

## Questions and Answers

## *Environmental Quality Incentives Program*

---

June 2002

### **Q. What is the Environmental Quality Incentives Program (EQIP)?**

**A.** The Environmental Quality Incentives Program (EQIP), reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill), is a voluntary USDA conservation program for farmers and ranchers to treat identified soil, water, and related natural resource concerns on eligible land. It provides technical and financial assistance to eligible producers.

### **Q. What are the primary changes to EQIP in the 2002 Farm Bill?**

**A.** The primary changes are:

- Producers can receive payments in the same year the contract is approved.
- Applications will be evaluated for funding based on a state and locally developed procedure to optimize environmental benefits.
- The “bid-down” provision (competitive cost-share reduction among program participants) has been eliminated.
- The minimum length of an EQIP contract has been reduced to 1 year after the implementation of all practices.
- The maximum length remains the same at 10 years.
- Although the maximum cost-share rate remains at 75 percent, limited resource producers and beginning farmers and ranchers may be eligible for up to 90 percent cost-share.

- Livestock operations are eligible to receive cost-share payments for waste storage facilities. Contracts for confined livestock feeding operations must include the development and implementation of a comprehensive nutrient management plan (CNMP).
- Conservation Priority Areas are no longer required.
- Total cost-share and incentive payments have been increased to \$450,000 per individual or entity over the life of the 2002 Farm Bill, regardless of the number of farms or contracts.
- Starting in fiscal year 2003, no individual or entity may receive EQIP payments in any crop year in which the individual or entity’s average adjusted gross income for the preceding three years exceeds \$2.5 million, unless 75 percent of the income is derived from farming, ranching, or forestry interests.
- At least 60 percent of the funds for EQIP shall be targeted to livestock production practices, including grazing.
- Incentive payments are available for developing a CNMP and its component elements.

### **Q. Where is EQIP available?**

**A.** The program is available in every State, Puerto Rico, the Virgin Islands, and the Pacific Basin territories of Guam, the Northern Mariana Islands, and American Samoa.

**Q. Does EQIP target financial resources to Conservation Priority Areas?**

**A.** No. EQIP is used to address natural resource concerns in areas associated with agricultural production. The legislative requirement for Conservation Priority Areas has been removed.

**Q. Are large confined livestock operations eligible for financial assistance?**

**A.** Yes. The 1996 Farm Bill restriction making large confined livestock operations ineligible for financial assistance for waste storage facilities has been removed by the 2002 Farm Bill. Contracts for confined livestock feeding operations require development and implementation of a CNMP.

**Q. Who is eligible for the EQIP?**

**A.** Tribes and other producers who are engaged in crop or livestock production on eligible land may participate in the program. Eligible land includes cropland, rangeland, pasture, private non-industrial forestland, and other farm or ranch lands, as determined by the Secretary of Agriculture.

**Q. What level of cost-sharing is available?**

**A.** Through EQIP, producers may receive cost-share payments for up to 75 percent of the cost of structural conservation practices. They also may receive incentive payments for land management conservation practices important to improving and maintaining the health of natural resources in the area or for developing CNMPs. Limited resource producers and beginning farmers and ranchers may be eligible for up to 90 percent cost-sharing. Actual cost-share rates and incentive payments will be determined at the State and local level.

**Q. Who are limited resource producers?**

**A.** The basic criteria are total operator household income under \$20,000, total farm assets under \$150,000, and gross sales under \$100,000. Contact your local USDA Service Center for additional information.

**Q. Who are beginning farmers and ranchers?**

**A.** The basic criterion for a beginning farmer or rancher is an individual or entity that has operated a farm or ranch for not more than ten years. Contact your local USDA Service Center for additional information.

**Q. What are incentive payments?**

**A.** Incentive payments provide financial assistance to encourage producers to adopt land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat enhancement, and to develop CNMP plans and CNMP plan components.

**Q. What conservation practices are eligible for financial assistance?**

**A.** The State conservationist, with advice of the State Technical Committee, identifies which conservation practices are eligible. Local work groups assist in identifying practices to treat the locally identified resource concerns. All practices must be implemented in conformance to NRCS standards and specifications.

**Q. Do producers have a better chance of being funded by accepting a lower cost-share rate?**

**A.** No. There is no preference for being willing to receive a lower rate.

**Q. What kind of plan does a producer need for EQIP?**

- A. All EQIP activities must be carried out according to an EQIP plan of operations, which includes only the practice(s) to be implemented. These plans are site-specific for each farm or ranch and may be developed by producers or with help from NRCS or other certified providers. EQIP plans of operation are developed in conjunction with the producer and address the producer's objectives and the identified natural resource concerns. All plans are subject to NRCS technical standards adapted for local conditions and are approved by the conservation district.

**Q. What is the length of an EQIP contract?**

- A. The 2002 Farm Bill establishes that EQIP contracts will be for a maximum of 10 years and a minimum that ends one year after the practices have been implemented.

**Q. What are cost-share limitations to producers?**

- A. Total cost-share and incentive payments have been increased to \$450,000 per individual or entity over the life of the 2002 Farm Bill, regardless of the number of farms or contracts. Starting in fiscal year 2003, no individual or entity may receive EQIP payments in any crop year in which the individual or entity's average adjusted gross income for the preceding three years exceeds \$2.5 million, unless 75 percent of that income is from farming, ranching, or forestry interests.

**Q. What is the State Technical Committee?**

- A. The State Technical Committee is an entity authorized under law to provide advice to the NRCS State conservationist on implementation of conservation programs. The membership of the State Technical Committee includes representatives of

Federal, State and local governmental agencies; Tribes; non-government organizations; conservation districts; business; agricultural producers; and individuals interested in natural resource conservation with expertise in soil, water, wetland, and wildlife management.

**Q. Who serves on the local work groups?**

- A. Local work groups, convened by the conservation district, include representatives from the conservation district board; NRCS; Farm Service Agency county committees and staff; the Cooperative State Research, Education, and Extension Service; other Federal, State, and local agencies; Tribes; agricultural producers; and individuals interested in natural resource conservation with expertise in soil, water, wetland and wildlife management.

**Q. Are lands under a Conservation Reserve Program (CRP) contract eligible for EQIP funding?**

- A. They are not eligible during the term of the CRP contract.

**Q. How do producers apply for the program?**

- A. Producers may obtain EQIP applications at any USDA Service Center or through USDA's e-gov Internet site at: [www.sc.egov.usda.gov](http://www.sc.egov.usda.gov). Applications will be accepted throughout the year. Applications for EQIP funding will be evaluated periodically.

**Q. How is EQIP funded?**

- A. Funding comes from the Commodity Credit Corporation. EQIP's authorized budget of \$6.1 billion over 6 years starts with \$400 million in fiscal year 2002 and increases to \$1.3 billion in fiscal year 2006.

**Q. Does EQIP contain any other new provisions?**

- A. Yes. The 2002 Farm Bill added two aspects to EQIP, Conservation Innovation Grants and Ground and Surface Water Conservation.

**Q. What are Conservation Innovation Grants?**

- A. Competitive Conservation Innovation Grants may be used to leverage federal investment, stimulate innovative approaches, and accelerate technology transfer. These grants cannot exceed 50 percent of the cost of the project. The grant program will be initiated after the rule making process is complete, probably in 2003.

**Q. What is the Ground and Surface Water Conservation provision?**

- A. Ground and Surface Water Conservation 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.

**Q. Is there funding targeted for the Klamath Basin?**

- A. Yes, \$50 million has been targeted for the Klamath Basin in California and Oregon.

***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>

**NRCS Q&A Legal Disclaimer:** These questions and answers are not intended to be definitive interpretations of farm legislation. Rather, they are preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.