

## Overview

The Environmental Quality Incentives Program (EQIP) advance payment option limits out-of-pocket conservation costs for historically underserved producers. EQIP provides at least 50 percent of the contracted payment for each conservation practice up front, before the practice is implemented, to purchase materials or contract services.

Advance payments are only available under EQIP. EQIP provides financial and technical assistance to address natural resource concerns resulting in environmental benefits such as improved water and air quality, conserved ground and surface water, reduced soil erosion and sedimentation, and improved or created wildlife habitat.

Under the general EQIP payment process, a producer is reimbursed after a conservation practice is implemented. This process often means that producers must pay up front costs, which can be cost prohibitive for many historically underserved producers. The advance payment must be expended within 90 days of receipt, and the practice completed as agreed to on the EQIP schedule of operations.



# Advance Payment Options for EQIP



Advance payments are an option for any private landowner who is considered a "Historically Underserved" individual or group, such as beginning farmers, veteran farmers, and Alaska Natives.

## Who is Eligible for an Advanced Payment?

- Beginning Farmer or Rancher:** someone who has never operated a farm or ranch, previously, or has operated a farm or ranch for less than 10 consecutive years.
- Socially Disadvantaged Farmer or Rancher:** a member of a group whose members have been subjected to racial or ethnic prejudice because of their identity as members of that group without regard to their individual qualities.
- Veteran Farmer or Rancher:** someone who has served in the armed forces and has not operated a farm or ranch, has operated a farm or ranch for less than 10-consecutive years, or first obtained veteran status during the last 10 years.
- Limited Resource Farmer or Rancher:** someone with a household income at or below the national poverty level. Eligibility can be determined by using the Limited Resources Farmer or Rancher Tool online at: <https://lrftool.sc.egov.usda>.

## How It Works

All EQIP practices are eligible for advance payments, including vegetative, structural, and management practices, and conservation activity plans. Producers can use the option for as many or as few practices as they choose and can change their decision before they receive payment.

Historically underserved farmers producers are also eligible for a higher payment rates.

## Advance Payment Requirements

An advance payment provides the opportunity to receive up to 50% of the payment up front to purchase immediately-needed materials and services. **However, there are some requirements you should be aware of before making the request:**

- **Any funds not expended within 90 days of receipt must be returned to NRCS.** Therefore, participants should make sure that the advance payment is for an immediate need and any additional funding needed to purchase materials is ready and available before requesting the funds.
- **Participants should also ensure their contract matches their design exactly.** If not, your contract may need to be modified to reflect the appropriate practice component and quantities to exactly match your completed conservation practice design.

## Example

A beginning farmer applies for and is approved for an EQIP contract to plant cover crops on 40 acres of land.

The payment rate for implementation of a cover crop practice is \$56.81 per acre. Multiplying that rate by 40 acres, the total payment that beginning farmer would receive for planting cover crops through EQIP would be \$2,272.40.

- $\$56.81 \times 40 \text{ acres} = \$2,272.40$
- $\$2,272.40 / 2 = \$1,136.20$  (50% of the full payment rate)

Under the advance payment rate of 50%, that beginning farmer would be eligible to receive \$1,136.20 in advance of implementing the practice, thus making it possible to offset some of the up-front costs such as purchasing the seed. The beginning farmer would then receive the remaining payment upon completing the cover crop practice.

## Schedule of Operations

Conservation practices must be completed as scheduled in your contract. The conservation practices associated with advance payment must be completed as scheduled in the EQIP schedule of operations. Failure to complete the conservation practices as scheduled will result in the EQIP contract being in violation with the terms and conditions of the contract.

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## What is an Advance Payment?

An advance payment provides the opportunity to receive up to 50% of the payment up front to purchase immediately-needed materials and services.

## How was the advance payment changed under the 2018 Farm Bill?

The 2018 Farm Bill requires NRCS to offer proactively the advance payment option to all historically underserved EQIP participants. NRCS field staff are required to document the producer's decision to select (or not select) the advance payment on a contract item basis.



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