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**ENVIRONMENTAL QUALITY INCENTIVES PROGRAM FUNDS EXPENSIVE INDUSTRIAL AGRICULTURE PRACTICES,
TURNS ASPIRING CONSERVATIONISTS AWAY**

New report calls for reforms to Farm Bill-funded EQIP to better serve more farmers and build climate resilience

MINNEAPOLIS—A new report from the Institute for Agriculture and Trade Policy ([IATP](https://www.iatp.org)) finds that an outsized share of the funding for the conservation program Environmental Quality Incentives Program (EQIP) financed expensive practices with little or no conservation benefits, while two-thirds of farmer applicants were rejected from the program in 2023. As Congress debates the next Farm Bill, the report offers recommendations on how Farm Bill-funded EQIP should be reformed to help more farmers build climate resilience and reduce emissions.

Managed by the Natural Resources Conservation Service (NRCS) of the U.S. Department of Agriculture (USDA), EQIP provides financial assistance for first-time conservationists to address resource concerns on their farmers. The report, [*Costly versus Cost-Effective: How EQIP can be improved to serve more farmers and the climate*](#), sheds light on how EQIP allocated funds in Fiscal Year 2023, the first year that farmers received additional funding from the Inflation Reduction Act (IRA). IRA funding was available for practices listed on the Climate Smart Agriculture and Forestry List by NRCS.

“While many of the practices on the climate-smart list help farmers build resilience, reduce emissions and sequester carbon, there are several expensive practices which do none of these things,” said [Michael Happ](#), author of the report. “Over \$840,000 was spent on two anaerobic digesters in Vermont in FY23. With that money, we could nearly wipe away the conservation backlog in that state.”

More than \$182 million (11% of the total) was spent on just 10 out of over 150 EQIP practices in FY23, many of which are practical only for large-scale farms, have questionable environmental benefits and bolster the polluting concentrated animal feeding operation (CAFO) system of the largest livestock operations. For example, anaerobic digesters are installed on operations with large amounts of liquid animal manure, and EQIP digester contracts are awarded almost solely to massive CAFOs. Digesters encourage herd, and thereby emission, growth: Dairy operations with digesters grow herd sizes 24 times the rate of dairies without digesters.

Contracts awarded to industrial practices divert funds from more impactful, accessible alternatives. An operation using silvopasture, also a livestock-focused EQIP practice, only has a fraction of the herd of a CAFO and is still lucrative. Silvopasture stores carbon, bolster wildlife habitat, improves biodiversity and more. Nationwide in FY23, 97 silvopasture EQIP contracts were awarded a total of \$862,743, just over the cost of two digesters.

The most popular EQIP practices are relatively inexpensive. The top 10 most in-demand practices average under \$10,000 per contract. For example, for a small-scale row crop farmer, an inexpensive cover crop contract can be the gateway to implementing conservation across their whole farm, creating what could become a soil health multiplier effect.

The report proposes several policy solutions to improve the effectiveness and equity of EQIP and foster greater climate resilience including:

- Remove expensive practices used for CAFOs from the Climate Smart Agriculture and Forestry list
- Lower the EQIP payment limit from \$450,000 to \$150,000 to increase farmer access

- Incorporate IRA funding into Farm Bill baseline to ensure stable funding beyond the IRA's 2031 cutoff

“EQIP is a great gateway to conservation for thousands of farmers across the country,” said Happ. “We should continue to focus on true cost-effective conservation and connect more people with needed resources. We should also help farmers graduate to whole-farm, agroecological approaches like the Conservation Stewardship Program (CSP) if we want to maximize the climate benefit of taxpayer dollars.”

This report builds on previous IATP reports focused on EQIP spending: [Payments for Pollution](#) (2022) and [Waste and Water Woes](#) (2023). Learn more about on-farm conservation programs [here](#).

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Based in Minneapolis with offices in Washington, D.C., and Berlin, Germany, the Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. To learn more, visit: www.iatp.org.