

Summary of Key Cost-share Policy Refinements  
July 26, 2013

1. Allocations (H,M,L) – The approved Policy shifts the June 2013 proposed 60-30-10 cost-share allocation for High, Medium, and Low HU areas to an allocation of 55-30-15 for FY14. In FY15, the allocation percentages shall be adjusted to 60:30:10 in order to complete a shift towards the allocation of cost-share to those waters in the Commonwealth shown by the HU analysis to have the most pollutant loads for nitrogen, phosphorus, and sediment.
2. Formulas – The Policy now sets out a specific formula for SWCDs to use for the calculation of technical assistance. The formula uses the \$1.8 million FY13 Technical Assistance (TA) allocation approved for Districts as the “base” allocation or constant and calculates FY14 TA using this base and adding to it the difference between the FY14 allocation (\$2.3 Million) and the \$1.8 Million. This difference is allocated to Districts as a percentage of their FY14 Cost-share (CS) distribution to the entire CS available. The base amount (or constant) represents a level at which Districts have indicated they can adequately deliver services. The formula also adjusts for situations where any fiscal year allocation may be less than \$1.8 Million (a negative number as compared to the prior year.)
3. Reallocations – All reallocation paperwork needs to be routed to DCR’s Comptroller for review and approval – this is being done to ensure proper audit procedures. In cases where Districts have not obligated 90% of their FY14 cost-share allocation by the end of the third quarter, unobligated funds will be available for reallocation; however, in these cases, the Districts can keep 10% of the unobligated balance to approve small practices and to make adjustments for cost-share practices. The reallocation process may also be utilized to address shortfall/surplus situations.
4. Reallocations – In the June 2013 draft policy, the reallocation percentages for cost share were 70% to SL-6 and 30% to other priority practices. The approved Policy directs all of the reallocated cost-share funds to BMP Tracking Program identified **priority** agricultural BMP practices with the lowest Conservation Effectiveness Factor factors within the original drainage allocations.
5. Caps – As was proposed in the June 2013 draft policy, SL-6 continues to be paid at 100%. However, any participants receiving more than \$70,000 for SL-6 in FY14 cannot receive additional cost-share for other practices. The idea here is to prevent a “double-dipping” situation and to give participants and Districts choices in where to best deploy dollars for effective practices. SL-6 would be marketed at 100% for FY14 and FY15 after which time the cost-share percentage will be reduced. All participant enrollments received during this two-year period will be honored as cost-share becomes available even if enrollment outpaces available funding during that time.
  - o Examples:
  - o If SL6 payment is equal to or greater than \$70,000 then no additional VACS is allowed.
  - o If SL6 is \$60,000, then \$10,000 would remain available for WP-4 and/or WP-4B but \$0 for other VACS practices.
  - o If SL6 is \$40,000, then \$10,000 would remain available for VACS practices or up to \$30,000 for WP-4 and/or WP-4B.
6. CREP – The spending plan in the approved Policy provides \$600,000 for CREP through an allocation from VNRCF. This reduces the VACS allocation from \$20,002,186 in the June 2013 draft Policy to \$19,402,186 in the approved Policy.
7. Nonpoint (NP) Assessment – The approved Policy re-emphasizes, as a reminder, that switching from the 2008 NP Assessment data as the basis for cost-share allocations to the 2010 NP Assessment data, as this approved Policy does, results in changes in cost-share allocations.