

Overview of the 2007 USDA Farm Bill Proposals for Conservation



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The major pressures on USDA's conservation program have been twofold. First, conservation groups, urban citizens, and others believe that a higher proportion of the budget might better be spent on conservation (working lands or CRP type reserves) than on commodity programs. Second, farmers have complained not only about a lack of resources for particular conservation programs (both matching funds and technical assistance) but also about the complexity of the current programs. The Administration's proposal attempts to address both of these concerns.

Outline of the Administration Proposal

1. Consolidate existing related programs—simplify, reduce redundancies, and produce more cost-effective environmental benefits. Create a Regional Water Enhancement Program. Increase the budget of the expanded EQIP program (\$4.25 billion over 10 years).
2. Modify the Conservation Security program to emphasize higher levels of conservation practices. (Baseline budget \$8 billion increased to \$8.5 billion for 10 years.) Expand enrollment to 96.5 million acres from 15.5 million. CSP has also been simplified in the USDA proposal by moving from four types of payments to just enhancement payments while reducing the number of tiers from three to two.
3. Combine the three existing easement programs for working lands into one (add \$900 million over the 10 year period to existing commitments).
4. Reauthorize the Conservation Reserve Program (CRP), and continue to target towards sensitive lands. Give priority within whole field enrollment for lands for biomass for energy.
5. Reauthorize Wetlands Reserve Program (WRP), and consolidate with the floodplain easements program of the Emergency Watershed Program. Increase total acreage to 3.5 million acres. (Baseline funding was \$445 million constrained by the acreage cap. An additional \$2.125 billion over 10 years is proposed though baseline funding after 2008 was zero.)
6. Broaden the conservation compliance provision with "sod saver." Rangeland and native grassland not previously in crop production converted to crop production would be permanently ineligible for all USDA program benefits (except crop insurance).
7. Enhance access to conservation programs by beginning and socially disadvantaged producers with a 10% set aside for all conservation programs.
8. Encourage new private sector environmental markets to supplement existing conservation programs (\$50 million over 10 years).
9. Repeal the regional equity provision (Section 1241(d) of the 1985 and 2002 Farm Bills). This will increase conservation program allocations to meritorious program areas and increase cost effectiveness of programs.
10. Consolidate existing emergency response programs EWP and Emergency Conservation Program (ECP) into one Emergency Landscape Restoration Program.

Within the Commodity Title of the Farm Bill are several proposals that relate to conservation objectives.

1. Reduce or eliminate crop bases when a farm or portion of a farm is sold for non-agricultural uses. This might stem some farmland conversion.
2. Offer farmers a “Conservation Enhanced Payment Option” allowing them to receive an enhanced guaranteed direct payment if they agree to meet certain conservation requirements and forego marketing assistance loan program benefits and certain counter-cyclical program payments (\$50 million over 10 years). This is seen as a WTO legal green box payment.

Final Comments

The Administration’s suggestions for the Conservation Title increase the dollar resources for conservation programs, attempt to simplify and consolidate programs, and also extend the reach of the Conservation Security Program. The key political and budgetary question is whether the increased funding for the conservation programs will represent funds diverted from the commodity programs. Within the Conservation Title, there may be competition among proponents of CSP (stewardship programs), EQIP (working lands programs), and CRP/WRP (land retirement programs). Also important is the desire by livestock producers and producers of non-program commodities or specialty crops to be able to tap into higher levels of assistance for conservation on working lands.

The standard and status of conservation compliance (the basic responsibility of the farmer for stewardship to allow participation in any USDA farm program) is an important issue. The original level of conservation compliance set out in the 1985 Farm Bill has been gradually diminished. The administration is attempting to at least halt this decline in required standards with the “sod saver” requirement (item 6 above). Environmental groups would like to see the withdrawal of crop insurance as well from such land.

An important part of the proposal to give financial support to encourage market based approaches to conservation (item 8 above) is the request for USDA to have the authority to rank applications for conservation programs based on competitive bidding and consideration of an applicant’s willingness to increase their share of contributed funding (cost sharing). USDA previously was able to target payments in this way until Congress disallowed such practices in the 2002 Farm Bill to spread conservation payments more broadly. Ranking and competitive bidding are essential for targeting to increase the cost effectiveness conservation programs.

How incentives are structured for farm participation in conservation programs is critically important. Another concern is the trade-off between spending money on incentives versus increased technical assistance. These two issues, especially technical assistance, have been considered by Congress in the past, but the considerations have been largely administrative.