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Coalition Applauds Passage of Payment Limitation Amendment

Washington, D.C. - The Sustainable Agriculture Coalition congratulated the Senate for passage yesterday of an amendment that begins to restore fiscal, environmental, and agricultural sanity to the Environmental Quality Incentives Program. During consideration of the Fiscal Year 2004 agricultural appropriations bill, the Senate approved an amendment offered by Senators Charles Grassley (R-IA) and Byron Dorgan (D-ND) to reduce the per farm EQIP payment limitation from \$450,000 to \$300,000 and to apply the limit to all the farming sites that are part of a single operation, regardless of the number of partners investing in the operation.

Since passage of the 2002 farm bill, the EQIP program has used taxpayer funds to subsidize and foster the expansion of large industrial confined animal feeding operations (CAFOs).

"We applaud the Senate for starting the job of fixing a big problem," said Ferd Hoefner, Policy Director for the Sustainable Agriculture Coalition. "The \$450,000 payment limitation skews the distribution of EQIP funds toward the largest farms and subsidizes expensive technologies that often end up harming public health and the environment, like leak-prone manure waste lagoons for large confined animal feeding operations."

"EQIP can drive concentration and the loss of farms and ranches by subsidizing the most expensive technologies and directing funding to fewer, larger operations," Hoefner added. "We call on the House and Senate conferees to retain this important Senate provision in support of family farms and the environment."

The 2002 Farm Bill increased the EQIP payment limitation nine-fold to \$450,000. The 1996 Farm Bill, which created EQIP, limited payments to \$10,000 per year or \$50,000 over the life of a five-year contract, and specifically prohibited support for CAFO manure lagoons.

The Senate version of the 2002 Farm Bill contained a \$150,000 limitation. The House version of the bill had a \$200,000 limitation. Amazingly, on the very last day of the farm bill conference committee a payment limit of \$450,000 - over twice that in either bill - was put on the table at the request of the CAFO industry and quietly approved with no public discussion or debate.

EQIP continues to have far more demand than there is money, a problem compounded by the huge payments to individual producers. The Grassley/Dorgan amendment now part of the Senate appropriations bill helps correct this problem by lowering the payment limitation, thereby making program funds available to more producers. The amendment would also rectify a problem created in the rulemaking process, whereby the USDA is allowing the already extreme \$450,000 payment limit to be multiplied by the number of partners in a single farming operation, opening the door for the largest multi-partner operations to command the lion's share of EQIP funding.

The Senate appropriations bill includes \$1 billion for EQIP, as provided for by the 2002 Farm Bill, while the House bill cuts the Farm Bill funding by \$25 million, to \$975 million.

The Coalition represents farm, rural, and conservation organizations that advocate public policies supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities.