Natural Resources Conservation Service



AGRICULTURAL MANAGEMENT ASSISTANCE PROGRAM

Programmatic Environmental Assessment November, 2002



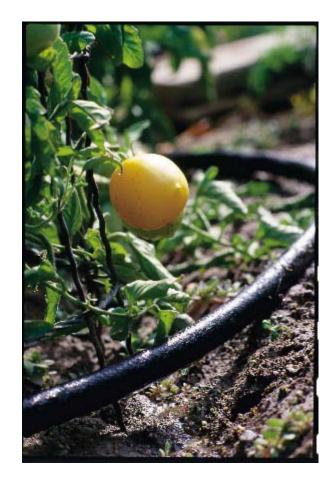


Table of Contents

BACKGROUND
I. Introduction
NEED FOR ACTION2
ALTERNATIVES. 2
I. Alternative 1, "Proposed Action" 2 II. Alternative 2, "No Action" 3
IMPACTS
I. Introduction
LIST OF PERSONS AND AGENCIES CONSULTED
APPENDICES
Appendix A - Federal Register Notice Announcing Availability of Agricultural Management Assistance Program Funds, 66 FR 30400 (June 6, 2001)

BACKGROUND

I. Introduction

to:

The Natural Resources Conservation Service (NRCS) is promulgating a regulation to implement the conservation provisions of the Agricultural Management Assistance (AMA) Program, authorized by Section 524(b) of the Federal Crop Insurance Act, 7 U.S.C. 1524(b), as amended by Section 133 of the Agricultural Risk Protection Act of 2000, Public Law (P.L.) 106-224, and Section 2501 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171. The National Environmental Policy Act of 1969 (NEPA) requires that Federal agencies prepare Environmental Impact Statements (EIS) for major federal actions significantly affecting the quality of the human environment. In addition, the Council on Environmental Quality (CEQ) regulations implementing NEPA (40 CFR Parts 1500-1508) require Federal agencies to prepare Environmental Assessments (EA) to assist them in determining whether they need to prepare an EIS for actions that have not been categorically excluded from NEPA.

NRCS regulations implementing the provisions of NEPA state that an EIS is normally required for "broad Federal assistance programs administered by NRCS when the environmental evaluation indicates there may be significant cumulative impacts on the human environment." 7 CFR 650.7 (a)(3). The environmental evaluation process indicated that it is unlikely there will be significant cumulative impacts on the quality of the human environment as a result of implementing the AMA program, particularly when focusing on the significant adverse impacts which NEPA is intended to help decision makers avoid and mitigate against. However, NRCS nonetheless developed this EA to further review the effects of the proposed program and to assist in determining whether implementing the AMA program conservation provisions will significantly affect the quality of the human environment such that NRCS must prepare an EIS. The proposed action under consideration here involves rulemaking, and no site-specific or ground-disturbing actions will occur as an immediate result of implementing the proposal. Additional environmental review at subsequent stages of program implementation will be undertaken consistent with NEPA requirements.

II. AMA Program Statutory Requirements

The AMA program is a voluntary program providing financial assistance to agricultural producers in selected states. The statute, as amended by the Farm Security and Rural Investment Act of 2002, authorizes the Secretary to provide financial assistance to producers in Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

A producer may use the financial assistance NRCS provides through the AMA program

- 1. construct or improve watershed management structures or irrigation structures;
- 2. plant trees to form windbreaks or to improve water quality;
- 3. mitigate financial risk through resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming; and

4. conduct other related activities.

The total amount of all AMA payments made to a person (as defined in section 1001(5) of the Food and Security Act (7 U.S.C. 1308(5)), may not exceed \$50,000 for any year. The AMA program is funded through the Commodity Credit Corporation (CCC) and in fiscal years 2003 through 2007, the CCC is to make available \$20,000,000 to carry out the AMA program. In other fiscal years, the CCC is to make available \$10,000,000 to carry out the AMA program. Some portion of this amount, as determined by the Secretary, will be made available to NRCS to implement the conservation provisions of the AMA.

NEED FOR ACTION

The need to which NRCS is responding in the proposed action is the need to provide financial assistance to producers to implement the following types of conservation practices in the 15 states identified in the AMA authorizing legislation:

- construction or improvement of watershed management structures or irrigation structures;
- tree planting to form windbreaks or to improve water quality;
- conservation practices which mitigate financial risk, including soil erosion control, integrated pest management, or transition to organic farming and
- other related conservation practices.

In implementing the program, there is a need to allow for flexibility to ensure the program addresses local agricultural and natural resource needs and conditions, as well as a need to keep administrative costs of the program to a minimum, and program requirements as consistent as possible with the requirements of other NRCS conservation programs. Consistency will simplify participation by eligible farmers and ranchers who enroll in other NRCS programs.

ALTERNATIVES

I. Alternative 1, Proposed Action

The proposed action is to implement the AMA program according to the provisions of a final rule which consists of the following elements:

- The Chief of NRCS, on behalf of CCC, will determine the funds available to particular States to implement the program.
- The NRCS State Conservationist, in consultation with the State Technical Committee, will determine eligible practices using a locally led process.
- There will be a continuous signup period, with ranking cutoff dates as determined by the State Conservationist in consultation with the State Technical Committee.
- The State Conservationist, in consultation with the State Technical Committee, will select applications based on State-developed ranking criteria and a ranking

- process that takes into account local and state priorities. The State Conservationist may also delegate the selection of applications to the local designated conservationist who will work in consultation with the local USDA Work Group.
- A conservation plan is required for the area covered by the AMA program costshare agreement and becomes the basis for developing the cost-share agreement. The conservation plan must be acceptable to NRCS; be approved by the local conservation district; be signed by the participant, designated conservationist, and the conservation district; and clearly identify the conservation practices that will be cost-shared with AMA program funds, as well as the practices that must be carried out but for which no AMA program payments will be made.
- AMA program contracts shall be for a duration of 3 to 10 years.
- The Federal share of cost-share payments to a participant shall be 75 percent of the actual cost of an eligible practice. Cost-share payments shall not be made to a participant who has applied or initiated application of a conservation practice before contract approval.

II. Alternative 2, No Action

This alternative represents conditions that would occur if no action were taken to implement the AMA program.

IMPACTS

I. Introduction

This section describes potential impacts of implementing the AMA program as described above in "Alternatives" under the section titled "Alternative 1, Proposed Action." Promulgation of the rule itself will not directly result in impacts to the quality of the human environment; however, the conservation practices implemented using AMA program funds will have an effect on the quality of the human environment.

The AMA program was first authorized when Section 524(b) of the Federal Crop Insurance Act, 7 U.S.C. 524(b), was amended by Section 133 of the Agricultural Risk Protection Act of 2000, P.L. 106-224. In fiscal year (FY) 2001, the AMA program was implemented under a Federal Register Notice at 66 FR 30400 (June 6, 2001). (See Appendix A.) In FY 2002, the AMA program was implemented under a Federal Register Notice at 67 FR 11459 (March 14, 2002). (See Appendix B.) The statute authorizing the AMA program was subsequently amended by Section 2501 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171. This amendment increased the funding available for the program from \$10 million to \$20 million in fiscal years 2003 through 2007. Before the 2002 amendment, the legislation gave the Secretary of Agriculture discretion to implement the program in 10 to 15 states in which

participation in Federal crop insurance has historically been low. The Secretary therefore designated the following states as eligible to participate in the AMA program:

- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New York
- Pennsylvania
- Rhode Island
- Utah
- Vermont
- West Virginia
- Wyoming

In the 2002 amendment, Congress removed the Secretary's discretion and made the program applicable to producers in these same 15 States.

Because the substantive provisions of the program were not affected by the 2002 amendment to the Federal Crop Insurance Act, the elements of the proposed action are substantially the same provisions as those in the Federal Register Notices announcing the availability of funds. Thus, actions taken under the 2001 program are an indicator of what is likely to occur when the program is implemented under the proposed action and are discussed below in reference to the impacts of Alternative 1, "Proposed Action".

II. Alternative 1, "Proposed Action"

This section of the EA provides an overview of what conservation practices will most likely be implemented within the 15 States eligible to participate in the AMA program, and projects the number of acres likely to be treated and the physical effects of the most frequently implemented AMA program practices.

When the AMA program was implemented in FY 2001, \$7 million was available for NRCS to implement its AMA program authorities¹, and more applications were received than there were funds available. Of the applications submitted, only 32.7 percent were funded and resulted in contracts. Table 1 shows the number of applications received, the number of contracts funded, and the acres actually enrolled in the AMA program, by state.

¹ Other USDA agencies are responsible for implementing portions of the AMA program that do not involve implementing agricultural conservation measures. Thus, NRCS does not receive the full amount of authorized funding for AMA.

Table 1: AMA Fiscal Year 2001 Participation

	Total Number	Number of	Acres Enrolled
AMA State	of Applications	Contracts	in the AMA
	Received	Funded	Program
Connecticut	32	19	373
Delaware	21	12	340
Maine	169	28	1,535
Maryland	37	17	1,170
Massachusetts	140	24	372
Nevada	42	6	648
New Hampshire	26	2	765
New Jersey	22	22	246
New York	382	172	6,524
Pennsylvania	234	56	2,050
Rhode Island	6	3	31
Utah	19	12	8,413
Vermont	63	12	2,076
West Virginia	255	109	6,741
Wyoming	207	47	108,430
TOTAL	1,655	541	139,714

Clearly, the demand for program funds exceeded available amounts in most states. Based on the information in Table 1, it appears likely that States such as Pennsylvania, Wyoming, New York, Maine, and West Virginia will have the highest demand for funds based on the number of unfunded program applications.

Table 2 shows the percentage of applications received and contracts funded for each State participating in the AMA program. For example, Connecticut had 32 applications, which represents 1.9 percent of the 1,655 total applications received across all 15 states. Connecticut funded 19 of those applications, which represents 3.5 percent of the total applications funded by all 15 states combined. The table also shows by state the percent of applications received that were funded. For example, Connecticut was able to fund contracts for 59 percent of the applications it received in FY 2001. Finally, Table 2 shows the percent of total acres enrolled in the program for each state. Of the 139,714 total acres enrolled in the AMA program in FY 2001, Connecticut's 373 acres represent 0.27 percent.

Table 2: Percentages of AMA Applications Funded, By State, in Fiscal Year 2001

AMA State	Percent of Total Number of Applications Received	Percent of Total Applications Funded	Percent of State Applications Received that were Funded	Percent of Total Acres Enrolled
Connecticut	1.9	3.5	59.0	.27
Delaware	1.3	2.2	57.1	.24
Maine	10.2	5.2	16.6	1.10
Maryland	2.2	3.1	45.9	.84
Massachusetts	8.5	4.4	17.1	.27
Nevada	2.5	1.1	14.3	.46
New Hampshire	1.6	.4	7.7	.55
New Jersey	1.3	4.1	100	.18
New York	23.1	31.8	45.0	4.67
Pennsylvania	14.1	10.4	23.9	1.47
Rhode Island	.4	.6	50.0	.02
Utah	1.2	2.2	63.1	6.02
Vermont	3.8	2.2	19.0	1.49
West Virginia	15.4	20.1	42.7	4.82
Wyoming	12.5	8.7	22.7	77.60
TOTAL	100.0	100.0	N/A	100.00

New York, West Virginia, and Pennsylvania had the highest percentages of applications received and contracts funded even though they also have a high number of unfunded applications, and Wyoming, Utah, West Virginia and New York had the highest percentages of acres enrolled in the FY 2001 AMA program. Combined, New York, West Virginia, Pennsylvania, Wyoming and Utah are considered representative of both Eastern and Western resource concerns because those states together account for 73 percent of all contracts funded and 95 percent of all acres enrolled. Moreover, these same States are among those with the greatest number of unfunded applications based on the 1991 program (see Table 1). Therefore, the conservation practices implemented in New York, West Virginia, Pennsylvania, Wyoming and Utah are also considered to be representative of the types of practices implemented most frequently by all 15 states eligible to participate in the AMA program and most likely to be implemented in future years of the program. The conservation practices these states most commonly used in the AMA program are identified in Table 3.

Overall, NRCS received about 70 percent of available AMA program funds to implement conservation practices. The average cost to implement these practices was \$50 per acre. Therefore, assuming a similar trend continues, NRCS can expect to receive about \$14 million per year in fiscal years 2003 through 2007, resulting in conservation practices installed on about 280,000 acres in each of those years. Most of the practices installed will be those identified in Table 3.

Table 3: Conservation Practices Used Most Frequently in FY 2001 AMA Program

Practice Name	Practice Number ²
Animal Trails and Walkways	575
Contour Buffer Strips (Herbaceous)	332
Cover Crop	340
Critical Area Planting	342
Diversion	362
Fence	382
Filter Strip	393
Irrigation System, Micro-Irrigation	441
Pasture and Hay Planting	512
Pipeline	516
Pond	378
Range Planting	550
Spring Development	574
Waste Storage Facility	359
Water Well	642
Watering Facility (Trough or Tank)	614
Windbreak/Shelterbelt Establishment	380

NRCS developed network diagrams depicting the chain of natural resource effects resulting from the application of each practice listed in Table 3. (See Appendix C.) Each of the diagrams first identifies the typical setting to which the practice is applied. This includes identification of the predominating land use and the resource concerns that trigger use of the practice. The diagrams then identify the practice used to address the resource concerns. Following identification of the practice, there is a description of the physical activities that are carried out to implement the practice. From there, the diagrams depict the occurrence of the direct, indirect and cumulative effects of the practice. Effects are qualified with a "+" or a "-" which denotes an increase ("+") or decrease ("-") in the effect. Pluses and minuses do not equate to good and bad or positive and negative. Only the general effects that are considered to be the most important ones from a national perspective are illustrated. In addition to the network diagrams, a photo and summary description about how each of these practices is intended to be used and the general effects of using the practice is found in Appendix C.

The effects of the practices may vary somewhat depending on the local ecosystem(s), methods of practice installations, and presence of special resources of concern in a particular state, such as the presence of a coastal zone, endangered or threatened species, historic or cultural resources, and the like. While effects on these resources may be described in general terms at the national level, they can be described more specifically at the state and local level where actions can also be planned to ensure adverse effects are avoided, minimized and

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² Practice numbers are assigned by NRCS for eases of reference and are found in the NRCS National Handbook of Conservation Practices.

mitigated as appropriate. This is particularly true for endangered and threatened species, historic preservation, historic and cultural resources, essential fish habitat and other resources that are protected by special authorities that require consultation. NRCS will consult on a state or site-specific level as needed and appropriate, to ensure AMA program actions do not adversely affect endangered or threatened species, essential fish habitat, cultural resources, or any other protected resources and will implement practices in a manner that is consistent with the NRCS policy to avoid, mitigate or minimize adverse effects to the extent feasible.

For example, to ensure compliance with the Endangered Species Act, State Conservationists will invite representatives of the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS), as applicable, to all State Technical Committee meetings and encourage their involvement in the development of program criteria within the State. NRCS will also conduct additional programmatic consultations with FWS and NMFS at the State level as needed to ensure AMA program implementation is not likely to adversely affect species listed as endangered or threatened or species proposed for listing as endangered or threatened or designated critical habitat. Such consultation will also be used to identify ways the AMA program might further the conservation of protected species and identify situations in which no site-specific consultation would be needed.³ Site-specific consultation will also be conducted as needed to avoid adversely affecting any protected species or habitat.

To ensure compliance with the National Historic Preservation Act and associated authorities, NRCS State Offices will follow the procedures outlined in the Advisory Council on Historic Preservation's (ACHP) regulations (36 CFR Part 800) or, in accordance with NRCS' alternate procedures (nationwide Programmatic Agreement), invite State Historic Preservation Officers (SHPO's) and federally recognized Tribes (or their designated Tribal Historic Preservation Officers) to enter into consultation agreements that highlight and focus review and consultation on those resources and locations that are of special concern to these parties. In addition, if no state-level agreements are developed with the SHPO's or Tribes, and/or if other consulting parties are identified, they will be afforded, as appropriate, an opportunity to advise the NRCS State Office during project-specific planning about their historic and cultural resource concerns so that they may be taken into account in accordance with the ACHP regulations. Similar processes will be followed, as needed and appropriate, to address other special requirements for the protection of the environment.

The practices implemented most frequently under the AMA program are most often used to support livestock operations, particularly grazing operations, and production of irrigated hay, both for grazing and for harvest as a crop for later use as livestock feed. Grazing lands include a myriad of land uses: rangelands, pasturelands, haylands, grazed forest lands, grazed croplands, and naturalized pastures. Conservation practices to support livestock operations are designed to reduce soil erosion, provide feed and water for livestock production; enhance wildlife food and habitat; enhance plant biodiversity; protect air, soil, and water resources; provide a basis for diversification of farm income; and reduce runoff that may carry manure and other contaminants

³ In addition to situations in which NRCS determined there would be no effect on protected species or habitat, site-specific consultation should not be needed when NRCS and FWS or NMFS agree a category of proposed actions is not likely to adversely affect a protected species or habitat and NRCS obtains an incidental take statement based on that agreement.

to receiving waters. They perform these functions by creating channels, covering the soil with increased live vegetation, creating barriers, planting crops or other vegetation with specialized characteristics, or adjusting the techniques used to apply fertilizers or pesticides.

In addition to the primary effects mentioned above, other effects, both positive and negative, may occur. Soil condition may be improved, resulting in increased nutrient cycling, organic matter, and carbon sequestration. Livestock feed, soil organic matter, and biodiversity may increase. Plant growth and condition is improved when erosion is controlled on steep slopes and around feed areas. The increase in plant cover protects streams, ponds, and other water supplies from sediment and other possible contaminants, as well as providing food for livestock and wildlife. Nutrient cycling may be improved, and the corresponding need for purchased nutrients may decrease. Aesthetics may be improved. Snow trapping may occur, saline seeps may be reduced, and water use efficiency by crops may be improved. Many of the practices will decrease runoff while correspondingly increasing infiltration, which may result in both positive and negative effects, such as the tradeoff between increased groundwater infiltration and reduced surface flows. In the case of converting hay grown for use as a crop to a grazing operation, the total costs and fuel used to produce the crop will eventually be decreased because the animals, instead of the operator, harvest the feed.

Controlled access to sensitive areas should lead to a reduction in contaminants, pathogens, and sediments in receiving waters, as well as protection and productivity of desired plant species. Reduced runoff and erosion from other practices should also lead to reduced loss of soluble and sediment-bound contaminants to receiving water bodies, and snow trapping should lead to increased water storage, leading to healthier crops in many cases. Reduced need for nutrient applications will reduce farmer costs, leading to increased net income. Development of water facilities and mechanisms for providing source water for livestock leads to an increase in animal health and production. These same practices may interfere with natural water flow and/or enhance saltwater intrusion and possibly allow potential contaminants into water bodies. Some wildlife species may also be negatively affected, though some practices, such as field borders, also improve wildlife habitat and thus lead to increased wildlife. These and other indirect effects vary, depending on the particular conditions of each site.

Indirect effects can lead to cumulative effects such as income stability for producers and communities, and overall improvements in water quality, habitat suitability and human and animal health. These effects occur when the practice is applied within the same region on many farms or fields.

While program activities do have positive impacts on the environment, the limitations in the program funding results in site-specific outputs. These outputs do have positive cumulative impacts on the environment, but they seldom result in measurable or quantifiable environmental outcomes. For example, in a watershed that has identified water quality impairments because of nutrients as the resource of concern, the AMA program does not provide enough technical and financial assistance to plan and implement the appropriate conservation practices comprehensively throughout the watershed so that the water quality can show measurable improvements in a short time frame. However, the conservation practices that the program can provide funding to plan and implement, do provide positive environmental benefits for the

specific field or treatment area on which they are implemented when they are implemented according to NRCS policies and conservation practice standards and specifications, with due consideration to unique, site-specific conditions. When AMA program practices are implemented together with other conservation programs, they will lead to improvements in the condition and sustainability of natural resources and the communities that depend on these resources for their livelihood.

III. Alternative 2, "No Action

If the AMA program were not implemented, farmers and ranchers participating in the program would most likely not be able to implement these conservation practices on their own. Agricultural producers typically do not have a good understanding of the science-based technology on which conservation systems are developed. They rely on the program technical assistance to provide them with the necessary education and information required to make sound decisions about which suite of practices to implement in order to address identified resource concerns. They very often also lack the economic resources to implement the potentially expensive structural conservation practices that are often required to adequately protect natural resources. Without the program financial assistance, most of the conservation practices needed would not be implemented. Consequently, without the technical and financial assistance provided by the program, agricultural producers would face environmental and/or financial risks to their operations that those who participate in the program would not.

While the cumulative total of environmental benefits of the AMA program may be difficult to measure on a National basis due to the program being limited to 15 states, the program does have an influence on the environmental health of the land on which it is implemented. The program technical assistance provides the agricultural producer with sound knowledge of what is needed to protect and enhance the natural resources in a holistic approach. This holistic approach teaches the producer not only what conservation practices are necessary to address the identified resource concern(s), but also teaches them why they are needed, how to implement and maintain them, and their impacts on other natural resources on the landscape. If there is no program, the opportunity to receive this extremely valuable technical assistance is reduced.

List of Persons and Agencies Consulted

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APPENDICES

Appendix A – Federal Register Notice Announcing Availability of Agricultural Management Assistance Program Funds, 66 FR 30400 (June 6, 2001)

Appendix B – Federal Register Notice Announcing Availability of Agricultural Management Assistance Program Funds, 67 FR 11459 (March 14, 2002)

Appendix C – AMA Practice Photos, Descriptions and Network Diagrams