



Conservation and the 2007 Farm Bill

Center for Rural Affairs
Policy White Paper
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VALUES. WORTH. ACTION.

✦ Background

The Conservation Title of the 2007 Farm Bill should focus on rewarding good stewardship of the land by placing a greater emphasis on working lands, communities and fostering a new generation of conservation-minded farmers and ranchers. Although each of us has a moral obligation to leave the land at least as well as we receive it, the public also has an obligation to share in the cost of protecting the land and water on which all of us – current and future generations – rely for survival.

The 2002 Farm Bill recognized this obligation and made great strides in this regard. For example, it increased the funding level devoted to conservation programs; developed a whole new approach to conservation programs through the creation of the Conservation Security Program and the Partnerships and Cooperation Initiative; and called for a special initiative through conservation programs for beginning farmers and ranchers.

We propose the following for the 2007 Conservation Title:

✦ Conservation for Working Lands

To effectively protect the environment, the farm bill must address working lands as well as land retirement. The **Conservation Security Program** established by the 2002 farm bill is the basis on which to build. It has several key strengths.

It rewards farmers and ranchers who practice environmental stewardship year in and year out. That is far better than only paying the worst actors to change, placing the nation's best environmental stewards at a competitive disadvantage in competing for land and conservation funds. The outcome of the later approach is to shift landownership toward those who care little about stewardship and practice it only when paid.

CSP takes a far better approach of both rewarding those who have always practiced stewardship as well as those making improvements. That will yield more far reaching and lasting environmental gains.

CSP is good for farmers and ranchers. If it's implemented correctly, it will base payments on how intensively the operator manages the land to protect the environment. Payments based on what farm and ranch operators do are far more likely to remain in their pockets than payments based on how much land they operate. The latter payments are inevitably bid into higher cash rents and land prices and thereby transferred to the landowner. Payments based on the operator's management are far more likely to remain with the operator.

The CSP has faced enormous implementation and funding challenges, which created an uncertain and shaky star for the program. Therefore, we propose that the new farm bill must include stronger, more decisive language that will:

- Fully fund the program, giving it nationwide status and available to all eligible farmers and ranchers for 2007 and beyond.
- Disallow the Secretary of Agriculture to create ranking or category systems (such as NRCS used for CSP under the 2002 Farm Bill as a means to prioritize distribution of funds.)
- Address resource conserving crop rotations – define it and indicate that the Secretary shall include this as an enhancement practice.

Specifically indicate that the Secretary of Agriculture shall use a soil analysis model that levels the playing field for all agricultural systems. The soil model that would live up to this standard is the Soil Management Assessment Framework (SMAF) and require resource conserving crop rotations for Tier III participation.

✦ Community and Conservation

The next farm bill should strive to make better use of conservation programs to make rural communities more attractive places to live and visit. The rural communities that have grown are largely those with environmental amenities – lakes

and mountains. In the future, uncrowded natural space may become a key environmental amenity, one many farm and ranch communities could provide.

What if, for example, our land retirement based conservation programs provided bonus payments for enrollments that allowed public access as part of a community development plan. It could provide the basis for some tourism-based small businesses – such as bed and breakfasts and other agri- and eco-tourism enterprises.

We had hoped that the Conservation Partnerships and Cooperation Program in the 2002 farm bill would serve these purposes, but its statutory language was very general and never implemented by USDA. They instead implemented their own version that did not reflect the original intent of the provision.

We propose it be reauthorized as the Cooperative Conservation Partnerships Initiative (CCPI). The CCPI should be implemented on a competitive basis through intermediaries including producer associations, non-governmental organizations, conservation districts, watershed councils, educational institutions, and state and local agencies.

The CCPI should be a mandated initiative and be funded through existing state allocations for the full range of farm bill conservation programs. Up to 20 percent of a state's allocation should be available for cooperative conservation projects, with considerable flexibility to match program funding streams and mechanisms to tackle specific local problems and/or projects.

Preference should be given to projects that involve partnerships of producers, local governments and local organizations focused on making rural communities attractive places to live and visit by providing landscape and habitat amenities, addressing community needs such as flood control through environmental restoration, or restoring resources and then providing for public access for recreational activities. To ensure this preference, we recommend the inclusion of the following language:

The Secretary shall make bonus payments of up to 50% for enrollments in the Conservation Reserve Program, Wetlands Reserve Program and the Grassland Reserve Program under the following conditions:

- the enrollment is certified by a state or local unit of government or Resource Conservation and Development District as consistent with its plan to develop natural space and habitat as a community development asset;
- the land is restored to native plant species and habitat for native animal species; and
- the land owner provides public access to the enrolled land.

☒ Conservation and Beginning Farmers and Ranchers

Beginning farmer and rancher programs need to be a critical part of the new farm bill and conservation programs can play an important role. Present trends and current obstacles are working against the very existence of a new generation of farmers and ranchers: Farm entry rates have declined; the farmer “replacement” rate has fallen to below 50 percent; there are twice as many farmers over 65 as under 35 years old; nearly half of all farm operators in the U.S. are over 55 years in age and nearly three-fifths of all farm assets are owned by those 55 and older.

The 2002 Farm Bill contained a provision to make federal conservation programs more available and accessible to beginning farmers and ranchers and other targeted groups (Indian tribes and limited resource agricultural producers). A provision such as this will achieve two important public policy goals simultaneously – help get new farmers and ranchers started while encouraging them to adopt strong conservation systems from the outset. Unfortunately, USDA failed to implement this special provision.

The new farm bill should again include this provision and include the following language:

The Secretary shall create a special initiative for beginning farmers and ranchers, limited resource producers and Indian Tribes that will:

- Provide technical service, mentoring programs and educational training that focus on sustainable agricultural farming practices and systems as well as related marketing issues.
- Provide strong conservation planning and technical assistance through NRCS field staff and resource specialists as well as through the development of cooperative agreements between NRCS and Extension and non-governmental organizations.
- Provide an option for immediate upfront or advanced payments to beginning farmers and ranchers through multi-year contracts entered into for federal conservation programs such as CSP, WRP, WHIP. This would provide the beginning farmer and/or rancher a more significant cash flow. For example, the contract would provide the beginning farmer a five year payment stream in return for a legally binding commitment including an easement.
- Offer a financial incentive such as a 25% bonus for beginning farmers and ranchers to develop whole farm/ranch conservation plans under EQIP and CSP. Farmers and ranchers can get a good start with conservation practices through EQIP. By encouraging them to work towards a whole farm/ranch conservation plan, conservation will be furthered and it will enhance their participation in the Conservation Security Program by reading them to participate at the highest and most lucrative level, Tier III.
- Create an incentive such as a 25% bonus payment for landowners under CSP, WRP, WHIP and EQIP to encourage them to rent to beginning farmers and ranchers on a longer-term, multiyear basis in connection with adoption and installation of conservation structures and management practices.
- Graduate the cost share portion attributable to the beginning farmer or rancher over a period of years under EQIP with higher cost share in the beginning and lower at the end of the contract as a means to provide a better cash flow. For example, provide 100% in year one and two and 50% in year three.
- Encourage retirees or non-farming heirs holding Conservation Reserve Program contracts set to expire to make arrangements to transfer the land to beginning farmers and ranchers by offering a rental rate bonus during a transition period, such as a 20% bonus per year for three years.
- Provide a special initiative through the CSP that focuses on keeping land in grass by providing financial incentives such as a 40% payment bonus for beginning farmers and ranchers to develop and improve grazing lands.

Encourage farmland preservation transition initiatives focused on whole farm planning. Under such a proposal, farmland enrolled in the Farmland Preservation Program could provide 25% bonus payments to a retiring farmer or ranchers for transferring land and the easement to a beginning farmer or rancher that has established a whole farm conservation plan.

✦ Conservation Cost-Share Programs

The 2002 Farm Bill grandly expanded funding for the **Environmental Quality Incentives Program (EQIP)**. In combination with the increased funding, we also witnessed a dramatic increase in the payment limitation, going from \$50,000 in the 1996 Farm Bill to \$450,000 under the 2002 Farm Bill. This allows a substantial portion of the program dollars to flow towards large-scale livestock operations. The new farm bill needs to address this issue and re-establish the \$50,000 payment limitation and target program dollars towards conservation measures that promote agricultural diversity and a new generation of agriculturalists rather than those measures that encourage the continued consolidation of agriculture and the environmental degradation of rural communities. The EQIP should be funded at no less than \$400 million per year.

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