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Waiting for Details on the Conservation Security Program

By Daryn McBeth

The **Conservation Security Program** included in the 2002 farm bill signed by the President on May 13, 2002, is a new federal conservation program that may change the paradigm of natural resource protection and enhancement on working agricultural lands. The Conservation Security Program, or CSP, will offer eligible producers financial incentives for maintaining existing conservation practices and establishing new practices on agricultural lands.

The program will be administered by the Department of Agriculture's Natural Resources Conservation Service (NRCS), which is currently writing the rules and regulations for the new program. NRCS is expected to publish a proposed (draft) rule in the Federal Register in late November. Final rules will follow the proposed rules after a 60 to 90 day comment period. While the farm bill spells out some of the parameters of the CSP, many program details that could have an impact on the program's effectiveness will be contained in the administrative rules.

What we know: The legislative provisions tell us that eligible producers can submit Conservation Security Plans to NRCS which identify land and resources to be conserved, describe practices to be implemented, maintained, or improved, and contain a schedule for accomplishing the plan. We know that lands currently enrolled in other federal conservation programs like the Conservation Reserve Program and Wetlands Reserve Program, lands recently converted to cropland, and animal waste storage facilities will not be eligible for the CSP.

We also know that plans that address one "significant resource of concern" on a portion of the farm and meet the "appropriate nondegradation standard" will be eligible for Tier I payments. Tier I participation will be eligible for a base payment (5% of average rental rates, up to \$5,000) covering the portion of the operation enrolled, up to seventy five percent cost sharing from NRCS for the cost of adopting new practices or maintaining existing practices, and certain bonus or "enhanced" payments. The new law

limits total income for Tier I participation to \$20,000 annually.

Tier II-level participation is similar to Tier I, except that the significant resource of concern addressed by the plan must encompass the entire operation. In doing so, participants will be eligible for 10% of the applicable base payment, up to \$10,500. Coupled with income earned from enhanced payments under the program, Tier II participants may earn up to \$35,000 annually.

Tier III-level participation must apply a resource management system meeting appropriate nondegradation standards for all the resources of concern for the entire operation. Producers participating in this top tier will be eligible for 15% of the available base payment (up to \$13,500), in addition to the same cost sharing and enhancement payment opportunities as Tiers I and II. The annual payment limitation for Tier III participation is \$45,000.

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What we don't know: The statutory requirements of the CSP together with Congressional intent for the program's provisions give us an idea of the program's great potential for enhanced conservation on working lands as well as new financial opportunities for producers. However, in creating the program's rules, definitions, sign-up procedures and other details, administrative interpretation of both the law and Congress' intent will play a role in the new program's effectiveness.

The definitions and number of "local resources of concern" for regions will be a critical factor affecting participation. For instance, if each NRCS State Conservationist identifies only a handful of resources of concern for a particular region that are costly to implement or maintain, fewer producers in that region may choose to participate. Similarly, because the resources of concern must be addressed by the participant in a way that meets the "appropriate nondegradation standard," the definition, benchmark, or timetable for the nondegradation standard is critical to the measurement of an individual plan's success—and possibly the success of the entire program—both in terms of meeting environmental goals and encouraging participation.

The distinction between Tier I and Tier II participation (and payments) is whether a conservation practice addresses a resource of concern on a "portion" of an operation, or the "entire" operation. As such, the definition of the applicant's farm or operation will be critical for eligibility for Tier II payments.

Additionally, the NRCS definition or distinction between "maintaining," "implementing," or "improving" conservation practices may have an effect on the level of participation and costs of addressing a resource of concern meeting the appropriate nondegradation standard. It is still uncertain whether payment levels for maintaining an existing practice and implementing a new practice will be equal under the new rules. For NRCS to clarify where maintaining an existing practice ends and implementing a new practice begins could make a difference in whether a producer participates, or whether a particular resource of concern is addressed.

While cost sharing assistance (up to 75%) is available from NRCS for adopting a new practice or maintaining an existing practice, the law states that the rate of the "costs" are supposed to reflect "average county costs of practices for the 2001 crop year." It will be important for the NRCS-established costs to closely reflect true county-by-county costs of practices in particular regions. If set too high, some practices will be over

encouraged. If the costs are set too low, farmers won't be sufficiently motivated. NRCS must also decide exactly what percentage of costs to cover for various practices, up to the maximum of 75% (or 90% for beginning and limited resource farmers).

In addition to cost share payments, producers are eligible for "base payments" and "enhanced payments." These payments are the heart of the financial incentive behind the CSP.

The law directs NRCS to establish base payments according to an average "national per acre rental rate for a specific land use during the 2001 crop year" or some other rate that "ensures regional equity."

Finally, while the law provides for "enhanced payments" in return for the implementation of certain practices that exceed the requirements of basic participation in Tier I, II, or III, the NRCS definition of the payment rates and requirements for enhanced payments remains uncertain and could be defined in the rules. In theory, with proper NRCS construction, conservation management practices earning yet-to-be-defined enhanced payments will provide the highest income to the participant, and commensurately return the most environmental benefits to the landowner and public.

These are just some of the issues that producers and interested stakeholders should be prepared to address during the public comment period after the NRCS publishes the CSP proposed rule later this fall.

Update on CSP appropriation

The fiscal year (FY) 2003 agriculture appropriations bill passed by the House Agriculture Appropriations Subcommittee contains a provision limiting implementation of the Conservation Security Program in FY 2003 to the state of Iowa. According to the Congressional Budget Office, the cost savings of the rider is approximately \$8 million. The appropriations bill has yet to pass the House.

The Senate Agriculture Appropriations Subcommittee passed their bill containing no such limitation. It is widely expected that the Senate will not agree to the "Iowa-only" provision in conference committee when appropriations are finalized in early 2003, and that the Conservation Security Program will be open to producers nationwide upon USDA completion of the rules.

At this writing, draft rules on the Conservation Security Program are due out by December, 2002, to be followed by an expected 60-day public comment period.

Conservation Security as a Bridge to Future Farm Policy

By Loni Kemp

The ink has barely dried on the 2002 farm bill, yet the evolution from past policy to new policy leads one to look to the future. What will happen next time Congress takes up farm policy? Will it happen in 2008 as planned, or much earlier?

There is much evidence to indicate that the popularity of commodity subsidies may be on the decline, despite the fact that Congress has just spoken to the contrary in the new farm legislation. If so, the new Conservation Security Program is uniquely positioned to grow quickly to form the bridge to our next farm policy.

Such crystal ball gazing has its dangers. In 1996, Congress passed Freedom to Farm, decreeing that declining transition payments would phase government out of the business of commodity payments over six years. Boy, was that wrong. Within a few years prices tanked and the little known loan deficiency payment program blossomed, while Congress repeatedly doubled the transition payments. No matter what Congress had said in 1996, neither farmers nor the public, nor even Congress itself had the stomach to stick to a law that would have financially destroyed thousands of farms and rural communities.

Ag Law Passed, But Will it Come to Pass?

The 2002 farm bill fully embraced continuation of massive subsidies for the few commodities that federal policy has historically supported -- corn, soybeans, wheat, cotton and rice -- plus a few additional commodities. In doing so, it extended and made permanent the "transition" payments, and increased the price subsidies for commodities. It raised payment limitations, so that the biggest farmers will reap even more of the subsidies in the future. The 2002 farm bill continued the policy of ignoring the vast majority of the nation's crop and livestock growers who don't raise commodities.

Despite passage of the new law, many forces remain in play to change the subsidy system. The payment limitations battle has surfaced in the public's eye, demonstrated by the fact that nearly every newspaper editorial page in the country has come out in support of more stringent payment limitations. Many also question the entire commodity subsidy approach. In fact, both houses of Congress passed amendments or resolutions supporting payment limitations, but the issue narrowly lost in the powerful conference committee. Various plans are afoot to resurrect payment limitations as soon as possible, probably attached to

other bills.

Even more significant as a change agent are U.S. commitments in the global trade arena. The U.S. was sharply criticized by friend and foe alike for the hypocrisy of increasing our own subsidy of commodities while at the same time applying extreme pressure to other nations to limit their domestic agriculture support. World Trade Organization rules provide a legal arena for challenges that will inevitably put severe downward pressure on the level of U.S. subsidies if they exceed previously agreed-to limits -- which the Federal Agriculture Policy Research Institute says has at least a one in three chance of occurring. Regardless, seeking to negotiate and reduce foreign agriculture supports with a straight face after passage of the most lucrative farm bill in U.S. history will be difficult.

The looming budget deficit and increasing commitments to defense and security bring into question whether the 2002 farm bill will be affordable into the future. Congress may change its mind sooner rather than later on the levels of spending for agriculture.

Conservation Trend

While the new farm bill stuck to previous subsidy policies, it did turn a significant corner in nearly doubling support for conservation. The bill expanded all existing programs and added several new programs, including the Conservation Security Program. Congress heard loud and clear that taxpayers want to support farmers who care for the land, water, and wildlife.

It is extremely significant that the new Conservation Security Program was shepherded into law by Agriculture Chairman Senator Tom Harkin as an uncapped entitlement program. Just as subsidy funding rises and falls as needed without approval of appropriations bills, so will the Conservation Security Program be funded at a level to meet demand for the program. In the jargon of Washington insiders, it is a program with "mandatory funding." If it proves popular with farmers, funding for this program could greatly exceed estimates, and total conservation spending would rise dramatically.

For the first time, conservation is on par with commodity subsidies as far as not being subject to spending limits. This is an essential step to creating a new farm policy paradigm.

World Trade Agreements

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The Conservation Security Program in the Field

By Mike McGrath

The Conservation Security Program provides a great opportunity to not only assist farmers and ranchers who are considering integrating new practices in their operations, but to also assist those who are already implementing conservation practices on their working lands. The following real farm profile is a good example of how a managed grazing and haying operation will utilize this innovative new program. The Conservation Security Program will help with costs of maintaining the conservation practices already in place, and also help with the costs of adding new practices to take the farm to an even higher level of environmental performance.

Prairie Wind Farms: Ed and Cathy Radermacher

Ed Radermacher is not a typical western Minnesota farmer. As far as the eye can see, his neighbors grow corn and soybeans. But three years ago Ed converted the tillable fields on the 900-plus acres he manages from corn and soybeans to grasses, legumes, and animals.

With over 30 years of experience in organic production practices, Ed's family takes a different approach to farming. While most of western Minnesota's farmers grow predominantly corn and soybeans and put their livestock in confinement, Ed rotates his herds of cattle and sheep through permanent fields of green—managing his animals and pastures using methods that conserve the farm's natural resources, create wildlife habitat, and minimize energy consumption.

For his efforts, Ed was recently awarded the title of Conservation Farmer of the Year by the Laq Qui Parle County Soil and Water Conservation District. The reward was appropriate for Ed because all of his decisions are based on enhancing and protecting the natural resources on his farm.

The Radermacher Farm, appropriately called Prairie Wind Farms, is looking with great interest at implementation of the Conservation Security Program. This important new conservation legislation will provide financial assistance that helps Ed maintain the practices he implements on his livestock operation, while protecting resources for a sustainable future in agriculture.

Current Farm Production

Prairie Wind Farms is a certified organic livestock operation located in western Minnesota's Laq Qui Parle County, just one mile from the South Dakota

border. In partnership with his wife, Cathy, and his parents, Gerard and Mary Radermacher, Ed produces beef cattle, lambs, poultry and wool products, maintaining a rotational grazing system on 900 acres of owned and rented land.

Using a whole farm approach to land management, Ed integrates his farming operation into the natural landscape, rather than manipulating the landscape to fit his operation.

Multiple conservation practices—rotational grazing, pasture and hay land management, field borders, invasive species management, composting, on-farm energy generation and conservation, and native prairie restoration—work compatibly to provide a resource management system that builds soil resources, protects water quality, and provides two families with a healthy, profitable farming operation.



A portion of Ed's cow-calf herd on rotationally grazed pastures at Prairie Wind Farm.

Prairie Wind Farms consists of several farms, owned and rented, over a three-mile area. Ed farms with his Dad, Gerard, finishing 70 to 80 steers a year for direct marketing to a retail cooperative in the Twin Cities four hours away. The beef is processed in Ortonville, 10 miles from Ed's farm, and he delivers the packaged beef to the retail coop in his own refrigerated truck.

Prairie Wind also produces, lambs, chickens, eggs, ducks, wool products, and compost for direct marketing to stores and consumers.

Current Conservation Practices

Conversion of crop land from soil depleting to soil conserving use: All of the fields on Prairie Wind Farms are seeded to permanent pastures and hay. What once was a typical conventional farm with corn and soybean rotations has been converted to a totally grass-based livestock operation. Erosion and runoff of fertilizers and pesticides has been virtually eliminated.

Grazing, pasture, and rangeland management/

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Controlled rotational grazing: Permanent pastures and hay ground are intensively managed by alternately rotating the livestock—steers, a cow-calf herd, a herd of ewes and lambs, goats, and even two donkeys—through a series of grazing cells over several farms.

Pastures are seeded with legumes, native grasses, and clovers, each providing a different herd of rotating animals with a favorite fodder. The cows eat what the steers don't, the sheep consume what the cows didn't, and the goats and donkeys clean up on the weeds that the others wouldn't touch. The donkeys also provide herd protection from marauding coyotes that might prey on the calves and lambs.

According to Ed, rotational grazing means better pasture management because the grasses are not overgrazed, allowing for establishment of desirable and native species that choke out invasive weeds. Ed likens his moving herds to the buffalo herds that once roamed this prairie, shortening the native grasses, but not overgrazing.

Invasive species management: As part of his pasture management, Ed uses a mix of animals, native and forage grasses, and field rotations to manage invasive species. The spread of noxious weeds is kept to a minimum through careful pasture management and proper selection of grass species that will choke out invasive species before they can get a stronghold on the fields. Pasture mowing is also a tool that Ed utilizes to control weeds before they seed.

Native grassland and prairie restoration: The Radermacher's pasture management plan incorporates native grass plantings into the pasture mix to enhance pasture development and choke out undesirable species.

Composting\ Nutrient management: Prairie Wind Farms has also implemented a compost production component to their operation. Using a mechanical composter that is operated by the tractor's power take-off, Ed makes his own compost with the manure from his winter-feeding areas.

The compost is made in windrows at the edge of the field, and then spread on pastures and hay fields. Some compost is sold.

Energy conservation\ Wind generators: Both Ed and his Dad, Gerard, have installed wind turbine generators on their farms to supply their on-farm electrical needs. The turbines also provide an added source of revenue when the Radermachers sell their excess power back to the local utility.

Wildlife habitat restoration/herbaceous field borders: The organic certification that Ed maintains on his farm requires that a 30-foot border be maintained between the farm's organic pastures and the neighbor's conventional crop fields. To minimize the risk of drift into his fields, Ed has planted this field border with shrubs and trees, creating wildlife and pheasant nesting habitat.

Implementing a Conservation Security Plan

Prairie Wind Farms is an ideal operation for maximizing returns from a Conservation Security Plan. Using the criteria in the Conservation Security Program legislation, Ed's farm would likely qualify for a Tier III level contract.

Tier III Criteria:

- Apply a resource management system that meets the appropriate nondegradation standard for all resources of concern of the entire agriculture operation
- Cover active management of conservation practices that are implemented or maintained under the conservation security contract

Resource concerns at Prairie Wind Farms:

- Soil quality and erosion control
- Water quality
- Air quality: On-farm energy conservation
- Plant management: Forage and pasture management/ native plant development
- Animal/Livestock health and wildlife habitat

To develop a Conservation Security contract for Prairie Wind Farms, Ed could enroll his existing conservation practices, making modifications where necessary to conform to NRCS standards, and enter the program at a Tier III level, addressing all the resource concerns using NRCS Minnesota practice standards.

Resource concerns are shown in bold below, followed by relevant conservation practices that are being implemented. A description of existing practices and possible future enhancements using the Conservation Security Program are noted in *bold italics*.

Soil quality and erosion control:

- Pasture and Hay Planting—*Ed has converted his tillable land from a soil depleting to soil conserving use.*
- Prescribed (rotational) Grazing—*A rotational grazing system has been developed and is currently implemented, incorporating diverse*

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animal rotations with beef cows, beef steers, sheep, goats, and donkeys.

- **Field Border**—*To provide buffers for separation of organic fields from the non-organic fields of his neighbors, Ed has established some field borders using tree plantings. These field borders could be enhanced to include native shrubs, grasses, and trees; providing increased wildlife habitat, reduced erosion from wind and water, management of harmful insect populations, and food and cover for wildlife. The field borders could also be expanded around the entire perimeter of the farm.*

Water quality :

- **Nutrient Management**—*Permanent pastures and hay fields allow nutrient uptake by a diversity of pasture grasses, legumes, and native species, protecting groundwater resources. Manure is delivered by livestock to the pastures, or composted and applied at agronomic rates. Under a Conservation Security Plan, soil nutrient testing could occur on a regular basis.*
- **Composting facility**—*Accumulated feedlot wastes are composted in windrows using a mechanical composter. Compost is applied to hayfields and pastures.*

Air quality and on-farm energy conservation:

- **Installation of wind turbine for electric generation**—*Prairie Wind Farms has a wind turbine generator on-farm to provide electricity for the farm needs. Excess electricity is sold back into the grid. The turbine is an older model, and with incentives provided through a Conservation Security Plan could be upgraded to more efficient standards.*
- **Energy conservation—farming methods and choices that reduce energy consumption**—*Ed manages his farm in a manner that minimizes energy output. Livestock are grazed and winter-fed in permanent pastures where their forage is grown, eliminating the need for fuels for extensive soil tillage, planting, harvesting, storage and feeding.*

Plant management and native prairie restoration:

- **Native grassland and prairie restoration/Restoration and Management of Declining Habitats**—*Prairie Wind Farms incorporates native grasses into pastures mixes. Additional prairie areas could be established to create new wildlife habitat areas and to increase*

native plant community diversity. Expanded field borders could also incorporate more native plantings.

- **Invasive species management/Pasture management**—*Invasive species management is accomplished using diverse animal rotations, mowing, and other mechanical eradication means. Because Prairie Wind Farms is a certified organic farm, herbicides are not used for invasive species management. Planting native and specific domestic species in pasture allows for the “choking out” of unwanted invasive species.*

Animal health and wildlife habitat restoration:

- **Upland Wildlife Habitat Management**—*Prairie Wind Farms could consider enhancement of wildlife habitat for species that use uplands as a portion of their life cycle. Working with the NRCS, Ed could target wildlife species that are desirable, such as pheasants and migratory birds, and develop food and cover sources to enhance habitat.*
- **Windbreak/Shelterbelt establishment**—*The additional plantings of windbreaks and shelterbelts on interior field borders would provide protection for livestock from winter winds.*

Summary: Ed and Cathy Radermacher’s Prairie Wind Farms is a model for conservation innovation. Using a holistic approach to livestock management, the Radermachers pride themselves on managing their operation in a manner that not only provides resource protection, but also resource enhancement.

The Radermachers exemplify the type of operation for which the Conservation Security Program legislation was written.

As farmers who appreciate the long-term value of the natural resources on their operation, the Radermachers work to continually build on-farm natural resources that will provide an environmentally clean operation and farm products, as well as a long-term, sustainable family farming future.

To maintain the conservation practices at a level that protects all the resource concerns on this operation requires extra time, labor and financial resources. A Conservation Security Plan at a Tier III level would provide Prairie Wind Farms with the financial incentives needed to continue and expand on these conservation practices.

Outreach and Education: Spreading the word to farmers

By Amanda Bilek

The passage of the Conservation Security Program in the 2002 Farm Security and Rural Investment Act activated the Minnesota Project into an education and outreach mode. The Minnesota Project worked hard to ensure the passage of the Conservation Security Program and will now work just as hard to communicate to farmers the positive benefits that enrollment in the program can bring.

After passage of the farm bill, the Minnesota Project set a goal to conduct outreach to as many farmers as possible, providing information about the program to ensure a strong start next spring when the program is implemented. Accomplishing this goal requires a presence at farm events, field days, conferences, and annual meetings as both a speaker and an exhibitor. So far, the Minnesota Project has presented information on the Conservation Security Program at 10 events and we will continue to be active throughout the winter, keeping farmers and conservation professionals updated on the latest program developments out of Washington.

As part of our “toolkit” for outreach and education, we have developed a two-sided, three-panel brochure that gives a general overview of the program. We have also published a two-sided fact sheet offering more details for farmers interested in understanding the different tier levels and payment information. Additionally, the June edition of our Whole Farm Planner contained a “who-what-how” abridged version of the Conservation Security Program, a useful tool for farmers to understand the details of the legislation.

To enhance our presentations at farm events, conferences, and meetings, we developed a three-panel modular display that highlights key points of the program, quotes from farmers and lawmakers, and photos of conservation practices. The display was expanded to also include three more panels that highlight other Minnesota Project programs: one for the Renewable Energy Title in the farm bill, another for Renewable Energy and Minnesota Farms, and a third for Energizing Agriculture—profiling a methane digester project. Handouts accompanied each panel.

While conducting outreach and education activities this past summer, the Minnesota Project has met many diversified farmers, including row crop, livestock, and organic producers. The common bond these farmers share is familiarity and experience with existing conservation programs like the Conservation Reserve Program (CRP), the Environmental Quality

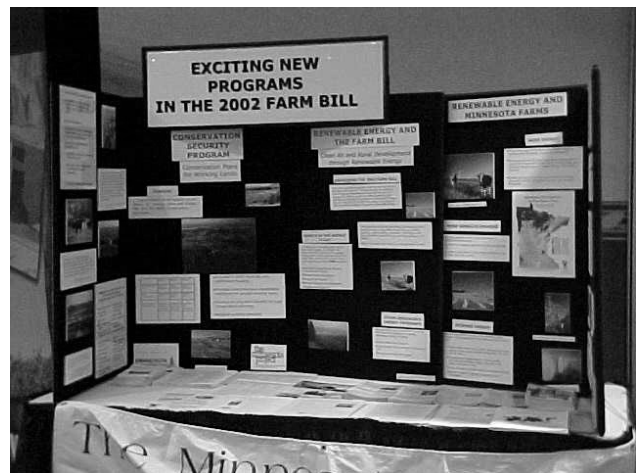
Incentives Program (EQIP), and the Wetlands Reserve Program (WRP). They had heard the name Conservation Security Program in passing, but knew little of the program.

The vast majority of farmers expressed sentiments like, “Well, I already rotationally graze,” or “I already conduct soil tests or closely manage and conserve the soil on my farm.” In discussions, they offered future plans that they had considered to address other resource problems on their farm. We directed them to talk to their local Natural Resources Conservation Service (NRCS) office early next spring about enrollment opportunities and to keep their ears perked for more information.

The outreach efforts thus far seem to have proven successful in raising farmer awareness of the Conservation Security Program. We are looking forward to continued outreach this fall and winter as we take this important message to farmers, landowners, and conservationists throughout the Midwest. We know that farmers always want to be doing a good job financially, socially, and environmentally. It is invigorating to hear about what resource planning they are already implementing, and rewarding to help them find a way to continue to do a good job while supporting their way of life.

Editor’s note...

The Minnesota Project maintains a package of important up-to-date education tools for individuals and organizations on our web page at www.mnproject.org.



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As commodity subsidies ramp down due to world trade organization pressures and commitments, the importance of other avenues to support farmers will become paramount. The Conservation Security Program is a type of payment fully allowed by trade agreements, because it supports environmental outcomes and has no influence on production decisions or prices. Europe is in the process of converting nearly all of its farm support to so-called "green box" programs that support environmental and rural community benefits and are decoupled from production. The Conservation Security Program could become America's premier farmer support program, following Europe's lead.

More importantly, there is public opinion - a driving force in politics and ultimately laws. While citizens tend to support the idea of helping farmers, polls show they want benefits in return. A wide diversity of interest groups has lined up to help farmers meet society's objectives. With issues ranging from clean water, wildlife and game habitat, to clean air, curbing urban sprawl and beautiful scenery, citizens

represented by these groups far outnumber actual farmers. Their support was essential to passage of the conservation provisions in the 2002 farm bill - and will be in the next farm bill as well.

The Conservation Security Program will be launched in 2003, and will take a bit of time to become familiar and receive wide participation. As the popularity of the program spreads, we are confident that farmers will find it financially attractive to implement the conservation practices they have always wanted, but often could not afford. At the same time, the public will take notice of the many environmental benefits that the program will yield.

As support for commodity subsidies wanes, the public is going to recognize the Conservation Security Program as the next evolution of farm policy. Government will continue to support farmers, but instead of encouraging overproduction of select commodities, public resources will encourage maximum conservation. That is good for farmers, good for the public, and good policy.