

MEMORANDUM OF UNDERSTANDING

(MOU)

For

GRASSLAND RESERVE PROGRAM

(GRP)

Between

FARM SERVICE AGENCY/COMMODITY CREDIT CORPORATION

(FSA/CCC)

and

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

I. PURPOSE

The purpose of this Memorandum of Understanding (MOU) is to provide for the cooperation and responsibilities of the Farm Service Agency/Commodity Credit Corporation (FSA/CCC) and the Natural Resources Conservation Service (NRCS), collectively, the Agencies, in implementing the Grassland Reserve Program (GRP).

II. BACKGROUND

Section 2403 of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) (Pub. L. 110-246) amended the Food Security Act of 1985 to re-authorize GRP, 16 U.S.C. 3838n-3838q. The purpose of GRP is to assist landowners in conserving grazing uses and related conservation values by restoring and conserving eligible land through rental contracts and easements. The statute authorizes the enrollment of an additional 1.22 million acres of eligible land from fiscal year (FY) 2009 to FY 2012. The program offers landowners the option to grant an easement to the Secretary, enter into a Cooperative Agreement with an eligible entity, or enter into a rental contract to protect grazing uses and related conservation values.

The GRP statute requires the Secretary of Agriculture to consider support for grazing operations, enhancement of biodiversity, and protection of grassland under the greatest threat of conversion when evaluating and ranking applications. The Agencies plan to continue the implementation of GRP to protect grazing lands from conversion and support efforts to maintain or enhance biodiversity.

GRP offers applicants multiple enrollment options. Landowners may submit applications for permanent easements or the maximum allowed by state law. Easements may be granted to the Secretary of Agriculture or to an eligible entity through a Cooperative Agreement. Also, landowners and others who have general control of the acreage being offered may submit applications for 10-year, 15-year, or 20-year rental contracts. Each enrollment option permits: (1) common grazing practices, including maintenance and necessary cultural practices, that are consistent with maintaining the viability of grassland, forb, and shrub species common to the local area; (2) haying, mowing, or harvesting for seed production, subject to certain restrictions, such as restrictions during the nesting season of bird species that are in significant decline or those that are required to be protected under Federal or State law, as determined by NRCS or its designee and (3) fire rehabilitation and the construction of fire breaks and fences. Participants will be required to follow a grazing management plan, developed by NRCS or its designee and the participant, to preserve the integrity of the grassland enrolled in the program.

FSA/CCC has offices in every county or neighboring county in the country and has a solid relationship established with producers at the local level. FSA/CCC data systems and personnel have the capability to support the implementation of GRP. This MOU formalizes the relationship between FSA/CCC and NRCS at the local, State, and National levels.

III. AUTHORITY

Sections 1238N-1238Q of the Food Security Act of 1985 (16 U.S.C. 3838n-3838q); 7 CFR 2.42(a)(52) and 2.61 (a)(13)(xvii)

IV. FSA/CCC RESPONSIBILITIES

FSA/CCC will:

A. Perform the agreed upon activities and operations including, but not limited to, determination of payment limitation, accepting applications, issuing payments, assessing penalties and liquidated damages as applicable, and hearing appeals. These activities will be calculated by using formulas from historic workload data (Grassland Reserve Program Signup, workload item 550). Units completed to support the county office staff years will be requested from GRP data transmitted to FSA/CCC in Kansas City.

B. Use its check writing authority to compensate program participants, closing agents, appraisers, surveyors, contractors, eligible entities, and others for payments for which compensation is authorized, either by check or preferably by electronic funds transfer, provided that adequate funds are available.

- C. By September 1 of each year, provide NRCS with an accounting of the administrative costs associated with FSA/CCC county, State, and Federal assistance in support of an apportionment request. These costs will be based on the historic workload data and application and contract units provided by FSA/CCC in Kansas City and appropriate Federal measures.
- D. Be responsible for the Internal Revenue Service (IRS) reporting requirements. FSA/CCC will report GRP payments through the FSA/CCC IRS reporting process with the understanding that a line item will show on the CCC-1099-G, which will read "NRCS Grassland Reserve." If easement payments are issued directly to the producer, FSA/CCC will issue a manual 1099 to the producer.
- E. Provide at the State level, allocation management and general oversight of county office administrative services as provided for under this agreement.
- F. Provide consultation to NRCS at the national level regarding policies, procedures, regulations, manuals, national program priorities, funding decisions, preparation of any necessary funding documents, and allocations to State FSA/CCC offices.
- G. Provide quarterly reports to the NRCS National Headquarters of obligations and terminations for rental contracts, by State.
- H. Provide program data analysis for average financial assistance costs for rental contracts and easements, by enrollment duration and by State.
- I. Issue authorized payments within 30 days upon receipt of certification of Application for Payment (form AD-1161) from NRCS.
- J. Record into system 36, used by FSA/CCC State and county offices, or other database for easements, all obligations for enrolled participants within 30 days of receipt of form AD-1157 (Option Agreement to Purchase) from NRCS.
- K. For rental contracts, enter into the system 36 funding obligations for enrolled participants, within 30 day from receipt of GRP annual rental contracts (CCC-920) from the CCC.
- L. Execute and administer, on behalf of CCC, GRP annual rental contracts (CCC-920) and revisions, including the termination of contracts when necessary.
- M. Coordinate with FSA/CCC State offices to provide NRCS with necessary documentation required during the Improper Payment Act questionnaire process.
- N. Designate to NRCS, in writing, the name, address, facsimile, phone number, and email address of its authorized representative who shall be responsible for administering activities conducted under this MOU.

V. NRCS RESPONSIBILITIES

NRCS will:

- A. Designate to FSA/CCC, in writing, the name, address, facsimile, phone number, and email address of its authorized representative who shall be responsible for administering activities conducted under this MOU.
- B. Complete ranking process in a timely manner so that rental contract approval activities can be completed by mid-August.
- C. Coordinate and ensure that all easement activities from initiating the easement compensation process through closing are completed in a timely manner.
- D. Provide FSA/CCC with certified Application for Payment (form AD-1161) within 10 business days upon receipt of approved invoices for reimbursing appraisers, surveyors, attorneys, contractors, participants, and others authorized to receive payments for easement acquisitions or payments for restoration cost-share practices.
- E. Provide FSA/CCC copies of executed form AD-1157 (Option Agreement to Purchase) or Cooperative Agreements within 10 days upon execution by the landowner and eligible entity, when applicable, and NRCS.
- F. By mid-August of each year, provide to FSA/CCC, at the local service center, copies of approved GRP grazing plans for rental contracts executed by the participant and NRCS.
- G. Provide FSA/CCC a list of all tentative approved GRP application forms (AD-1153s), no later than 10 workdays after selection by State office personnel, but no later than August 1.
- H. Provide consultation at the national level regarding policies, procedures, regulations, manuals, national program priorities, funding decisions, and preparation of any necessary funding documents.
- I. Establish State ranking criteria in consultation with FSA/CCC and the State Technical Committees.
- J. Determine easement compensation, obtain needed surveys, and title closings for easement acquisitions.
- K. Develop a list of State-approved cost-share practices and rates in consultation with FSA/CCC and the State Technical Committees.

L. Transfer any funds for use to compensate producers to FSA/CCC using Standard Form SF-1081, "Voucher and Schedule of Withdrawals and Credits." Funds must be apportioned by the Office of Management and Budget before NRCS can transfer the funds to FSA/CCC. NRCS must transfer any funds required to compensate producers or farmers to FSA/CCC before FSA/CCC compensates such producers or farmers. Both agencies will manage these funds as an advance in their accounting systems

M. Reimburse FSA/CCC for its costs including, but not limited to, actual personnel costs, overtime, and travel related to assisting NRCS with the administration of GRP using form AD-672, "Reimbursement or Advance of Funds Agreement," and any addendum thereto. Such reimbursement shall be made no later than September 15 of the fiscal year in which the services were performed.

N. Conduct annual status reviews on 10 percent of GRP rental contracts and notify FSA/CCC of any violations in the terms and conditions of the contract or conservation plan.

VI. THE PARTIES FURTHER AGREE AS FOLLOWS:

A. The agency contacts for this MOU are:

NRCS Easement Programs Division
Grassland Reserve Program Manager
(202) 720-0242

FSA/CCC Conservation and
Environmental Division
Grassland Reserve Program Manager
(202) 720-9562

B. To fully comply with the information gathering provisions of section 1619 of the 2008 Farm Bill, 7 U.S.C. 8791(b), section 1244(b) of the Food Security Act of 1985, as amended, 16 U.S.C. 3844(b), the Privacy Act, the Freedom of Information Act, and related acts concerning privacy and the dissemination of records.

C. This MOU may only be modified by mutual agreement in writing, which is executed by the Administrator of FSA/CCC and the Chief of NRCS or their designees.

D. All funding commitments discussed in this MOU are subject to the availability of funds. In the event that adequate funding is not made available, FSA/CCC and NRCS may terminate their responsibilities under this agreement, as agreed to under the termination clause herein. This document does not obligate any funds, but sets forth the parties' agreement as to how they will cooperate to carry out GRP. Notwithstanding the terms of this MOU, FSA/CCC and NRCS agree the use of CCC funds cannot exceed the funds authorized on an approved apportionment schedule

E. This MOU will be in effect upon date of final signature and continues until September 30, 2012.

F. This MOU may be terminated at any time by mutual agreement of the parties in writing or by one of the parties with thirty (30) days notice in writing to the other party.

VII. SIGNATORIES



DOUGLAS J. CARUSO
Administrator
Farm Service Agency
Executive Vice President, Commodity Credit Corporation

6-29-09

Date



DAVE WHITE
Chief
Natural Resources Conservation Service

6-23-09

Date