

The Whole Farm Planner

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Comments Needed Now on Conservation Security Program - Demand a Revised Rule and Full-scale Program -

Farmers, conservationists, and other concerned citizens throughout the nation are being urged to comment on the USDA proposed rules for the Conservation Security Program (CSP) by March 2. The draft rules that were published on January 2, 2004 fall significantly short of meeting the intent of Congress to create a nationwide comprehensive conservation program open to all farmers and ranchers regardless of the crop produced or the location of the operation.

Despite the fact that the lifting of the CSP funding cap was imminent in the appropriations process (the cap was lifted on January 23), the draft rules proposed by the USDA's Natural Resources Conservation Service (NRCS) outline a severely restricted and mostly undefined program that lacks reasonable payment incentives to encourage farmer enrollment. In its summary of the proposed rules, the NRCS stated that its "preferred approach" to CSP implementation is to limit enrollment to selected priority watersheds during periodic signups—each with its own set of eligibility criteria and payment formulas—and build in additional restrictive "enrollment categories and subcategories." All these program enrollment restrictions were developed, according to the USDA, to launch and manage a capped entitlement program with funding limited to only \$41 million in fiscal year 2004.

However, with the signing of the 2004 appropriations bill by President Bush at the end of January, the capped entitlement status will no longer exist beginning in fiscal year 2005, and therefore Secretary of Agriculture Ann Veneman is being urged to issue a supplemental CSP rule immediately, one that reflects the removing of the funding cap and outlines a program that fully meets the intent of the Conservation Security Program written into law in the 2002 farm bill. This supplemental CSP rule must restore eligibility for all farmers nationwide by eliminating priority watersheds, enrollment categories, and other "high bar" minimum requirement restrictions in the draft rules, and restoring the payment structure to provide meaningful incentive payments so that farmers are financially rewarded for outstanding conservation.

—Mike McGrath

Senate CSP authors on funding and proposed rules...

—*"There is now no basis for the Administration to go ahead with proposed CSP rules that would take potentially billions of dollars away from producers for conservation, deny thousands of farmers and ranchers participation in CSP, and severely reduce compensation for the few who are allowed to enroll."*

—*"This is too good a program to shortchange... we have the opportunity to help farmers in their efforts to protect the environment, and we should be doing all we can to realize its full potential."*

—*"Without justification, the proposed rule severely reduces compensation to farmers and ranchers, which will dramatically reduce the conservation achieved through the CSP. The supplement (rule) must reflect the accurate and full base, cost-share and enhanced payments required by the law."*

—*Senators Tom Harkin (D-IA) & Gordon Smith (R-OR)*

Proposed Conservation Security Program Rules a Disappointment

By Loni Kemp

At first, the US Department of Agriculture was hailed for finally issuing proposed rules to guide implementation of the Conservation Security Program. Touted as the most innovative program in the 2002 farm bill, the Conservation Security Program languished for a year and a half while the Administration drafted rules, which were published on January 2, 2004.

Supported by nearly every sustainable agriculture, farm, commodity, environmental, wildlife, and conservation organization, the Conservation Security Program is envisioned to reward farmers with financial incentives for conservation on working lands, becoming the model program for a new policy of green payments for agriculture.

Unfortunately, as the details of the rules emerged, the disappointment grew. Citing budget limitations, USDA has added layer upon layer of restrictions to the basic program, leaving some wondering if any farmer could qualify, or would even want to apply considering how payments have been slashed.

For example, instead of being open to all farmers and ranchers, USDA would only offer the program in selected priority watersheds during limited sign-up periods. Instead of helping farmers achieve conservation goals, USDA would not allow them to apply until they had already solved soil and water resource concerns. And instead of rewarding high performance, enhanced payments would be restricted to a small portion of actual farmer costs.

In addition to these limitations on watersheds, prior conservation practices, and payments, the rule also calls for other severe restrictions. Even if a farm is located in one of the selected watersheds, it would still have to qualify for unspecified "enrollment categories" in order to be selected. Base per-acre payments would be slashed by ninety percent. Cost share payments would be limited to a "substantially reduced list of practices" and rates "considerably lower" than other cost share programs. There is also no provision for contract renewal. Of even more concern are all the provisions left out of the rule. Left for future determination by USDA are the criteria and actual se-

lection of watersheds; the list of eligible practices and cost share rates; additional requirements beyond the resources of concern; enhanced payment activities and amounts; and enrollment categories and subcategories.

On a positive note, USDA's proposal for water quality and soil quality to be initial resources of concern was greeted with some approval. These two resources would require good management of nutrients, pesticides, sediment, pathogens, and soil organic matter, resulting in significant environmental performance. However, it should also be possible for individual states to identify additional significant resources.

Why would USDA attempt to smother this promising program, which Secretary Veneman touts as a program to reward the best and motivate the rest? The answer evidently revolves around funding. Rather than writing rules for a national, comprehensive conservation program as was the intent of Congress in the farm bill, the Administration designed this rule for the very short term, looking only to fiscal year 2004 when funds admittedly are limited.

In fact, the omnibus appropriations bill that received final approval from the Senate and was signed into law by President Bush in January contains two provisions: one limits funding to \$41 million in 2004, while the other provision lifted the multi-year funding cap of \$3.77 billion imposed last year in a budget maneuver to pay for disaster assistance. What this means is that by October 2004 when a new fiscal year starts, the Conservation Security Program will have significantly more funding, allowing for open enrollment. The Conservation Security Program could then operate as Congress originally intended when they passed the law, whereby all farmers who qualify by implementing approved conservation plans can be guaranteed incentive payments.

***Action Needed Now:
Revise the Conservation Security Program Rules***

Congress has restored full, uncapped CSP funding for 2005 and beyond. The NRCS designed the CSP rules based on a \$41 million capped entitlement program. A supplemental rule should be issued immediately to reflect the change in funding and to implement the program as envisioned in the 2002 farm bill.

The Conservation Security Program was designed to reward all working farms for the environmental benefits they provide to society. The supplement to the rule must drop any ranking approach or limited eligibility based on watersheds, enrollment categories or restricted practices. The CSP rules must allow all qualified farmers and ranchers to participate in the program.

ACTION #1 -- Tell US Secretary of Agriculture Ann Veneman to promptly issue a revised proposed rule for the CSP that is consistent with the new law signed by the President restoring the CSP to its 2002 Farm Bill status as an uncapped program. Tell her the current proposed rule is radically inconsistent with the law. Ask her to redesign the proposed rule to provide genuine incentives to farmers and ranchers willing to farm in ways that protect and enhance the environment. Ask her to issue the revised rule promptly so there are no further delays in getting the CSP implemented on the ground.

Call the Secretary's Office at 202-720-3631 and tell the person answering the phone you are calling to urge Secretary Veneman to issue a revised proposed rule for the Conservation Security Program that is consistent with the law. Or, send your brief message in letter format to Secretary of Agriculture Ann Veneman by E-mail to agsec@usda.gov, or by Fax to 202-720-2166.

ACTION #2 -- Send USDA's Natural Resources Conservation Service (NRCS) your comments on the proposed rule. We cannot be sure at this point if or when the Administration will issue a revised proposed rule. In the meantime, the clock is ticking on the public comment period for the current proposed rule. So, to make sure the agency hears from supporters about key problems with the proposal, please write a brief letter outlining your concerns. Send your comments by March 2, 2004.

Send your comments on the proposed rule to NRCS by Mail to David McKay, Conservation Operations, NRCS, PO Box 2890, Washington, DC 20013-2890; or E-mail to david.mckay@usda.gov; or Fax to David McKay at 202-720-4265. Please write "Attn: CSP" at the top of your letter.

Key Comment Points on the Conservation Security Program

I. CSP Must be a Nationwide Program

Problem: The proposed rule fails to provide a nationwide program available to all farmers and ranchers in all regions of the country who are practicing effective conservation, as required by law. The proposed rule limits CSP eligibility to farmers and ranchers within a small number of watersheds (to be designated at a later date by the Administration) and, within those watersheds, to certain “enrollment categories and subcategories” of producers (also to be designated at a later date by the Administration). This is completely contrary to the law, and would result in vastly lower participation levels, far less progress in solving natural resource problems, and a significant likelihood the program would be manipulated for political purposes.

Solution: The rule should be modified by removing the restrictions limiting enrollment to certain watersheds, certain enrollment categories and subcategories, and to a limited set of resource concerns and conservation practices. The CSP should be a nationwide program available to all types of producers in all regions of the country with all types of conservation objectives, as provided for in the 2002 Farm Bill.

II. CSP Rules Must Allow Farmers to Achieve Soil and Water Quality Criteria as a Result of Participation in the Program, Not as a Requirement to Enter the Program

Problem: The proposed rule sets the entry point too high. The highest NRCS conservation standards for soil and water quality would have to be achieved *prior to* becoming eligible for the CSP. This is in stark contrast to the law, which says that relevant conservation standards must be met *as a result of* participation in the CSP. For Tier 3 participants, the proposed rule would require every single NRCS conservation standard to have been met prior to enrollment. The proposal would restrict access to only those farmers who have already addressed all their major conservation needs, and deny access to those transitioning to sustainable agriculture.

Solution: The rule should be modified to retain high environmental standards, but to allow farmers and ranchers to achieve those high standards while in the program. CSP contracts could specify that all applicable conservation standards must be met by the end of the third year.

III. CSP Rules Must Provide Meaningful Stewardship Incentives

Problem: The proposed rule proposes low payment rates. The NRCS has reduced base payments by an arbitrary 90% beyond what the law established. Under the proposed rule, farmers would receive base payments per acre ranging from 0.5% to 1.5% of regional rental rates, depending on tier of participation.

Cost share payment rates for installation of new practices are undefined, however, the NRCS economic analysis assumed cost share rates as low as 5%. Equally disturbing is that the NRCS proposes to make payments for maintenance of existing approved practices limited to a narrow list of approved practices. Payments for maintenance of new practices have been rolled into the enhanced payment category, resulting in enhanced payments that simply reimburse producers at some undefined percentage of their costs of maintaining the practice. Absent are any green payments that provide incentives to make land use changes that conserve and enhance resources.

Solution: Base payments should be set at the rates established in the CSP law without the 90% reduction. The rule should establish cost-share rates on par with cost-share rates under other USDA conservation programs. Cost-share rates for newly installed practices should be equivalent to the rates under the Environmental Quality Incentives Program. Cost-share rates for the management and maintenance of existing conservation practices should be set at the 75% maximum rate established in the CSP law. Enhanced payments must include a bonus beyond the cost of the activity. The enhanced payments for treating resource problems to a level beyond the NRCS standards, for addressing additional resource problems, and for collective action within a watershed should not be treated as cost-share but rather as real bonuses to reward exceptional performance. *For more additional comment points on the proposed CSP rules, visit www.mnproject.org/csp*

NRCS Seeking State Level Decisions on Eligible CSP Practices

By Mike McGrath

Despite the fact that the Conservation Security Program rules are in a 60-day comment period and possibly subject to change based on public comments, the National NRCS office has provided State Conservationists with a limited list of practices from which to choose the practices that will be eligible for **existing practice payments** under CSP. From this list, the State Technical Committees (STC) are to recommend which practices are critical to meeting the state's quality criteria, as well as which practices have been historically adopted by farmers, but are not regularly maintained. The National NRCS list contains 13 practices for cropland and 16 practices for grazing land.

State Conservationists have also been asked to develop a list of up to 15 practices that could be eligible for **new practice payments** under CSP. Under the proposed rules, the NRCS will make a one-time payment for the installation of new practices that are on the approved list and meet sign-up enrollment category requirements.

The STC is also being asked to review 2001 county rental rates by land use, to be used in establishing the **base payments**.

The State Conservationists have also been charged with beginning the **enhanced payment** eligible practices selection process, but only for practices that fall in the category for "significantly exceeding the requirements for the tier of participation." Through use of a new Management Intensity concept, the NRCS proposes to qualify the types of management activities that increase conservation benefits and resource enhancement and would be eligible for enhanced payments. Management Intensity is defined as a conservation activity that goes above and beyond the minimum requirements of a conservation practice. In the CSP rules, the NRCS is proposing that these Management Intensity activities become the units of payment for the enhanced payments, but at a level not to exceed a participant's estimated costs of undertaking the activity.

Farmers and conservation resource professionals are encouraged to participate in their State Technical Committees during February and March, to provide important input in the decision process for determining practices and payments for CSP enhanced payments.

What the NRCS is saying about CSP Implementation:

- "Since this is a new capped entitlement program, NRCS proposes to preserve program flexibility by not including all the specifics in the rule, but to seek additional public input over the different sign up periods."
- "To ensure that CSP's limited resources are focused first on the most pressing environmental concerns, NRCS is proposing to impose eligibility requirements based on selected priority watersheds. Only producers located within those watersheds will be eligible for a given sign-up."
- "To ensure that CSP participants have a demonstrated commitment to conservation, NRCS is proposing to require CSP applicants to address specified resource concerns (soil quality and water quality), for tier I and tier II levels, prior to program enrollment."
- "NRCS intends to make CSP the most accountable conservation program it has ever implemented."

What farmers are saying about the proposed CSP rules:

- "What we gave up by not planting continuous corn and soybeans, we hoped to get out of this program."
- "Payments are ridiculously low for the base payment. Great, can I sign up and get 75 cents per acre?"
- "On enhancements, we need a payment level high enough to allow us to opt out of commodity payments."
- "I'm not bent out of shape about having to do a self-assessment beforehand. This sounds like a good way to limit everyone from going into NRCS without doing their homework first."

In this issue:

- USDA releases proposed rules for the Conservation Security Program...*
- Full funding restored for fiscal year 2005 and beyond...*
- Action Alert for comments on CSP rules*

**Send your comments on the proposed
Conservation Security Program rule by March 2, 2004**

Mail comments to:

**David McKay, Conservation Operations, NRCS
P.O. Box 2890, Washington, D.C. 20013-2890**

Email to: david.mckay@usda.gov Fax to: David McKay at 202-720-4265

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