

Approval of increased cover crop payment rates for the FY2023 Virginia Agricultural Best Management Cost-Share (VACS) Program

§ 10.1-505. Duties of Board.

In addition to other duties and powers conferred upon the Board, it shall have the following duties and powers:

3. To oversee the programs of the districts.

§ 10.1-546.1. Delivery of Agricultural Best Management Practices Cost-Share Program.

Districts shall locally deliver the Virginia Agricultural Best Management Practices Cost-Share Program described under §10.1-2128.1, under the direction of the Board, as a means of promoting voluntary adoption of conservation management practices by farmers and land managers in support of the Department's nonpoint source pollution management program.

Action taken by the Board on April 21, 2022

The Virginia Soil and Water Conservation Board (Board) approves the 2023 Virginia Agricultural Cost-Share BMP Manual as presented and the revisions recommended at the April 21, 2022 meeting. The Department is authorized to make nonsubstantive changes to include formatting and stylistic changes as necessary to all approved sections of the Manual.

Further, the Board directs the Department to develop a recommendation for an increase in the payment rates associated with the cover crop practices included in the 2023 Virginia Agricultural Cost-Share BMP Manual. The recommendation will be presented to the Board for approval at either the May or June Board meeting (whenever the last Spring meeting occurs).

Additionally, the Board directs the Department to request the Agricultural Best Management Practices Cost-share Program Technical Advisory Committee Cover Crop and Nutrient Management Subcommittee examine and discuss whether a range of cost-share payment rates would be more appropriate than a flat payment rate for the cover crop practices.

Additionally, the Board directs the Department to examine the participant caps and to determine if an increase is warranted. The Department shall research whether a formula that considers the amount of acreage one producer manages should be considered as a component of the cap. The Department shall solicit written comments from stakeholders, including members of the Agricultural Best Management Practices Cost-share Program Technical Advisory Committee Programmatic Subcommittee. The recommendation shall be presented to the Board at either the May or June Board meeting (whenever the last Spring meeting occurs).

Background:

The implementation of cover crop practices is critical to reaching the Commonwealth's water quality goals, especially in the Chesapeake Bay Watershed. Concerns have been raised by agricultural producers, Districts, and other stakeholders regarding the increasing expenses associated with implementing cover crop practices. The costs of seed, fuel, and the chemicals used to kill the cover crop have all increased significantly over the last year. The Department requested suggestions related to the participant cap from members of the AgBMP Technical Advisory Committee as well as other partners and stakeholders throughout the Commonwealth. Twenty suggestions were received. There was no consensus in the suggestions regarding the appropriate level of increase to the payment rates.

As a long-term suggestion, the Department recommends the Cover Crop and Nutrient Management Subcommittee of the AgBMP Technical Advisory Committee examine revising the cover crop practice payments from a flat per-acre rate to a percentage-of-cost payment. A majority of practices in VACS provide cost-share payments as a percentage of expenses, rather than a flat rate. Revising the cost-share payment structure would address the yearly price fluctuations in seeds, fuel, labor, and chemicals. It would also account for regional price variations, as Districts would include these components (seed, labor, and chemicals) in their approved average cost lists. To plan for such a change will also take months to implement in the database.

The cover crop payment rate recommendations are based on comments received from stakeholders and partners, as well as the need to incentive certain practices that receive the highest levels of credit in the Chesapeake Bay Model. For example, SL-8B (Small grain and mixed cover crop for nutrient management and residue management) receives far more credit in the Chesapeake Bay Model than the SL-8H (Harvestable Cover Crop); therefore, the payment rate has been doubled for the SL-8B.

In order to address the current increased costs related to implementing cover crop practices, the Department recommends the following payment increases for FY23:

SL-8 Protective cover for specialty cropsRate(s)

1. For participants who are not receiving payment for cover crops from another source on the same acreage, a state cost-share payment rate of ~~\$30~~ \$40 per acre is available.

SL-8A Protective cover for agricultural croplandRate(s)

1. For participants who are not receiving payment for cover crops from another source on the same acreage, a one-time state cost-share payment rate per acre is available depending on the number of days the cover crop remains on the land after achieving 60% or greater cover, listed below:

Number of Days Maintained	Rate
60-89 Days	\$15.00 <u>\$20.00</u> /Acre
90-119 Days	\$20.00 <u>\$30.00</u> /Acre
120+ Days	\$25.00 <u>\$40.00</u> /Acre

SL-8B Small grain and mixed cover crop for nutrient management and residue managementRate(s)

1. For participants who are not receiving payment for cover crops from another source on the same acreage, a state cost share payment rate of ~~\$20~~ \$40 per acre is available. Participants may receive either a cost-share payment or a tax credit for implementation of this practice but not both on the same acre.
3. A **\$30** per acre early planting bonus is payable for cover crops planted on or before the early planting date specified for their physiographic region. Districts should not issue cost-share funds if a good stand and good growth of winter cover is not obtained before December 15 and maintained through March 14, with the exception of the cities of Chesapeake and Virginia Beach that have late November planting dates.
4. A ~~\$10~~ \$20 per acre bonus payment is available for all applicants that plant pure stands of rye from the following list on or before either planting date.

SL-8H Harvestable cover cropRate(s)

1. For participants who are not receiving payment for cover crops from another source on the same acreage, a state cost-share payment rate of \$20 per acre is available. Districts should not issue cost-share funds if a good stand and good growth of winter cover is not obtained before December 15 and maintained through March 14, with the exception of the cities of Chesapeake and Virginia Beach that have late November planting dates.

WQ-4 Legume based cover cropRate(s)

1. For participants who are not receiving payment for cover crops from another source on the same acreage, a state cost-share payment rate of ~~\$30-~~ \$45 per acre is available.

WFA-CC Whole Farm Approach – cover crops**1. Cover Crop – Standard Cover Crop:**

- i. A state cost-share payment rate per acre is available for pure stands of rye as listed below:

	Rate
Early Pure Rye	\$55.00 <u>\$90.00</u> /acre
Standard Pure Rye	\$25.00 <u>\$60.00</u> /acre

- ii. A state cost-share payment rate per acre is available for listed small grains, brassicas, and/or mixtures as listed below:

	Rate
Early	\$45.00/acre
Standard	\$15.00 <u>\$25.00</u> /acre

- iii. An additional state cost-share payment rate of **\$5.00 per acre** is available for a mixed species cover crop that includes 50-75% small grain.
- iv. An additional state cost-share payment rate of ~~\$5.00-~~ \$10.00 **per acre** is available for a delayed cover crop kill down on May 1 or thereafter, but no later than June 1.

2. Cover Crop – Fall Manure Application:

- i. A state cost-share payment rate per acre is available for pure stands of Rye are listed below:

	Rate
Early Rye	\$40.00/acre
Standard Rye	\$18.00 <u>\$25.00</u> /acre

- ii. A state cost-share payment rate per acre is available for listed small grains, brassicas, and/or mixtures are below:

	Rate
Early	\$32.00/acre
Standard	\$10.00 <u>\$20.00</u> /acre

- iii. An additional state cost-share payment rate of **\$5.00 per acre** is available for a mixed species cover crop that includes 50-75% small grain.

- iv. An additional state cost-share payment rate of ~~\$5.00~~ \$10.00 **per acre** is available for a delayed cover crop kill down on May 1 or thereafter, but no later than June 1.

3. **Protective Cover for Specialty Crops:** A state cost-share payment rate of ~~\$20.00~~ \$40.00 **per acre** is available for protective cover for specialty crops.

4. **Cover Crop – Harvestable:** A state cost-share payment rate of ~~\$10.00~~ \$20.00 **per acre** is available for harvestable cover crops.

5. **Cover Crop – Legume:** A state cost-share payment rate of ~~\$20.00~~ \$45.00 **per acre** is available for legume cover crops.

Recommended Motion:

The Virginia Soil and Water Conservation Board (Board) approves the recommended increases in the cover crop payment rates for FY2023.