimated annual workload requirement to carryout the soil survey program, complete initial mapping, maintain and improve existing soil surveys and getting soils information out to the public. There are not enough funds available to fund all the FTEs needed and the formula is used to calculate each states share of the available funds. Locality pay is accounted for. State Office base level staffing is determined by the following factors:

<u>State Office Base Level Staffing</u>	<u>Number of FTEs</u>
States without MLRA Regional Office	3
MLRA Regional Office States	2
Delaware	2
Rhode Island and Pacific Basin	1 each

Database or state complexity factor uses total Official Series Descriptions, total Map Units and total Components. States get 0, .5 or 1 FTE depending on thresholds set for these items. (NASIS)

Program Management Performance Incentive

No performance incentives are used at this time, but will be consider for FY 2008

National Resources Inventory (NRI)

The National Resources Inventory (NRI) allocations are based on the following factors:

- **State Resources Inventory Coordinator** - A minimum of 0.3 staff year is allocated for the State Resources Inventory Coordinator (SRIC) for serving as the point of contact for NRI issues, interacting with the public on NRI topics, and developing NRI content for State Web sites. Additional funding, based on number of samples per State, is provided for oversight and coordination of data collection activities within the State.
- **Meetings/Travel** - An allocation of \$3,000 is included for the State Resources Inventory Coordinator to attend a meeting of SRICs and for travel to the regional Remote Sensing Laboratory to resolve technical issues related to data collection.
- **Local Data Collection** - Funds are allocated for Field Office staff to collect data for the NRI from field office records. The workload for local data collection is assumed to be 0.75 hours per NRI sample.
- **Decision Support Materials** - An allocation is made for assistance with NRI baseline information, such as geospatial ownership data, county base, and soils information. States receive \$150 per county for this activity.
- **On-site Data Collection** - If applicable, States are allocated funds for on-site data collection for the ongoing NRI rangeland assessment and for pastureland and soil quality pilot studies. The workload for on-site data collection is assumed to be 3 staff days per NRI sample segment for rangeland and 1.5 days per sample for agricultural land.
- **Conservation Effects Assessment Project (CEAP)** - States involved in NRI-CEAP data collection receive funding of 0.5 hours per CEAP sample point.
- **Imagery** - States are designated an allocation for imagery, based on number of NRI sample segments and actual costs quoted by imagery contractors. Imagery funds will be retrieved by NHQ for a national purchase of NRI imagery.

Snow Survey and Water Supply Forecasting (SS-WSF – CO-45)

Allocations in FY 2007 are based upon an established base level of operations with annual adjustments to previous year allocations to accommodate changes in staff, cost of living, inflation, automating or upgrading snow data collection sites, new initiatives and program scope. The original base level was established circa 1984 when the program organizational and functional structure was dramatically changed to meet needs of the automated SNOTEL (SNOWpack TELEmetry) data network and more sophisticated water supply forecasting needs.

The approach used is based on the historic costs of activities of data gathering and management in each state which, varies greatly because of terrain, weather, regional snow pack conditions, and climate patterns. Thus far, these varying conditions do not lend itself to a mathematical formula. With a complete year of cost information from the Conservation Information System (CIS) showing direct charge, the Snow Survey-Water Supply Forecast (SS-WSF) program now has data to complete our draft cost model with the real unit costs from each state. The draft model was used to verify the traditional historic method for FY 2005 and FY 2006 distributions.

State Conservationists in 12 states (AK, AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA and WY) have historically administered this program. Major program reorganization (1984) set base levels of staff and scope of operation for these states and for a new central facility in Portland, OR. Three levels of operations were established under the reorganization, including:

- A national facility at Portland, OR (National Water and Climate Center, NWCC, since 1995) - was established, staffed and equipped to specialize in centralized functions of SNOTEL operations, snow data management, water supply forecasting and information management.
- Six Data Collection Offices (DCOs) – (AK, CO, ID, MT, OR and UT) were staffed and equipped to support multi-state snow data collection (automated snow telemetry SNOTEL and manual snow surveys) and data quality assurance and their state responsibility to provide customer support for water supply information.
- Six Water Supply States (WSSs) – (AZ, CA, NV, NM, WA and WY) were staffed and equipped to provide support to customers for water supply information (their state only).
- The SS-WSF program is equipment and supplies intensive requiring a budget makeup of about 65% investment in human resources and 35% for support costs to operate the automated data collection and information management and analyses system valued at \$40 million.

Technical Assistance Methodology

- **Step 1.** Base level needs for each state were set initially during the SS-WSF program reorganization, circa 1984, including:
 - Salary, benefits and other overhead for staff;
 - Support costs for safety preparedness and training, snow survey contracts and costs of the number of manual snow survey sites, and automated SNOTELs under their jurisdiction;
 - Adjustments according to an intensive program-wide survey that compared the distances, relative difficulty and hazards of winter time travel to remote data sites;
 - Varying expenses for over-snow travel or contracting by air or surface transport;
 - Considerations for in-kind and reimbursable support in data collection from program cooperators.
- **Step 2.** Annual adjustments to each preceding year's allocation are developed by the Director of the National Water & Climate Center and coordinated with the Snow

Program Advisory Committee (SnowPAC formed of the, Director NWCC, the state DCO's and state WSS's) for approval by the Director, CED to accommodate:

- Changes in staff at state level;
 - Status of Training positions;
 - Cost of living and inflation increases;
 - SNOTEL system Operation and Maintenance needs;
 - Automation of manual snow courses to SNOTELs;
 - Agency directed activities and new initiatives.
- The above state remainder of CO-45 funds, after deductions for departmental and agency overhead costs, which are borne proportionally by all programs, are apportioned between centralized costs for SNOTEL O&M identified in the control table as Program Managers Initiative (PMI) and the amounts allocated to states for all CO-45 related in-state costs. NWCC personnel and operations costs are allocation specifically in agency overhead. Individual state allocations are determined by application of the formula described above to the funds directed for state use.
 - **Step 3.** The NWCC Director, (Acting Program Manager for SS-WSF) obtains annual review and approval from the Director CED prior to submission to the Deputy Chief for Science and Technology and State Conservationist allocation official for distribution to the State Conservationists.

Note: Given the provisional nature of FY 2007 allocations provided in November 2006, the initial SS-WSF PMI was left at the FY 2006 level, with the understanding that an adjustment upward in final state allocations will be made after appropriations are final.

Plant Materials Center (PMC – CO-46)

The Plant Materials Center's budget allocations for FY 2007 are made by the Plant Materials Program Leader, and are based primarily on two factors:

1. The number of staff Full-Time Equivalent (FTEs) at each PMC
2. The Performance Index score for each PMC

Operating costs (utilities, services, supplies, etc.) for PMCs are not considered in FY 2007 because overall funding available to PMCs is not enough to cover the cost of salaries and benefits. There are also no funds available for PMC infrastructure and security improvements.

Technical Assistance Methodology

The cost of staff FTEs at each PMC was determined by counting staff (as of October 1, 2006) and summing salary levels (based on a generic GS or WG salary table). Staff numbers were capped at 5 FTEs. Several PMCs have more than 5 FTEs, but 5 (2 professional and 3 support staff) is considered the recommended minimum per PMC. The total cost of salaries for each PMC was multiplied by 30% to cover the cost of benefits and 3% to cover the anticipated 2007 pay raise. The total of salaries plus benefits plus pay raise established the base figure for each PMC.

The total of base figures for all PMCs exceeded the amount available for allocation, so the base figures for all PMCs were reduced by the same percentage.

Performance bonuses were based on the Plant Materials Performance Index. The Index assesses the annual accomplishments of each PMC for a number of work activities and products based on a maximum score of 100. This is the second year the Performance Index has been used and the Index is a part of the agency's OMB Performance Assessment Rating Tool (PART).

A minimum threshold value (of FY 2006 scores) was used for determining 2007 bonuses. The value was established based on the PART goal of exceeding the FY 2005 scores by 2%. This critical value is 55.8, which is the minimum value to be eligible to receive a performance bonus. For 2007 allocations, all PMCs exceeding an index score of 55.8 received the same bonus. The base figure plus the bonus is the PMC's allocation for FY 2007.

Formula Revisions for FY 2007

The method for determining base figures for each PMC remained the same as FY 2006. For FY 2006 allocations the performance bonuses were allocated based on three levels. PMCs were ranked based on their Index score. The top 1/3 were given \$50,000, the middle 1/3 \$30,000 and the bottom 1/3 \$8,500. It was concluded in FY 2007 that this created too much competition and PMCs suggested setting a minimum value for each to exceed.

Resource Conservation & Development Program (RC&D – RCD-11)

Significant changes were made to the Resource Conservation & Development (RC&D) Program allocation process in FY 2006 as a formula was developed based on factors directly relating to the RC&D Program statute rather than the flat rate per RC&D council allocation that was previously used. The formula used to allocate RC&D Program funds to the states to implement the program is based on three factor groups: Community and Natural Resources, Cost of Business, and Performance. The formula is consistent with the agency's standards for program transparency and accountability. The formula also addresses the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) evaluation concern about prioritizing funds to the greatest need.

As NRCS begins to reward RC&D councils for outstanding performance, the weight distribution among the three formula factors will increase in performance and decrease in resource concern, with state specific factors remaining the same.

Formula Assumptions

An allocation "floor" or base is in place for FY 2007, which estimates the cost to support a full-time coordinator for every RC&D area. In FY 2007, total allocations are expected to be limited to a maximum plus or minus five percent change from the previous year as a result of the formula.

RC&D Allocation Formula Components, Factors, and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Resource Base Factors</u>	80%	
<i>Factors that relate to natural resource concerns or emerging issues across the landscape that track the NRCS approach to Soil, Water, Air, Plant, Animal, and Human (SWAPA & H)</i>		
Land Conservation	20%	
Soil Erosion Water (Crop) (ac.)		4.00%
Soil Erosion Water (Grazing) – Rangeland (ac.)		4.00%
Soil Erosion Water (Grazing) – Pastureland (ac.)		4.00%
Soil Erosion Water (non-ag) (ac.)		4.00%
Soil Erosion Wind (ac.)		4.00%
Water Management	20%	
Non-Attainment Water Bodies (no.)		2.50%
Non-Attainment Water Bodies – Lakes (ac.)		2.50%
Non-Attainment Water Bodies – Rivers (miles)		2.50%
Farms w/confined animal operation (no.)		2.50%
Irrigated Land (ac.)		10.00%
Land Management	20%	
Wildlife Habitat (ac.)		4.00%
Threatened and Endangered Species: Proposed and Candidate (no.)		4.00%
Wetlands (ac.)		4.00%
Agriculture Land Conversions Over Time (%)		4.00%
Tribal Trust Land		4.00%
Community Development	20%	
Small Acreage Farms (no.)		2.50%
Limited Resource Producers (no.)		2.50%
Farming Dependent Counties (no.)		2.50%
Housing Stressed Counties (no.)		2.50%
Low-employment Counties (no.)		2.50%
Population Loss Counties (no.)		2.50%
Persistent Poverty Counties (no.)		2.50%
Federal Recognized Indian Tribes (no.)		2.50%
Total		80.00%
<u>State Specific Factors</u>	10%	
<i>Criteria unique to each state that affects the cost of business and implementation of national objectives</i>		
Cost of Doing Business		
Office Cost per Staff-year (avg.)		3.33%
Travel Cost per Staff-year (avg.)		3.33%
Salary Cost per Staff-year (avg.)		3.33%
Total		10.00%
<u>Performance Factor</u>	10%	
States Reaching and Exceeding Annual Performance Goals (%)		10.00%
Totals	100%	10.00%

Program Management Performance Incentives

The RC&D program formula includes a performance factor that makes up 10% of the total formula. This is a new factor for FY 2007. The performance factor is meant to reward results and promote efficiency and innovation based on States reaching (and/or exceeding) annual performance goals.

This allocation factor will be based on a state's goals and contribution to the agency's RC&D five Annual Performance Measures Goals for Fiscal years 2005 and 2006. Additional weight will be given for those states that exceed their annual goals. The data source for this information is the Performance and Results System (PRS) database.

Formula Revisions for FY 2007

Factors that have been replaced or removed from the FY 2006 criteria are: Square Miles of Tidal Shoreline, Acres of Non-Federal Land, Percent of Populations Under Poverty Level and Percent of Unemployed. New factors include: Farms With Confined Animals, CNMPs; Irrigated Lands; T&E Species: Proposed and Candidate; Farming Dependent Counties; Housing Stressed Counties; Low-employment Counties; Population Loss Counties; Persistent Poverty Counties; and States Reaching and Exceeding Annual Performance Goals. Other factors have been updated using Economic Research Service (ERS) and Natural Resource Inventory (NRI) data.

Conservation Reserve Program (CRP-67)

Fiscal year 2007 Conservation Reserve Program (CRP) technical assistance (TA) workload will be for the General CRP sign-up; Continuous CRP (CCRP) sign-up, which includes all Conservation Reserve Enhancement Program (CREP) and all other CCRP initiatives; the Farmable Wetlands Program (FWP), Emergency Forestry Conservation Reserve Program (RFCRP), re-enrollment acres from contracts expiring in FY 2007 – 1010, and CRP Program Eligibility Determination. CRP TA allocation is based on the following:

1. The Farm Service Agency (FSA) estimates the number of acres and contracts that will need TA. The TA need is based on first year and second year planning and application of contracts, projections of a new General Sign-up, any new Continuous special initiatives that are added in the FY, CCRP eligibility determinations for the current year, and policy and program support for all CRP contracts.
2. NRCS estimated costs per contract or per acre are applied to the enrolled estimates of number of acres and contracts from FSA's projections. NRCS costs are derived from the 2001 Workload Analysis for tasks associated with planning and application efficiencies agreed to by NRCS and FSA.
3. CREP – FSA will give current and projected contract numbers upon which NRCS will apply the Cost of Programs Model. However, due to the nature of CREP some individual State adjustments may need to be made (e.g., the types of practices and partner involvement vary from state to state).

CRP TA funds are reimbursement from FSA for carrying out technical assistance to producers and FSA; therefore, NRCS must earn these TA dollars. States must also adhere to the NRCS policies (roles and responsibilities for CRP, etc.). States may not reimburse Technical Service Providers (TSP) for more than it costs NRCS to perform the same task(s).

Financial Assistance Programs

Environmental Quality Incentives Program (EQIP-76)

There is no change in the Financial Assistance (FA) allocation formula for the Environmental Quality Incentives Program (EQIP) from FY 2006 to FY 2007. Financial Assistance is allocated to the states and territories based on 31 base and resource factors which are relevant to addressing the EQIP statutory purpose, rule requirements, and national priorities. The source of the data is generally the Natural Resources Inventory (NRI) data, although some data is based on Environmental Protection Agency (EPA), Ag Census, Bureau of Indian Affairs (BIA), National Oceanographic and Atmospheric Agency (NOAA) and the American Plant Food Control Officials reports. Financial assistance allocations to entities with insufficient reliable base and resource factors (Alaska, Hawaii, Pacific Basin, and Puerto Rico) account for 1.4% of the total FA allocations.

EQIP Financial Assistance Allocation Formula Factors and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Base Factors</u>		
	49.3%	
Acres non-Irrigated Cropland		3.20%
Acres Irrigated Cropland		4.30%
Acres Federal Grazing Lands		0.50%
Acres Non-Federal Grazing Lands		4.20%
Acres Forestlands		1.10%
Acres Specialty Crops		3.20%
Acres Wetland AND (29)At Risk Species Habitat (2 factors combined)		4.50%
Acres Water Bodies < or > 40 Acres		3.20%
Livestock Animal Units		5.70%
Animal Waste Generation		5.70%
Waste Management Capital Cost		3.40%
Acres American Indian Tribal Lands		3.30%
# Limited Resource Producers		4.90%
Grazing Land Lost to Conversion		0.80%
Air Quality Non Attainment Areas		1.30%
	Total	49.30%
<u>Resource Factors</u>		
	49.3%	
Acres Pastureland Needing Treatment		5.40%
Acres Cropland Eroding above T		6.10%
Acres of Fair and Poor Rangeland		6.10%
Acres of Forestlands Eroding above T		1.40%
Acres Cropland and Pastureland Soils affected by saline and/or sodic conditions		2.60%
Miles of Impaired Rivers and Streams		3.60%
Potential Pesticide and Nitrogen Leaching		1.30%
Potential Pesticide and Nitrogen Runoff		1.70%
Ratio of Livestock Animal Units to Cropland		1.70%
Number of CAFO/AFO		2.70%
Ratio of Commercial Fertilizers to Cropland		0.80%
Wind Erosion above "T"		4.20%
Phosphorous Runoff Potential		3.90%
Riparian Areas		0.80%
Carbon Sequestration		3.50%
Coastal Zone		3.60%
	Total	49.30%
<u>States with Insufficient Data to Run the Formula</u>		
	1.4%	
<i>States with insufficient data to run the formula</i>		
Alaska		0.30%
Hawaii		0.40%
Pacific Basin		0.20%
Puerto Rico		0.60%
	Totals	100% 1.40%

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. The ratio between prior year and current year workload is calculated based on a rolling three year average percentage of

the value of conservation practices scheduled in the first year of funding as posted in ProTracts¹. For Fiscal Year 2007, the split is:

<u>Technical Assistance Factors</u>		Technical Assistance
TA Percentage for Prior Year Contracts (ProTracts)		75%
TA Percentage for Current Year Contracts (FY 2007 FA)		25%
	Total	100%

With the current year/prior year distribution established, allocations are tailored to each State and are based on the amount of FA a State receives in the current year and the amount of FA contained in existing contracts.

Program Management Performance Incentives

The performance factor accounts for 4.08% of the FA allocation. Program Management Performance Incentives are distributed to all states in FY 2007. The following factors are used to calculate this figure:

<u>Performance Factors</u>		Factor Weight(%) Overall
Cost share obligations versus payments for FY 2005 and FY 2006		15%
Financial and Technical Assistance – TA:FA Ratio		25%
TSP obligations and disbursements		15%
Weighted cost-share percentages		10%
Limited Resource Farmers		10%
Livestock-related contracts (CNMP)		15%
Program National Priorities		10%
	Total	100%

Formula Revisions for FY 2007

There were no formula revisions aside from standard data updates.

¹ ProTracts is a Web-enabled application that streamlines the application and contracting process for conservation programs. ProTracts became operational nationally for the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP), and the Agricultural Management Assistance (AMA) program in October 2003.

Ground and Surface Water Conservation Program (GSWC-78)

A new FA formula was created for the Ground and Surface Water Conservation Program (GSWC) for FY 2007. The FY 2006 allocation formula for GSWC was based on three separate methodologies that were carried forward and modified from previous years. For FY 2007, the formula incorporates national factors that are consistent across states and create just one formula for GSWC. The formula uses the “Farm and Ranch Irrigation Survey Census of Agriculture, 2003” as a current and reliable resource data source.

Based on prior programmatic experience and feedback from States, it was determined that \$200,000 is the minimum amount needed to run an efficient GSWC program and therefore this base allocation was factored into the formula in FY 2007. Thirty-one states will receive FA in FY 2007. Also new in FY 2007, was a decrease in total FA allocations for States that returned funds in FY 2006. See the table below for total funds returned in FY 2006 and subsequently reduced in FY 2007.

<u>FY 2006 GSWC FA Funds Returned</u>	
State	Financial Assistance
Arizona	\$11,473
Delaware	\$6,558
Hawaii	\$800,000
Maine	\$192,199
Minnesota	\$999
Montana	\$51,078
Nevada	\$90,600
New Mexico	\$62,600
Oklahoma	\$44,677
Utah	\$93,488
Wisconsin	\$29,370
Total	\$1,383,041

Formula Assumptions

In FY 2007, total allocations are expected to be limited to a maximum plus or minus \$400,000 change from the previous year as a result of the new formula use. A State is not funded if the formula yields less than \$200,000 because a viable program cannot be operated below this funding level.

GSWC Financial Assistance Allocation Formula Factors and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Resource Base Factors*</u>		
<i>Resource and demographic criteria used to establish basic infrastructure needed in a given state</i>		
Acres of Sprinkler Irrigation (Table 4)		25%
Ares Irrigated (Table 2)		40%
Decrease acres of available water for irrigation (Table 26)		10%
Ares of Gravity Irrigation (Table 4)		25%
Total		100%

*The source of all factors used in the GSWC formula is the “Farm and Ranch Irrigation Survey Census of Agriculture, 2003.” The specific data tables used are noted for each factor.

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. The ratio between prior year and current year workload is calculated based on a rolling three year average percentage of the value of conservation practices scheduled in the first year of funding as posted in ProTracts. For Fiscal Year 2007, the split is:

<u>Technical Assistance Factors</u>		Technical Assistance
TA Percentage for Prior Year Contracts (ProTracts)		70%
TA Percentage for Current Year Contracts (FY 2007 FA)		30%
	Total	100%

With the current year/prior year distribution established, allocations are tailored to each State and are based on the amount of FA a State receives in the current year and the amount of FA contained in existing contracts.

Klamath Basin Program (KB-79)

There is no change in the Klamath Basin (KB) financial assistance formulas from FY 2006 to FY 2007. Only two states participate in the KB Program: California and Oregon.

Financial Assistance Allocation Formula Factors and Weights

Financial assistance allocations are based upon:

1. The needs listed in the KB work plan
2. Remaining funding will be split equally among California and Oregon for FY 2007

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency’s costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. The ratio between prior year and current year workload is calculated based on a rolling three year average percentage of the value of conservation practices scheduled in the first year of funding as posted in ProTracts. For Fiscal Year 2007, the split is:

<u>Technical Assistance Factors</u>	Technical Assistance
TA Percentage for Prior Year Contracts (ProTracts)	66%
TA Percentage for Current Year Contracts (FY 2007 FA)	34%
Total	100%

With the current year/prior year distribution established, allocations are tailored to each State and are based on the amount of FA a State receives in the current year and the amount of FA contained in existing contracts.

Wildlife Habitat Incentives Program (WHIP-75)

A new FA formula was created in FY 2005 and first used in the FY 2006 allocation process for the Wildlife Habitat Incentives Program (WHIP). The same formula will be used again in FY 2007 with minor adjustments.

Formula Assumptions

In FY 2007, FA allocations are expected to be limited to a maximum plus or minus five percent change from the previous year as a result of the formula. Ten percent of the available funds through the allocation formula will be used for the Program Management Performance Incentives.

WHIP Financial Assistance Allocation Formula Factors and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Wildlife Habitat Need Factors</u>		
	40%	
At-risk Wildlife (State & Federal T&E, declining, and candidate) Species		15.00%
At-risk Wildlife Species' Native Habitat		15.00%
Non-federal Acres/Total Acres		5.00%
(Total Non-federal Areas – (WRP+GRP+CRP))/Size of State		5.00%
Total		40.00%
<u>Partnership Factors</u>		
	10%	
Partnerships		10.00%
Total		10.00%
<u>National Priority Factors</u>		
	50%	
Declining or important native wildlife habitat needing restoration		
Grasslands		7.00%
Forestlands		7.00%
Wetlands		7.00%
At-risk Wildlife Species		14.00%
Habitat of declining or important aquatic species		15.00%
Invasive Species Impacting Native Wildlife Habitats		0.00%*
Totals	100%	50.00%

*Invasive species is a National Priority introduced during FY 2006, but temporarily discontinued in the FY 2007 formula. States are given the opportunity to include Invasive Species in ranking criteria during FY 2007. So percent of total points in ranking criteria given to invasive species will be used in the FY 2008 funding formula.

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. The ratio between prior year and current year workload is calculated based on the amount of each State's WHIP practices to be implemented in FY 2007 as posted in FFIS² and the amount of each State's current year FA allocation. For Fiscal Year 2007, the split is:

² Foundation Financial Information System (FFIS) is an integrated financial package that is designed to meet budget and funds control needs, as well as complex multi-fund accounting and reporting needs.

<u>Technical Assistance Factors</u>		Technical Assistance
TA Percentage for Prior Year Contracts (FFIS)		74%
TA Percentage for Current Year Contracts (FY 2007 FA)		26%
	Total	100%

With the current year/prior year distribution established, allocations are tailored to each State and are based on the amount of FA a State receives in the current year and the amount of FA contained in existing contracts.

Program Management Performance Incentive

A Program Management Performance Incentive was first introduced for WHIP in FY 2006. The formula will remain unchanged for FY 2007.

<u>Performance Factors</u>		Factor Weight(%)
Cost-Share obligations versus payments		35%
Financial and Technical Assistance – TA:FA Ratio		15%
TSP obligations and disbursements		30%
Weighted cost-share percentages		20%
	Totals	100%

- Cost-Share obligations versus payments (35%):
 - Compare the dollars obligated in 2006 by state to the dollars paid out by state for FY 2005 plus FY 2006. **Higher disbursement percent gives a higher score.** Scores range from 0 to 10.
 - Weight of (35%) relates to States completing contracts quickly to reduce total costs per contract including TA
 - Data source: ProTracts
- Financial and Technical Assistance – TA:FA Ratio (15%):
 - Compare technical assistance recorded for WHIP to the FA dollars obligated by state for FY 2006. **Using less TA funds gives a higher score.** Scores range from 0 to 10.
 - Weight of (15%) relates to rewarding states for using less TA
 - Data source: FFIS
- TSP obligations and disbursements (30%):
 - Develop a ratio of Technical Service Provider (TSP) dollars obligated in FY 2006 with disbursements by state for FY 2006. **Higher TSP percent gives a higher score.** Scores = 0 to 10.
 - Weight of (30%) relates to agency priority to use TSPs
 - Data source: FFIS
- Weighted cost-share percentages (20%):
 - Using FY 2006 data to develop a weighted cost-share rate by state. **The lower the cost-share rate the higher the score.** Scores range from 1 to 10.
 - Weight of (20%) signifies that maximizing use of available cost-share to obtain as much conservation benefit as possible is desirable.
 - Data source: ProTracts for 2006

Formula Revisions for FY 2007

One factor that was proposed in FY 2006 was found to have insufficient data. However, the Partnership factor (10%) was approved for use in FY 2007 because adequate data was located through the FY 2006 PRS data tables.

Agricultural Management Assistance (AMA-87)

Though the Agricultural Management Assistance Program (AMA) has an allocation formula to distribute funding to its 15 participating states, the formula was not utilized in FY 2006 due to a small appropriation. By decision of the Chief, AMA funding was directed to the Chesapeake Bay and Lake Champlain drainage areas. The same approach will be used in FY 2007 if an appropriation is received.

AMA Financial Assistance Allocation Formula Factors and Weights

	Category Weight (%)	Factor Weight(%) Overall
<u>Resource Base Factors</u>		
<i>Resource and demographic criteria used to establish basic infrastructure needed in a given state</i>		
Acres of Non-Irrigated Cropland		7.10%
Acres of Irrigated Cropland		9.50%
Acres of Federal Grazing Land		1.90%
Acres of Non-Federal Grazing Land		7.10%
Acres of Forest Land		2.40%
Acres of Specialty crops		9.50%
Acres of Water Bodies		3.30%
Animal Waste Generation (tons)		4.80%
Number of Air Quality Non-Attainment Areas		1.90%
	Total	47.50%
<u>Resource Concern Factors</u>		
<i>Factors that relate to natural resource concerns or emerging issues across the landscape that track the NRCS approach to Soil, Water, Air, Plant, Animal, and Human (SWAPA & H)</i>		
Acres of Pastureland Needing Treatment		7.10%
Acres of Cropland Erosion > T		9.50%
Acres of Fair and Poor Rangeland		2.40%
Potential Pesticide & Nitrate Leaching		7.10%
Potential Pesticide & Nitrate Runoff		9.50%
Ratio of Livestock Animal Units to Cropland		4.80%
Acres of Wind Erosion above T		2.40%
Phosphorous Runoff Potential		2.40%
Acres of Carbon Sequestration		2.30%
	Total	47.50%
<u>Performance Factors</u>		
<i>Criteria that rewards results and promotes efficiency and innovation</i>		
Cost Share Obligations versus Payments		1.70%
Financial and Technical Assistance - TA/FA Ratio		1.65%
TSP Obligations and Disbursements		1.65%
	Totals	100%
		5.00%

Technical Assistance Formula

It is anticipated that technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. The ratio between prior year and current year workload is calculated based on the amount of each State's WHIP practices to be implemented in FY 2007 as posted in FFIS and the amount of each State's current year FA allocation. For Fiscal Year 2007, the split is:

<u>Technical Assistance Factors</u>	
TA Percentage for Prior Year Contracts (FFIS)	Technical Assistance 69%
TA Percentage for Current Year Contracts (FY 2007 FA)	31%
Total	100%

With the current year/prior year distribution established, allocations are tailored to each State and are based on the amount of FA a State receives in the current year and the amount of FA contained in existing contracts.

Formula Revisions for FY 2007

There were no formula revisions aside from standard data updates that occurred.

Conservation Security Program (CSP-85)

Conservation Security Program (CSP) TA funding is legislatively capped at 15% of the total FA. Financial assistance funds are distributed to States after the CSP sign-up and are based on the number of approved applications.

Technical Assistance Methodology

The Conservation Security Program technical assistance allocation methodology adopted for FY 2007 distributes funding based on the following major tasks:

Contract Payment Component

This component is based on payments for prior year CSP contracts (FY 2004, 2005 and 2006). Initial allocation sent to states based on servicing prior year contract payment obligations in ProTracts for FY 2004, 2005 and 2006 CSP contracts at the FY 2006 payment level.

Total CSP TA Allocation

- 25.5% of available TA goes to above States (NHQ, Centers etc.)
- 74.5% of available TA goes to States for contracting and program implementation on prior year contracts and Soil Survey Geographic (SSURGO) Database holdback

States Distribution

The initial allocation sent to states is based on servicing prior year contract payment obligations in ProTracts for FY 2004, 2005 and 2006 CSP contracts at the same level of payment as the FY-2006 contracts. The second allocation sent to states is based on SSURGO holdback.

Example based on FY – 2007 Initial Apportionment

- Initial Apportionment Allocation FA + TA
 - FA: 92 % of initial apportionment
 - TA: 8 % of initial apportionment
 - NHQ, Centers, etc...: 25.5% (Share for program implementation)
 - States: 74.5% (Share for contracting/program implementation on prior year contracts)
 - SSURGO: Holdback (included in above TA funds to states)
- Prior Year Contracts Obligations: FA sent to states
 - 1st Allocation to States: Share for contracting and program implementation on prior year contracts
 - 2nd Allocation to States: SSURGO Holdback

Additional TA & FA will be allocated to states following final apportionment by Congress.

Watershed Surveys and Planning (WSP – PL-06)

There has been no change in the Watershed Surveys and Planning allocation funding formula methodology since FY 2004. The formula methodology is in response to language in both the House and Senate appropriation legislations, HR 5384, Committee Reports: the Committees do not recommend funding for any new planning start.

Financial Assistance and Technical Assistance Allocation Funding Priorities

- Funds requested by the states for “active” projects in the Program Operations Information Tracking System (POINTS) database as of December 4, 2004.
 - Projects entered after December 4, 2004 are considered “new” projects. States enter data in the POINTS database designating whether a project is “active,” “new,” “complete,” or “terminated.”
- Funds will be provided at a pro-rated amount based on the appropriation divided by the total eligible requests. This rate will be multiplied by each eligible planning request, with the product awarded to the State.
 - Within this process the above state set-aside and earmark funding is deducted from the appropriated amount. From this base allocation the total available is divided by total number of eligible requests (denoted as active planning efforts in the POINTS database). Then, the rate is multiplied by each States’ eligible request to determine the amount allocated to the States in addition to Congressional earmarks.

Formula Revisions for FY 2007

No changes to the allocation methodology will take place in FY 2007.

Watershed and Flood Prevention Operations (WF-03/08)

The Watershed and Flood Prevention Operations Program FA and TA funding allocations are made for as many projects on the national priority list as possible based on available funds. Remaining projects that are not Congressional earmarks will be funded in the same order of natural resource concern priorities until available funds are exhausted. No funds were available in FY 2006 after Congressional earmarks were funded. The FY 2007 appropriation would need to exceed \$85.2 million for there to be any consideration to provide FA for non-earmarked watershed projects.

Financial Assistance and Technical Assistance Allocation Funding Priorities

- Priority 1: Technical Assistance to service legal contractual obligations from prior years.
- Priority 2: Technical and Financial Assistance for emergency remedial repairs.
- Priority 3: Congressional earmarks in order of resource concern priorities:
 - Flood damage reduction, in order of least cost to most cost
 - Water Conservation, in order of least cost to most cost
 - Water quality, in order of least cost to most cost
 - Erosion control, in order of least cost to most cost
- Priority 4: After funding of Congressional earmarks, remaining projects that are not Congressional earmarks will be funded in the same order of resource concern priorities until available funds are exhausted
 - No funds were available in FY 2006 after earmarks were funded
 - The FY 2007 appropriation would need to exceed \$85.2 million for there to be any consideration to fund non-earmarked watershed projects

Formula Revisions for FY 2007

No changes to the allocation methodology will take place in FY 2007.

Watershed Rehabilitation (Rehab – WR-07)

Watershed Rehabilitation Program FA and TA funding allocations are made for as many projects down the national priority list as possible based on available funds. Appropriation language mandates that priority be placed on projects with risk to loss of life, therefore within each priority, projects are sorted by risk index (potential for loss of life; highest to lowest).

Financial Assistance and Technical Assistance Allocation Funding Priorities

- Priority 1: Projects with congressional earmarks
- Priority 2: Projects with FA obligated in previous years; implemented in FY 2007. Priority will be given to previously funded projects so that they can be brought to completion.
- Priority 3: Projects with FA to be obligated in FY 2007 for projects previously funded.
- Priority 4: Projects with FA to be obligated in FY 2007 for new projects.
- Priority 5: Projects with TA funded in previous years; complete planning/design in FY 2007. Priority will be given to previously funded projects so that they can be completed.
- Priority 6: Projects with TA funded in previous years; continue planning and design in FY 2007. Priority will be given to previously funded projects.
- Priority 7: New projects with planning to be completed in FY 2007.
- Priority 8: New projects with planning to be initiated but not completed in FY 2007.
- Priority 9: Projects without potential for loss of life (risk index = 0).

Formula Revisions for FY 2007

A moratorium on funding for future assessments will be instituted in FY 2007. Funds for the “management and leadership” components of previous fiscal years’ WR-07 allocation will be discontinued. States will be held accountable for all funded deliverables including: plan preparation in progress, plan completion, design in progress, design completion, FA obligated, construction in progress, and project implementation completion. States that have performed at a high level will be rewarded with performance bonuses in the form of additional funding through the allocation process.

Emergency Watershed Protection (EWP)

The Emergency Watershed Protection Program (EWP) is typically funded through an emergency supplemental appropriation. One hundred percent of the FA requested by a State is provided when funding is available. When funding needs exceed available funding, an EWP “wait-list” is maintained. EWP funds are allocated based on an as-needed basis.

Financial Assistance Allocation Funding Priorities

- Priority 1: Exigency
- Priority 2: Project modifications, other cost overruns to complete authorized projects, and lawsuit settlements
- Priority 3: Projects on the wait-list, funding the oldest first

Technical Assistance Formula

Technical Assistance is provided at 20% of total funding. This calculation is based on 75% of total construction costs, regardless of the amount of FA provided. To maintain TA fund integrity and accountability, drawing accounts are established for each state. Only 50% of the TA is allocated when the FA is allocated. States may request the balance of their TA when the FA has been obligated.

Formula Revisions for FY 2007

No changes to the allocation methodology will take place in FY 2007.

Easement Programs

Wetlands Reserve Program (WRP-77)

Significant changes were made to the Wetlands Reserve Program (WRP) allocation formulas in FY 2007. These changes were made based on improved data, feedback from States, and updates to the Cost-of Programs Model. The financial assistance (FA), technical assistance (TA), and Program Management Performance Incentives formulas all changed. In FY 2007, FA allocations are expected to be limited to a maximum plus or minus five percent change from the previous year as a result of the formula.

WRP Financial Assistance Allocation Formula Components, Factors, and Weights*

	Category Weight (%)	Factor Weight (%) Overall
<u>Resource Base Factors</u>		
	40%	
Hydric soils as a percent of the National total (NRI 1992-1997)		10.00%
Percent of the State in Wetlands (NRI 1992-1997) (Adjusted)**		10.00%
Percent of the State in Agricultural Working Wetlands (NRI 1992-1997) (Adjusted)		10.00%
Wetlands loss as a percent of the National total (USFWS)		10.00%
Total		40.00%
<u>National Priorities Factors</u>		
	30%	
Impaired Wetlands as a Percent of the National Total (EPA 319 report)		10.00%
Impaired Streams, Rivers, Coastal Miles as a Percent of the National Total (EPA 319 report)		10.00%
Threatened, Endangered and Declining Species Habitat (See narrative)		10.00%
Total		30.00%
<u>Performance Factors</u>		
	30%	
Easements Closed as a Percent of the State's Total Enrollment (WRP Access Database)		7.50%
Acres Restored as a Percent of the State's Total Restorable Acres (WRP Access Database)		7.50%
Easements Closed Within 12 Months, 3 Year Average (WRP Access Database)		7.50%
Easements with Restoration Completed Within 3 years of Easement Closing, 3 Year Average (WRP Access Database)		7.50%
Totals	100%	30.00%

*Data sources are denoted in parenthesis following factor names.

**"Adjusted" refers to adjusting the State percentage to reflect its relationship to the national perspective. The adjustment puts all States on equal footing. The individual formula factors are added together and then "adjusted" to a percent of the national

Financial Assistance Formula Revisions for FY 2007

Natural Resource Base Factors increased overall in the total allocation formula from 30% to 40% between FY 2006 and FY 2007. This adjustment will provide a more balanced formula addressing a broader spectrum of natural resource concerns. This overall increase subsequently increased each factor. The Wetland Loss as a Percent of the National Total factor was added at 10%. This factor is a reflection of the potential in a State for restoration projects as a result of having had wetlands converted to non-wetland uses. It is a better reflection of potential for restoration than the Percent of National Need factor that was consequently eliminated.

National Priorities Factors decreased overall in the total allocation formula from 50% to 30%. This adjustment will provide a more balanced formula addressing a broader spectrum of natural resources concerns. This overall decrease subsequently decreased each factor. The Threatened, Endangered and Declining Species factor was revised using data from a NatureServe

database that was used to create the new Strategic Plan. A more complete factor will be developed for FY 2008.

The Performance Factors increased overall in the total allocation formula from 20% to 30%. This adjustment will provide a more balanced formula addressing the State's performance in WRP enrollment and restoration efforts as a factor for the new allocations. This overall increase subsequently increased each factor. The addition of Easements Closed Within 12 Months, 3 Year Average factor and the Easements with Restoration Completed Within 3 years of Easement Closing, 3 Year Average factor will allow for points to address the States performance in the Agencies achievement of its PART efficiency measures.

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload.

The split between FA and TA for FY 2007 is 75% of the total TA allocation to be distributed for prior year activities, and 25% for current year activities. The split between prior year and current year work was based roughly on the Cost of Programs model in FY 2006. The Cost of Programs model was based on the assumption that Eligibility Determinations and Planning on WRP agreements is completed as a current year activity. The remaining activities would be considered prior year activities.

	Category Weight (%)	Factor Weight (%) Overall
<u>Prior Year Factors</u>		
	75%	
Number of Prior Year Contracts as a Percent of the National Total		7.125%
Acres of Prior Year Contracts as a Percent of the National Total		7.125%
Acres of Restoration to Be Accomplished in FY2007 as a percent of the National Total		23.25%
Number of Contracts With Restoration to Be Accomplished in FY2007 as a percent of the National Total		23.25%
Number of Easements to be Closed as a Percent of the National Total		7.125%
Acres of Easements to be Closed as a Percent of the National Total		7.125%
Total		75.00%
<u>Current Year Factors</u>		
	25%	
Straight Percent per FA Dollar Allocation Calculation		***
Number of Contracts to Be Enrolled as a Percent of the National Total		12.50%**
Acres of Contracts to be Enrolled as a Percent of the National Total		12.50%**
Totals	100%	25.00%

*All factors (with the exception of the straight percentage of FA) use the WRP Access Database as a data source. Each factor is adjusted to the State percentage to reflect its relationship to the national perspective. For instance, a State may show 80% of its restorable acres as restored but it may only have a small percentage of the national total of restorable acres compared to another State. The adjustment puts all States on equal footing. The individual formula factors are added together and then "adjusted" to a percent of the national.

** This percentage will vary depending on the amount of baseline TA that is calculated for each State as described below.

Technical Assistance Formula Revisions for FY 2007

The Prior Year Factors were revised to better reflect the tasks defined by the Cost-of-Programs Model. The factors are a more accurate reflection of the actual prior year work defined by the Cost-of-Programs Model tasks. The number and acres of prior year contracts factor remained with a decreased weight in the formula. Factors for acres of restoration to be accomplished and number of contracts to be restored were added. These factors have the largest

weight in the formula as they have the highest weight in the Cost-of-Programs Model. The number and acres of easements to be closed were also added to better match Cost-of-Programs Model tasks. The Current Year Factors were also added to better reflect the Cost-of-Programs Model tasks. A factor to provide a baseline of TA to all States based on the amount of the FA allocation will still be included according to the following formula:

$$(Total\ Dollars\ TA \times 0.05) \times \left(\frac{StatesFA}{TotalFA} \right) = TA\ based\ on\ the\ amount\ of\ FA$$

The remainder of the TA for current year activity will be based on the estimated number and acres of new contracts that a State will enroll in FY 2007 based on the historic average cost per acre of acquisition and the FY 2007 estimated FA allocation. This will again provide TA based on the actual Cost-of-Programs Model tasks that are considered current year activities.

Program Management Performance Incentives

The Program Management Performance Incentive factors were adjusted to better reflect a given State’s contribution to the overall Agency accomplishments in terms of meeting the FY 2006 performance goals and the FY 2006 OMB PART targets. The more a State contributed to the Agency meeting those goals and measures, the higher the score.

For FY 2007, the amount of funding set aside for the Incentive is set at \$9 million of FA and \$765,000 TA. The TA will be computed as a straight percent, 8.5%, of the amount of bonus FA a State receives.

<u>Program Management Performance Incentives Factors</u>		Factor Weight (%)
Percent of Wetlands Restored, Created or Enhanced achieved (PRS)(Adjusted)*		25%
Percent of Wetlands Protected by an Easement goal achieved (PRS)(Adjusted)		25%
Percent change in the Percent of Easements Closed Within 12 Months from FY2005 to FY2006 (WRP Access Database)(Adjusted)		25%
Percent change in the Percent of Easements Closed Within 12 Months from FY2005 to FY2006 (WRP Access Database)(Adjusted)		25%
	Total	100%

* “Adjusted” – refers to adjusting the State percentage to reflect its relationship to the national perspective. The adjustment puts all States on equal footing. The individual formula factors are added together and then “adjusted” to a percent of the national total.

Farm and Ranch Lands Protection Program (FRPP-69)

Changes were made to the Farm and Ranch Lands Protection Program (FRPP) allocation formulas in FY 2007. These changes were made based on improved data, feedback, and a more consistent methodology. The FA, TA, and Program Management Performance Incentives formulas all changed. In FY 2007, FA allocations will be limited to a maximum plus or minus five percent change from the previous year as a result of the formula.

FRPP Financial Assistance Allocation Formula Components, Factors, and Weights

	Category Weight (%)	Factor Weight (%) Overall
<u>Resource Concern Factors</u>		
	45%	
Percent of Farm and Ranch Land Converted to Urban and Built Up		15.00%
Prime Farmland Gross Acreage Change		15.00%
Prime Farmland, % Change		15.00%
Total		45.00%
<u>State FRPP Plan Factors</u>		
	15%	
Total Farmland to be Protected, 2007		5.00%
Prime Farmland to be Protected, 2007		5.00%
Percent of Total Farmland to be Protected That is Prime, 2007		5.00%
Total		15.00%
<u>State Cooperating Entity Support Factors</u>		
	40%	
Average Federal Cost Per Acre		5.00%
Percent of Financial Assistance Obligated and Paid Out		5.00%
Entity Average Number of Staff Years Devoted to Farmland Protection		5.00%
Entity Average Number of Years Acquiring Easements		5.00%
Entity Average Annual Easement Expenditures		5.00%
Easements With State, Tribal, or Local Government Entity		15.00%
Totals	100%	40.00%

Technical Assistance Formula

Technical assistance (TA) needs are estimated by the Agency's costs of servicing program applications and contracts as calculated by the NRCS Cost-of-Programs Model. While the Cost-of-Programs Model is used for this estimate, the actual TA is capped nationally by OMB apportionment. Once an apportionment is received from the Office of Management and Budget, the TA is split between prior year and current year workload. Prior year workload is based on the number of easements outstanding from FY 2001 through FY 2004, and the current year workload is proportional to the amount of each State's current year FA allocation. For Fiscal Year 2007, the split is:

	Technical Assistance
<u>Technical Assistance Factors</u>	
TA Percentage for Prior Year Contracts	63.21%
TA Percentage for Current Year Contracts	36.79%
Total	100%

Formula Revisions for FY 2007

The Resource Concern Factors increased in FY 2007 to provide more weight in funding to the real loss in farm and ranch land because of development. The influence of all of the State FRPP Plan factors and the State Cooperating Entity Support factors were decreased to allow more influence to be granted to the Resource Concern Factors and a new State Cooperating Entity factor for the Number of Easements with State, Local, and Governments.

The State FRPP Plan factors (Total Farmland to be Protected, Prime Farmland to be Protected, and Percent of Total Farmland to be Protected That is Prime) decreased in FY 2007. These factors are a product of the state plans which will only be realized if the funding is adequate to fulfill the plans. If a state has intentions to protect a large amount of acres, but does not receive adequate funding, the entities in these categories are a reflection of how expansive the state plan was.

The Average Federal Cost per Acre factor decreased to reduce the inequity toward states that are located where real estate values are high and against landowners who cannot afford to donate a significant portion of the value of their easement. The Entity Average Number of Years Devoted to Farmland Protection and Entity Average Number of Years Acquiring Easement factors were retained from FY 2006. These factors give an indication of the effectiveness on the entities in administering easements. The Entity Average Annual Easement Expenditures factor was reduced as it was found to be duplicative of other factors. The Number of Easements with State, Local, and Government factor was added to reflect the desirability of having easements held by government agencies.

Program Management Performance Incentive

The program management performance incentive formula was changed from a four-factor formula to a two-factor formula. Leveraging and the percentage of financial assistance obligated were eliminated as factors. The period of time considered for the Percent of Closings factor was extended from the last two years to FY 2001 through FY 2005 and the PART time performance measure of 18 months was incorporated into the factor. The Percent of Easements Meeting National Priorities (60% Prime, unique, and Important Farmland Soil) factor was retained.

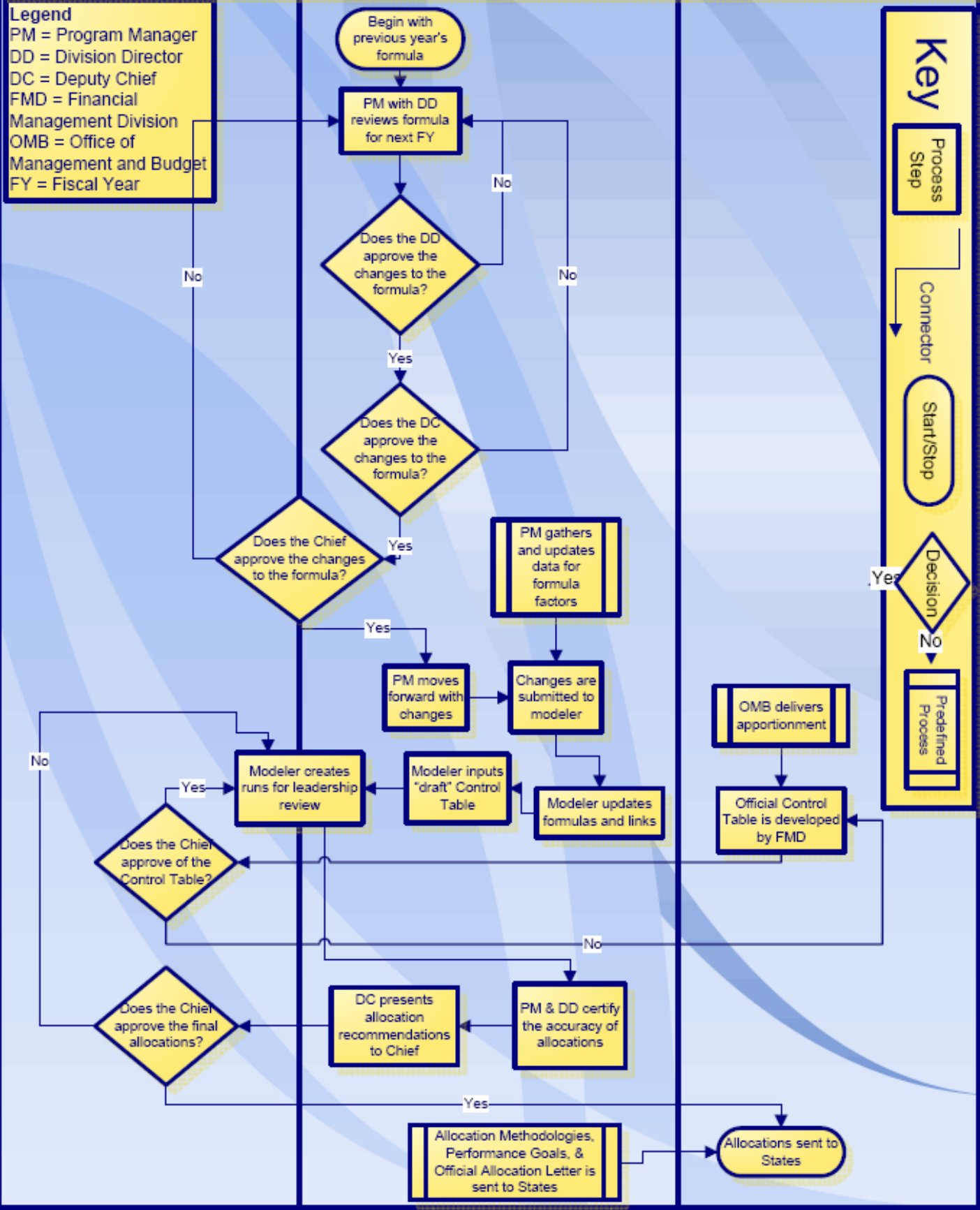
<u>Program Management Performance Incentive Factors</u>		Factor Weight (%) Overall
Percent of Easements Meeting National Priorities (60% Prime, Unique, and Important Farmland Soil)		50%
Percent of Easements Closed within 18 months between FY 2001 and FY 2005		50%
	Total	100%

Grasslands Reserve Program (GRP-86)

The Grasslands Reserve Program (GRP) has reached its statutory allocation cap of \$254 million. The agency has withheld \$2.5 million for technical assistance in FY 2007. The FY 2007 GRP TA allocation rationale targets 95 percent of available funds to States that have pending easement closures, based on the weighted number of pending easement projects. The remaining 5 percent TA will be allocated to States for monitoring and other programmatic activities associated with closed easement projects and rental agreement contracts.

FY 2007 Allocations Process: Programs Deputy Area

Legend
 PM = Program Manager
 DD = Division Director
 DC = Deputy Chief
 FMD = Financial Management Division
 OMB = Office of Management and Budget
 FY = Fiscal Year



Key

- Process Step
- Connector
- Start/Stop
- Decision
- Predefined Process

Considerations for American Indians, Alaska Natives, Beginning Farmers and Ranchers, and Limited Resource Farmers and Ranchers

The following programs have included factors into the FY 2007 program allocation methodologies and process to reflect the conservation needs of American Indians and Alaska Natives (AIAN), Beginning Farmers and Ranchers (BFR), and Limited Resource Farmers and Ranchers (LRFR).

It should be noted that though the following programs use specific factors within its allocation formula to address AIAN, BFR, and LRFR needs, each state is ultimately responsible for where the funds are directed. The State Conservationists with input from the State Technical Committee have discretion over state funding priorities.

American Indians and Alaska Natives

The following table highlights the factors are used in FY 2007.

Programs*	Tribal Lands (Acres)	Number of Federally Recognized Tribes
Conservation Technical Assistance Program	✓	✓
Environmental Quality Incentives Program	✓	
Resource Conservation & Development Program	✓	✓

* Up to 10% of EQIP – Conservation Innovation Grant (CIG) funds can be used to fund proposals associated with Tribes, Limited Resource Farmers and Ranchers, and Beginner Farmers and Ranchers.

Beginning Farmers and Ranchers

Specific allocation factors have not been used to allocate resources to States for funding or servicing program contracts with beginning farmers and ranchers. However, incentives have been built into the programs to allow for separate competition within the funds that are allocated to the States. For example, up to 10% of CIG funds can be used to fund proposals associated with Tribes, Limited Resource Farmers and Ranchers, and Beginner Farmers and Ranchers. To complete for these set-aside funds, the applicant must make a declaration in the application.

Limited Resource Farmers and Ranchers

The following table highlights the factors being used in FY 2007.

Programs*	Tribal Lands (Acres)	Number of Federally Recognized Tribes
Conservation Technical Assistance Program	✓	✓
Environmental Quality Incentives Program		✓
Resource Conservation & Development Program	✓	✓

* Up to 10% of EQIP – Conservation Innovation Grant (CIG) funds can be used to fund proposals associated with Tribes, Limited Resource Farmers and Ranchers, and Beginner Farmers and Ranchers.