

Program Description

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.

Authority

Section 1241 of the 1985 Food Security Act (16 U.S.C. 3841), as amended by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill), provides the funds, facilities, and authorities of the Commodity Credit Corporation (CCC) to NRCS for carrying out EQIP and working with landowners to implement conservation practices on their property.

Scope

EQIP is available in all 50 States, the Caribbean Area (Puerto Rico and the Virgin Islands), and the Pacific Basin Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands).

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

Producers: Agricultural producers—individuals or entities engaged in livestock or agricultural production—may participate in EQIP. There are, however, circumstances that may limit an individual's or entity's participation; these include:

- Federal and State governments and their political subdivisions are not eligible.
- The applicant must be in compliance with highly erodible land and wetland conservation provisions.
- 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.

- 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.

All individual producers, entities, or other applications with multiple beneficiaries must provide Social Security numbers at the time of application for purposes of monitoring payment limitations.

Land: Eligible land means land on which agricultural commodities or livestock are produced. This includes:

- Cropland;
- Rangeland;
- Grassland;
- Pasture land;
- Private, non-industrial forestland; and
- Other land determined to pose a serious threat to soil, air, water, or related resources.

How EQIP is Implemented in Your State

EQIP uses the locally led process to adapt National priorities to address local resource concerns and achieve its objective of optimizing environmental benefits. To accomplish this, EQIP uses a four-part process:

- Allocation of funds from the National level to State NRCS offices based on National priorities;
- Identification of State and local priority resource concerns and allocation from the State level to the local level using the National priorities as guidance;
- Selection of conservation practices and practice cost lists to address the priority resource concerns; and

- Development of a ranking process that prioritizes those applications that addresses the priority resource concerns in the most cost effective manner.

The State Conservationist and designated conservationist implement the locally led process for EQIP by considering the advice of the State Technical Committee and local work groups when making decisions about State and local priorities, practice cost lists, and ranking.

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

Eligible Practices and Cost-Share Rates

The State and local decision makers determine which conservation practices are eligible for EQIP assistance. Selected practices are those that address the identified resource concerns in a most cost effective manner.

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.

Criteria Used to Evaluate Applications

Each State or locality develops a ranking system to prioritize the applications that will ensure EQIP will address priority natural resource concerns. The ranking process assists the State and local decision makers in determining which applications merit EQIP enrollment. The ranking systems developed are size neutral, meaning that the rank is not influenced by the size (whether large or small) of an operation.

Application Process

The EQIP application process consists of the following five steps:

1. A landowner submits an application to a local USDA Service Center, NRCS office, conservation district office, or office of a designated cooperating entity.
2. The NRCS State Conservationist or designee works with the applicant to develop an EQIP plan of operations.
3. The State Conservationist or designated conservationist ranks each application using the locally developed ranking process.
4. When funds are allocated, the State Conservationist or designated conservationist commits allocated funds to high ranking landowner offers and enters into contracts with selected participants.
5. Following contract signature by NRCS and the selected entity, funds are obligated to the project and the participant may begin to implement the EQIP plan of operations.

Standard Program Contracts

Once an applicant is selected, the participant works with the appropriate NRCS office to finalize and sign EQIP contracts, incorporating all EQIP requirements. An EQIP contract is the legal contract with which the NRCS establishes its relationship with the participant. The EQIP contract details the practices the producer will implement, when they will be implemented, and what level of assistance USDA will provide to the participant. The length of an EQIP contract is, at minimum, one year after the last scheduled practice is installed and may not exceed ten years.

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.