



Funding Agricultural Best Management Practices with the Clean Water State Revolving Fund

Nonpoint Source Pollution from Agriculture

The United States has more than 330 million acres of agricultural land that produce an abundant supply of low-cost, nutritious food and other products. American agriculture is noted worldwide for its high productivity, quality, and efficiency in delivering goods to the consumer. However, when improperly managed, agricultural activities can affect water quality.

The most recent National Water Quality Inventory reports that agricultural nonpoint source pollution is the leading source of water quality impacts to surveyed rivers and lakes, the fifth largest source of impairments to surveyed estuaries, and also a major contributor to ground water contamination and wetlands degradation.

Agricultural activities that cause nonpoint source pollution include confined animal facilities, grazing, plowing, pesticide spraying, irrigation, fertilizing, planting, and harvesting. The major pollutants that result from these activities are sediment, nutrients, pathogens, pesticides, and salts. Agricultural activities also can damage habitat and stream channels. Agricultural impacts on surface water and ground water can be minimized by properly managing activities that cause nonpoint source pollution.

Clean Water State Revolving Fund Programs Can Address Agricultural Nonpoint Source Pollution

Congress created the Clean Water State Revolving Fund (CWSRF) program to provide reduced-rate loan funding for water quality projects of all kinds, including agricultural best management practices. All fifty states and Puerto Rico manage CWSRF programs that are similar to banks. Federal and State contributions have established CWSRF programs, and states use these assets to provide low or no-interest loans to important water quality projects. As borrowers repay CWSRF loans, states use the loan repayments to fund other



important water quality projects. CWSRF programs nationwide have more than \$34 billion in assets and fund \$3-4 billion in water quality projects each year.

Many states have used their CWSRF programs to fund agricultural best management practices. States have provided funding for a wide variety of projects, including waste management systems, manure spreaders, conservation tillage equipment, irrigation equipment, filter strips and streambank stabilization. Delaware, Minnesota, and West Virginia provide excellent examples of how states have used their CWSRF programs to address agricultural nonpoint source pollution.

State Examples: Delaware, Minnesota, West Virginia

Delaware's CWSRF program targets poultry and dairy producers. Natural Resources Conservation Service staff (Department of Agriculture) and local conservation district planners assist agricultural producers with needs assessments and with project planning and design. After individual producers have designed best management

practices for their animal feeding operations, they can receive low-interest loans from the CWSRF for project implementation. Borrowers guarantee repayment of the loans with revenue streams from poultry integrators and dairy cooperatives. Delaware has funded more than 341 agricultural projects for more than \$2.89 million.

Minnesota's Agricultural Best Management Practices loan program is unique among CWSRF programs because of the many partners involved in its operation. The Minnesota Department of Agriculture manages the program. Counties receive loans from the CWSRF, and the counties manage agricultural loan programs at a local level. Soil and water conservation districts assist farmers with needs assessment and with project planning and design. In return for a percentage of the loan interest payments, local lending institutions (banks and farm credit institutions) review loan applications and guarantee repayment of each loan. Counties repay the CWSRF using repayments from their local-level agricultural loans. Minnesota's CWSRF program has funded more than 1,961 agricultural projects for more than \$32.2 million.

West Virginia's CWSRF program provides low-interest loans that farmers use as the cost-share match for Department of Agriculture grant programs such as the Environmental Quality Incentives Program. Many partners have contributed to the success of this program. The West Virginia Department of Agriculture manages the program. Soil and water conservation districts assist farmers with needs assessment and with project planning and design. In return for a percentage of the loan interest payments, local banks review loan applications and

guarantee repayment of each loan. This program has funded more than 174 agricultural best management practices for more than \$3.9 million.

Restriction: Concentrated Animal Feeding Operations

Concentrated Animal Feeding Operations (CAFOs) are large animal feeding operations that are defined by federal statute as point sources of pollution. Because CAFOs are privately owned point sources of pollution, they are ineligible for financial assistance targeted to nonpoint sources of pollution. National Estuary Programs, however, have wide leeway to fund priority water quality projects with the CWSRF program. For this reason, CAFO water quality projects that are located within a National Estuary Program study area and are included in a National Estuary Program management plan are eligible for CWSRF assistance.

Challenges Ahead

EPA has been encouraging states to use their CWSRF resources to finance the widest variety of water quality projects while addressing high priority projects in targeted watersheds. Those interested in cleaning up polluted runoff resulting from agricultural nonpoint sources should seek out their CWSRF programs, gain an understanding of how their State program works, and participate in the annual process that determines which projects are funded.

For more information about the Clean Water State Revolving Fund, or for a program representative in your State, please contact:

Clean Water State Revolving Fund Branch
U.S. Environmental Protection Agency

1201 Constitution Avenue, NW (Mailcode
Washington, DC 20004

Internet: <http://www.epa.gov/owm>

4204M)

Phone: (202) 564-0752 **Fax:** (202) 501-2403



