

The Whole Farm Planner

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Conservation Security Program Would Reward Whole Farm Planning

While U.S. farm policy staggers in disarray, a new vision of how government ought to support agriculture is gaining momentum. Stewardship incentives would pay farmers based on the conservation benefits they provide. Since society as a whole benefits from clean water, clean air, soil quality, and wildlife habitat provided by good farmers, society should reward these farmers. In light of the wasteful current system of commodity-based payments and emergency income payments—which don't seem to achieve anyone's goals—the idea of stewardship incentives makes sense.

The Conservation Security Program has been proposed by Senator Tom Harkin of Iowa to embody such a policy. First introduced in 1999, the bill is now being revised prior to reintroduction in April 2000. (*Some details described here may be changed in the final bill.*) The bill promotes a broad array of environmental goals, including soil quality, water quality, air quality, biodiversity, wetland protection, wildlife habitat, greenhouse gas emission reduction, and carbon sequestration.

The legislation got a major boost when the Administration proposed a pilot program along the same lines, with \$600 million included in the 2001 budget proposal. Vice President Al Gore endorsed the initiative in his Iowa presidential campaign.

The bill itself is relatively simple. It proposes that any farmer can develop a conservation security plan appropriate for his or her farm, and enter into a contract to implement the plan in return for five to ten years of payments. Three classes of conservation practices are established, with increasing payments for increased conservation benefits.

THREE CLASSES

Farmers opting for **Class I** practices are eligible for up to \$10,000 a year for five years. They would implement up to nine management plans selected from a list of topics, including soil and residue; nutrients; manure; pests; irrigation; wildlife habitat; contour farming; strip cropping; and grazing, pasture, and rangeland.

Farmers opting for **Class II** could receive up to \$20,000 for implementing Class I practices, plus the more challenging Class II practices. These include resource-conserving crop rotations; rotational grazing;

permanent wildlife habitat; restoration and creation of prairies and wetlands; and partial field conservation practices such as windbreaks, grass waterways, shelterbelts, filter strips, riparian and contour buffers, living snow fences, and field borders. These contracts can be for five or ten years.

Farmers who decide to do a whole farm plan would be in **Class III**, eligible for up to \$30,000 each year for up to ten years. Their farm plan must "address all resources and integrate a full complement of conservation practices to foster environmental enhancement and the long-term sustainability of the natural resource base of a farm." These farms would receive the highest level of financial reward in return for full implementation of a wide range of sustainable farming practices.

UNIQUE FEATURES

Several features of this legislation are unique, never before included in any conservation or ag program.

All kinds of farms would be eligible, not just those producing program commodity crops. Dairies, vegetable farms, orchards, and ranches would all qualify, opening the door to changed regional distribution of government dollars.

Furthermore, farmers who have always done a good job would not be discriminated against. Practices would not have to be new fixes for old problems. A farmer who has always rotated crops or kept buffer strips would be rewarded the same as one implementing the practice for the first time.

The bill does put limitations on the size of operation eligible for participation. The current draft prohibits owners or operators raising livestock in confinement with over 1,000 animal units (as defined by the Clean Water Act) from the program. Owners or operators with adjusted gross receipts exceeding \$1 million would also not be eligible.

The whole farm must be entered in the program, not just selected fields or parts of the operation. To emphasize that this program is to assist active farms, economic uses that also are environmentally sustainable would be explicitly allowed. Controlled grazing or harvesting of cover crops might be allowed, for instance, as long as the conservation purpose of the practice is

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maintained.

USDA REQUIREMENTS

While farmers would have considerable leeway in deciding which elements to cover in their plans, each plan must include the conservation priorities of the state and locality, as decided by the State Conservationist and the State Technical Committee. For example, if a watershed is determined to have a nutrient problem, then area farmers in this program must include nutrient management in their plan. Previous minimum requirements for highly erodible land and wetland protection would also apply to all participants.

The Natural Resources Conservation Service (NRCS) would use current practice standards in approving each plan, although other technical assistance providers could help develop and implement plans. On-farm research, demonstration, and pilot testing of new technologies and innovative practices are encouraged in all classes. Regular opportunities for plan revision would be provided to all participants. The bill recognizes the need for substantial staffing, and allows up to 20% of the budget for technical assistance, and up to 10% for outreach and monitoring.

This program would be complementary to all existing conservation programs, except that no farmer could get paid twice for the same practice. The Environmental Quality Incentives Program (EQIP) would continue, targeting conservation priority areas, and the Conservation Reserve Program (CRP) would continue to retire farmland from production. Those with EQIP or CRP contracts would have the option of converting to the new conservation security program.

Calculating exactly how much farmers would receive in their annual payment, up to the maximum annual amount, is left up to USDA to figure out later. Rules would create a formula to reflect the number of practices, the natural resource and environmental benefits expected, how much each practice costs to establish and maintain, any economic value foregone by the farmer because of the practice, costs related to research components of the plan, and other relevant factors.

FUNDING

The critical question is how much money the program would get to spend. The Harkin bill proposes an open-ended appropriation to meet farmer demand, modeled on current commodity provisions that set no limits up front. This could become a significant portion of farm spending, reflecting new priorities.

The Administration proposes a \$600 million pilot implementation phase, which presumably could evolve into a bigger program as success is demonstrated. With a limited budget, some additional means of selecting from

among competing applicants would be needed. Possible criteria could give preference to applicants opting for Class III, or use bids like CRP, or use regional targeting like EQIP.

LEGISLATIVE ACTION

The consensus seems to be that Congress is unlikely to take major action to reform the farm bill in this election year. However, another emergency bill is highly likely, given price and farm income projections, and that could open the door to a pilot stewardship incentives bill this year. After a year or two of experience with a pilot program, major support could build for when the full farm bill is debated in 2001. Because "Freedom to Farm" transition payments are set to expire in 2002, farm policy will be on the table in 2001, and the Conservation Security Program could become part of the package.

WHAT YOU CAN DO:

- Thank USDA Secretary Glickman for including the program in the budget. Suggest that a pilot program focus on Class III whole farm conservation plans. Fax your letter to 1-202-720-2166.
- Talk to your Senators and Representatives about the Conservation Security Program.
- Educate farmers, agencies, environmental organizations, and sustainable agriculture groups about stewardship incentives. Help them focus on the need to provide rewards for profitable farms that protect the environment.

—Loni Kemp

The Whole Farm Planner is published by The Minnesota Project, coordinating organization of the Great Lakes Basin Farm Planning Network. The Network brings together farmers, farm service providers, sustainable agriculture groups, and farm organizations to develop and disseminate information about whole farm planning. The project, begun in January, 1995, involves working groups in Ontario and each of the Great Lakes states. The Network is funded by the Charles Stewart Mott Foundation, the Joyce Foundation, and USDA Sustainable Agriculture Research and Extension (SARE).

The Minnesota Project is a nonprofit organization dedicated to environmental protection and sustainable development in rural Minnesota.

For more information, or to suggest articles for *The Whole Farm Planner*, contact editor Jill MacKenzie, The Minnesota Project, 1885 University Ave. W., #315, St. Paul, MN 55104; wfp@mnproject.org; 651-645-6159, x25.

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In Massachusetts, Whole Farm Conservation Planning

In Massachusetts, a series of workshops and a do-it-yourself guidebook are paving the way for whole farm planning to protect water quality. Through a collaboration between the New England Small Farm Institute, state agencies, Extension, environmental groups, and NRCS, 1,200 of the state's 6,000 farmers have been exposed to this assessment and planning process.

Begun as a response to the Coastal Zone Act, a federal law requiring enforceable non-point source pollution prevention plans, "On-Farm Strategies to Protect Water Quality" is a guide used statewide. The collaborative's response to the Act was to base their program on voluntary compliance, backed by existing regulations.

The group drew from other assessment and planning tools, including Farm*A*Syst and the Ontario Environmental Farm Plan, to develop a planning guide/workbook and workshop series. The guide contains worksheets and a directory of best management practices (BMPs) that can help reduce or eliminate pollution potential.

In the planning process, farmers use worksheets to map and assess resources, analyze choices and make decisions, and come up with action steps. Kathy Ruhf, of the New England Small Farms Institute, says the idea is that farmers will fill out the worksheets on their own, either at home or in workshops, and then be able to get technical assistance more efficiently from NRCS.

WHOLE FARM PLANNING PROMOTED

Especially noteworthy about the "On-Farm Strategies" materials is their promotion of whole farm conservation planning as the best way to make decisions for a farm. In his preface, the Commissioner of the Department of Food and Agriculture writes, "We encourage farmers to use this Guide as part of their overall planning efforts, taking into consideration the economic as well as environmental needs of their farms." Throughout, the guide encourages consideration of farms as systems, rather than as sets of separate concerns.

The directory of BMPs lists "other benefits" and "other concerns" useful in planning for the whole farm system. For example, reduced tillage residue management is intended to reduce runoff that could add sediment to streams. Other benefits include improved soil tilth and reduced labor; other considerations include the difficulty of incorporating fertilizers and pesticides, and slower soil warm-up in spring. The guide also contains a graphic representation of primary and secondary benefits from the listed BMPs. (*See box.*)

One notable aspect of the guide is its assumption of intelligence and literacy on the part of farmers. Although

knowledge is not assumed, scientific concepts are discussed in straightforward, adult language. Analysis of options, integration of practices, farmer-to-farmer networking, the use of technical assistance as needed, and site-specific management are presented as important steps in farm planning. The complexity of farm systems is not simplified. Farmers at the workshops have shown that they are excited to learn and use technical and scientific information presented at an advanced level.

WORKSHOPS

Massachusetts farms are diverse, including nurseries, dairies, other livestock operations, orchards and other fruit farms, and vegetable farms. The largest single agricultural commodity is cranberries. The workshops have been both general sessions for all kinds of farmers, and targeted sessions for cranberry growers. As many as 40 farmers have attended each of the 15 workshops. Guidebooks are distributed to farmers outside the workshop settings by inspectors for the Department of Food and Agriculture and by other service providers.

Workshops begin with training in nutrient and water cycles, and in the ways chemicals, nutrients, pathogens and sediment can find their ways into surface water bodies. Participants work as a group to identify areas of potential problems on a case-study farm, and discuss options for solving problems. After lunch, each farmer works on his or her own assessment and plan. Technical advisors are on hand to provide assistance, with a ratio of one service provider for every two to five farmers.

One incentive for farmers to use the guidebook or to attend workshops is that it's easier to get cost-share from NRCS to make changes, after filling out the worksheets and writing an action plan. Some farmers value their action plans as a proof of their good-faith efforts to protect the environment. Farmers who attend workshops can also receive pesticide applicator re-certification credits. Those who file their action plans with the state (only a few have done so) receive more re-certification credits.

REGULATORS, ENVIRONMENTAL ADVOCATES ATTEND

The workshops held in the winters of 1998, 1999, and 2000 have also attracted participation from regulators and environmentalists, including representatives from the state Audubon Society and Department of Environmental Protection. Kathy Ruhf says it has been a great opportunity for groups sometimes considered adversarial towards farmers to learn how "deeply motivated farmers are to do the right thing," and that

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barriers to acting on this motivation are usually time and money.

A state rivers protection act, lobbied for by environmentalists, authorized a publicly-funded cost-share program. The money is for farmers to install structures that prevent pollution of streams, such as fencing, roof runoff drainage, and concrete feedlot pads. A completed plan helps farmers qualify for the program.

In this program, there is no provision for monitoring water quality, nor for checking up on farmers' implementation of their plans. Kathy Ruhf points out that in any case, water quality test results can be misleading. The recommended BMPs are known to improve water

quality when properly implemented, and this program helps farmers implement the practices, so it is assumed that participants will be preventing pollution. Although farmers are not protected from regulatory scrutiny by participating, having a plan in place is a step in the right direction, as is having agencies and producers working together to solve environmental problems.

—Jill MacKenzie

New Business Planning Process for Small Farms

Tilling the Soil of Opportunity is a new curriculum from the University of Nebraska and the NxLevel training network. The goal of NxLevel is to support small businesses in the West and Midwest, and this new tool has been developed for small businesses that are small to medium-sized farms.

The authors of these planning materials consider that while “small producers are in a unique position to take advantage of emerging trends, niche markets, consumer preferences and alternative agricultural methods,” making changes can be very risky. *Tilling the Soil of Opportunity* was designed to assist farmers in testing ideas for innovation, to find out what the financial and personal effects of new enterprises would be.

The end product for participants in this twelve-week course is a sound business plan. Not just a persuasion tool for interactions with lenders, the finished business plan will describe all facets of production, management, financing, and marketing, and will include a mission statement and goals for the business. Unlike some other business planning methods, this one is specifically designed for all kinds of farmers to use.

This year, the course will be presented across the country by a number of organizations,

including Extension, farm service agencies, and farm groups. Potential instructors are required to attend a regional one-day training session. They bring back an excellent instructor's manual containing everything needed to lead the course. Guest speakers from the local community help out in their areas of expertise. So far, the course has been presented in Nebraska, Ohio, Georgia, Washington, Maryland, and Massachusetts. Instructor training sites for 2000 have yet to be determined.

Tilling the Soil is not a whole farm planning process. It does not directly address environmental stewardship or production practices. However, it encourages farmers to set goals for the whole farm, to inventory natural, financial, and personal resources, and to analyze choices. It could be an excellent *component* of a whole farm plan, especially for a producer considering a new venture or a change in marketing strategies.

For more information about bringing *Tilling the Soil of Opportunity* to your community, contact Marilyn Schlake at the Center for Rural Revitalization, 58 H.C. Filley Hall, Lincoln, NE 68583-0947; mschlake@unl.edu; 402-472-1772.

—Jill MacKenzie

Nutrient Management: Dutch Yardstick Four Years Later

In November of 1996, The Whole Farm Planner carried a story about the “Dutch Yardstick,” a nutrient management system devised in The Netherlands and soon to be demonstrated on farms in the U.S. The goals of this nutrient “bookkeeping” system were to reduce excess nutrient runoff or leaching into surface water or groundwater, and to help farmers lower costs by identifying unnecessary nutrient inputs. Four years later, the Institute for Agriculture and Trade Policy reports on use of the Nutrient Management Yardstick system in western Minnesota.

For the past three years, the Institute for Agriculture and Trade Policy (IATP) has worked with the Soil and Water Conservation District and eight farms in the Mountain Lake watershed in Cottonwood County. In recent years, Mountain Lake has suffered from excessive nutrient inputs, and experienced two fish kills due to excess phosphorus. With other landowners, farmers had worked to clean up the lake, putting in buffer strips to reduce runoff. Yet despite these efforts, it was clear that more would have to be done to protect the lake.

The farmers were in a difficult position, since they were facing these environmental concerns at a time of very low crop prices. The nine cooperating farmers in this project felt that improving nutrient management could be good for their farm business as well as for the lake, so they tried using the Nutrient Management Yardstick.

The Yardstick is a tool to help farmers measure nutrient cycling. It allows them to calculate the value of nitrogen, phosphorus, and potassium contained in each animal and crop. They can then compare nutrient inputs in the form of fertilizer, fixed nitrogen, feed, and animals brought onto the farm, with nutrients leaving the farm in the form of animals, animal products, crops, and manure spread off-farm. The difference is nutrients lost to the environment, plus nutrients stored on the farm as animals, crops, or manure. (See box.)

In 1998, Yardstick development was

complete, and the eight farmers used it to compare their nutrient inputs and outputs for 1997 and 1998. This winter, 1999 inputs and outputs will be calculated and compared. Based on these values, the farmers can adjust their nutrient management practices for the 2000 growing season, to reduce excess nutrient use as much as possible, while still maintaining adequate production.

Participant farmers appreciate that the yardstick provides information they can use to make both conservation and financial decisions, and shows the links between them. Many of the farmers would like to stick with the system for a number of years so that they can watch for trends in their nutrient use efficiency, and see if changes they make are really achieving their goals.

The Yardstick materials are very user-friendly, and emphasize that the Yardstick does not tell a farmer what to do; instead, it just presents important information. Only a farmer, with knowledge of the whole operation, can decide what steps to take based on the Yardstick findings.

While the Nutrient Management Yardstick is not intended to be a whole farm planning method, it can provide farmers and ranchers with valuable information about nutrient efficiency as it relates to both finances and conservation. The Yardstick also facilitates monitoring, which is important in testing whether implementation of a whole farm plan is bringing farmers closer to their goals.

The Yardstick system can be used on cash-grain and livestock farms, and is available from IATP.

—Mark Muller

Mark is a Senior Associate at the Institute for Agriculture and Trade Policy. For more information about the Institute for Agriculture and Trade Policy or the Nutrient Management Yardstick, contact Mark at IATP, 2105 First Ave. S., Minneapolis, MN 55404; 612-870-3420; mmuller@iatp.org.

Back Issues Available

We have published fourteen issues of *The Whole Farm Planner* since February of 1996. You can read back issues on-line at our whole farm planning website:

www.misa.umn.edu/~mnproj/wfp.

Also at our site, find whole farm planning publications, including *How to Set Goals*.

If you would like paper copies of back issues, or would like to purchase our other farm planning publications, contact The Minnesota Project in St. Paul.

As always, we mail this fifteenth issue of *The Whole Farm Planner* with our compliments. We hope that our distribution continues to expand as it has over the last four years, from about 400 readers to more than 1,500.

Conservation Security Program at a Glance

The Conservation Security Program proposed by Senator Harkin of Iowa would provide payments for farmers trying to integrate profitability and environmental protection. Some highlights of the proposal:

- Farmers receive government payments based on their conservation practices, not on production.
- Farmers voluntarily decide which practices they will use.
- A broad array of environmental goals are integrated, from soil and water quality to wildlife habitat and biodiversity.
- Payments are higher for farmers who implement more conservation measures.
- Implementing a whole farm plan makes farmers eligible for the highest level of payments.
- Technical assistance may be provided by agency employees or private sector advisors.
- Both existing and new practices are rewarded.
- All farms, including ranches, fruit and vegetable operations, dairies, nurseries, and fish farms, can participate in the program.

See Loni Kemp's article on page 1 for more information about the Conservation Security Program.