



Agricultural and Resource Policy Report

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The Agricultural Act of 2014: Working Lands Programs, The Environmental Quality Incentives Program (EQIP)

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The working land conservation programs of 2008, the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) remain funded in the 2014 Farm Bill, but undertake some expansion due to the retirement of other programs. These programs are targeted to land that has the highest conservation benefits which are usually, but not necessarily, on smaller farms (USDA OBPA 2014). This brief takes a closer look at EQIP.

What is EQIP?

The EQIP program is designed to help agricultural producers and non-industrial forestland owners meet environmental standards set by the Federal, State, Tribal and local governments by providing financial and technical assistance on select projects. Financial assistance is available for conservation practices that address natural resource issues including the improvement of soil, water, plant, animal, or air resources. Contracts that provide financial assistance may be up to ten years in length (USDA NRCS, 2014).

EQIP in Colorado:

In Colorado, EQIP saw a steady increase from 1995 to 2009, the last year data is available. It has grown from less than \$1 million in 1996 to a peak of over \$27 million in 2008. After 2008 the EQIP program in Colorado saw a small decline, falling to under \$24 million in

2009 (Figure 1). The regular EQIP program has made up over 80 percent of program payments since 1995, followed by the ground and surface water initiatives at just under 10 percent (Figure 3) (USDA NRCS, 2014).

The financial obligations for EQIP in Colorado fluctuated year to year from 2005 through 2012, finishing \$1.8 million greater in 2012. This indicates a relatively stable program despite the apparently large swings in funding. Program obligations have consisted mainly of payments to program participants for implementing conservation measures. Financial assistance obligations have dipped since 2005, reaching a low of \$10 million below 2005 levels in 2009, but have since rebounded; nevertheless, levels of financial assistance in 2012 were over \$1.4 million less than in 2005. Technical assistance for planning and scientific expertise makes up the remainder of program obligations. These obligations have increased by nearly \$3.2 million, from \$8.7 to \$11.88 million, an increase of over 36% since 2005 (Figure 3). Overall, financial assistance has risen from just over 92% to almost 96% of the share of total program obligations over the seven-year period. Over the same period total acres enrolled in EQIP in Colorado have increased by 40% from 606,917 to over 1 million acres. Indicating a significant expansion of the program.

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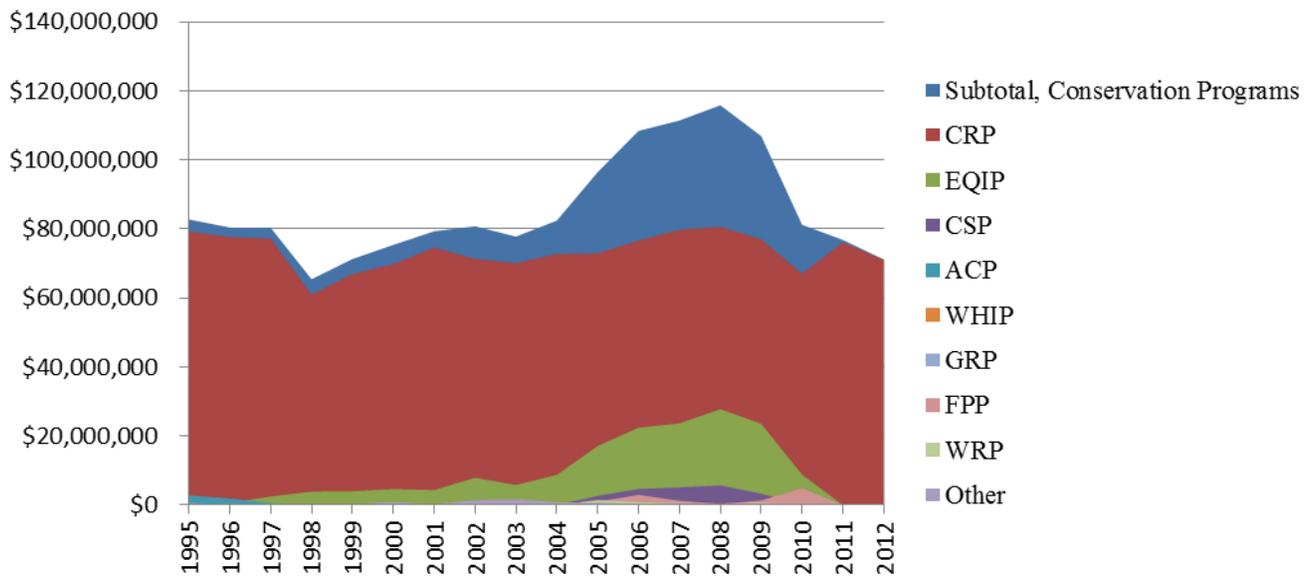


Figure 1: Historical Spending on Conservation Programs, Colorado

Source: Environmental Working Group, 2014

Note: Information on conservation spending is incomplete for 2011 and 2012.

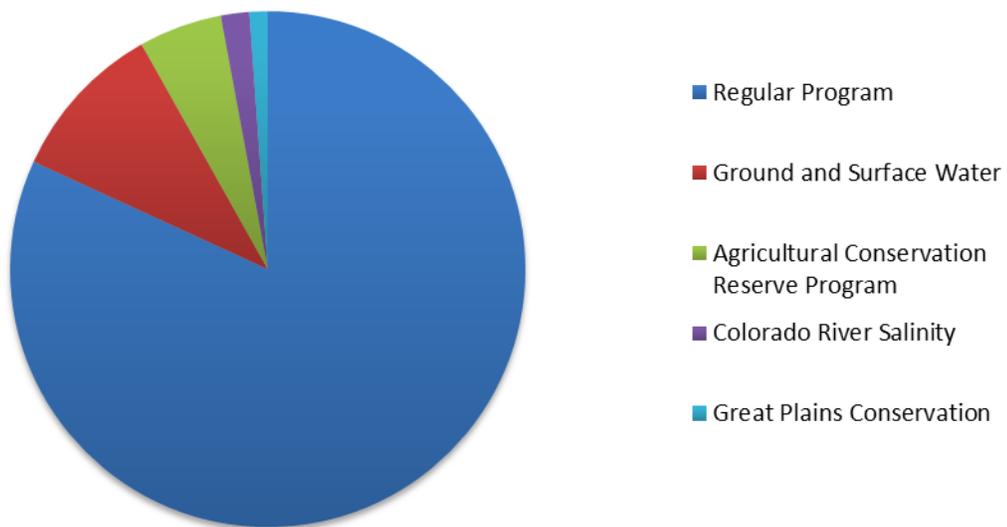


Figure 2: Historical Spending on EQIP in Colorado, 1999-2012

Source: Environmental Working Group, 2014

Note: Information on conservation spending is incomplete for 2011 and 2012.

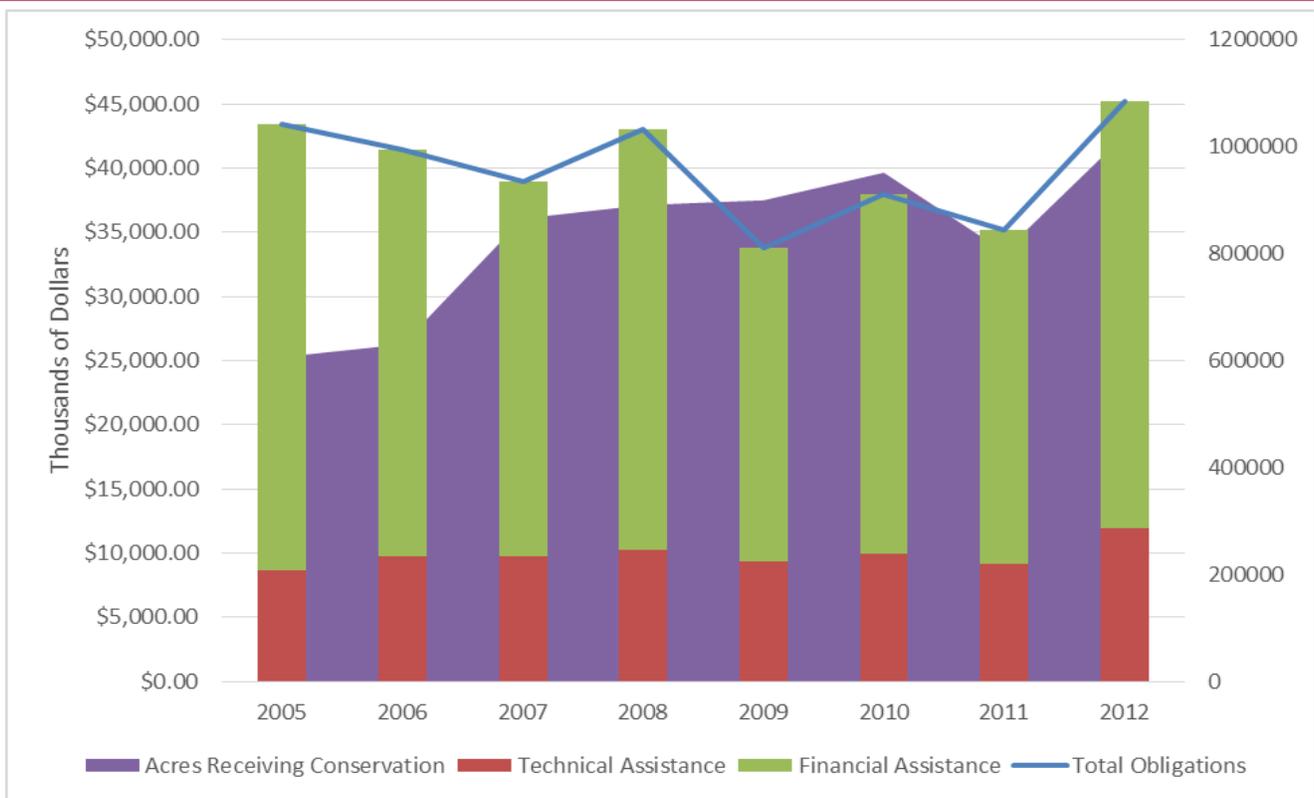


Figure 3: Historical Obligations of EQIP in Colorado, 2005-2012

What is different for 2014?

The Environmental Quality Incentives Program is extended through FY2018 by the 2014 Farm Bill representing a continuation of its objectives; however, EQIP undergoes several fundamental changes. First, it is expanded to incorporate the functions and funding of the Wildlife Habitat Incentives Program (WHIP), which is retired for 2014. Second, the functions of the Agricultural Water Enhancement Program, which was previously a part of EQIP, are now a part of the newly created Regional Conservation Partnership Program.

As the second working lands program extended under Title II by the 2014 Farm Bill, EQIP is designed to encourage producers to install and maintain conservation practices on agricultural and grazing lands, wetlands, forested lands, and wildlife habitat that address soil, water and related natural resource impacts by providing financial assistance to eligible farmers (USDA OBPA 2014). Additionally, EQIP takes on the responsibility of providing funding for wildlife habitat development previously allocated to the Wildlife Habitat Incentive Program (WHIP). The purpose of WHIP was to encourage voluntary habitat conservation and rehabilitation on agricultural lands. In order to maintain adequate protection of wildlife habitat with the retire-

ment of WHIP, at least 7.5% of EQIP funds must be targeted to these activities (CBO 2014).

How do I enroll?

Individuals or entities with an Adjusted Gross Income of \$1 million per year or less who are engaged in livestock, agricultural or forest production may be eligible to receive EQIP funding for natural resource conservation projects. Socially disadvantaged producers, tribes, beginning or limited resource farmers and ranchers and other historically underserved producers may be eligible for advanced and increased payments. The typical limit for aggregate payments is \$300,000. Projects that have special environmental significance may be eligible for an additional \$150,00 (USDA NRCS, 2014).

Funding may also be available to assist in developing conservation plans required for EQIP projects. The National Resources Conservation Service (NRCS) will work with producers to develop and implement conservation plans. Plans must identify a specific natural resource concerns and conservation practices needed to address the issue. Applications to EQIP can be completed at a local NRCS field office. Applications may have a submission deadline or be subject to ranking; however, applications are accepted on a rolling basis.

There are several EQIP initiatives:

Program Name	Program Description
EQIP	Provides financial and technical assistance to agricultural producers through contracts up to a maximum term of ten years in length. These contracts provide financial assistance to help plan and implement conservation practices that address natural resource concerns and for opportunities to improve soil, water, plant, animal, air and related resources on agricultural land and non-industrial private forestland.
National EQIP Initiatives	
Air Quality Initiative	Provides financial assistance to implement approved conservation practices to address significant air quality resource concerns for designated high priority geographic locations throughout the nation. Priority States are designated each fiscal year based upon Environmental Protection Agency (EPA) designations of non-attainment for particulate matter and ozone pollutants. Legislation requires that \$37.5 million of EQIP be targeted to this initiative each fiscal year.
On-Farm Energy Initiative	Enables the producer to identify ways to conserve energy on the farm through two types of Agricultural Energy Management Plans (AgEMP) for headquarters and/or for landscape, also known as an on-farm energy audit (headquarters and/or landscape); and by providing financial and technical assistance to help the producer implement various conservation practices recommended in these on-farm energy audits.
Organic Initiative	Provides financial assistance to help implement conservation practices for organic producers and those transitioning to organic to address natural resource concerns It also helps growers meet requirements related to National Organic Program (NOP) requirements and certain program payment limitations.
National Water Quality Initiative	Helps farmers and ranchers implement conservation systems to reduce nitrogen, phosphorous, sediment and pathogen contributions from agricultural land in specific approved watershed. Contact your local NRCS field office to see if you are eligible
Colorado River Basin Salinity Project	Helps producers in this river basin reduce salinity preventing salts from dissolving and mixing with the river's flow. Different States apply varying criteria. Contact your local NRCS field office to find out more.
Seasonal High Tunnel Initiative	Helps producers plan and implement seasonal high tunnels, which are steel-framed, polyethylene-covered structures that extend growing seasons in an environmentally safe manner.
National Landscape Initiatives	
Landscape Initiative	These initiatives enable NRCS to more effectively address priority natural resource concerns by delivering systems of practices, primarily to the most vulnerable lands within geographic focus areas.
Other EQIP Programs	
Conservation Innovation Grants	Using EQIP financial assistance, CIG awards competitive grants to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production.

Figure 4: EQIP Program Descriptions

Source: USDA Natural Resources Conservation Service, 2014

Summary of changes to EQIP:

Prior Law/Policy	Enacted 2014 Farm Bill (P.L. 113-79)
Authorizes EQIP, stating its purpose as promoting production and environmental quality as compatible goals, and optimizing environmental benefits by assisting producers: (1) with compliance with national regulatory requirements; (2) to avoid the need for regulation; (3) to install and maintain conservation practices; (4) to make cost-effective changes to current production systems, and (5) to reduce administrative burdens by consolidating planning and regulatory compliance.	Removes the 5th purpose area that requires the reduction of administrative burdens on the producer through consolidating conservation planning and streamlining regulatory compliance processes. Adds wildlife habitat improvement and development practices to the 3rd purpose area.
Defines six terms: eligible land, National Organic Program, organic system plan, payment, practice, and program.	Incorporates the definition of the National Organic Program into the definition of an organic system plan.
Authorizes EQIP through FY2014. Contracts are 1-10 years in length.	Reauthorizes EQIP through FY2018. Removes the minimum one-year contract length requirement.
Limits EQIP payments to not more than 75% of the cost (up to 90% for limited resource, socially disadvantaged farm or rancher, or a beginning farmer or rancher) and not more than 100% of income forgone. Greater significance is provided for determining income forgone payments for specific management practices. Advance payments for certain producers are limited to 30% of the cost-share rate.	Revises the list of practices afforded greater significance when determining income forgone. Adds veteran farmer or rancher to the list of certain producers eligible for higher cost-share rates. Increases the limit for advanced payments to certain producers to 50% .
Requires that 60% of EQIP payments go to practices related to livestock production requirement between FY2008-FY2013.	Extends through FY2018 the requirement that 60% of payments be for livestock production. A minimum of 5% of funds go to payments benefiting wildlife habitat.
Authorizes the Wildlife Habitat Incentives Program (WHIP), providing cost-sharing to landowners who improve habitat. Authorized to receive mandatory funding of \$85 million annually through FY2013.	Adds a new provision under EQIP specifically for wildlife habitat incentive practices. Language is similar to the Wildlife Habitat Incentives Program, which is repealed. Requires the Secretary to consult with State Technical Committees once a year when determining eligible practices.
Identifies priorities to program applications. Gives higher priority for producers using costeffective conservation practices to achieve environmental benefits.	Changes “environmental benefits” to “conservation benefits.”
States that in exchange for EQIP payments, producers will not conduct any practices on the farm, ranch, or forest land that could defeat the purpose of the program.	Changes “farm, ranch, or forest” land to “enrolled” land.
Limits EQIP participant’s payments to \$300,000 for any six-year period. This may be waived to up to \$450,000 for any six-year period if the contract is of environmental significance.	Raises the EQIP payment limit to an aggregate of \$450,000 between FY2014- FY2018 and eliminates the waiver authority for contracts of environmental significance.
Authorizes Conservation Innovation Grants (CIG), a competitive grant program within EQIP. Grants are provided, on a matching basis, to implement innovative conservation practices. Provides \$37.5 million of EQIP funds annually (FY2009-FY2013) to address air quality concerns.	Reauthorizes the air quality funding carveout of \$25 million of EQIP annually through FY2014. Adds research and demonstration activities, and new technology pilot testing as eligible projects. Adds a reporting requirement that no later than Dec. 31, 2014, and every 2 years thereafter, a report must be submitted to Congress regarding CIG funding, project results, and technology transfer efforts.
Authorizes mandatory EQIP funding, rising from \$1.2 billion in FY2008 to \$1.75 billion in FY2014.	Authorizes mandatory EQIP funding: \$1.35 billion (FY2014); \$1.6 billion (FY2015); \$1.65 billion (FY2016-FY2017); and \$1.75 billion (FY2018).

Figure 5: Summary of Changes to EQIP
Source: Congressional Research Service, 2014

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