

**Approval of increased participant cap 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:

In FY2019, the annual participant cap for the Virginia Agricultural Best Management Practices Cost-Share Program (VACS) was \$50,000; the cap was raised in FY2020 to \$100,000. An additional increase was made in FY2021, raising the cap to the current level of \$150,000.

The Department reviewed FY2022 participant information to examine how many producers were potentially impacted by the current cap. There are 2,506 unique producers participating in the VACS Program this year. Of those producers, 27 are currently obligated for cost-share funding above the cap. Six of those producers are participating in programs that allow for cost-share funding to exceed the VACS cap; 16 are contracted for structural practices that are allowed to exceed the cap with Departmental review through a variance process. The variance process allows producers to exceed the VACS cap for certain structural practices or certain combinations of structural practices that both the Soil and Water Conservation District (District) Board and the Department approve. Many producers utilize multiple business entities to participate in the VACS Program; this permits producers to receive additional cost-share funding as each entity is eligible for funding up to the participant cap amount.

There are certain Board initiatives, such as the Whole Farm Approach and the Small Herd Initiative, that either remove the participant cap entirely or allow funding received through the Initiative to remain separate from the VACS cap. The Small Herd Initiative currently provides producers up to \$25,000 to install livestock stream exclusion practices; however, the funds received under this Initiative do not “count” towards the VACS cap. The producer participating in the Small Herd Initiative would still be able to receive up to \$150,000 in VACS cost-share funds for eligible practices. The Whole Farm Approach (Approach), which incentivizes the implementation of nutrient management and cover crop practices, has no participant cap. The producer is able to enroll as many agricultural acres in the Approach as they chose. The Approach began as a pilot program in one District three years ago. Last year, another District chose to participate. The Department is anticipating that the Approach will be expanded to include an additional five Districts in FY2023. Based on the experiences of the five new participating Districts, which includes Districts with animal operations and Districts located outside of the Chesapeake Bay Watershed, more producers will be receive cost share over the existing annual participant cap.

The Department requested suggestions related to the participant cap from members of the AgBMP Technical Advisory Committee as well as partners and stakeholders throughout the Commonwealth. Seventeen suggestions were received. The suggestions ranged from removing the cap entirely to maintaining the cap at its current level. Based on the suggestions received, the existing mechanisms in place allowing producers to exceed the cap for certain practices, and the lack of time to implement more complex approaches in our database, the Department is recommending the participant cap be increased to \$200,000 in FY23. There was consistent opposition to utilizing acreage as a mechanism to provide additional cost-share funding to producers; therefore, the Department did not include that as part of the recommendation.

While this recommendation needs to be quickly enacted for FY2023, it may be beneficial to have the AgBMP Technical Advisory Committee (TAC) review this recommendation and provide revisions, if warranted, for FY2024.

Recommended Motion:

The Virginia Soil and Water Conservation Board (Board) approves an increase in the VACS Program participant cap for FY2023; the participant cap will be increased to \$200,000 per participant.