



What is the Environmental Quality Incentives Program and How is it Working?

BACKGROUND

The Environmental Quality Incentives Program (EQIP) is a voluntary program that provides financial and technical assistance to agricultural producers to plan and implement conservation practices that improve soil, water, plant, animal, air, and related natural resources on agricultural land and non-industrial private forestland. Eligible producers enter into contracts to receive payment for implementing conservation practices. Approved activities are carried out according to an EQIP Conservation Activity Plan developed in conjunction with the producer and that identifies the appropriate conservation practice(s) to address resource concerns on the land. Payments are made on completed practices or activities identified in an EQIP contract that meet Natural Resources Conservation Service (NRCS) standards. Contracts last up to 10 years and payments are limited to an aggregate of \$450,000 per producer between FY2014 and FY2018.

Owners of land in agricultural or forest production or persons who are engaged in livestock, agricultural, or forest production on eligible land and have a natural resource concern on that land may apply to participate in EQIP. Eligible land includes cropland, rangeland, pastureland, non-industrial private forestland, and other farm or ranch lands.

Eligible applicants must be an agricultural producer, control or own eligible land, have an adjusted gross income (AGI) of less than \$900,000, be in compliance with the highly erodible land and wetland conservation requirements, and develop an NRCS EQIP plan of operation that addresses at least one natural resource concern.

EQIP was originally authorized in the Food Security Act of 1985. The 2002 Farm Bill removed the restriction on providing assistance to large confined livestock operations to construct animal waste management facilities and required NRCS to direct 60 percent of EQIP assistance to livestock producers. The 2014 Farm Bill continued this emphasis on livestock operations. In FY2014, EQIP obligated over \$928 million for 37,207 contracts covering 11.2 million acres. The top three states by contracts signed were TX (3,456), CA (2,410), and MS (2,011). The most funding obligated was in CA (\$115 million), TX (\$106 million), and AR (\$55 million). Also, in FY2014, 37,207 applications were funded (36.7 percent) and 64,169 applications went unfunded. The total estimated cost of this backlog is \$1.7 billion. The most unfunded applications were submitted in AR (5,533), OK (4,255), and MS (4,113).

EQIP may also be used to assist organic producers with natural resource concerns and to meet requirements for the National Organic Program (NOP). The EQIP Organic Initiative provides financial and technical assistance to implement approved conservation practices and to develop and implement conservation plans. Eligible applicants include certified organic producers or producers pursuing NOP certification, those transitioning to organic production or those selling less than \$5,000 in organic products. Assistance per producer is limited to \$20,000 annually and \$80,000 during a six-year period. In some states, previous obligations to producers totaled more than \$1 million annually.

The 2014 Farm Bill incorporated the Wildlife Habitat Incentives Program (WHIP) into EQIP with a five percent allocation to wildlife habitat practices. It removed the minimum one-year contract length requirement and added veteran farmer or rancher to the list of certain producers eligible for cost-share rates up to 90 percent and advanced payments.

The Conservation Innovation Grant program (CIG) is a subprogram of EQIP that awards competitive grants to state and local agencies, non-governmental organizations, tribes, and individuals to implement innovative conservation techniques and practices. Examples of eligible projects include market systems for pollution reduction, demonstrating precision agriculture, capturing nutrients through a community anaerobic digester, and establishing a tribal partnership for regional habitat conservation. In FY2015, CIG awarded a total of \$20.5 million to 45 organizations through the national CIG competition.

OPTION #1

Support or remove the current requirement that 60 percent of EQIP assistance be directed to livestock producers.

OPTION #2

Support or remove the assistance cap, established in 2014, for organic producers.

OPTION #3

With EQIP absorbing WHIP, mandate that five percent of total payments be designated toward wildlife habitat.