

FACT SHEET:

WHAT TO KNOW ABOUT EQIP APPLICATION RANKINGS AND ADVANCE PAYMENT OPTION

The Environmental Quality Incentives Program (EQIP) offers farmers and ranchers financial and technical assistance to implement conservation practices on working lands. EQIP applications are competitive; different ranking pools are available for various U.S. Department of Agriculture (USDA) priorities and special initiatives. EQIP's special initiatives are intended to focus resources on specific practices or natural resources and can help make this competitive program more accessible to different farmers.

Key term: Priority resource concern

These are specific categories of natural resource concerns related to soil, water, wildlife, and more. The Natural Resources Conservation Service (NRCS) sets priority resource concerns for each state, often with stakeholder input. Examples include inadequate fish and wildlife habitat, and insufficient water.

RANKING



EQIP applications are ranked on the total new environmental benefits of any selected conservation practice. More points are given to applications that address state and federal priority resource concerns.

Applications are also ranked on factors such as cost effectiveness, how many resource concerns are addressed, and how long-lasting the environmental benefits will be. The size of the farm or ranch is not a factor in the ranking.

To make an application as competitive as possible, farmers and ranchers should pay close attention to the priorities NRCS has identified as important for funding in their state.

WHEN ARE PAYMENTS MADE? HOW MUCH?

EQIP annual payments are between \$1,500 and \$80,000, based on the contract and the practices the farmer or rancher is implementing. Payments are typically made in October.

Payment rates for all practices may vary from state to state and from year to year, so be sure to check the NRCS website at nrcs.usda.gov for the payment rates for your state.



HOW MUCH MONEY DO FARMERS NEED BEFOREHAND?

EQIP is a cost-share program, which means participants are reimbursed for a portion of the costs associated with implementing a conservation practice. EQIP does not typically pay for the full cost of either implementing or maintaining conservation practices. Because it is a reimbursement program, farmers may initially bear the entire expense for conservation activities. Farmers and ranchers should be sure to understand the financial commitments for any EQIP contract and should make sure they maintain cash flow pending reimbursement.



Purchases made before the application are not eligible for cost-share. Farmers and ranchers should not make purchases assuming they will be reimbursed. Complete all necessary steps and be approved before purchasing or implementing anything.



HOW DOES THE EQIP ADVANCE PAYMENT OPTION WORK?

Under the typical EQIP payment process, a farmer is reimbursed after a conservation practice is implemented. This process often means farmers must pay upfront costs with their own funds, which can be cost-prohibitive for beginning farmers and farmers who are socially-disadvantaged.

The EQIP advance payment option offers up-front payments for historically underserved farmers, which include beginning, veteran, limited resource, and farmers and ranchers of color (socially-disadvantaged). The option provides at least 50% of the contracted payment for each conservation practice up front, before the practice is implemented, to purchase materials or contract services.

Farmers and ranchers who are given this option should know the advance payment must be expended within 90 days of receipt and the practice must be completed as agreed on the EQIP plan of operations. Any funds not expended within 90 days of receipt must be returned to NRCS. This means farmers should request the advance payment funds when there is an immediate need, and when the design or job sheet and required personal funds are both ready and available. Farmers should keep in contact with their local NRCS staff about any concerns they have about the timeline.

All EQIP practices are eligible for advance payments. Farmers and ranchers can use the option for as many or as few practices as they choose. Historically underserved farmers are also eligible for a higher payment rate.

For example, a beginning farmer who has chosen the advance payment option can be paid 50% of the EQIP rate up front for a given practice. This can help offset the upfront cost of some practices, such as purchasing seed for cover crops. The remainder of the payment would be given after completing the practice.

HOW DO FARMERS APPLY FOR THE ADVANCE PAYMENT OPTION?

Historically underserved farmers and ranchers who are approved for an EQIP contract can choose to receive advance payments through the form—NRCS-CPA-1155—“Conservation Plan of Operation.” Find this form online at forms.sc.egov.usda.gov by searching the form name. The advance payment option is not competitive, as it is something eligible contract holders can choose to opt into, and not a separate program within EQIP.

Farmers and ranchers who require additional initial capital to supplement the advance payment option can discuss options with their local Farm Service Agency (FSA) offices. FSA offers conservation loans to farmers and ranchers who need assistance with out-of-pocket conservation costs. Contact your local FSA office to learn more.

USDA DEFINITIONS

Beginning farmers and ranchers are those who have been operating a farm or ranch for fewer than 10 consecutive years.

Socially-disadvantaged farmers and ranchers are members of a group that has been subjected to racial or ethnic prejudices and injustices. Farmers of color should be aware of this term and may need to use it to identify themselves to USDA.

Veteran farmers and ranchers have served in the armed forces and have not operated a farm or ranch, have operated a farm or ranch for less than 10 consecutive years, or first obtained veteran status during the past 10 years.

Limited resource farmers or ranchers have a household income at or below the national poverty level. Eligibility can be determined by using the Limited Resource Farmer or Rancher Tool, found at lrftool.sc.egov.usda.gov.

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