



Summary of Final Rule

May 15, 2003

Farm Bill 2002

Environmental Quality Incentives Program

- On May 13, 2003, OMB approved the final EQIP rule. Publication in the Federal Register is expected during the week of May 19, 2003.
- The final EQIP rule contains five significant changes from the proposed rule:
 - American Indians, Alaska Natives, and Pacific Islanders to use a unique identification number as an alternative to a social security number.
 - The definition of limited resource producer was revised.
 - A \$450,000 cap was established for each EQIP contract.
 - State Conservationists, with Regional Conservationist concurrence, are authorized to approve the EQIP cost lists used in the State rather than each individual contract that contains a cost-shared practice greater than 50 percent.
 - Land that has been irrigated two of the last five years rather than three of the last five is eligible for EQIP assistance to improve irrigation efficiency.
- Even with increased levels of funding, requests for EQIP contracts are exceeding available funding by almost 6 to one.
- National Priorities will be used to guide which producers will be selected to receive EQIP assistance, they are:
 - Reductions of nonpoint source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds consistent with TMDLs where available, as well as the reduction of groundwater contamination and the 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.
- The final rule and program guidance contains provides state and local decision-makers directions to optimize environmental benefits:
 - A Performance Incentive – a funding holdback to be awarded to states that achieve a high level of program efficiency.
 - The identification of Priority Natural Resource Concerns, which support the National priorities, at the state and local level to further refine guidance for which producers will be selected for EQIP assistance.

State Conservationist and Regional Conservationist oversight of the locally-led process.

Full public disclosure of cost-share lists and ranking procedures before any contracts can be signed.

- All NRCS state and local decision-makers are prepared to begin the process to award EQIP contracts once the final rule is published.
- EQIP program administration has been streamlined and legislative changes have been incorporated through the rule making process:

Up to 90 percent cost-share for limited resource and beginning producers.

A payment limitation of \$450 K per individual or entity for all FY 2002-FY 2007 EQIP contracts.

All livestock producers can receive cost share for waste storage facilities regardless of size but must implement a CNMP.

Nationally, EQIP funds to be allocated towards livestock related practices increased from 50% to 60%.

Applicants are ineligible if their average adjusted gross income for the previous 3 years exceeds \$2.5 million unless 75% or more is derived from agricultural activities.

- Since EQIP was established in the 1996 Farm Bill, USDA has entered into 117,615 contracts and obligated \$1.76 billion to assist producers advance stewardship on working agricultural land.

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.

