

# Frequently Asked Questions on the Vermont Pay-for-Phosphorus (VPFP) Program

## ***What farms will be eligible to apply?***

All farms in the state of Vermont that have an up-to-date Nutrient Management Plan that own or manage annual cropland, hayland, and/or pasture will be eligible to apply. As this is a whole farm program, farm participants will be required to enroll and share data for ALL eligible agricultural land under their management.

## ***How much money will be distributed directly to farmers through this program?***

We anticipate distributing \$4.9 million to farmers over five years through this program.

## ***What is the maximum payment a farm can receive through this program?***

The maximum payment for Phase 1 Data Entry is \$4,000, and the maximum Phase 2 Phosphorus Reduction Payment in a calendar year is \$50,000 per farm.

## ***What type of farm is most likely to be successful in this program?***

Farms that keep detailed and organized records and are comfortable adhering to year-round deadlines and working closely with technical assistance providers will find it easiest to participate in this program. Furthermore, farms who adhere to their nutrient management plans and associated manure and soil sampling protocols, implement a suite of conservation practices, and manage significant amounts of land in hay, pasture or crop rotation are most likely to achieve higher payments through this program.

## ***Why phosphorus?***

Several waterbodies in the state of Vermont are under Environmental Protection Agency (EPA) approved Total Maximum Daily Loads for phosphorus (P), and P is a nutrient of high concern for water quality in Vermont.

## ***How is a "pay-for-performance" program different from existing programs?***

Payment per pound of phosphorus is a pay-for-performance approach that pays based on **outcomes**. Existing programs tend to follow a pay-for-practice approach and pay instead toward the cost of **implementation** of conservation practices. Payment for performance tends to be a more holistic and outcome oriented approach to achieving conservation goals than payment for practice.

## ***How was the payment rate for phosphorus calculated?***

The payment rates have been calculated with reference to the current cost effectiveness, or cost per pound of phosphorus reduction reported, from State Clean Water Investments across sectors by the Agency of Natural Resources Department of Environmental Conservation (ANR DEC) in their Annual Clean Water Initiative Performance Report. This rate estimates the value that the public places on phosphorus reductions. Valuing phosphorus reductions in this manner intends to make the program highly cost-effective while directly translating the monetary value of phosphorus reductions to the public into payments to farmers.

## ***What do you mean this program will pay for phosphorus reductions?***

This program pays for modeled reductions in phosphorus runoff from agricultural fields, with a payment rate of \$100 per pound of P runoff reduced. The phosphorus reductions are calculated from a historic baseline, and farmers are only paid for the portion of their demonstrated reductions which go above and beyond a minimum stewardship threshold set by this program. Estimates of P reductions are modelled in the Farm Phosphorus Reduction Planner (FarmPREP) tool, a web-based application developed and calibrated specifically for Vermont by Montpelier-based company Stone Environmental.

***What do you mean, “phosphorus reductions from a historic baseline”? How is this calculated?***

This program builds off the assumptions that went into the Lake Champlain Total Maximum Daily Load (LCB TMDL). When the LCB TMDL was created, a set of assumptions were made about farm management. Assumptions were based on scenarios replicating common historical practice. For example, when establishing the LCB TMDL, a block of land suitable for corn was assumed to be intensively tilled. This program will replicate these assumptions in the FarmPREP modelling web application on each field of every farm and compare the assumed historic loading to the actual loading under current management.

***How do you tell which reductions represent voluntary stewardship “above and beyond” expectations?***

This program sets a minimum threshold of 40% reductions which would be expected on average for all lake segments under the LCB TMDL excluding outliers from the average farm complying with the Required Agricultural Practices. Any reductions above this threshold will be assumed to be voluntary and “above and beyond” the expected stewardship level from farms. Only these “above and beyond” reductions will be compensated through this program.

***What is the Stewardship Threshold and how are Stewardship Payments calculated?***

Stewardship payments are calculated based on the whole farm’s estimated Phosphorus loss. If the whole farm’s estimated Phosphorus loss is less than 0.5lbs/acre, they receive a lump sum payment of \$8 per acre of land managed by the farm. If the whole farm’s estimated Phosphorus loss is greater than 0.5lbs/acre but less than 1lb/acre, they receive a lump sum payment of \$3 per acre of land managed by the farm.

***How will this program interact with existing programs?***

This program will supplement existing programs. AAFM programs such as the Capital Equipment Assistance Program and Farm Agronomic Practices program, will continue to serve farmers and are necessary to help bring farms up to a level of stewardship necessary to receive payment through the VFPF Program.

***Will payments through this program cut into a farm’s NRCS payment caps under the 2018 Farm Bill?***

No, RCPP AFA payments to farmers under this VFPF grant will not count against or toward a Farm’s EQIP payment limitations.

***What is the process for involvement in this program?***

**Winter:** Farm applicants will be encouraged to work with their Technical Service Providers or to work with qualified Technical Assistance providers to enter the whole farm’s planned nutrient management for the coming year into the FarmPREP program. First time applicants will be given a one-time data entry payment of \$15/acre, capped at \$4000, to compensate them for

their financial investment and/or time working with TA providers to complete this first data entry phase. Returning applicants will be able to copy and edit the last year's entries to reduce duplication of effort.

**Spring:** Applicants will be ranked after completion of Phase 1: Data Entry. Funding pools will be set aside to support farms in the Lake Champlain Basin and Lake Memphremagog Basin. Ranking will prioritize the involvement of participants with the highest percentages of phosphorus reductions, from historically under-resourced groups and from a diversity of farm sizes and locations. Successful applicants will be notified and invited to enroll in Phase 2: Phosphorus Reduction Payments.

**Growing Season:** Enrolled farms will implement conservation practices. Twice in the year enrolled farms will update FarmPREP to ensure that the tool accurately reflects their implemented land management practices and land stewardship, and qualified parties will verify this implementation.

**Year End:** Farms will share all final crop and nutrient application records to enable FarmPrep tool to be updated to accurately reflect their crop, nutrient, and conservation practices implementation.

Enrolled farms will be paid for the pounds of phosphorus they reduce above minimum thresholds based on actual land management verified for the previous season as well as for stewardship levels of overall farm phosphorus loss levels that meet certain thresholds.

***Is this program annual?***

Payments are calculated annually, although grants can extend for multiple years at a time. New farms are provided with the opportunity to enroll in this program every year.

***Will farmers and stakeholders be able to give feedback about the program?***

Yes. This program is a working pilot program for performance-based conservation and the Agency wants it to be guided by demonstrated farm needs and to work for farmers. All payment rates, caps, and requirements will be evaluated over the course of the program by AAFM, with input from a variety of stakeholders, to ensure that the program is meeting its goals. Feedback from farm participants will be encouraged and sought-after. AAFM additionally has convened a Stakeholder Advisory Panel comprised of external stakeholders, farmers, and partners to develop and continually improve this program.