

Questions and Answers

Environmental Quality Incentives Program

October 2004

Q. What is the Environmental Quality Incentives Program (EQIP)?

A. The Environmental Quality Incentives Program (EQIP), reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill), is a voluntary USDA conservation program for farmers and ranchers to treat identified soil, air, water, and related natural resource concerns on eligible land. It provides technical and financial assistance to eligible producers.

Q. Has the EQIP rule been finalized?

A. The Office of Management and Budget (OMB) approved the final EQIP rule on May 14, 2003. A copy of the rule can be found on the NRCS Web site at:
<http://www.nrcs.usda.gov/programs/eqip>.

Q. What are the primary changes to EQIP in the 2002 Farm Bill that have been included in the final EQIP rule?

A. The primary changes are:

- Producers can receive payments in the same year the contract is approved.
- Applications will be evaluated for funding based on a locally developed procedure to optimize environmental benefits.
- The “bid-down” provision to improve chances for being awarded a contract has been eliminated.
- The minimum length of an EQIP contract has been reduced to one year after the implementation of all practices.

- Although the maximum cost-share rate remains at 75 percent, limited resource producers and beginning farmers and ranchers may be eligible for up to 90 percent cost-share.
- Livestock operations are eligible to receive cost-share payments for waste storage facilities. Contracts which contain animal waste storage or treatment facilities require that the participant develop and implement a comprehensive nutrient management plan.
- Conservation Priority Areas are no longer used to implement EQIP.
- The aggregate total cost-share and incentive payments that each individual or entity can receive, directly or indirectly, is \$450,000 over the life of the 2002 Farm Bill, regardless of the number of farms or contracts.
- Starting in fiscal year 2003, no individual or entity may receive EQIP payments in any crop year in which the individual or entity’s average adjusted gross income for the preceding three years exceeds \$2.5 million. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Q. What other provisions are included in the final EQIP rule?

A. Other changes are:

- NRCS has established the following National priorities to assist in the

selection of producers to receive EQIP assistance:

1. Reduction of non-point source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds consistent with Total Maximum Daily Loads (TMDLs) where available, as well as reduction of groundwater contamination and conservation of ground and surface water resources;
 2. Reduction of emissions, such as particulate matter, nitrogen oxides (NO_x), volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards;
 3. Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and
 4. Promotion of at-risk species habitat conservation.
- The approving authority for EQIP contracts will be the State Conservationist or designee, except the approving authority for any EQIP contract greater than \$100,000 is the NRCS Regional Assistant Chief.
 - Practice cost lists that include any structural practice with a greater than 50 percent cost-share rate are to be approved by the State conservationist with concurrence of the Regional Assistant Chief.
 - To be eligible to participate, all individuals applying, either alone or as part of a joint operation, must provide a Social Security number and entities must provide the Social Security numbers of all beneficiaries.
 - Applications are not given special consideration, regardless of the size of the operation.
- EQIP contracts will be limited to a maximum of \$450,000.
 - Only land that has been irrigated for two of the last five years prior to application for assistance will be eligible for cost-share or incentive payments for irrigation related structural and land management practices.
 - The term “cost-effectiveness” has been clarified and can be interpreted two ways: 1) Greater environmental benefits for the same cost, or 2) providing EQIP assistance for the least-cost alternative. The first will be accomplished by the ranking processes developed by State and local decision makers. For the second, NRCS will provide assistance to implement the least-cost alternative that would achieve the desired resource benefits. Participants may choose to adopt more costly alternatives, but they would have to bear the additional costs.

Q. Where is EQIP available?

- A. The program is available in every State, Puerto Rico, the Virgin Islands, and Pacific Basin territories of Guam, Northern Mariana Islands, and American Samoa.

Q. Does EQIP target financial resources to Conservation Priority Areas?

- A. No. EQIP is used to address natural resource concerns in areas associated with agricultural production. The legislative requirement for Conservation Priority Areas has been removed.

Q. Are large confined livestock operations eligible for financial assistance?

- A. Yes. Contracts which contain a waste management facility require development and implementation of a comprehensive nutrient management plan.

Q. What is the State Technical Committee?

A. The State Technical Committee is an entity authorized under law to provide advice to the NRCS State Conservationist on implementation of conservation programs authorized and reauthorized in the 2002 Farm Bill. The membership of the State Technical Committee includes representatives of Federal, State, and local governmental agencies; Tribes; non-government organizations; conservation districts; business; agricultural producers; and individuals interested in natural resource conservation with expertise in soil, water, wetland, and wildlife management.

Q. Who serves on the local work groups?

A. Local work groups, convened by the conservation district, include representatives from the conservation district board; NRCS; Farm Service Agency (FSA) county committees and staff; Cooperative State Research, Education and Extension Service; other Federal, State, and local agencies; and Tribes interested in natural resource conservation with expertise in soil, water, wetland, and wildlife management. The Federal Advisory Committee Act (FACA) limits membership to local work groups to representatives of State and local governments and subdivisions thereof.

Q. Who is eligible for EQIP?

A. Producers who are engaged in crop or livestock production on eligible land are eligible for the program. Eligible land includes cropland, rangeland, pasture, private non-industrial forestland, and other farm or ranch lands, as determined by the Secretary of Agriculture.

Q. What level of cost-sharing is available?

A. Through EQIP, producers may receive cost-share payments for up to 75 percent of the costs of structural conservation practices and may receive incentive payments for land management conservation practices important to improving and maintaining the health of natural resources in the area. Limited resource producers and beginning farmers and ranchers may be eligible for up to 90 percent cost-sharing. Actual cost-share rates and incentive payments will be determined at the State and local level. Practice cost lists that include any structural practice with a greater than 50 percent cost share-rate are to be approved by the State Conservationist with concurrence of the Regional Assistant Chief.

Q. What are incentive payments?

A. Incentive payments provide financial assistance to encourage producers to adopt land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat enhancement, and to develop comprehensive nutrient management plans.

Q. Who are limited resource producers?

A. A limited resource producer/rancher is: (1) A person with direct or indirect gross farm sales of not more than \$100,000 in each of the previous two years (to be increased starting in FY-2004 to adjust for inflation using the Prices Paid by Farmer Index as compiled by the National Agriculture Statistics Service; and (2) Has a total household income at or below the National poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department data).

A limited resource producer/rancher self-determination tool is available on the Web at: http://www.nrcs.usda.gov/programs/tool_noname.asp.

Q. Who are beginning farmers and ranchers?

- A. The basic criterion for a beginning farmer or rancher is an individual or entity who has operated a farm or a ranch for not more than ten years. Contact your local USDA Service Center for additional information.

Q. How are applications selected?

- A. Applications are ranked according to criteria developed at the State or local level. Ranking criteria for your area can be found online at:
http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2004_EQIP/2004_EQIP.html

Q. What conservation practices are eligible for financial assistance?

- A. The State Conservationist, with advice of the State Technical Committee, identifies which conservation practices are eligible. Local work groups assist in identifying practices to treat the locally identified resource concerns. All practices must be implemented in conformance to NRCS standards and specifications.

Q: Does the locally led process allow the State Conservationist to give special consideration to issues that are not National priorities?

- A: Yes, where the resource concerns warrant, the State Conservationist may give special consideration to practices related to residue, pest, invasive species, and air quality management.

Q. What kind of plan does a producer need for EQIP?

- A. All EQIP activities must be carried out according to an EQIP plan of operations for the practice(s) to be implemented. These plans are site specific for each farm or ranch and may be developed by producers or with help from NRCS or other certified technical service providers. EQIP plans of operation are developed in conjunction with the producer and address the producer's objectives and the identified natural resource concerns. All plans are subject to NRCS technical standards adapted for local conditions and are approved by the conservation district.

Q. What is the length of an EQIP contract?

- A. The 2002 Farm Bill establishes that EQIP contracts will be for a maximum of 10 years and a minimum that ends one year after the practices have been implemented.

Q. Are lands under a Conservation Reserve Program (CRP) contract eligible for EQIP funding?

- A. They are not eligible during the term of the CRP contract.

Q. How do producers apply for the program?

- A. Producers may obtain EQIP applications at any USDA Service Center. Applications are accepted continuously throughout the year. Applications for EQIP funding will be evaluated periodically.

Q. What are my chances of getting an EQIP contract?

- A. The EQIP program has been over-subscribed since it was first authorized in 1997. Even with the increased funding, application numbers from the States indicate that about one out of every six

applications can be awarded EQIP assistance.

Q. How is EQIP funded?

- A. Funding comes from the Commodity Credit Corporation. EQIP's authorized budget of \$6.1 billion over 6 years starts with \$400 million in fiscal year 2002 and increases to \$1.3 billion in fiscal year 2006.

Q. Does EQIP contain any other new provisions?

- A. Yes. The 2002 Farm Bill added two aspects to EQIP; Conservation Innovation Grants and Ground and Surface Water Conservation.

Q. What are Conservation Innovation Grants?

- A. Starting in 2003, Conservation Innovation Grants are awarded on a competitive basis to leverage federal investment, stimulate innovative approaches, and accelerate technology transfer. These grants cannot exceed 50 percent of the cost of the project.

Q. What is the Ground and Surface Water Conservation provision?

- A. Ground and Surface Water Conservation (GSWC) provides cost-share and incentive payments to producers where the assistance will result in a net savings in ground or surface water resources in the agricultural operation of the producer. GSWC provides \$45 million for fiscal year 2003. An additional \$50 million has been approved for the Klamath Basin in California and Oregon for the life of the 2002 Farm Bill.

Q. How is “agricultural operation” defined?

- A. An agricultural operation is defined as a parcel or parcels of land (contiguous or non-contiguous) with a cohesive management unit for agricultural purposes, located in the county or counties in which the principle dwelling is situated or, if no dwelling is present, in the county in which the main portion of the land is located.

For More Information

If you need more information about EQIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farbill/2002/>.



Visit USDA on the Web at:
<http://www.usda.gov/farbill>

Note: This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.