



ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

Background

Section 2301 of the 2002 farm bill re-authorized and amended the Environmental Quality Incentives Program (EQIP). The 2002 farm bill requires that at least 60 percent of the funds for EQIP be targeted to conservation practices or systems for confined and grazed livestock. In fiscal year (FY) 2005, \$950 million was obligated for EQIP.

EQIP provides technical and financial assistance to eligible farmers and ranchers to address soil, water, air, and related natural resource concerns on their farm, ranch, and private, nonindustrial forest lands. EQIP participants implement structural, vegetative, and land management practices on eligible lands. Additionally, EQIP provides assistance to farmers and ranchers in complying with Federal and State environmental laws. EQIP participation is voluntary, but producer demand has always outpaced available funding.

Land and Participant Eligibility Requirements

Lands enrolled in EQIP are primarily privately owned. Eligible lands may include agricultural land (cropland, rangeland, pasture, private nonindustrial forest land, and other land on which crops or livestock are produced) that poses a serious threat to soil, water, air, or related resources by reason of soil type, terrain, climatic conditions, soil topography, flooding, saline characteristics, or other factors or natural hazards. Publicly owned land is eligible when the land is under private control for the contract period, is included in the participant's operating unit, and the participant has written authorization from the Government landowner to apply conservation practices. Installation of conservation practices and systems must contribute to an improvement in the identified natural resource concern.

EQIP Financial Assistance

Cost-Share Payments: Under EQIP, USDA pays eligible program participants an amount not to exceed 75 percent of the cost to implement one or more structural, vegetative, or land management practices. Limited-resource farmers and beginning farmers are eligible to receive up to 90 percent cost share.

Incentive Payments: The Secretary determines an amount and rate for incentive payments paid to eligible program participants to implement one or more land management practices. For example, incentive payments are available for developing a comprehensive nutrient management plan that normally requires one or more land management practices.

Limitations on Payments: Total cost-share and incentive payments are limited to \$450,000 per individual or entity over the lifetime of the 2002 farm bill, regardless of the number of farms or contracts. Beginning in FY 2003, no individual/entity may receive EQIP payments in any crop year in which the individual's/entity's average adjusted gross income for the preceding 3 years exceeds \$2.5 million, unless at least 75 percent of that income is from farming, ranching, or forestry interests.

Technical Assistance and Partnerships

Producers receive technical assistance from NRCS or approved technical service providers (TSPs) to develop their conservation plan and establish required practices for lands accepted into EQIP. Through partnerships with Federal, State, and local entities, EQIP complements many State and local programs in addressing specific local conservation and natural resource issues.

General Opinions Expressed

- There is general support for maintaining and expanding EQIP technical and financial assistance in the 2007 farm bill.
- Reinstate conservation practice education in EQIP.
- EQIP rewards some farmers for not helping themselves.
- Emphasize programs like EQIP instead of permanent land retirement programs like CRP and WRP.
- EQIP should replace our current commodity support programs.
- Priority should be given to family farmers who practice environmental stewardship and sustainable agricultural practices every year. Pasture-based agriculture and animal feeding operations should be given equal consideration.
- Some emphasized the importance of maintaining regional equity when funding conservation programs. Others recommended elimination of regional equity criteria for allocation of funds.
- Some recommended more funding for Conservation Innovative Grants to develop new technology.
- Several commenters suggested the 50 percent Federal cost share should be increased to 90 percent cost share for American Indians/Alaska Natives.

Resource Concerns

- Focus EQIP funds to areas of high resource concern such as watersheds, and encourage farmers and ranchers to work together to achieve more environmental improvement.
- Some suggested EQIP should be enhanced to address such issues as air quality, forest health on private lands, and transitioning to organic agriculture.
- Expand use of EQIP on Federal lands to address the grazing permit issue in the West.
- Adjacent land and streams and rivers should qualify under EQIP.
- EQIP is a key component for meeting water agreements in Colorado and other Western States.

Streamlining

- The implementation of EQIP should have more local control and flexibility so locally significant resource issues can be targeted.
- Methods of allocating funds to the States need to be more transparent, with real opportunities for public input.
- The application process for EQIP needs to be simplified and more timely for the participants.

Livestock Concerns

- Pork producers are concerned with the relatively small number of EQIP contracts for pork producers.
- Safeguards are needed against using EQIP to expand concentrated livestock production.

Wildlife

- Use EQIP to maximize wildlife benefits to include enhancing habitat, maintaining instream flows, and controlling invasive species.

Program Mechanics

- Applicants of tribal and other jointly controlled lands have difficulty splitting the payments and demonstrating control of the land.
- The Adjusted Gross Income Limits are too low to address large-scale resource concerns.
- Reset the EQIP payment cap to \$50,000 (currently \$450,000 by direct attribution).
- Increase cost-share percent limits (currently 75%)— too much out-of-pocket costs.
- Encourage the funding of States with State programs to leverage and maximize the benefits of EQIP.
- FSA should handle the funds, and NRCS should provide EQIP technical assistance.

Detailed Suggestions Expressed

- Support a significant increase in funding for the Environmental Quality Incentives Program aimed at improving water quality in watersheds nationwide in cooperation with local water utilities.
- Montana has made remarkable use of special initiatives under the EQIP program to address watershed health on a basin level. These initiatives should continue.
- Amend the Ground and Surface Water Conservation Program's (GSWC) net savings clause to state, "Net Savings. The Secretary may provide assistance to a producer under this section only if the Secretary determines that the assistance will facilitate a conservation measure that results in both a net savings in groundwater or surface water resources in the agricultural operation of the producer and increased groundwater or surface flows."
 - a. Apply this new net savings clause to any water conservation or irrigation efficiency practices funded through EQIP.
 - b. Increase cost-share payments of EQIP and GSWC from 75 percent to 90 percent for projects that result in increased instream flows.
 - c. Provide incentives for water conservation that result in increased surface flows, particularly in drought-stricken basins.

- The West is primarily owned by the Federal Government, and agriculture is run on Federal Government land. A lot of these farm policies are focused on commodity crop growing areas. Westerners do not qualify for programs such as EQIP. The farm bill should address this regional inequity.
- A commenter expressed concern that the EQIP point system unfairly advantages wealthy individuals. Recommend amending EQIP statute to place additional emphasis on small operations.
- Support for EQIP funding of Integrated Pest Management program in Connecticut.
- Support EQIP projects for high-tech monitoring of rangeland resources such as using satellite collars on reindeer to monitor lichen consumption.
- The process for applying and obtaining EQIP funds remains an obstacle to successfully helping many producers.
- Farmers required to meet certain regulatory requirements should be given priority when distributing EQIP funds.
- A commenter supported EQIP as an economic cost savings compared to similar projects undertaken by the Federal Government directly on Federal land.
- A commenter recommended a new green payment program as well as additional EQIP funding to support farm viability.
- Farm bill reauthorization should provide flexible authority for producers to work with and through entities such as State agencies, local water agencies, and resource conservation districts to achieve regional conservation goals, while still being eligible for Federal financial assistance.