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Regulatory Impact Analysis (RIA) for the Regional Conservation Partnership Program (RCPP) Final Rule

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Natural Resources Conservation Service

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Helping People Help the Land

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Regulatory Impact Analysis for the Regional Conservation Partnership Program (RCPP)

Executive Summary

The Regional Conservation Partnership Program (RCPP) is a voluntary collaborative program that provides financial and technical assistance to partner organizations to help agricultural producers plan and implement conservation activities to address natural resource concerns on private or Tribal agricultural, nonindustrial private forest and certain associated lands. RCPP was first authorized by Congress in the Agricultural Act of 2014 (the 2014 Farm Bill). To date, 375 projects have been selected across the U.S. and Puerto Rico leveraging $1 billion in NRCS technical and financial assistance with approximately $1.3 billion in partner contributions.

Under the 2014 Farm Bill, conservation activities were undertaken through partnership agreements (between NRCS and a lead partner) and contracts or agreements with eligible landowners, entities, and individuals under one or more covered programs (the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program (CSP), the Agricultural Conservation Easement Program (ACEP), the Healthy Forests Reserve Program (HFRP), and the Watershed Protection and Flood Prevention Act (Public Law 83-566)). EQIP, CSP, and ACEP each contributed seven percent of their annual funding toward RCPP partnership projects. In addition, the 2014 Farm Bill provided $100 million annually in direct RCPP mandatory funding. A single RCPP project can combine conservation activities from multiple NRCS programs, and NRCS funding is leveraged at least 1:1 by project partners.

The Agriculture Improvement Act of 2018 (the 2018 Farm Bill) reauthorizes RCPP with significant changes to how the program is funded. Specifically, the contributions from "covered programs" are eliminated as a funding source and "covered program contracts" are replaced with RCPP contracts and programmatic partnership agreements.

The 2018 Farm Bill repeals the seven percent reserved resources from the covered programs, provides $300 million in annual mandatory Commodity Credit Corporation (CCC) funding, and establishes RCPP standalone contracts. Federal transfers under the 2014 Farm Bill totaled slightly more than $1 billion for FY2014-18, or $200 million on an annual basis. The $300 million in mandatory annual funding increases RCPP funding by approximately $100 million annually, taking into account the past contribution of the "covered programs" for fiscal years 2014-2018.

The 2018 Farm Bill also changes the "funding pool" structure by streamlining from three pools to two pools and providing 50 percent of funds to a Critical Conservation Areas pool and 50 percent of funds to a state/multi-state pool. It also allows project renewals and creates new programmatic authorities and expectations for the administration of agreements with partners. In addition, application and renewal processes are simplified to encourage participation by both producers and project partners. To ensure that only the most successful of projects qualify for renewal on a non-competitive basis, NRCS has identified in this rule that a partner has met or exceeded the objectives of the original project in order to be considered for renewal.

Estimates of costs, benefits, and transfers of RCPP on an annual basis are reported in Table 1. Given a 3 percent discount rate, the projected annualized real cost to producers of accessing the program is $204,258 and the projected annualized real transfers are $289 million. Conservation benefits from RCPP are difficult to quantify at a national scale but have been described by studies at an individual project or watershed or local scale as it relates the different types of conservation practices implemented.

Table 1: RCPP Annual Estimated Costs, Benefits and Transfers[a]

Category	Annual Estimate
Costs[b]	$204,258
Benefits	Qualitative
Transfers	$289,000,000

[a]All estimates are discounted at 3 percent to 2019 $ except for the participant access cost, which is nominal.
[b] Imputed cost of applicant time to gain access to the program.

Most of this rule's impact consists of transfer payments from the Federal Government to producers or to partners for the benefit of producers. The conservation benefits of RCPP financial and technical assistance funding delivered to date have been directly comparable to that provided by covered programs (EQIP, CSP, ACEP etc.), and similar benefits are expected from RCPP funding under the 2018 Farm Bill. Additionally, conservation benefits of partner contributions and collaboration in RCPP projects are expected to magnify the benefits of RCPP funding over each project's life, offsetting initial delays in obligation and implementation. NRCS will discuss methods to quantify the incremental benefits obtained from RCPP with lead partners, but due to the 5-year life of a typical RCPP project, only limited data are available at this time to support this conclusion. Therefore, NRCS and partners may use various mechanisms such as modeling to predict long-term outcomes. Despite these data limitations, RCPP is expected to positively affect natural resource concerns—through both the $300 million in funding provided annually by Congress and by the leverage of partner contributions.

Background

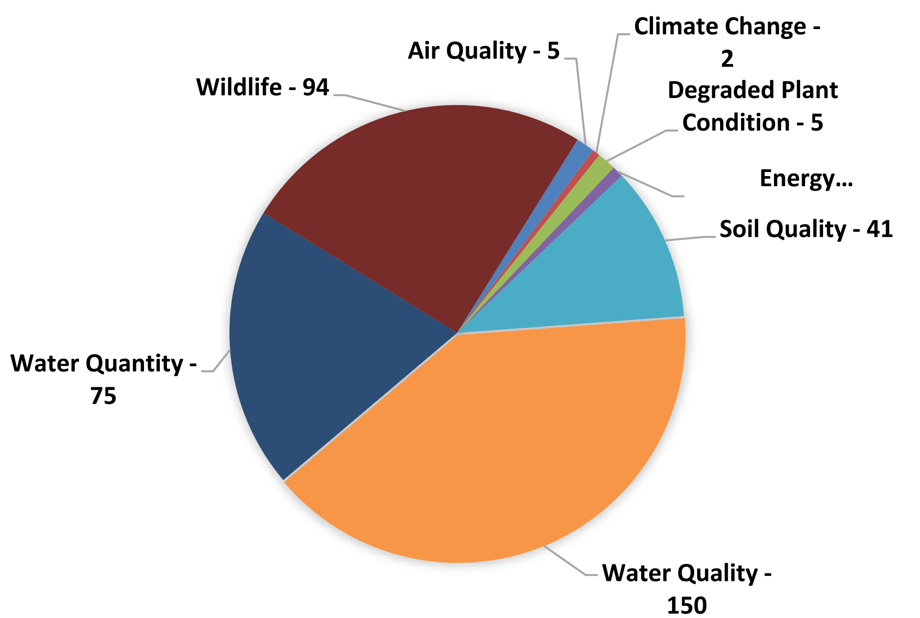
Since its inception in the 2014 Farm Bill,[1] RCPP projects have been initiated in all 50 states and Puerto Rico and are developed at the national, regional, or state level (Appendix table 1). Conservation partners include state and local governments, Native American Tribes, municipal water treatment entities, water and irrigation districts, conservation-driven nongovernmental organizations, agricultural and silvicultural producer associations, farmer cooperatives, and

[1] The development of RCPP combined four former conservation programs—the Agricultural Water Enhancement Program, the Chesapeake Bay Watershed Program, the Cooperative Conservation Partnership Initiative, and the Great Lakes Basin Program.

universities. Conservation districts and state or Federal organizations are the lead partner[2] on about 40 percent of all currently active projects. Projects are generally for five years and may be renewed for an additional 5 years under the 2018 Farm Bill.

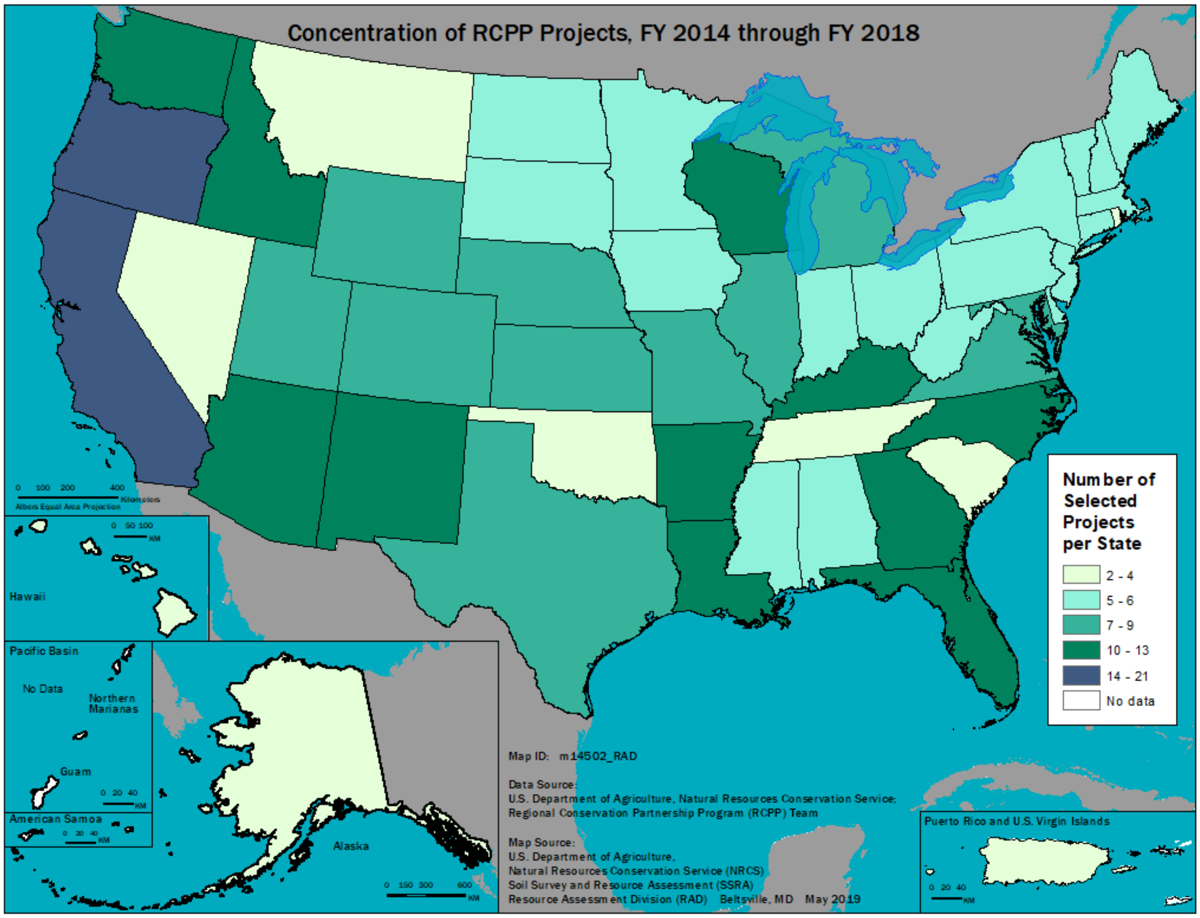
RCPP projects work to conserve water and soil resources; improve water, soil, and air quality; and enhance wildlife habitat. Of the 375 projects, water quality is the primary focus of 150 projects (40 percent), followed by wildlife (25 percent), and water quantity (20 percent) (see Figure 1). Many approved projects focus on reducing nutrient and sediment run-off from fields into streams and other waterways through EQIP or ACEP and are underway in all states (Figure 2).

FIGURE 1--RCPP PROJECTS BY FOCUS



[2] Assumes the lead partner has the largest dollar stake in a project.

Figure 2—RCPP Selected Projects by State



NRCS provided $1.001 billion in technical and financial assistance funding for projects selected between FY 2014-18, with partner contributions as of January 2019 totaling $1.273 billion (Table 2). Partner contributions may include both financial assistance (for example, paying producers to delay harvest to protect sensitive bird populations) or technical assistance (for example, introducing water quality monitoring stations into the landscape). In contrast, partner deliverables are the tangible work products that a partner is responsible for providing as a condition of the agreement (3 anaerobic digesters, 100 ACEP contracts, etc.).

In practice, collaboration between NRCS and the partner organization can take many different forms. For example, at one extreme, NRCS may only be involved in managing RCPP producer contracts while the partner focuses on ranking tool development, outreach, and all other project aspects. At the other extreme, the partner and NRCS may work hand-in-glove to develop and implement outreach strategies and ranking tools, as well as in accepting and ranking applications. Typically, NRCS and partner interactions are at some intermediate level between these two cases.

Table 2. Total RCPP Project Funding and Partner Contributions, FY 2014 to FY 2018

Fiscal Year	Total Project Cost	Total NRCS Funding [a]	Total Partner Contributions [b]
2014/2015	$787,269,422	$361,995,153	$425,274,269
2016	$508,953,538	$203,967,156	$304,986,382
2017	$514,490,099	$225,261,066	$289,229,033
2018	$463,013,145	$209,867,644	$253,145,501
Totals	$2,273,726,205	$1,001,091,020	$1,272,635,185

[a] NRCS funding includes technical assistance, financial assistance, and partner technical assistance. Data are from the NRCS RCPP portal.
[b] Reflects partner contributions through January 2019 as reported to NRCS. Partners have some flexibility in how/when contributions are reported. Total contributions (once projects are completed) are expected to roughly double program investments.

Eligible partners must make a "significant contribution" to the overall cost of the project, which can be either cash or in-kind. This significant contribution can include financial or technical assistance, monitoring, and administrative services. Selection priority is given to applications that significantly leverage non-Federal financial and technical resources. NRCS has a goal of leveraging an amount equal to the NRCS investment. Therefore, partner applications that meet or exceed the amount requested from NRCS (direct or in-kind) are relatively more competitive, everything else being equal.

Funding Structure

Between FY 2014-18, RCPP was funded at $100 million annually in authorized 2014 Farm Bill funding and through a 7-percent transfer from "covered" programs—EQIP, ACEP, and CSP. (Although HFRP was named as a covered program, HRFP did not receive appropriations during the life of the 2014 Farm Bill.) In total, RCPP received more than $1 billion over the life of the 2014 Farm Bill through these programs and mandatory funding for approved projects, with EQIP accounting for 63 percent of the total, ACEP accounting for 17 percent, and CSP accounting for 3 percent (see Table 3 and Appendix table 2).

Table 3. Total RCPP-Approved Project Funding by Implementing Program Type, FY 2014 to FY 2018
(includes technical assistance, financial assistance, and partner technical assistance)

ACEP contracts	$172,381,151	17%
CSP contracts	$33,676,170	3%
EQIP contracts	$624,311,076	63%
HFRP contracts	$79,127,723	8%
P.L. 83-566 contracts	$91,594,901	9%
Total	1,001,091,020	100%

Notes: EQIP, ACEP, and CSP were covered programs; HFRP, although classified as a covered program, did not receive an appropriation for FY2014-18. HFRP projects, like P.L. 83-566 projects, were funded using part of the $100 million in annual CCC RCPP funding. (Note that the $100 million could be used for any of the program contracts listed in the table.) P.L. 83-566 authority was only available for use in CCA projects under the 2014 Farm Bill.

With the 2018 Farm Bill, covered program contributions are eliminated and RCPP is a standalone program with $300 million per year in mandatory funding. Further, RCPP contracts will replace RCPP-ACEP, RCPP-EQIP, and other contracts. The interim rule identifies five general types of financial assistance activities eligible for RCPP contracts that are analogous to those authorized by the covered programs: land management contracts, rental contracts, U.S.-held easements, entity-held easements, and public works contracts.

Award Pools

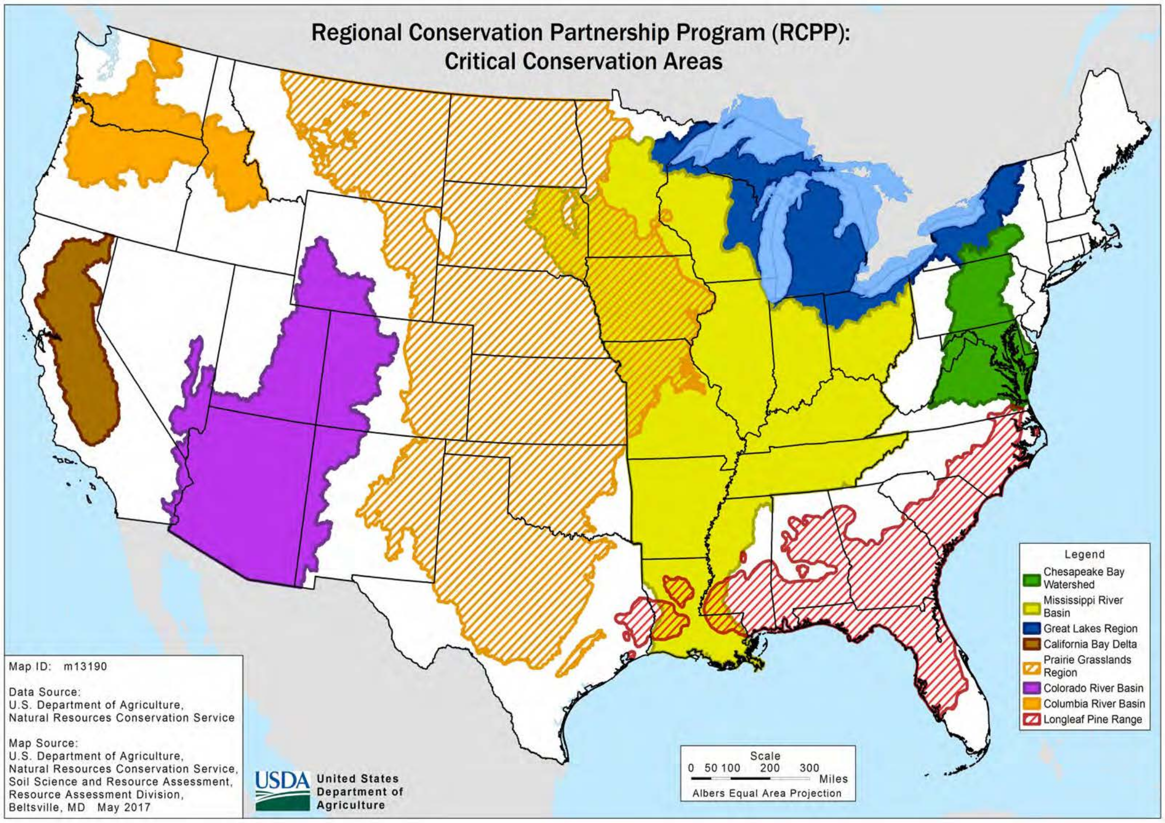
The 2018 Farm Bill also changes the way in which RCPP funding is awarded. Under the 2014 Farm Bill, partners could apply for funding through one of three pools—a national and multi-state pool, a state pool, or a Critical Conservation Area (CCA) pool. Examples of projects funded under the 2014 Farm Bill, by type of pool, include:

- ***National and multi-state level project example:*** The Midwest Agriculture Water Quality Partnership, which is led by the Iowa Department of Agriculture and Land Stewardship and the Iowa Agriculture Water Alliance, is funded by NRCS at $9.5 million, has assembled over 40 partners, and has $38 million in non-federal funds to reduce nutrient loss and improve water quality, soil health, and habitat for at-risk species. The focus is on Iowa watersheds; Illinois and Nebraska are also included. The project involves scaling-up conservation planning and practices through use of a precision agriculture platform, which is leading to reduced nutrient loss, improved habitat, and other conservation goals.

- ***State-level project example***: The Upper Cedar Watershed Urban-Rural Partnership, also in Iowa, is funded at $1.6 million, and leverages a local Farmer Advisory Board's work to advance goals set in the Rock Creek Watershed Management Plan. To do so, the project is implementing practices such as cover crops, bioreactors, and saturated buffers. Outreach is conducted through partners to increase practice adoption.

- ***Critical Conservation Area (see Figure 3 for areas) example: The Saginaw Bay Watershed Conservation Partnership*** works with producers to make farm-level conservation improvements that lead to cleaner water downstream. This project is co-led by The Nature Conservancy and the Michigan Agri-Business Association and targets reduction of nutrients and sediment in waterways. NRCS is investing $10 million, which is matched by $10 million from partners. The project works with producers to implement cover crops, limit tillage, establish buffer strips, and manage nutrient use. The Nature Conservancy works directly with NRCS on scientific models that link conservation practices to outcomes (sediment and nutrient load reduction), while the Michigan Agri-Business Association encourages local agribusinesses and crop advisors to help producers apply for conservation funding and implement and manage practices on their land.

Figure 3—Critical Conservation Area Delineations



Under the 2014 Farm Bill, Critical Conservation Areas received 34 percent of NRCS financial assistance funding for FY2014-18; national- and multi-state level projects, 41 percent; and state-level projects, 25 percent. The 2018 Farm Bill consolidates pools and mandates that partners can apply for RCPP via two pools— 1) the state and multi-state pool and 2) the Critical Conservation Area (CCA) pool. Each pool is allocated 50 percent of RCPP funding. Given that the new state and multi-state pool combines the previous state and National pools into one, and that resource concerns that were previously addressed under the National pool are often the same that are addressed through the state and multi-state pool and CCAs, this change is not expected to have a significant impact on program operations. With the consolidation of pools, greater program management efficiencies are expected.

2018 Farm Bill Changes

The sections above indicate two major changes to RCPP in the 2018 Farm Bill (see Appendix for more information):

- **Funding is exclusively program specific funding through CCC**—RCPP mandatory funding is increased to $300 million for each fiscal year (FY 2019–23) and the seven percent covered program funding authority is removed.

- **Changes the available funding pools**—Partners can apply for RCPP via two pools (CCA and state/multi-state) rather than three pools (CCA, state, and national/multi-state).

The 2018 Farm Bill also:

- **Introduces RCPP contracts**—RCPP activities under the 2014 Farm Bill were tied to covered program regulations and contracts, such as an EQIP contract or an ACEP Wetland Reserve Easement. Going forward, RCPP will use RCPP contracts and programmatic agreements and will function as a standalone program with its own funding. This will substantially relieve the administrative burden on the agency and partners. For example, previously, if a project involved three programs and carried out work in nine States, NRCS would be responsible for creating and tracking upwards of thirty budget codes to track funding just for that project. The changes to the RCPP statute will eliminate those types of administrative complexities.
- **Streamlines application processes**—The 2018 Farm Bill directs the Secretary to simplify the application process; allows explicitly for in-kind contributions by partners (in addition to direct funding); and allows for renewal of exceptional projects through a non-competitive process. Projects are for no more than 5 years unless a one-time 12-month extension is approved; renewals would provide up to an additional 5 years.
- **Expands eligibility of activities**—Watershed Program authorities (except rehabilitation) and the Conservation Reserve Program (CRP) are identified as covered programs[3] by RCPP. Under the 2014 Farm Bill, the only eligible RCPP practices nationally were those associated with EQIP, CSP, HFRP, and ACEP; in addition, partners could also use Watershed Program (P.L 83-566) authorities, but only within a CCA.
- **Provides an alternative funding/grant program**—NRCS may provide technical and financial assistance directly to partners for up to 15 projects per year. Partners must carry out projects such as: 1) infrastructure investments that benefit multiple producers and address natural resource concerns; 2) direct coordination with producers on natural resource concerns, including development of watershed, habitat, or other area restoration plans; or 3) use of innovative approaches to leverage investments such as performance-based pay to producers or support for environmental markets.
- **Identifies program improvements—**The improvements focus on increasing producer access, increasing transparency in reporting, and simplifying procedures.
- **Emphasizes quantifying environmental outcomes—**Emphasis is placed on partner-led quantification of the environmental outcomes of RCPP projects.
- **Clarifies partner contributions—**Partner requirements are clarified to include financial and in-kind contributions; in addition, the time spent between the announcement of the project award and the signing of the partnership agreement can be counted toward the partner contribution.

[3] For more detail associated with covered program authorities, see the FY 2019 RCPP National Funding Opportunity available on the NRCS website at: https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/financial/rcpp/?cid=nrcseprd1477816, p. 24.

Ranking and Award Processes

NRCS announces project application periods via annual Applications for Program Funding (APFs) or periodic Notices of Funding Opportunity (NFOs), where interested partners submit applications to address specific natural resource objectives in a proposed area or region. NRCS selects RCPP projects in a competitive, funds-constrained environment based on criteria described in the APF or NFO. Selected RCPP projects share four common characteristics: they innovate, leverage partner contributions, offer solutions to natural resource issues, and involve outreach and producer engagement. Cost-share and significant partner contributions are a required element of proposals. Additional evaluation criteria include partner experience, proposed project innovations, and anticipated project benefits.[4]

The 2018 Farm Bill increases expectations of accountability and return-on-investment, including a new emphasis on environmental, economic, and social outcomes. Consequently, RCPP applicants for 2018 Farm Bill funding must describe their approach for developing, measuring, and reporting the expected environmental outcomes of their proposed RCPP project. Outcomes must be measurable and directly relate to RCPP project activities. Quantitative outcomes will be the focus, and examples include pounds of nitrogen runoff avoided, tons of carbon sequestered, and cost savings to producers. These outcomes will be incorporated into agency performance metrics.

Proposed projects go through a rigorous review process, where NRCS rates each on how they meet the characteristics noted above and awards are made to those expected to have the greatest benefits and provide required leverage of NRCS funding. Slightly over a third of proposed projects were selected under the 2014 Farm Bill (see Table 4). Note that, given the timing of the 2014 farm bill, funding for fiscal years 2014 and 2015 was combined and 2014/2015 projects were awarded simultaneously.

Table 4. RCPP Selected Projects, FY 2014- FY 2018

Fiscal Year	Proposals	Selected Projects	Percent Selected
2014/2015	540	115	21.3%
2016	268	82	30.6%
2017	146	87	59.6%
2018	168	91	54.2%
Totals	1,122	375	33.4%

[4] For more information, see NRCS's RCPP FY 2019 Outcomes Guidance—Expectations of Partners for Project Outcomes Data and Reporting at: https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/financial/rcpp/?cid=nrcseprd1477816

The 2018 Farm Bill provides for two partnership routes. Under the "traditional" RCPP model, also used in the 2014 Farm Bill, financial and technical assistance obligations will be made to eligible partners and producers via implementing awards. Most (if not all) RCPP contracts (awards to producers) will be made on a competitive basis (such as in the past with, for example, RCPP-EQIP contracts). Partner supplemental agreements (awards to eligible partners) may not require additional competition.[5] This "traditional" model generally follows the RCPP model used for FY 2014-18 projects.

Under the 2018 Farm Bill, RCPP will also provide awards for Alternative Funding Arrangements (AFAs)[6] (which may include grant agreements). Selection of AFA projects results in direct financial and technical assistance commitments to the lead partner for eligible project purposes. Under this model, post-project application and awards may not be necessary. For example, AFA projects may take the form of: 1) infrastructure investments that benefit multiple producers and address natural resource concerns (such as scientific models that link conservation practices to natural resource outcomes); 2) direct coordination with producers on natural resource concerns, including development of watershed, habitat, or other area restoration plans; or 3) use of innovative approaches to leverage investments such as performance-based pay to producers or support for environmental markets. Through AFAs, NRCS may provide technical and financial assistance directly to partners for up to 15 AFA projects per year, as specified in the 2018 Farm Bill.

Effect of RCPP Obligations and Payment Timing Lags

The time between RCPP project selections and covered program obligations to producers involve a lag when compared to payments under regular covered program contracts. This lag exists because RCPP covered-program obligations to eligible producers (via a signed RCPP-EQIP contract): 1) typically do not start until the year after RCPP project selection (and commitment of RCPP and/or donor program funds to selected projects) and 2) may not start until late in the 5-year project life of the RCPP agreement with the partner. In short, an RCPP-EQIP contract may be signed with a producer up to 5 years after the year of initial project selection, meaning that funds may be committed for up to 15 years after the year of allocation (vs. 10 years in the "regular" EQIP case). In contrast, "regular" covered program obligations (for example, for EQIP) to eligible producers occur in the year of funds allocation, with actual expenditures potentially starting in the same year the contract is signed and extending over the covered program contract life.

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[5] As an example, NRCS could, without competition, enter into a supplemental agreement with a land trust intending to hold RCPP easements.

[6] The 2014 Farm Bill also provided AFA authority, but only four AFA projects were awarded. As an example, one of the AFA projects is the New Mexico Acequia Revitalization on Historic Irrigated Lands project, which uses EQIP and CSP contracts with farmers and ranchers to restore historic acequia systems on irrigated lands. Two other AFA projects were in New Mexico; the other AFA project was in Colorado.

An example helps illustrate. Suppose NRCS selected an RCPP project that started in FY 2016 for $10 million and that 20 percent of the available funding ($2 million) was obligated[7] in each of the five years of the RCPP project using EQIP as the implementing program. Partner contributions began to accrue right away. Given that funds were obligated equally over five years, the last $2 million could not be obligated until FY 2020, and the last $2 million in EQIP contracts would last for another 10 years.

Given the project nature of RCPP, and the associated temporal delays, it is still too early in the process to evaluate the effectiveness of many of the projects funded through the 2014 Farm Bill. Table 5 summarizes historical participation in RCPP-EQIP, the largest donor program. Of the $658 million in approved project funding for RCPP-EQIP, roughly $234 million has been obligated to date and $16.8 million has been paid. Also note that the distribution of both program obligations and partner contributions depends on many factors, including producer interest, project structure (the length of the planning vs. implementation phase), and the scope and length of time for partner outreach.

Table 5. RCPP-EQIP Obligations, Payments, and Contract Acres, FY 2014-FY 2018

Fiscal Year	Obligations ($)	Payments ($)	Contract Acres	Number of Contracts
2015	$21,082,786	$223,225	612,945.7	627
2016	$54,166,073	$5,088,672	523,029.5	1,714
2017	$72,873,996	$5,541,364	554,170.7	2,239
2018	$85,734,758	$5,904,759	1,424,291.7	2,365
Totals	$233,857,613	$16,758,021	3,114,437.6	6,945

Program Transfers

Discounted Obligations

Total government program obligations for RCPP under the 2018 Farm Bill are shown in Table 6. Obligations include costs to the government between FY 2019 and FY 2023 and total, in nominal dollars, $1,500 million. Given a 3 percent discount rate, projected cumulative program obligations equal $1,322 million in constant 2019 dollars. At a 7 percent discount rate, maximum program obligations equal $1,186 million in constant 2019 dollars. Average annualized obligations at the 3 percent and 7 percent discount rates are both $289 million.

[7] Obligations remain available for expenditure in the RCPP-EQIP contract for up to 10 years (as would “regular” EQIP funds).

Table 6. Total Projected Program Obligations for RCPP, FY 2019-FY 2023

Fiscal Year	Obligation (million $)	GDP Price Deflator[a] (2019=100)	Obligation Constant Dollars (million $)	Discount Factors for 3%	Present Value of Obligation - 3% (million $)	Discount Factors for 7%	Present Value of Obligation - 7% (million $)
FY19	300	100.0000	300	0.9709	291	0.9346	280
FY20	300	102.0000	294	0.9426	277	0.8734	257
FY21	300	104.0400	288	0.9151	264	0.8163	235
FY22	300	106.1208	283	0.8885	251	0.7629	216
FY23	300	108.2432	277	0.8626	239	0.7130	198
Total	1,500		1,442		1,322		1,186
Annualized Obligations					289		289

[a]The GDP adjustment is 2.00 percent (OMB)

Funding Comparison with the 2014 Farm Bill

Under the 2014 Farm Bill, Government funding (technical assistance, financial assistance, and partner technical assistance) totaled approximately $1 billion (Table 7), or $200 million on an annual basis. With $300 million in funding annually under the 2018 Farm Bill, the overall increase in RCPP funding is $100 million annually or $500 million over the life of the farm bill (not discounted).

Table 7. Comparison of RCPP Funding under 2014 and 2018 Farm Bills

2014 Farm Bill [a]		2018 Farm Bill	
Fiscal Year	**NRCS Funding**	**Fiscal Year**	**NRCS Funding**
FY 14/15	$361,995,153	FY19	$300,000,000
FY16	$203,967,156	FY20	$300,000,000
FY17	$225,261,066	FY21	$300,000,000
FY18	$209,867,644	FY22	$300,000,000
		FY23	$300,000,000
Total	$1,001,091,020	Total	$1,500,000,000

[a] Data from the NRCS RCPP portal. Funding includes transfers from covered programs (EQIP, ACEP, CSP, etc.). Note that FY 2014/15 are combined into one year and funding is, consequently, high for that "first year."

Cost Associated with Producer Access

Government transfer payments do not represent the only costs of this program. Even though the program is voluntary, participants incur costs with respect to the time they spend to apply to the program and receive payments. While these costs are not explicit, they represent a cost borne by the participant or entity to gain access to the program. NRCS has estimated that these costs, based on average number of applications and contracts per year, to be about $204,258 annually or about $1million from FY 2019 through FY 2023. Over this period, NRCS estimates that it will receive 66,000 applications (13,200 per year) of which it will enter into 12,000 contracts (2,400 per year). NRCS estimates this will involve 10,672 hours on the part of applicants and participants combined (22.23 hours per fully completed contract). NRCS estimates the average value of applicants and participants time to be $19.14 per hour.

Program Benefits

Potential Efficiency and Environmental Benefit Gains

Even though RCPP is a transfer program (meaning that payments are made from taxpayers to eligible participants), RCPP payments provide the needed financial incentives to spur participants to undertake activities that benefit society. Conservation activities supported by RCPP can mitigate negative externalities, such as sediment and nutrient runoff into streams from cropland operations; generate positive externalities, such as carbon stored by forestry and rangeland operations; and other positive externalities.

Partners, producers, and others will also benefit from the streamlining provided by provisions in the 2018 Farm Bill. These efficiency benefits include:

- **Project application streamlining**—Application streamlining directly benefits partners by reducing the time they need to commit to apply for selection. Further, a simplified application process has the potential to increase the pool of partners, resulting in greater competition for funding and ultimately, selection of projects with heightened environmental benefits.

- **Encouraging innovation—**By encouraging innovation, 2018 Farm Bill provisions also may enhance environmental benefits and create efficiencies. For example, alternative funding agreement provisions address performance-based pay, support for environmental markets, and other creative approaches, which may result in new ways to better target Federal funding and that result in greater environmental impact per dollar spent. Further, added flexibility associated with other provisions may encourage producer participation, particularly in situations where they might not have in the past qualified under covered program regulations.

- **Greater accuracy in accounting for contributions leveraged by RCPP investments**—By ensuring that activities identified in partnership agreements effectively achieve the conservation benefits they set out to achieve, accountability is enhanced. Greater accountability on the part of partners will likely result in greater efficiency and environmental benefit gains as well.

<u>Partner-Provided Leverage</u>

RCPP provides added natural resource benefits per taxpayer dollar compared to EQIP, ACEP, or other programs due to partner contributions. Table 8 compares the implementation and obligation rates for $100 of RCPP-EQIP funding versus $100 of "regular" EQIP funding. As shown in the table, the fact that RCPP includes contributions, while other programs do not, generally offsets the delayed obligation of program funding to covered program contracts. Table 8 highlights the impact of partner-provided leverage.

EQIP funding is obligated up front in this example (assuming immediate demand by producers) and assumes a 5-year contract implementation schedule. In contrast, RCPP-EQIP funding is obligated over 4 years in this example (assuming challenging natural resource issues and the need for the partner to work closely with producers)[8], and also provides the same 5-year contract implementation schedule. Using a 5 percent discount rate, and assuming the partner contributes 50 percent[9] and NRCS contributes 50 percent, the net present value under RCPP-EQIP ($127.80) exceeds the net present value ($89.70) associated with the initial $100 in EQIP funding. If RCPP-EQIP funding is obligated up front (which means that producers would have immediate interest and enter into contracts shortly after the partnership is put in place) and the contract implementation schedule is 5 years, the NPV would be $134.10.

[8] Many RCPP partners realize a lag between the time the partnership is put in place and the outreach needed to enroll producers in the program.

[9] The 50-percent assumed is an example. Eligible partners must make a "significant contribution" to the overall cost of the project, which can be either cash or in-kind.

Table 8. Comparison of Net Present Value (NPV) of EQIP versus RCPP-EQIP Funding

Years After Allocation	EQIP Obligation	EQIP Contract Implementation	NPV of EQIP funding based on Implementation Schedule	RCPP-EQIP Obligation	RCPP-EQIP Contract Implementation [a]	Added Value of Partner Contributions [b]	Annual Value of RCPP-EQIP	NPV of RCPP-EQIP Funding Based on Implementation Schedule
1	100	$17	$16	$25	$4	$13	$17	$16
2		$53	$64	$25	$17	$13	$30	$43
3		$21	$82	$25	$23	$13	$35	$74
4		$7	$88	$25	$25	$13	$37	$104
5		$2	$90		$21		$21	$120
6					$8		$8	$126
7					$2		$2	$128
8					$1		$1	$128

[a] Approximate implementation schedule of EQIP contracts between FY 14 - FY 18.

[b] Assumes partner contributions of 0.5:1, delivered within the RCPP agreement period.

Example Impact of a Specific Project on Sediment and Nutrient Losses

Given the difficulties and uncertainties inherent in attributing, quantifying, and then monetizing the environmental benefits of conservation practices, this analysis makes no attempt to quantify the potential benefits of RCPP transfer payments. However, the 2014 creation of RCPP pulled in the Mississippi River Basin Initiative-Cooperative Conservation Project Initiative (MRBI-CCPI) program, for which Conservation Effects Assessment Project (CEAP) contains data. Preliminary analysis indicates that the intensified conservation planning and concentration of practices in MRBI-CPPI project areas resulted in a 71 percent reduction in edge-of-field sediment losses, a 28 percent reduction in edge-of-field nitrogen losses, and a 38 percent reduction in edge-of-field phosphorus losses. Note that these estimates pertain only to cropland and are derived from a limited set of practices but provide encouraging evidence that RCPP is providing significant conservation benefits.

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Appendix Table 1--RCPP Number of Projects Funded by Funding Pool and State, FY 2014-FY 2018

Lead State	Critical Conservation Areas (CCAs)	National	State	Total Projects
Alaska		2	2	4
Alabama	3		3	6
Arkansas	4	2	6	12
Arizona	3	1	6	10
California	6	3	8	17
Colorado	2	1	5	8
Connecticut		2	3	5
Delaware			5	5
Florida	3	3	4	10
Georgia	1	4	7	12
Hawaii			4	4
Iowa	1	2	3	6
Idaho		3	7	10
Illinois	3		6	9
Indiana		1	4	5
Kansas		3	4	7
Kentucky	1	1	10	12
Louisiana		1	9	10
Massachusetts		1	4	5
Maryland	4		3	7
Maine		3	3	6
Michigan	5	1	3	9
Minnesota	1	2	2	5
Missouri	2	1	5	8
Mississippi			5	5
Montana			4	4
North Carolina		5	5	10
North Dakota	1		5	6
Nebraska	2		5	7
New Hampshire		1	5	6
New Jersey			5	5
New Mexico	3	3	7	13
Nevada		2		2
New York	2		4	6
Ohio	1		5	6

Lead State	**Critical Conservation Areas (CCAs)**	**National**	**State**	**Total Projects**
Oklahoma		1	2	3
Oregon	9	8	4	21
Pennsylvania	3	1	2	6
Puerto Rico		1	2	3
Rhode Island			4	4
South Carolina	2		2	4
South Dakota	1	1	3	5
Tennessee		1	3	4
Texas	3	2	4	9
Utah	3	1	4	8
Virginia	2	1	4	7
Vermont		1	4	5
Washington	2	5	4	11
Wisconsin	2	2	6	10
West Virginia	1	1	4	6
Wyoming		1	6	7
Totals:	**76**	**75**	**224**	**375**

Appendix Table 2 – Total RCPP-Approved Project Funding by Program Type and State, FY 2014 to FY 2018 (technical assistance, financial assistance, and partner technical assistance)

Lead State	Total Project Cost	ACEP	CSP	EQIP	HFRP	PL-566	Total NRCS Funding 1/	Total Partner Contributions 2/
Alabama	47,106,722	0	424,123	4,938,315	19,999,500	0	25,361,938	21,744,784
Alaska	9,522,185	0	190,177	7,452,610	0	0	7,642,787	1,879,398
Arizona	74,979,797	6,266,500	0	20,413,095	0	4,826,250	31,505,845	43,473,952
Arkansas	54,927,154	157,894	6,315,790	19,124,150	0	5,216,843	30,814,677	24,112,477
California	79,152,622	19,765,399	3,222,835	39,394,388	0	16,770,000	79,152,622	
Colorado	54,142,815	3,730,000	0	9,476,195	0	11,869,540	25,075,735	29,067,080
Connecticut	42,690,696	845,650	0	9,900,500	8,648,850	0	19,395,000	23,295,696
Delaware	8,632,458	0	0	3,635,515	0	0	3,635,515	4,996,943
Florida	65,914,000	5,533,500	405,000	3,234,500	17,740,000	0	26,913,000	39,001,000
Georgia	104,198,697	5,073,772	0	11,515,319	10,576,000	0	27,165,091	77,033,606
Hawaii	11,367,999	0	0	3,170,999	0	0	3,170,999	8,197,000
Idaho	95,038,479	635,730	0	11,160,215	0	0	11,795,945	83,242,534
Illinois	24,949,675	1,617,000	3,745,317	8,831,642	0	0	14,193,959	10,755,716
Indiana	13,504,735	0	87,300	5,799,506	0	0	5,886,806	7,617,929
Iowa	70,679,557	2,283,400	64,800	15,956,127	0	0	18,304,327	52,375,230
Kansas	52,040,240	4,447,099	0	21,154,024	0	0	25,601,123	26,439,117
Kentucky	34,745,956	766,379	2,009,000	7,949,699	4,990,000	0	15,715,078	19,030,878
Louisiana	20,783,916	1,499,999	3,042,702	6,776,361	0	0	11,319,062	9,464,854
Maine	29,871,918	1,912,120	0	7,327,800	4,210,400	0	13,450,320	16,421,598
Maryland	46,211,256	4,485,000	472,950	15,647,026	0	0	20,604,976	25,606,280
Massachusetts	23,531,830	5,277,526	424,541	3,767,585	0	0	9,469,652	14,062,178
Michigan	120,305,435	11,196,532	5,400	38,680,983	0	5,120,768	55,003,683	65,301,752
Minnesota	51,534,448	1,620,000	486,000	17,160,096	1,676,786	0	20,942,882	30,591,566
Mississippi	4,971,600	1,450,000	0	1,340,155	0	0	2,790,155	2,181,445
Missouri	64,547,768	1,250,000	295,000	16,698,500	0	1,100,000	19,343,500	45,204,268
Montana	20,681,900	3,147,000	0	4,873,000	0	0	8,020,000	12,661,900
Nebraska	42,956,244	1,613,750	0	6,150,249	0	5,960,000	13,723,999	29,232,245
Nevada	11,000,000	7,235,000	0	3,765,000	0	0	11,000,000	
New Hampshire	20,748,524	2,550,499	0	6,366,527	0	0	8,917,026	11,831,498
New Jersey	23,273,170	2,098,612	0	1,434,388	0	0	3,533,000	19,740,170
New Mexico	105,053,919	540,600	705,538	34,289,299	0	0	35,535,437	69,518,482
New York	23,988,284	0	0	11,618,808	0	0	11,618,808	12,369,476
North Carolina	66,716,187	16,640,000	0	13,660,000	0	0	30,300,000	36,416,187
North Dakota	27,691,182	0	0	2,288,381	0	11,960,000	14,248,381	13,442,801
Ohio	8,997,821	960,000	0	3,145,000	0	0	4,105,000	4,892,821
Oklahoma	7,612,305	0	0	5,500,000	0	0	5,500,000	2,112,305
Oregon	88,084,111	16,112,911	2,335,518	42,334,762	0	4,430,000	65,213,190	22,870,921
Pennsylvania	79,101,175	3,135,281	75,600	28,615,719	0	0	31,826,600	47,274,575
Puerto Rico	3,618,464	0	0	3,618,464	0	0	3,618,464	
Rhode Island	3,573,348	0	0	2,599,999	0	0	2,599,999	973,349
South Carolina	20,256,205	3,344,713	46,179	2,850,000	9,425,287	0	15,666,179	4,590,026
South Dakota	29,824,148	592,000	2,342,154	10,576,390	0	0	13,510,543	16,313,605
Tennessee	34,054,982	2,810,000	120,000	4,104,000	0	0	7,034,000	27,020,982
Texas	77,253,991	3,200,000	5,086,146	20,342,191	0	11,678,000	40,306,337	36,947,654
Utah	44,270,192	0	0	6,976,250	0	11,667,500	18,643,750	25,626,442
Vermont	20,993,998	5,020,000	0	13,894,999	0	0	18,914,999	2,078,999
Virginia	51,712,827	260,000	0	18,859,234	0	0	19,119,234	32,593,593
Washington	137,722,413	10,926,386	1,740,100	34,386,572	1,860,900	996,000	49,909,958	87,812,455
West Virginia	37,091,577	4,184,399	0	9,021,500	0	0	13,205,899	23,885,678
Wisconsin	58,930,307	2,902,500	34,000	16,663,500	0	0	19,600,000	39,330,307
Wyoming	23,166,973	5,294,000	0	5,871,540	0	0	11,165,540	12,001,433
Totals:	**2,273,726,205**	**172,381,151**	**33,676,170**	**624,311,076**	**79,127,723**	**91,594,901**	**1,001,091,020**	**1,272,635,185**

1/ NRCS funding includes technical assistance, financial assistance, and partner technical assistance. Data are from the NRCS RCPP portal.

2/ Reflects partner contributions through January 2019 as reported to NRCS. Partners have some flexibility in how/when contributions are reported. Total contributions (once projects are completed) are expected to roughly double program investments.

Appendix A--Selected Statutory Requirements of the Regional Conservation Partnership Program

Program Elements	**2014 Farm Bill**	**2018 Farm Bill**
Funding by fiscal year (FY)	$100,000,000 for each fiscal year (FY 2014 – FY 2018) plus 7% of the funds or acres made available each year from ACEP, CSP, EQIP.	$300,000,000 for each fiscal year (FY 2019 – 2023) Repeals the 7% reserved resources from covered programs.
Program Purposes	To use covered programs to accomplish purposes and functions similar to those under the agricultural water enhancement program, Chesapeake Bay watershed program, cooperative conservation partnership initiative, and Great Lakes basin program for soil erosion and sediment control; further the conservation, restoration, and sustainable use of soil, water, wildlife, and related natural resources on a regional or watershed scale; encourage partners to cooperate with producers in meeting or avoiding the need for regulatory requirements related to production on eligible land; and in implementing projects that will result in the installation, and maintenance of activities that affect multiple agricultural or nonindustrial private forest operations on a local, regional, State, or multistate basis.	Expands purposes to include furthering the conservation, protection, restoration, and sustainable use of sources of drinking water and groundwater. Adds purposes to encourage the flexible and streamlined delivery of conservation assistance to producers through partnership agreements and to engage producers and eligible partners in conservation projects to achieve greater conservation outcomes and benefits for producers than would otherwise be achieved.
Funding Pools	RCCP projects received financial awards through one of three funding pools: projects in Critical Conservation Areas (CCAs) received 35% of funding, nationwide and multistate projects competed in a National funding pool for 40% of funding, and 25% of funding was available for projects in a single State.	Reduces the number of funding pools by eliminating the national competitive process. State and multistate pool will have 50% of the funds and CCAs will have 50% of the funds.

Program Elements	**2014 Farm Bill**	**2018 Farm Bill**
Critical Conservation Areas (CCAs)	Eight CCAs were designated and set to expire in 5 years (2019): Chesapeake Bay Watershed, Great Lakes Region, Mississippi River Basin, Colorado River Basin, Longleaf Pine Range, Columbia River Basin, Prairie Grasslands Region, and California Bay Delta.	One or more priority resource concerns will be identified for each CCA. Outreach and education to eligible partners and producers in CCAs will be provided to encourage development of projects to address priority resource concerns. CCA designations may be reviewed not more frequently than once every five years and withdrawn if determined that the area is no longer a CCA.
Covered Programs and Payments	Implemented through contracts under ACEP, CSP, EQIP, and HFRP and their associated rules and the Watershed and Flood Prevention Program (PL-566, except for the Watershed Rehabilitation Program) in designated Critical Conservation Areas.	Authorizes RCPP contracts. Eliminates requirement for contracts through covered programs. Adds the authorities of the Conservation Reserve Program (CRP) and Watershed and Flood Prevention Program (PL-566) to covered programs. Eligible conservation activities are like those available under ACEP, CRP, CSP, EQIP, HFRP, and PL-566. Expands authority to use PL-566 to both funding pools, not just in Critical Conservation Areas. Authorizes not more than 15 AFAs per year which would provide funding directly to partners. Partners would carry out eligible activities on eligible land in agreements with producers.