USDA Environmental Quality Incentive Program

Issue

The NRCS policy for allocation of EQIP funding penalizes states allowing for program cost-share rates that equal the 2002 Farm Bill limit of 75 percent.

Problem

The NRCS policy proposes that the cost-share rate be at 50 percent so that program dollars get to more producers. Though a worthy goal, this penalizes states that may, for legitimate reasons, need to set higher cost share rates to address priority environmental problems.

The 2002 Farm Bill eliminated buy-down options in regard to EQIP because those farmers with higher income levels were able to bid down the cost-share percentages and since lower income producers could not afford to do this there was inherent inequity in the program. The NRCS policy now forces States, rather than individual producers, to bid against each other in a similar way; therefore the same structural inequity exists; just at a higher level.

The policy also places an unnecessary responsibility on NRCS State Conservationists for approval of conservation plans. It states that any "structural practice" with a cost-share rate exceeding 50 percent, "will in the future be approved by the state conservationist", rather than by the district conservationist. This change has caused NRCS to be less responsive to the recommendation of local workgroups that have traditionally set cost share rates in coordination with district conservationists.

How this would affect your constituents

Changes to cost share rates from 75 to 50 percent will unfortunately eliminate the participation of lower income producers that need EQIP funds to address local priority projects. The past 5 years of drought and depressed farm economy further support the need to maintain the 75 percent cost share rate, when determined necessary by local workgroups to achieve conservation goals.

While the NRCS policy would allow for states to adjust their own cost-share rate according to their needs, those states setting cost-shares higher than other states would be penalized in the following year's allocation of funding (Section 1466.5 paragraph B. EQIP rules). Where local work groups determine a 75% cost-share is appropriate, their recommendation is ignored by the NRCS State Conservationist who needs to follow NRCS headquarter policy to assure their state receives the maximum funds in the next year's allocation. Utah is suffering from drought, our farmers are struggling with its effects and low prices, and they are also heavily involved in implementing expensive animal waste management projects mandated by EPA. Local workgroups should be allowed to follow the legislative intent of the 2002 Farm Bill and set higher cost-share rates when needed to achieve local conservation goals without being penalized.

The NRCS headquarters cost-share ceiling is a "top-down" decision that ignores the valuable input & authority of the NRCS field office, conservation districts and the stakeholder participants of the local work group. The local NRCS field office and workgroup participants are more knowledgeable of local farming practice, irrigation systems, producers, and economic circumstances than state conservationists.

What you can do about this issue

Advise NRCS that the 2002 Farm Bill legislation eliminated buy-down options, that states and their respective counties are uniquely different, that program cost share rates should not be used as a factor in evaluating the success of the program, nor for the purpose of allocating additional funds to states.

Encourage the NRCS to allow cost-share rate approval authority in accordance with local work-group recommendations without threats of future funding reductions.

Encourage NRCS to utilize the local workgroups. The local workgroups are in the best position to determine what cost share rates will best address the resource concerns in their area.

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