



Livestock and Poultry Environmental Stewardship (LPES) curriculum

CAFO Fact Sheet series

Fact Sheet #31: EQIP Financial and Technical Assistance Available to CAFO Owners/Operators

Disclaimer

This fact sheet reflects the best professional judgment of the contributing authors and is based on information available as of the publication date. Also, your state may have additional, more stringent requirements than EPA's requirements. Contact your permitting authority for complete information on the regulations that apply to you.

*Copyright © 2003.
MidWest Plan Service.
Iowa State University,
Ames, Iowa 50011-3080.*

Copyright Permission

For copyright permission, call MidWest Plan Service (MWPS) at 515-294-4337. Organizations may reproduce this fact sheet for non-commercial use, provided they acknowledge MWPS as the copyright owner and include the following credit statement:

Reprinted from Livestock and Poultry Environmental Stewardship curriculum, fact sheet authored by Kari Cohen, NRCS; Steve Amosson, Texas A&M University; Lal Almas, West Texas A&M University; and Otto Doering, Purdue University, courtesy of MidWest Plan Service, Iowa State University, Ames, Iowa, 50011-3080 and your land-grant universities,
Copyright © 2003.

By Kari Cohen, NRCS; Steve Amosson, Texas A&M University; Lal Almas, West Texas A&M University; and Otto Doering, Purdue University

Introduction

On December 16, 2002, the U.S. Environmental Protection Agency (EPA) released its revised National Pollutant Discharge Elimination System (NPDES) and Effluent Limitation Guidelines rule affecting concentrated animal feeding operations (CAFO) Rule. The revised rule contains changes that will affect primarily large livestock and poultry operations nationwide. The U.S. Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) is poised to provide financial and technical assistance to CAFO owners and operators as they work to comply with the provisions of the revised CAFO Rule. A primary source for this assistance is the Environmental Quality Incentives Program (EQIP). The 2002 Farm Bill reauthorized and updated EQIP, leading to some significant changes in the program. The final EQIP rule published in the Federal Register on May 30, 2003, details the updates and revisions that were made to program guidelines based on the 2002 Farm Bill. A number of these changes should benefit livestock and poultry producers who wish to acquire EQIP funds to develop Comprehensive Nutrient Management Plans (CNMP) or implement conservation practices on their operations.

EPA's CAFO Rule

Major changes made by EPA in its revised CAFO rule include:

- All Large CAFOs must apply for an NPDES permit or demonstrate that they have no potential to discharge into waters of the United States.
- The rule requires CAFO operators to develop and implement (by 2006) a nutrient management plan as a permit requirement. EPA indicates its belief that a CNMP will satisfy permit requirements.

Continued on next page

Fact Sheet #31 (continued)

- New Source poultry, swine, and veal operations must meet a “no discharge” standard. This standard only allows for discharge from the production area in the event of a 100-year, 24-hour storm or greater.

EPA estimates approximately 15,500 livestock and poultry operations will be required to obtain NPDES permits (and therefore, develop nutrient management plans) under the revised rule or demonstrate that they have no potential to discharge.

EQIP Overview

First authorized under the 1996 Farm Bill, EQIP is a voluntary program that provides assistance to farmers and ranchers who face threats to soil, water, air, and related natural resources on their land. Through EQIP, NRCS provides assistance to agricultural producers to promote agricultural production and environmental quality as compatible goals, optimize environmental benefits, and help farmers and ranchers meet federal, state, tribal, and local environmental requirements. Funding for EQIP comes from the Commodity Credit Corporation.

EQIP Funding Authorization

The 2002 Farm Bill significantly increased the authorized funding levels for the EQIP program. The authorized levels are as follows:

| Fiscal Year | Authorized Funds |
|-------------|------------------|
| 2003 | \$700 million |
| 2004 | \$1 billion |
| 2005 | \$1.2 billion |
| 2006 | \$1.2 billion |
| 2007 | \$1.3 billion |

Authorized funding levels are guidelines for Congressional appropriations. Appropriations do not always match the actual amount of funding available to producers.

Changes to EQIP

The final EQIP Rule, based on updates made to the program in the 2002 Farm Bill, outlines a number of

significant changes important to CAFO owners and operators:

- Nationally, EQIP funds to be allocated toward livestock-related practices increased from 50% to 60%.
- The payment limitation per individual or entity for all EQIP contracts was increased from \$50,000 to \$450,000.
- Producers may receive cost-share payments for CNMP development.
- All livestock and poultry producers, regardless of size, may receive cost-share funds for waste storage facilities but must develop a CNMP.
- Applicants are ineligible if their average adjusted gross income for the previous 3 years exceeds \$2.5 million, unless 75% or more is derived from agricultural activities.
- The NRCS Regional Conservationist must approve any EQIP contract greater than \$100,000.
- Maximum cost-share rates have been increased up to 90% for Limited Resource producers and Beginning Farmers or Ranchers.
- The minimum contract duration has been reduced to one year following completion of the last practice in the contract.

EQIP Eligibility

Agricultural producers—individuals or entities engaged in livestock or agricultural production—may participate in EQIP, with the following limitations:

- The applicant must be in compliance with highly erodible land and wetland conservation provisions.
- The applicant must qualify under the adjusted gross income provision outlined above in “Changes to EQIP.”
- Federal and state governments and their political subdivisions are not eligible.

How EQIP Works

National Funding Allocations

States receive annual funding allocations based on a number of factors, including how their resource concerns relate to the following EQIP National Priorities:

Continued on next page

Fact Sheet #31 (continued)

- Reduction of nonpoint source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds, consistent with Total Maximum Daily Loads (TMDL) where available, as well as reduction of groundwater contamination and conservation of ground and surface water resources
- Reduction of emissions, such as particulate matter, nitrogen oxides, volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards
- Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land
- Promotion of at-risk species habitat conservation

For information on your state's Fiscal Year 2003 allocation, visit http://www.nrcs.usda.gov/programs/2003Allocations/eqip_2003.pdf (The figures provided include funds allocated for both EQIP technical and financial assistance, as well as funding for two targeted EQIP provisions, the Klamath Basin and Ground and Surface Water programs.).

State Implementation of EQIP

At the state level, a locally led process is used to adapt the national priorities to address local resource concerns and achieve its objective of optimizing environmental benefits. To accomplish this task, EQIP uses a four-part process:

1. Allocation of funds from the national level to state NRCS offices based on national priorities
2. Identification of state and local priority resource concerns and allocation from the state level to the local level, using the national priorities as guidance
3. Selection of conservation practices and practice cost lists to address the priority resource concerns
4. Development of a ranking process that prioritizes those applications that address the priority resource concerns in the most cost-effective manner.

The NRCS State Conservationist leads implementation of the locally led process for EQIP and considers the advice of the State Technical Committee and local work groups when making decisions about state and local priorities, practice cost lists, and ranking.

Eligible Practices and Cost-Share Rates

The NRCS State Conservationist and local decision makers determine which conservation practices are eligible for EQIP assistance. Selected practices are those that address the identified national and state resource concerns in the most cost-effective manner. Cost-sharing rates are up to 75% (up to 90% for limited resource or beginning farmers and ranchers) for structural conservation practices, such as manure management facilities, composting facilities, and anaerobic digesters. In addition, incentive payments may be made to encourage a producer to adopt land management practices, such as nutrient management, manure management, pasture management, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices that they otherwise might not implement.

Each NRCS State Conservationist approves a practice cost-share list unique to his/her state. To view the eligible practices and cost-share rates for your state, contact your local USDA Service Center, or visit http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2003%20EQIP%20Signup/2003_EQIP.html

EQIP Application Process

EQIP applications may be obtained and filed with your local USDA Service Center or conservation district office. EQIP applications are accepted throughout the year. The application process consists of the following five steps:

1. A landowner submits an application to a local USDA Service Center, NRCS office, conservation district office, or office of a designated cooperating entity.
2. The NRCS State Conservationist or designee works with the applicant to develop an EQIP

Continued on next page

Fact Sheet #31 (continued)

plan of operations. The plan of operations includes the applicant's specific conservation and environmental objectives, the conservation practices to be installed, and the schedule for implementation.*

3. The NRCS State Conservationist or designated conservationist ranks each application using the locally developed ranking process.
4. When funds are allocated, the NRCS State Conservationist or designated conservationist commits allocated funds to high-ranking land-owner offers and enters into contracts with selected participants.
5. Following contract signature by NRCS and the selected entity, funds are obligated to the project, and the participant may begin to implement the EQIP plan of operations.

CNMP

A site-specific, producer-led conservation system that addresses all aspects of an animal feeding operation, a CNMP will likely satisfy the CAFO rule's nutrient management plan permit requirement. For more info on CNMPs, visit <http://www.nrcs.usda.gov/programs/afo/index.html#NRCS%20CNMP%20Policy>.

For More Information

If you need an EQIP application or more information about the program or CNMPs, 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/farbill/2002>.

For more information about the CAFO Rule, visit EPA's CAFO Rule website at <http://www.epa.gov/npdes/caforule>.

Note: This fact sheet is based on NRCS documents that may be found at <http://www.nrcs.usda.gov/programs/farbill/2002/products.html>.

* If an EQIP plan of operations includes an animal waste storage or treatment facility, the applicant must provide for the development and implementation of a CNMP.

The information in the fact sheet is current as of August 5, 2003. However, it may change as NRCS further develops policies and procedures. ●

Definition of Terms

CAFO—Concentrated Animal Feeding Operation

CNMP—Comprehensive Nutrient Management Plan

EQIP—Environmental Quality Incentives Program

NPDES—National Pollutant Discharge Elimination System

TMDL— Total Maximum Daily Load

Authors

Kari Cohen, a natural resource specialist with the USDA Natural Resources Conservation Service, can be reached at kari.cohen@usda.gov. Steve Amosson, a professor and extension farm management economist with Texas A&M University may be reached at s-amosson@tamu.edu. Lal Almas, an assistant professor of ag business and economics with West Texas A&M University, may be reached at lalmas@mail.wtamu.edu. Otto Doering, an agricultural economist at Purdue University, may be reached at doering@purdue.edu.

Reviewer

The authors wish to thank Jeff Loser, NRCS, for his review of this fact sheet.

For More Information

Environmental Regulations Related Resources

EPA CAFO Phone Line–202-564-0766

<http://www.epa.gov/npdes/caforule/>–To obtain copy of regulations

<http://www.epa.gov/npdes/afo/statecontacts/>–To obtain state environmental agency contacts

<http://www.epa.gov/agriculture/animals.html/>–To obtain compliance assistance information from EPA

http://cfpub.epa.gov/npdes/contacts.cfm?program_id=7&type=REGION/–To obtain EPA Region Animal Feeding Operation contacts

Land-Grant University Resources

The local contact for your land-grant university Cooperative Extension program is listed in the phone book under “Cooperative Extension” or “(*county name*) County Cooperative Extension.”

<http://www.reeusda.gov/1700/statepartners/usa.htm/>–To obtain state Cooperative Extension contacts

<http://www.lpes.org/>–To view the Livestock and Poultry Environmental Stewardship (LPES) curriculum resources

USDA Farm Bill Resources

To obtain more information about the Farm Bill 2002, see the USDA-NRCS website at <http://www.nrcs.usda.gov/programs/farmbill/2002/>. You can also contact your local USDA Service Center, listed in the phone book under “U.S. Department of Agriculture,” or your local conservation district.



The LPES educational materials were developed with support from the USDA-CSREES, the U.S. EPA's National Agriculture Compliance Assistance Center, and the University of Nebraska Cooperative Extension at Lincoln, under Cooperative Agreement Number 97-EXCA-3-0642.



MidWest Plan Service
122 Davidson Hall, ISU
Ames, IA 50011-3080

MWPS (MidWest Plan Service), headquartered at Iowa State University, is the primary distributor of LPES curriculum materials. To order the materials online, access their website at <http://www.mwps.org> and visit the catalog section.

Discounts are offered on LPES materials purchased as package deals or in bulk.