

Fact Sheet

October 2004

Environmental Quality Incentives Program

Overview

The Environmental Quality Incentives Program (EQIP) is a voluntary program that provides assistance to farmers and ranchers who face threats to soil, water, air, and related natural resources on their land. Through EQIP, the Natural Resources Conservation Service (NRCS) provides assistance to agricultural producers in a manner that will promote agricultural production and environmental quality as compatible goals, optimize environmental benefits, and help farmers and ranchers meet Federal, State, Tribal, and local environmental requirements.

EQIP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). Funding for EQIP comes from the Commodity Credit Corporation.

Benefits

Since EQIP began in 1997, USDA has entered into 117,625 contracts, enrolled more than 51.5 million acres into the program, and obligated nearly \$1.08 billion to help producers advance stewardship on working agricultural land. These efforts have concentrated on improving water quality, conserving both ground and surface water, reducing soil erosion from cropland and forestland, and improving rangeland. EQIP also was used to improve riparian and aquatic areas, improve air quality, and address wildlife issues. The increased funding for EQIP in the 2002 Farm Bill greatly expands program availability for optimizing environmental benefits.

How EQIP Works

The objective of EQIP, optimize environmental benefits, is achieved through a process that begins with the definition of National priorities. The National priorities are:

- 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;
- 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;
- Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and
- Promotion of at-risk species habitat conservation.

These priorities are used by the Chief of NRCS to allocate available EQIP funds to State Conservationists. The State Conservationist, with advice from the State Technical Committee, then identifies the priority natural resource concerns in the State that will be used to help guide which applicants are awarded EQIP assistance. After identifying the priority natural resource concerns, the State Conservationist, with advice from the State Technical Committee, decides how funds will be allocated, what practices will be offered, what the cost-share rates will be, the ranking process used to prioritize contracts, and which of these

authorities will be delegated to local level. The local designated conservationist, with the advice of local work groups, adapts the State program to the local conditions. As a result, EQIP can be different between states and even between counties.

The selection of eligible conservation practices and the development of a ranking process to evaluate applications are the final steps in the optimization process. Applications will be ranked based on a number of factors, including the environmental benefits and cost effectiveness of the proposal.

More information regarding State and local EQIP implementation can be found at http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2004_EQIP/2004_EQIP.html

New Provisions

The 2002 Farm Bill added EQIP funding for Ground and Surface Water Conservation (GSWC) which 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. In Fiscal Year (FY) 2002, eight states, considered high plains aquifer states, received funding (Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming). In FY 2003, in addition to the high plains aquifer states, eight western drought states (Arizona, California, Idaho, Montana, North Dakota, Oregon, Utah, and Washington) also received GSWC funding. GSWC provided \$45 million for FY 2003. An additional \$50 million was appropriated for fiscal years 2002-2007 to support use and installation of ground and surface water conservation practices in the Klamath River Basin, located on the Oregon and California state boundary.

Eligibility

Persons engaged in livestock or agricultural production are eligible for the program. Eligible land includes cropland, rangeland, pasture, private non-industrial forestland, and

other farm or ranch lands. Persons interested in entering into a cost-share agreement with the U.S. Department of Agriculture (USDA) for EQIP assistance may file an application at any time. To be eligible to participate, applicants must:

- Be an agricultural producer;
- Be in compliance with the highly erodible land and wetland conservation provisions of the 1985 Farm Bill;
- Provide the Social Security number of all individuals who will benefit from the assistance; and
- Develop an EQIP plan of operations, including:
 - The participant's specific conservation and environmental objectives to be achieved;
 - One or more conservation practices in the conservation management system to be implemented to achieve the conservation and environmental objectives; and
 - The schedule for implementing the conservation practices.

If an EQIP plan of operations includes an animal waste storage or treatment facility, the participant must provide for the development and implementation of a comprehensive nutrient management plan.

NRCS works with the participant to develop the EQIP plan of operations. This plan becomes the basis of the cost-share agreement between NRCS and the participant. NRCS provides cost-share payments to landowners under these agreements that can be up to 10 years in duration.

The 2002 Farm Bill limits the total amount of cost-share and incentive payments paid to an individual or entity to an aggregate of \$450,000, directly or indirectly, for all contracts entered into during fiscal years 2002 through 2007.

The Adjusted Gross Income provision of the 2002 Farm Bill impacts eligibility for EQIP and several other 2002 Farm Bill programs. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Practice Payments

Cost-sharing may pay up to 75 percent of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, and other practices important to improving and maintaining the health of natural resources in the area. The EQIP cost-share rates for limited resource producers and beginning farmers and ranchers may be up to 90 percent. USDA has established a self-determination tool for applicants to determine eligibility as a limited resource producer. The tool can be found at: <http://www.nrcs.usda.gov/programs/smlfarmer/tool.asp>.

Incentive payments may be made to encourage a producer to perform land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices that they otherwise might not implement.

How to Apply for EQIP

Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Web site at: <http://www.sc.egov.usda.gov>. Enter "Natural Resources Conservation Service" in the Agency field, "Environmental Quality Incentives Program" in the Program Name field, and "CCC-1200" in the Form Number field. Applications also may be accepted by cooperating conservation partners approved or designated by NRCS.

Applications are accepted through a continuous sign-up process. The local decision makers periodically will announce a ranking date when applications received will be ranked.

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/farmbill/2002/>



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

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.